

PERCEPTIONS

JOURNAL OF INTERNATIONAL AFFAIRS

The G20 and Global Economic Governance
during a Protracted Recession
Evren ÇELİK WILTSE

Hegemony and Crisis in Global Political
Economy: The Importance of Legitimacy
Pınar İPEK

Europe and its Changing Role in the
International Political Economy
Paul Simon ADAMS

How Politics Dim the Lights on Turkey's
Renewable Energy Future
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Turkey and Latin America: A New Horizon for a
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Book Reviews

Winter 2013

Volume XVIII - Number 4

ISSN 1300-8641



center for
strategic
research

Republic of Turkey
Ministry of Foreign Affairs

PERCEPTIONS

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SAM publishes Perceptions, an English language journal on foreign affairs. The content of the journal ranges from security and democracy to conflict resolutions, and international challenges and opportunities. Perceptions is a quarterly journal prepared by a large network of affiliated scholars. The views expressed in the articles are those of the authors and should not be attributed to the Center for Strategic Research.

PERCEPTIONS is a peer-reviewed journal and is included in the following databases and indexes: CSA Index, Current Contents of Periodicals on the Middle East, EBSCO, Index Islamicus, International Political Science Abstracts (IPSA), Lancaster Index to Defense & International Security Literature, PAIS Index, Pro Quest, Turkish Academic Network and Information Center (TÜBİTAK - ULAKBİM).

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Printed in Ankara by: AFŞAROĞLU MATBAASI
ISSN 1300-8641

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PERCEPTIONS - Winter 2013

Editorial

In the last few years, *Perceptions* has adopted a new strategy of regularly publishing special issues that have certain specific focuses. This move is in line with trends in the wider academic publishing community. Instead of publishing a medley of articles on random themes, editors are trying to cluster relevant articles under a shared umbrella in special issue formats. The purpose is generally twofold: to achieve a more comprehensive coverage and dialogue on a topic from various perspectives, and to provide a convenient source to researchers, who can now find a trove of information in a single special issue.

Previous special issues of *Perceptions* have covered a diverse and compelling array of subjects. Some had a regional focus, such as the special issues on Asia-Pacific and the Balkans. Others have emphasised a single institution (NATO) or a methodological perspective (political psychology). All of these volumes were assembled by highly capable and competent guest editors. It is a great honour and privilege to be a member of this group, and I am deeply appreciative of this opportunity.

Our readers will notice that the articles in this issue are clustered into two groups. Articles one to five are tied together

by a similar methodological approach, international political economy (IPE); while the rest of the articles in this issue share a strategic and regional focus- the Middle East.

Why an IPE issue of *Perceptions*?

Economic power has become a critical instrument in the toolbox of nation-states, particularly since the Second World War. The bipolar order that split the world into two staunchly opposed camps was not fought solely on the political/military front. Equally important was the socio-economic front. Despite the proliferation of nuclear weapons, proxy wars and an unnerving arms race, this prolonged strategic confrontation came to an end without a single bullet shot directly between the two superpowers.

Both on the left and right, analysts have pointed to the structural handicaps of a socio-economic system that paved the way to an implosion of the Eastern Bloc. The fact that the most important military/strategic confrontation of the 20th century came to an end largely on economic and political grounds would speak volumes to the specialists of

international relations (IR) and foreign policy. We don't have to go as far as the famous proverb: "It's the economy, stupid!" Yet, completely disregarding the economy in foreign policy and global affairs would be to our detriment.

IR scholars who prefer political economy as their primary methodological tool tend to spend significant time and ink on explaining the distinctiveness of this approach. Unlike economists, political economists do not treat economics as an autonomous sphere that operates according to its own laws and logic. The political economists tend to be more sensitive to the socio-political context that economy is embedded in. Eminent political economist Robert Gilpin, for example, draws attention to the *power dynamics* that emerge as a result of market transactions. By their very nature, markets are not neutral. They "embody the values of society" and reflect the interests of powerful actors. Needless to say, this power aspect of economic transactions is of fundamental concern to both political scientists and foreign policy specialists. The interests, values and norms of national political systems shape and to a large degree determine the economic activities. In fact, when it comes to global economy, Gilpin argues that although "economic factors will play an important role in determining the characteristics of the global economy, *the most important factors are and will be political.*"¹

However, deploying economic factors as *the* causal variable for all social phenomena would mean that we are committing the heresy of economic reductionism. Economic relations have never been the sole determinant of international political phenomena. On the other hand, it would be equally short-sighted, and just as reductionist, if we solely prioritised the military/strategic variables at the expense of socio-economic ones.

Power is never exclusively a function of military might in the international system, nor does it automatically emerge from economic clout. Hence, the political economist needs to walk a fine line, and strike the right kind of balance between politics and economic variables for a sound analysis.

But what would be the marginal contribution of a political economy approach to the study of international relations and foreign policy? Probably the greatest strength of any approach in a given discipline lies in its explanatory power. Thanks to the breakneck pace of globalisation in the last few decades, we have seen numerous "anomalies" that have blindsided conventional IR approaches. The implosion of the Soviet Empire, the rise (and possible decline?) of the EU, the tribulations of the US in the Middle East, the emergence of new mid-size powers in global platforms (i.e. BRICs) and numerous other puzzles are nearly impossible to untangle with

the reductionist approaches that solely prioritise strategic and political factors.

The beauty of the political economy approach is that it is flexible enough to suit the paradigmatic leanings of a wide variety of analysts. You can be a (neo) realist believing that nations and national interests are the main driving forces in IR, and deploy the political economy approach very effectively, à la Robert Gilpin or Stephan Krasner. Alternatively, for neo-liberal institutionalists who have faith in international cooperation through institutions, political economy has much to offer, as the famous works of Joseph Nye or Robert Keohane illustrate. Or, you might prefer more empirical and quantitative approaches. Even then, you may operate under the political economy umbrella, just as Robert Axelrod or Helen Milner did. Finally, you might consider yourself a critical IR scholar. In this case, you can conduct most of your analysis with the help of IPE concepts and methodology, similar to the eminent figures in the IR discipline, such as late Susan Strange and Immanuel Wallerstein.

The political economy articles in our selection come from various paradigmatic walks. While the G20 article by Evren Çelik Wiltse and the eurozone crisis article by Paul Adams straddle neo-liberal institutionalism and neo-realism, the articles by Pinar İpek and Oksan Bayülgen display more critical paradigmatic tones.

In terms of their content, the first two articles have a more global/macro approach to recent developments. Evren Çelik Wiltse places the emergence of G20 in a larger historical and institutional perspective, comparing it to the Bretton Woods system. She highlights the recent shifts in the global economic power distribution, and the potential institutional implications of these shifts for global economic governance. Since Turkey is scheduled to host the G20 Summit in 2015, we hope this article will be timely and relevant for our readers.

Next, Pinar İpek tackles the problem of structural imbalances in the global economy. While much ink has been spilled on the gravity of the 2008 crisis, very few have addressed the structural causes and subsequent political consequences of this turmoil. İpek's article sheds light on these complex dynamics. It would not be a misnomer to call 2013 the "summer of unrest" since the year was marked by numerous popular uprisings around the world. We hope İpek's analysis of capitalism's most recent turmoil and subsequent legitimacy crisis will resonate with our readers.

The eurozone crisis is another topic that is over mentioned, yet under scrutinised. Most analysts and pundits reiterate the fact that this quagmire is a fiscal, political and economic crisis for the EU. Paul Adams adds an important forth and global dimension to the often stated list. He argues, rather convincingly, that

probably more important than the first three forms of crisis is that the eurozone paralysis is undermining the global stature of the EU by eroding its power projection capacity in the international arena.

Our next two articles zoom in on the political economy of Turkey. It is a well-established fact that when it comes to trade balance, Turkey is having progressively larger trade deficits. This is mainly as a result of the hefty bill that is attached to our energy imports. Turkey is heavily dependent on oil and natural gas imports, yet there is hardly any trace of initiatives for promoting the development of sustainable energy sources. Based on extensive fieldwork, Okşan Bayülgen carefully identifies the massive political hurdles on the way to a sustainable and renewable energy future. The policy implications of this article are very significant, and we hope they will be acknowledged in policy-making circles.

Ariel Gonzales hails from Argentina and his article carefully analyses the growing scale and scope of Turkey's relations with Latin America. In particular, Gonzales points to economic relations as the locomotive of rapprochement between Turkey and this seemingly distant region. While strategic and political dimensions do exist, as seen in the case of Turkish-Brazilian collaboration on Iran's nuclear issues, the economic dimension is probably the least controversial and most tangible aspect of bilateral relations with

the region. Gonzales concludes with an optimistic note on the future prospects of Turkish-Latin American relations.

The second cluster of articles in this issue has a more regional and strategic focus. Fakiha Mahmood looks at the structure of the UN Security Council. She tries to assess the prospects for diluting the veto powers of the permanent five (P-5), and achieving a more representative body. She argues that the issue is not just the P-5 unwillingness to devolve its exclusive powers. The lack of coordination and collaboration among the rest of the UN members constitutes a significant hurdle on the way to Security Council reform.

Our next two articles place the Arab Spring at the centre of their analysis. Burhanettin Duran and Nuh Yılmaz state that rapidly changing power dynamics since the Arab Spring are drawing the region into a competitive arena. Important actors in the region (namely Saudi Arabia, Iran and Turkey) are leading this rivalry for alternative political models. However, the region is also walking on a tight rope between sectarianism and cooperation. The authors opt for a non-sectarian path that renders compromise and regional cooperation possible.

The article by Talha Köse also addresses certain complications related to the Arab Spring. While Duran and Yılmaz tackle the issue from a domestic politics perspective (models for state-religion

affairs), Talha Köse offers us a peace studies/conflict resolution approach. His article analyses Turkey's recent mediation efforts in the Middle East, and makes the case that Turkey's concerns and normative priorities towards the region did not completely overlap with some of the significant actors. Hence, there emerged a growing gap between Turkey's conflict resolution discourse and the ongoing crisis in the region.

Finally, the article by Imad El-Anis also looks at the conflict and cooperation dynamics in the region. However this time the focus is on scarce freshwater resources. The author argues that several factors are influential in determining whether countries will choose to compromise or not. Among them, El-Anis particularly highlights the severity of scarcity as a variable that at times compels countries to compromise, even when they may not have smooth, working relations in other spheres. The author also underlines the importance of interdependence and international institutions as factors that facilitate cooperation.

It would be unfair to conclude this editorial without giving due respect to those who made this special issue possible. First and foremost, I would like to thank the extremely generous and capable staff of the Center for Strategic Research (SAM). Mesut Özcan and, especially, Engin Karaca have been incredibly supportive and patient with

me throughout the whole process. I am deeply grateful for their understanding.

Working with a government organisation will undoubtedly raise some eyebrows about the editorial autonomy and integrity. I can comfortably state that we completed this special issue with utmost intellectual and scholarly integrity. The only pressure SAM exerted upon us had to do with deadlines. Aside from occasional messages about turning in the articles on time, there was absolutely no interference in the subject matter or the content of the writings. Hence, it is the authors (and possibly the anonymous reviewers) who bear the responsibility of the content. We extend our appreciation to all of our authors, anonymous reviewers and the copy editor of this issue for their time and diligence.

I also would like to thank Şaban Kardaş and Ziya Öniş for their unwavering support and encouragement. Without their help, I doubt it would have been possible for me to compile a special international political economy issue for *Perceptions*.

As the guest editor, I hope this IPE issue of *Perceptions* is a thought-provoking volume and triggers further interest and engagement in political economy, both in academic and policy-making circles.

Evren ÇELİK WILTSE

Guest Editor

Endnote

- 1 Robert Gilpin, *The Challenge of Global Capitalism*, Princeton, NJ, Princeton University Press, 2000. p.50. Italics belong to the author.

The G20 and Global Economic Governance during a Protracted Recession¹

Evren ÇELİK WILTSE*

Abstract

Thus far, the G20 represents the most significant collective attempt to address the 2008 economic crisis by the world's largest economies. It is the only global platform that could serve as an institutional panacea for the protracted economic slowdown that has been experienced since 2008. This article analyses the G20 by situating it in the general historical-institutional context of the global economic governance. It compares and contrasts the G20 with the Bretton Woods institutions. Subsequently, some of the most pronounced criticisms of G20 are addressed, including concerns about possible "agenda creep" and the lack of a hegemonic underwriter.

Key Words

G20, economic crisis, global governance, Bretton Woods, emerging economies, BRICs, Turkey, Mexico, political economy, development, Eurocrisis.

Introduction

Despite some harsh criticism, the G20 remains a relevant platform for global economic governance. The emerging

economies particularly benefit from the rotating annual summits and from the less hegemonic distribution of power. Moreover, the G20 generates certain tangible spill-over effects, particularly as it is also a venue for collaboration in diplomatic and non-economic matters. The progressively increasing involvement of global civil society in G20 summits, as well as the US-Russian rapprochement on Syria at the 2013 Russia Summit, demonstrates this capacity. Whether the G20 will be a short-term crisis management organisation or a long-term international governance structure that steers the world economy is still up to the members.

Much ink has been spilled over how the 2008 crisis left the global economy in the lurch. Today, the G20 seems to be one of the rare collective attempts to pull the global economy out of its protracted recession. Despite its sophisticated institutional structure, the EU displays a colossal dysfunction in terms of finding a feasible solution to the eurozone crisis and its "weakest link"

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problem, other than possibly purging the underperformers.² Across the Atlantic, the US Congress could not even pass the 2014 budget, and the economy came to a grinding halt due partisan polarisation.

Given the inability of largest global economic actors to act as trailblazers out of the crisis-cum-recession, the G20 remains a critical venue as the only global platform to serve as an institutional panacea for the protracted crisis. This article is an attempt to analyse the G20 by situating it in the general historical-institutional context of the global economic governance. Albeit in a primitive form, the G20 resembles post-Second World War efforts to institutionalise the global economy under the rubric of Bretton Woods system. Important differences remain, however. Most evident is the lack of a natural hegemon that can pave the way and overcome collective action problems.³

The second point emphasised in this article is the particular role played by the 2008 economic crisis in the evolution of the G20. Without a doubt the 2008 crisis was a catalyst for the emergence of a new economic platform that brought together world's top 20 economies. Numerous analysts and policymakers have highlighted the fact that the scale and scope of the 2008 crisis compelled

the leading economic actors (the G8) to expand their exclusive club. Emerging economies were offered a seat at the commanding heights of global economy, for they proved to be more resilient than the members of the G8 in the face of this protracted recession.

Given the inability of largest global economic actors to act as trailblazers out of the crisis-cum-recession, the G20 remains a critical venue as the only global platform to serve as an institutional panacea for the protracted crisis.

Thirdly, this article tackles the power dynamics within the G20. Given the diverse size and nature of the economies that constitute the G20, the organisation embodies significant opportunities as well as drawbacks. Compared to the exclusive league of the G8, which only included the advanced North American and European economies as well as Japan, the G20 certainly has more representative and democratic leverage. However, this greater representation also means addressing a much more diverse set of socio-economic and political concerns. Naturally, an expansion of membership increases the number of items on the agenda, making it harder to

synchronise the priorities of all members and reach an accord.

In the last section, this article concludes with an optimistic note regarding the future of the G20. Upon weighing the pros and cons in the G20 debate, it states that the G20 has the potential to become a viable platform for global economic collaboration. Currently, the G20 is the most high-profile organisation that brings together both advanced industrialised and developing countries on equal footing, in an effort to tackle the pending issues of global economy. Moreover, the issues are not confined to economic housekeeping. G20 Summits might have serious spill-over effects in international collaboration, as seen with the inception of “Business 20”, “Think 20” and “Youth 20” summits. At the 2013 Moscow Summit, diplomatic overtures between Russia and the US on Syria might have very well averted another premature US intervention in the Middle East. This and many other incidents of diplomatic rapprochement at the annual summits illustrate the value of the G20 as an emerging platform of multifaceted global governance. However, it would be prudent to maintain our caution. In the absence of a clear protagonist, the G20 can only achieve the goals to which its members collectively aspire.

If the Doha Round was working marvellously, and if all these institutions

were working well, there would've been no need for the G-20. The reason that there is a need for the G-20 is that the leading economies of the world are no longer compatible, either culturally, historically, or economically. They are very different, and what they have to do is work this out. And that's why the G-20 is absolutely necessary, because I believe they are in the process of working it out.⁴

Paul Martin, Canadian Prime Minister

Why the G20?

A global economy based on free trade among nations has *always* required some form of steering in order to function smoothly. This was perhaps most acutely felt after the Great Depression of 1929. Subsequently, countries in North America and Western Europe got together in an effort to mitigate potentially the self-destructive tendencies of markets. Following the Second World War, they developed a new set of rules and institutions to regulate mutual economic interactions. As one American official at the time simply put it, prosperous neighbours were the best neighbours. Hence, American policy makers, “liberal visionaries and hard-nosed geopolitical strategists” alike, agreed upon building institutions to realise this goal. They established a new trade regime that “embedded” an open international trade regime that the US advocated, as well as supported the European style welfare

states.⁵ Named after the idyllic town in New Hampshire where the meetings took place, this new economic regime came to be known as the Bretton Woods system.

The accumulated wisdom and experience of more than half a century illustrates the fact that, far from being the bastion of the “invisible hand”, an international system of free trade requires certain norms, rules and formal institutional structures in order to function efficiently.

Two important schools in international political economy (IPE) have competing explanations for the post-war international economic order that emerged under the explicit leadership of the US at Bretton Woods. On the one hand, there is the realist school and its several incarnations. For them, politics and power dynamics are the dominant variable, which grants secondary role to economics in their analysis. As their name implies, the *hegemonic stability theorists* emphasise the role of the US as the underwriter of the new economic order. The US came out powerful and virtually unscathed from a war that destroyed most of the Great Powers of

Europe and obliterated Japan. As such, it was able to craft a system according to its own image, which meant capitalist economy and liberal democracy.⁶ The *liberal institutionalists*, on the other hand, counter the hegemony argument and emphasise the convergence of mutual interests and rational collaboration among the key actors. From their perspective, by creating the Bretton Woods institutions, such as the IMF and the International Bank for Reconstruction and Development (IBRD, later the World Bank), the US was not solely trying to perpetuate its hegemony, but was laying the institutional groundwork for interdependence.⁷

Either way, the Bretton Woods regime established a distinct set of rules and institutions, and served the interests of its members rather well. Compared to the rest of the world, the citizens of Western Europe, Japan, US and Canada enjoyed the highest levels of peace and prosperity for decades to come. Alas, the Bretton Woods system did not last forever. Eventually, it gave way to new institutional arrangements among the free market economies. These ranged from GATT (General Agreement on Tariffs and Trade) to the WTO (World Trade Organisation). The accumulated wisdom and experience of more than half a century illustrates the fact that, far from being the bastion of the “invisible

hand”, an international system of free trade requires certain norms, rules and formal institutional structures in order to function efficiently.⁸

Periods of severe economic crisis test the capabilities of existing institutional frameworks. Starting with the 1997-98 economic crises, the top eight economies in the world (Canada, France, Germany, Italy, Japan, Russia, the UK and the US- the Group of 8 or G8) recognised the need to include the voices of the developing world in order to address the problems of a global economy in a more comprehensive manner. However, the 2008 economic crisis proved to be more critical in terms of exposing the shortcomings of the G8 framework. The severity and duration of the 2008 crisis compelled the established rulers of the game (i.e. the US, Western Europe and Japan) to broaden their exclusive circle. In a sense, they accepted a dilution of their powers in an effort to save the system as a whole. Furthermore, there was also a significant change in the participant profile. Starting with the 2008 summit, finance ministers and central bank managers who were the original participants in G8 summits were accompanied by their heads of state/government. The participation of heads of government inevitably increased the profile of the G20 summits.⁹ A recent

report by the prominent UN Economic Commission on Latin America and the Caribbean (ECLAC) aptly summarises the birth of the G20 in the following way:

This [2008] crisis has also led to the Group of Twenty (G20), which includes the main emerging countries, displacing the traditional Group of Eight (G8) as the foremost international forum of economic decision-making. The G20 is expected to foster greater coordination as regards fiscal stimuli, financial stabilization and the reform of the international financial system.¹⁰

Now in its fifth year, the 2008 crisis has revealed both the growing power and significance of developing countries for the world economy. According to ECLAC, between 2000 and 2008, these countries accounted for approximately two-thirds of the growth in world output, “increasing their share from 37 to 45%”.¹¹ Stronger economic performance brought greater demand for global economic governance. The BRIC countries (Brazil, Russia, India and China) in particular became greater advocates of more representative and fair international institutional frameworks. Table 1 below illustrates the average annual growth rate gap between developing and advanced economies in the last decade.

Table 1: Average annual GDP growth rates, BRICS, the US, the UK and Turkey (2002-2013)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
Brazil	2.7	1.1	5.7	3.2	4.0	6.1	5.2	-0.3	7.5	2.7	0.9	2.5	3.4
China	9.1	10.0	10.1	11.3	12.7	14.2	9.6	9.2	10.4	9.3	7.7	7.6	10.1
Germany	0.0	-0.4	0.7	0.8	3.9	3.4	0.8	-5.1	3.9	3.4	0.9	0.5	1.1
India	3.8	8.4	7.9	9.3	9.3	9.8	3.9	8.5	10.5	6.3	3.2	3.8	7.1
Russia	4.7	7.3	7.2	6.4	8.2	8.5	5.2	-7.8	4.5	4.3	3.4	1.5	4.4
Turkey	6.2	5.3	9.4	8.4	6.9	4.7	0.7	-4.8	9.2	8.8	2.2	3.8	5.0
UK	2.3	3.9	3.2	3.2	2.8	3.4	-0.8	-5.2	1.7	1.1	0.2	1.4	1.4
US	1.8	2.8	3.8	3.4	2.7	1.8	-0.3	-2.8	2.5	1.8	2.8	1.6	1.8

Source: IMF, *World Economic Outlook Database October 2013* (% change in GDP, constant prices).

It is important to understand both the emergence and growing significance of the G20 in this historical context. The fast-paced evolution of the global economy, as well as the changes in relative distribution of power, is straining the existing structures of economic governance. The 2008 crisis and its aftermath triggered an existential crisis in Europe, and caused record levels of unemployment and public debt in the US. However, as Table 2 below illustrates, the same period looks like a boon for countries like China, Brazil, India

and Russia. Despite the unfavourable economic climate, BRIC countries are steadily rising towards the upper echelons of the global economy. According to IMF forecasts, while advanced industrialised countries are expected to grow around 1.4% in 2013, developing countries will have average growth rates of 5.5%. This relative resilience in the face of profound economic crisis certainly augments the powers of developing countries at the table. They demand reforms for greater inclusion in international economic governance.

Table 2: Ranking of Top 20 Economies According to Size (2003-2012)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	US	US	US	US	US	US	US	US	US	US
2	Japan	Japan	Japan	Japan	Japan	Japan	Japan	China	China	China
3	Germany	Germany	Germany	Germany	China	China	China	Japan	Japan	Japan
4	UK	UK	UK	China	Germany	Germany	Germany	Germany	Germany	Germany
5	France	France	China	UK	UK	France	France	France	France	France
6	China	China	France	France	France	UK	UK	UK	Brazil	UK
7	Italy	Italy	Italy	Italy	Italy	Italy	Italy	Brazil	UK	Brazil
8	Canada	Spain	Canada	Canada	Canada	Russia	Brazil	Italy	Italy	Russia
9	Spain	Canada	Spain	Spain	Spain	Brazil	Spain	India	Russia	Italy
10	Mexico	Mexico	Brazil	Brazil	Brazil	Spain	Canada	Canada	India	India
11	Korea	Korea	Mexico	Russia	Russia	Canada	India	Russia	Canada	Canada
12	India	India	Korea	Mexico	India	India	Russia	Spain	Australia	Australia
13	Brazil	Brazil	India	Korea	Korea	Mexico	Australia	Australia	Spain	Spain
14	Netherlands	Australia	Russia	India	Mexico	Australia	Mexico	Mexico	Mexico	Mexico
15	Australia	Netherlands	Australia	Australia	Australia	Korea	Korea	Korea	Korea	Korea
16	Russia	Russia	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands	Netherlands	Indonesia	Indonesia
17	Swiss	Turkey	Turkey	Turkey	Turkey	Turkey	Turkey	Turkey	Netherlands	Turkey
18	Sweden	Swiss	Swiss	Swiss	Sweden	Poland	Indonesia	Indonesia	Turkey	Netherlands
19	Belgium	Belgium	Belgium	Belgium	Belgium	Swiss	Swiss	Swiss	S.Arabia	S.Arabia
20	Turkey	Sweden	Sweden	Sweden	Swiss	S.Arabia	Belgium	S.Arabia	Swiss	Swiss

Source: IMF, *World Economic Outlook Database October 2013* (GDP, current US\$).

The Formal Structure of the G20

Even though G20 meetings have been taking place since 2000, earlier sessions maintained a technocratic profile, for they were attended solely by finance ministers and central bank directors. The G20 gained a whole new momentum when leaders' summits were introduced after 2008. The first leaders' summit took place in Washington, DC, in November

2008. At the April 2009 London Summit, G20 leaders collaborated to increase the funds available for the IMF. They contributed to extra US \$500 billion to the IMF's expanded New Arrangement to Borrow (NAB). This was an interesting moment, for some members of the G20 (such as Brazil, India and Turkey) had hitherto been *net borrowers* from the IMF, whereas they now became creditors of this mighty international financial institution. After

London, came the much-publicised Pittsburgh Summit in September 2009. Here, US President Obama declared that the G20 would be the “premier forum” for international economic coordination”. He also highlighted the need for a more balanced representation in global economic governance institutions, which culminated in a reallocation of 5% of voting shares from over-represented countries to the under-represented.¹²

The structure of the G20 consists of a rotating presidency among the member nations. The president hosts the summit each year. However, in order to establish continuity a three-member “troika” consisting of the immediate past, present and future presidents coordinates the summit. The 2012 summit was hosted by Mexico, which then passed the banner to Russia to host the summit in 2013. In 2014, Australia will be hosting the G20 summit. Turkey will be hosting the G20 summit in 2015.

Since its inception, G20 summits have been expanding in terms of both number of members and agenda items. Whereas initial meetings convened mostly technocrats in top economic decision-making, recent annual meetings include business, labour, civil society and youth leaders. *Business 20, Think 20, Civil 20, Labor 20 and Youth 20*

are all organisations that have spun off from the original G20 meetings. Critics of the G20 point to this development as potentially distracting. They argue that the agenda of the G20 will become so open-ended that nothing can be accomplished. It dilutes the focus and energy of the organisation. Moreover, the rotating chairs also try to put their imprint on the summit by highlighting an issue that is near and dear to them. At the Seoul Summit, development was added to the G20 agenda. In 2012, Mexico was particularly insistent on “green growth”. The Russian presidency in 2013 emphasised “growth with jobs”. While this “personal touch” is a source of motivation for the host countries, at the same time it might create an inflation of “honourable missions” for the G20 to tackle. It is possible that the rotating presidency aspect of the G20 is partly responsible for the “agenda creep” concerns.

At Bretton Woods, the hegemonic position of the US provided the economic backing, political will and credible enforcement mechanisms that were believed to be necessary to move forward.

The *leader-centric* characteristic of G20 carries certain advantages and

disadvantages. At times, host countries and their leaders work hard to put their mark on the event. They choose to emphasise an agenda item and promote the summit in ways that will also promote their country's global presence. This was clearly observed in the Mexican case in 2012. First, Mexican President Felipe Calderon moved the summit to an earlier date- that is, prior to the Mexican presidential elections in 2012- so that he, rather than his successor, could host this prestigious event (the Mexican Constitution bans re-election of presidents). Under Calderon's stewardship, Mexico spent significant effort to augment the institution of G20 by holding the first ever Foreign Ministers' Summit at Los Cabos. This was perceived as a welcome move as it facilitated diplomatic cooperation and collaboration among the G20 members. Even to those who were rather sceptical of the G20 summits gave due credit to President Calderon's performance: "The efforts of the Mexican presidency allowed for limited progress in a number of areas, thereby sparing the summit from being characterized as a total failure".¹³

However, the leader-centric aspect of G20 summits can also go remarkably wrong. France in 2011 is case in point. At the 2011 Cannes Summit, French President Nicolas Sarkozy acted as if the whole event was a stage for his national

re-election campaign. This self-centred attitude undermined the collective purpose of the G20 that year, which was a key meeting in the midst of euro crisis.¹⁴

Is the G20 Another Bretton Woods in the Making?

While the circumstances leading to the emergence of the G20 have some similarities with the Bretton Woods era, the differences are probably more pronounced. First, the G20 is not a usual international organisation (IO). It does not have a formal charter. It has no established bureaucracy, no headquarters or standing committees. Each year, one of the members hosts the annual meeting. "Sherpas" from each country act as the country representatives. As it stands, the G20 is a loosely structured and leader-focused arrangement, whereby top leaders of world's largest economies meet annually. The emphasis is on process and consensus building at the top level.

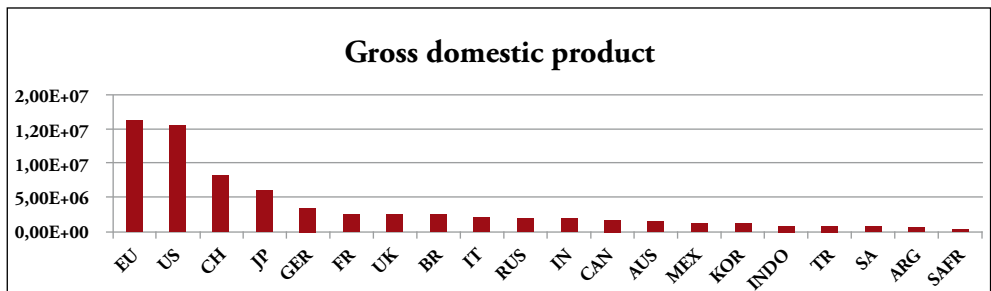
Secondly, there is the issue of relative power distribution within the group. Unlike the Bretton Woods process, the G20 gives equal position to all its members. Advanced economies and emerging economies are on a par with each other. Moreover, there is no overt exercise of US hegemony. At Bretton

Woods, the hegemonic position of the US provided the economic backing, political will and credible enforcement mechanisms that were believed to be necessary to move forward. In the case of G20 however, the absence of a clear hierarchical pecking order makes some analysts rather sceptical. They argue that such a large and diverse set of actors cannot align their competing interests and cooperate on substantive matters. Morgan, for instance, is particularly critical of the new members:

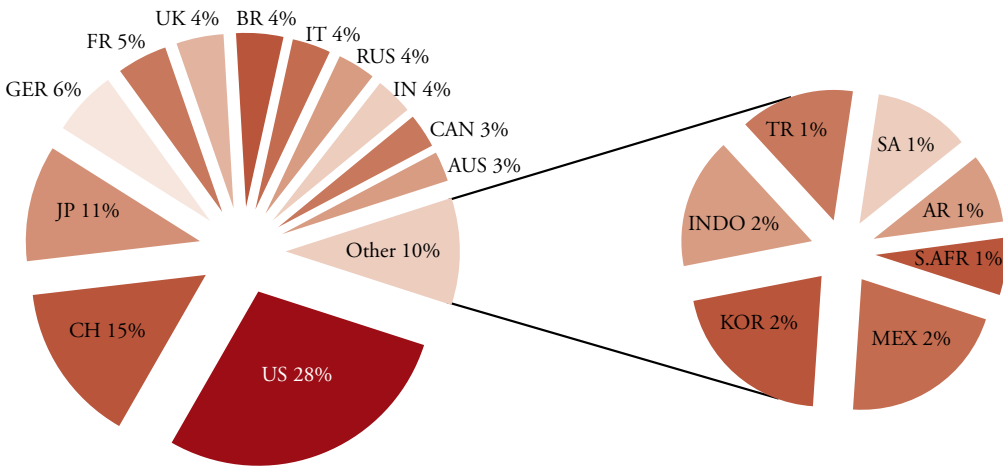
In contrast to the G7, which was composed of states with relatively the same interests and that were accepting of the United States' dominant role, the G20 includes geopolitical rivals and states with widely diverging capabilities and agendas.¹⁵

The lack of a hegemonic underwriter for the G20 project is increasingly perceived as a weakness by the sceptics. Among them, the economist Nouriel Roubini, famous for his accurate projections of global macroeconomic trends, has stated that “we are going to G-Zero, with no global economic governance”.¹⁶

Chart 1: The GDP of G20 members, including the EU 27 (2012, in current US\$)



Source: World Bank, *World Development Indicators 2012*, at <http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2012> [last visited 10 November 2013].

Chart 2: The comparative economic size of G20 members, excluding the EU 27

Source: World Bank, *World Development Indicators 2012*, at <http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2012> [last visited 10 November 2013].

Charts 1 and 2 above illustrate the relative size of the G20 economies. As seen in Chart 1, the EU is the largest entity, as it combines 27 national economies. However, the EU is far from leading the pack as the hegemon. The eurozone crisis has exposed the EU's shortcomings as an internally coherent economic actor, especially when it comes to coordinating fiscal policy. This leaves the stage open for the US, who is the natural contender for hegemony. Yet, many analysts on various sides of the ideological spectrum concur that, in the last two decades, the US has been experiencing a hegemonic decline for various reasons. Consequently, it is not in a position to lead the way, or absorb the costs of collective action

under the G20 framework. The third in line is China. There has been a cottage industry of scholarship and punditry on the phenomenal growth rates of China's economy. However, analysts have not yet reported serious muscle-flexing by the Chinese single-party rulers in ways that would hint aspirations of a hegemonic role in global economy. Low per capita incomes, massive stockpiles of labour in rural China and the delicate balance between a capitalist economy in a socialist one-party political system make domestic concerns more urgent for the Chinese leaders than underwriting the rules of the game in new global institutions. This then brings us to the mid-level economic powers: from Japan

and Germany, to France, the UK and Brazil. While each is a commendable actor in their respective region, none has the capacity to act as the hegemon on a global scale.

The eurozone crisis has exposed the EU's shortcomings as an internally coherent economic actor, especially when it comes to coordinating fiscal policy.

In short, Roubini's characterisation of the current global power distribution as "G-Zero" might be apt in the sense that no country enjoys indubitable superiority over the others. This vacuum of leadership, combined with a set of developing countries that lack the economic leverage and/or political will to shape the new global institutional structures constitute significant problems for global economic governance, according to Roubini.¹⁷

However, the leadership void this may not necessarily be a handicap for the G20. What is considered a deficiency from the (neo)realist perspectives might even be a blessing from a more liberal standpoint. The lack of a predominant player may trigger genuine coalition building across a diverse set of economic actors. These interactions on several

fronts (i.e. business, civil society, youth, etc.) might help the actors perceive the global economic game as a "complex interdependent" exchange¹⁸ à la Keohane and Nye, rather than one of hegemonic domination and subservience. Consequently, the G-Zero environment might very well facilitate the formation of a more democratic and egalitarian global institutional framework. Lack of a hegemonic actor might prove to be an asset for the G20, rather than a liability.

A third important point of deviation of G20 from the Bretton Woods model concerns the agenda setting. In the case of Bretton Woods, the agenda was laid out clearly from the start, largely by the US. In contrast, the G20 has not had an agenda that is set in stone- yet. While it emerged as an effort to address the 2008 economic crisis, the diversity of its members, as well as the rotation of host countries inevitably alter the issues that show up on the G20 agenda annually. This situation invites "agenda creep" criticisms, especially from economic policy technocrats.

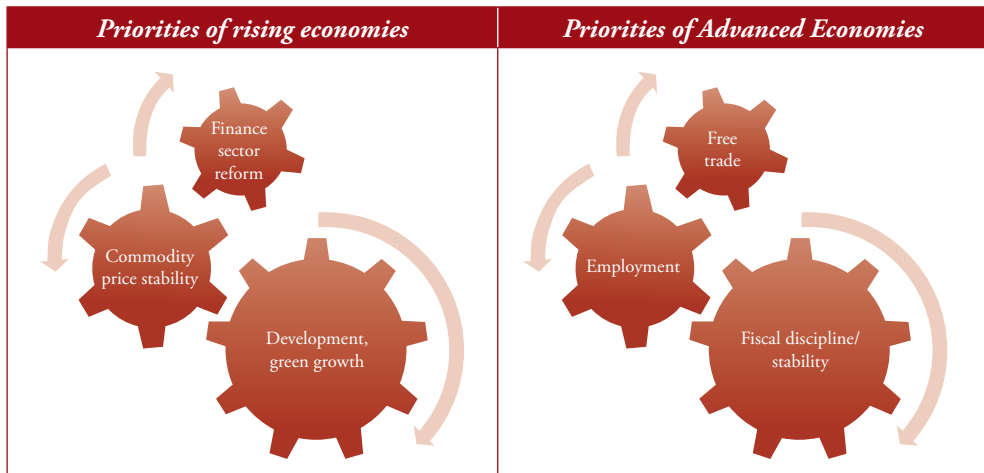
Initially, the focus of G20 was almost exclusively on economic stability and fiscal policy. Given this tight definition of its scope, only finance ministers and central bank directors attended the meetings. As the G20 process has evolved, participation has expanded,

and now includes top political leaders, business elites, think-tanks and civil society activists. These new groups brought with them new issues to be addressed by the G20. A medley of concerns, ranging from green growth to fossil fuel subsidies, and food security to corruption, have been included on the G20's agenda.

The fact remains that the members of the G20 are a diverse group with very different economic concerns. Some advocate a classic neo-liberal economic model, while others like China implement state-led capitalism. The 2008

crisis illustrated that even among the advanced economies there is significant variation. While Europe is trying to save its welfare states, the US is trying to strengthen it with comprehensive health care reforms. Moreover, the absence of a hegemonic agenda setter means that the priorities of all G20 participants may not be perfectly aligned at any given point. When compared to the Bretton Woods system, the G20 displays a significantly different institutional structure and power distribution pattern. The graphic below illustrates the diverse priorities of the emerging economies vis-à-vis the advanced ones.

Graphic 1: The compatibility of issues at the G20



Challenges in Front of the G20:

- *Conflicting national interests:* At the 2012 summit, members of the G20 agreed to subject their respective economic performances to the scrutiny of the group through the IMF. This step will increase the viability of any effort to coordinate the global economy. As such, certain recommendations emerged from the 2012 Los Cabos Summit. The advice was wide-ranging but specific. For example, it was recommended that China bring down its phenomenally high savings rates and slow down its rate of reserve accumulation. Furthermore, most countries agreed that China has maintained an artificially low exchange rate, which gives an unfair edge to Chinese exports. Consequently, they advised China to allow more realistic exchange rates.

At the same time, Turkey and Brazil were asked to do something about their low savings rates. Both countries have impressive growth rates but this performance is not sustainable given the meagre ratio of domestic savings. Germany appears to be doing rather well compared to the crisis-riddled eurozone, but it too was told to

liberalise its services. And the list went on.

However, without a potent mechanism to *enforce* such recommendations, it is not clear whether members would be obliged to follow them. Both Germany and China maintain large trade surpluses, and perceive this as in their own national interests. In contrast many other countries, particularly those in Southern Europe, have bled white under the strain of chronic trade deficits. Kemal Derviş of the Brookings Institute highlights these diverging priorities and potential lack of cohesion among the G20 members as a point of concern. Unfortunately, the G20 has not yet developed the right tool-kit to address this issue of divergent national interests.¹⁹

- *Changing existing governance structures:* The pillars of today's global economic order were created after the Second World War. Thus, they reflect the power dynamics of that era. Echoing the world of 1945, key international financial institutions, such as the World Bank and the IMF, give significant powers and representation to the Western nations.

In the last decades, many contenders have challenged the superstructures

of the old economic order. The centre of global economic power is rapidly shifting to the Southern and Eastern hemispheres, with the rise of the Asia-Pacific region and the BRICs. Predictably, these emerging countries desire the top international economic institutions to be more representative and democratic. However, such demands come at the expense of the established Western powers.

Rather than trying to tackle massive financial conglomerates separately countries would be better off by combining their forces and amplifying their power.

The G20 will be an important venue for negotiating the re-structuring of global economic governance. Emerging economies have already displayed their commitment to global governance. They effectively saved the IMF from obscurity, when they transferred massive amounts of funds to the Fund at the peak of the global recession. Recent assessments note that emerging markets account for more than two thirds of global economic growth. It is only fair that these nations are expecting a more equitable distribution of power in

global economic governance, one that is commensurate with their new economic might.

- *Regulating the financial sector:* The task of global economic coordination and governance under the G20 entails financial regulation of more than 20 banking systems. Today, there is nearly uniform consensus that the economic crisis of 2008 was due to the blunders of the financial sector, which started with the subprime mortgage markets in the US and spread like wild fire. Because the banks were “too big to fail”, the US and other countries devised massive rescue packages to save the banks and their respective national economies.

According to Paul Krugman, banks today are even *larger* than they were during the 2008 crisis. It seems that financial institutions have an insatiable appetite to merge and expand into behemoths. At the same time, their governors are extremely savvy about ways to avoid regulation, public scrutiny and oversight.²⁰ Yet, problems in the financial sector severely undermine the performance of the real sectors of the economy, creating a credit crunch or overall macroeconomic instability.

Tackling this issue will be a major challenge for the G20. Part of the

problem lies in the varying ideological positions of the G20 leaders. While some of the centrist and leftist leaders are eager to reign in the financial sector, those on the right are not generally enthusiastic supporters of financial regulation. For instance, since London is a major hub of global finance, the conservative Prime Minister of the UK is adamant about blocking any measures that will clamp down on finance capital. Regarding financial sector regulations, Turkey is in the pro-regulation camp, along with most of the emerging markets.

Financial regulation is more likely to be resolved in a collective setting than through action by individual nations. Rather than trying to tackle massive financial conglomerates separately countries would be better off by combining their forces and amplifying their power. If the stars align and a powerful pro-regulation coalition can emerge within the G20, it could offer a great opportunity to address the distortions and malfunctions of the finance sector. Meanwhile, we might have to settle for the *ad hoc* cases of criminal charges, such as JP Morgan's London Whale scandal in 2012, or its US \$13 billion settlement for mortgage fraud in 2013.²¹

The Future of the G20: Prospects and Drawbacks

Most analysts of the G20 point at “agenda creep” as a major source of concern. As discussed above, the G20 initiative has gained significant momentum after the 2008 crisis, with an overwhelming emphasis on macroeconomic stability and fiscal policy coordination. However, as the emerging economies became more and more involved, issues of economic growth and development have also been added to the agenda. Subsequently, sustainable energy, phasing-out of fossil fuels, green growth, food security and climate change have become part of the G20 agenda.

Critiques argue that the G20 will soon have “agenda fatigue” due to this exponentially increasing list of noble causes. Similar criticisms have also been raised by the technocratic teams of each of the G20 members, who tend to prefer a narrow and tightly defined scope for the G20. Staffs of finance ministries and central banks generally claim that a too diffuse agenda dilutes the effectiveness of the G20. From their perspective, the G20 should “stick to its original agenda”, to have global financial stability and coordination as its foremost goal.

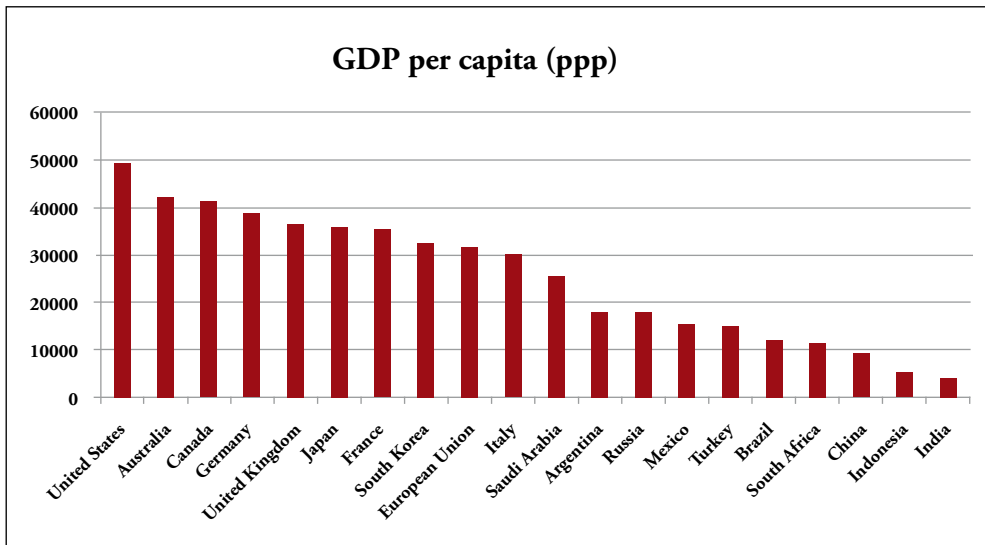
This “agenda creep” criticism does carry some merit. Certainly, the G20

cannot have a completely open-ended approach to agenda setting, wherein new items are added at every summit to an ever-growing to-do list. Yet, this zero-sum perspective also assumes that collaboration in different areas, such as diplomacy or environment, would come at the expense of financial sphere. Essentially, the advocates of a streamlined agenda conceptualise the G20 exclusively in an economic and technocratic manner.

Contrary to the arguments of “agenda creep” critiques, most successful

examples of international collaboration illustrate that cooperation in one area tends to provide positive spill-over effects in other areas. A notable example is the 1950 coal and steel partnership between France and Germany, which paved the way for the EU of today. Consequently, the efforts by foreign ministers, business and civil society representatives at the G20 summits should not be perceived as “distractions” from the main cause. Rather, they should be utilised to amplify the economic collaboration efforts among the member nations.

Table 3: GDP per capita of the G20 members (2012, in US\$ purchasing power parity (ppp) adjusted)



Source: World Bank, *World Development Indicators 2012*, at <http://data.worldbank.org/data-catalog/world-development-indicators/wdi-2012> [last visited 10 November 2013].

Another response to accusations of agenda creep can be found in the *diversity* of the G20 members. As Table 3 above displays, the G20 includes countries with per capita incomes of more than US \$40,000 (US, Australia and Canada) to less than US \$10,000 (China, Indonesia and India). The difference between US and Indonesia is nearly tenfold. By their very nature, these economies do not have a singular concern that impacts them across the board equally. As the platform expands, so does the agenda. It is no surprise that at the 2010 Seoul Summit “development” was added to the agenda, since it is a pressing concern for nearly half of the G20 members who have yet to reach the US \$20,000 per capita income threshold.

The costs of borrowing remain high for Europe’s debtors, and Germany seems extremely reluctant to allow growth with inflation.

A second issue that is frequently cited by the analysts is the eurozone crisis. The ongoing tribulations of the eurozone 17 seem to be hurting the effectiveness of the G20. Since the institutional structures of global economic governance are heavily skewed towards European and North American economies, their troubles are

crippling the international efforts for stability. As seen in Chart 1, the EU, with its 28 members, constitutes the largest economic block in the G20. Almost five years into the crisis, Europeans seem unable to find a feasible solution to the unsustainable gap between its export-oriented, surplus-generating economies and import-oriented, deficit-generating economies. The costs of borrowing remain high for Europe’s debtors, and Germany seems extremely reluctant to allow growth with inflation. Instead, the locomotive of the euro calls for more austerity, choking the overall economic system.²²

As they muddle through this crisis, Europe is effectively acting as a damper on the potential progress of G20. Nobel laureate Joseph Stiglitz describes a rather frosty exchange, when he comments on the lack of solidarity within Europe:

One very senior government official of a northern European country did not even put down his fork when interrupted by an earnest dinner companion who pointed out that many Spaniards now eat out of garbage cans. They should’ve reformed earlier, he replied, as he continued to eat his steak.

Stiglitz too is among those who observe a gradual shift towards a G-Zero world, but he is optimistic about the performance of the emerging markets. Globalisation brings interdependence of risk. As long as the US and Europe

do not “torpedo developing countries”, global economic growth might resume, despite the “failures of the West”.²³

While countries like Mexico, France and most recently Russia strongly endorse regulation, the Anglo-American alliance seems to avoid the discussion at all costs.

In the early stages of the 2008 crisis, financial institutions were bailed out by sovereign funds, with the excuse that they were too-big-to-fail. Today, they are even bigger and riskier, as the case of banking crisis in Cyprus has tragically revealed. Yet, five years into the crisis, effective regulation of the financial sector still remains on the back burner of the G20 agenda. Financial regulation with teeth, the adoption of some kind of financial transaction tax and the elimination of tax havens constitute the soft underbelly of the G20. While countries like Mexico, France and most recently Russia strongly endorse regulation, the Anglo-American alliance seems to avoid the discussion at all costs.

Reforms in the financial sector carry significant repercussions for the members of the G20. Despite the massive influx of public funds, it is

unfortunate that the corporate culture of astronomical bonuses and lack of transparency or accountability remains untouched, particularly in the US. Even when caught red handed, financial institutions, such as HSBC, are now “too big to jail”.²⁴ Token penalties do not seem sufficient deterrents to alter the culture of impunity in the financial sector. Even the 2008 crisis could have been used as an opportunity to address the abuses in the financial sector. Earlier in the crisis, small- and medium-sized enterprises (SMEs) were systematically denied credit by large commercial banks on the grounds that they were too risky and not commercially viable. However, in the developing world, SMEs account for nearly half of the labour force in manufacturing. Their access to credit and financial services is a critical component for growth and development. The G20 has multiple members with the experience of development banks and community banks. Canada, India, Brazil and Germany could offer significant experience in terms of SME-sensitive and development-friendly banking practices.²⁵ Since financial sector reforms are among Russia’s top agenda items in 2013, one can only hope that aforementioned countries will rise up to the plate and come up with concrete proposals.

Interestingly, the activism of emerging economies may become especially significant while Europe is bogged down in an existential nightmare. At the Los Cabos Summit in 2012, emerging economies contributed US \$65 billion to the IMF's emergency funds. The goal of this contribution was to buttress the Fund against an escalation of the eurozone crisis.²⁶ The seeds of a solution to eurozone problems might already be embedded within the G20. A strong and viable G20 that has an equitable structure of representation between developed and emerging economies would have the wherewithal to pull the eurozone out of this quandary.

Despite some harsh criticism, the G20 is still a relevant platform for global economic governance, for it annually brings together top leaders of the world's largest 20 economies.

Lastly, the 2013 Moscow Summit may not be remembered for its economic success. However, it certainly will be memorable for the political and diplomatic breakthrough that it catered to. At a time when the US President was leaning strongly towards a military intervention in Syria due to alleged chemical weapons use by the Assad

regime, the Moscow Summit proved to be the perfect opportunity to discuss the issue face to face with the Russian Premier, who happened to be an ally of the Syrian regime.²⁷ Subsequent to the summit, the US pushed the military option onto the back burner and deferred the subject to a larger international audience, particularly including Russia and China. This is probably one of the most high profile incidents wherein an economic collaboration venue lent itself to collaboration on military/strategic issues.

Conclusion

It is too early to decide whether G20 actions to date have been a success or failure. Despite some harsh criticism, the G20 is still a relevant platform for global economic governance, for it annually brings together top leaders of the world's largest 20 economies. Moreover, it yields some tangible results as a venue for collaboration on non-economic matters as well. The members of the G20 constitute about two-thirds of the world population and account for 90% of global GDP. Whether it will be a short-term crisis management organisation, or a long-term international governance structure that steers the world economy, is still up to the members.

Endnotes

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Hegemony and Crisis in Global Political Economy: The Importance of Legitimacy

Pınar İPEK*

Abstract

This study examines the importance of legitimacy in hegemony through the changes and continuities in the structures of global political economy. It is argued that a state-centric approach to hegemony is insufficient, and that the legitimacy of or consent for dominant neoliberal ideas and norms have been undermined by the structural problems and ongoing transformations in the global political economy.

Key Words

Hegemony, legitimacy, global political economy, financial crisis.

Introduction

In light of the financial crisis of 2008 and its current repercussions, the relationship between hegemony and legitimacy in global political economy needs to be reconsidered. Since the emergence of the Bretton Woods system in the post-World War II era, the world economy has experienced a crisis in almost every decade while the role of American leadership and international trade and finance institutions has remained critical. The latest financial crisis, however, starting in the U.S. and spreading later to the Eurozone between 2008 and 2011, underlines the ongoing transformations in global political economy in which this hegemony and its legitimacy is being challenged.

This article aims to highlight the importance of legitimacy or 'consent' in the Gramscian concept of hegemony by demonstrating the major changes and continuities in the structures of global political economy. First, a brief discussion of hegemony according to

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orthodox and critical perspectives on global political economy is presented. Second, the importance of legitimacy in hegemony is elucidated by presenting the major continuities and transformations in global political economy, particularly trade and finance. Third, the implications of the latest crisis are discussed in light of the emerging challenges to maintenance of *status quo* and consent in the neoliberal economic order. The article concludes by emphasising the insufficiency of a state-centric approach to hegemony. It suggests further research on how and under what conditions consent has been reconstructed to enable policy makers to better understand and respond to these new challenges in global political economy.

Hegemony in Global Political Economy

In orthodox theories of global political economy, hegemony is understood in terms of the role of a hegemonic state in providing the stability and openness of the liberal economic system.¹ Thus, a state-centric approach to hegemony seems essential in a world with an extremely unequal distribution of power where a single powerful state controls or dominates the system.² In such a definition two characteristics of a hegemonic state are important:

resources and willingness. The hegemon should have sufficiently large resources to enable it to assert leadership, and it must be willing to the pursue policies necessary for a stable and open economic system. When there is a lack of such leadership, powerful states' policies and their cooperation should support "the necessary political foundations for a stable and unified world economy".³

The hegemon should have sufficiently large resources to enable it to assert leadership, and it must be willing to the pursue policies necessary for a stable and open economic system.

The leadership of a hegemonic state can range from benevolent to coercive.⁴ A benevolent hegemon is concerned to promote common interests with other states, and takes the lead in establishing the necessary norms for such benefits. A coercive hegemon, on the other hand, is exploitative, and its leadership serves its own interests. While liberals view hegemony in benevolent terms, then, realists portray the hegemonic state as a self-interested actor. Neo-Gramscian perspective tends to be sceptical about the possibility of a benevolent hegemon since they define hegemony in historical structuralist terms.

The emphasis on the role of the state in the definition of hegemony in realism and liberalism can be criticized given their limited empirical observations on hegemony throughout the 19th and 20th centuries. The respective roles of Britain and the U.S. in *Pax Britannica* and *Pax Americana* should also be considered in the context of the historical structures and institutions of global political economy. It is therefore important to look at specific historical trajectories in the emergence and evolution of trade, production-investment, and finance structures during the European expansion from the 15th century onwards.⁵ In short, the definition of a hegemon, how to identify a hegemonic state, its behaviour, and its strategy are all contested in the global political economy literature.

Accordingly, the neo-Gramscian perspective underlines the hegemony of the ruling groups in society rather than the hegemonic state. Gramsci introduces the concept of historic bloc “to describe the mutually reinforcing and reciprocal relationship between the socio-economic relations (base) and political and cultural practices (superstructure)” that together form a given order.⁶ In other words, social forces are important. The structure of society ultimately reflects social relations of production in the economy and the nature of relations in the superstructure. These together form political society,

including the state. Hegemony of the moral, political and cultural values of a particular social group subordinates other groups in society through coercion and consent. For example, the hegemonic idea of free trade serves the interests of the ruling hegemon, in this case the most competitive and efficient producers in world markets, against those of subordinate groups in global production networks across states and regions.⁷ Thus, not only the economic power but also the dominant ideas and norms of particular elites or social groups reinforce and legitimize the *status quo* in global political economy.

Trade expansion within transnational production networks and its accompanying trade deficits in developing and developed countries have facilitated the emergence of a global financial market.

Within this framework, this paper re-emphasises the importance of the moral, political, and cultural hegemony of particular social groups in enforcing the necessary norms to stabilize the liberal economic system. In other words, it reconsiders the importance of legitimacy in hegemony. Although it is

argued that the role of the United States' significant power has been influential in maintaining the liberal open economic system,⁸ back-to-back financial crises have created a dilemma in global political economy, stemming from the expected role of the hegemonic state and its capability and will to divert sufficient resources to assert its leadership. In times of crisis in global political economy, such a dilemma becomes more apparent as the hegemonic state's capability and will struggles to allocate resources while reinforcing dominant norms and legitimacy to stabilize the neoliberal economic system. Thus, the relationship between economic power and particular social groups' dominant ideas and norms emphasizes the importance of legitimacy in hegemony. The next section looks at the challenges in global trade and finance to elucidate the importance of such legitimacy.

Continuities and Changes in the Structures of Global Political Economy

The Continuities

The structures of global political economy can be studied in terms of trade, production-investment, finance, and knowledge. In this article the focus is on trade and finance because these structures represent the major processes as a snapshot of continuities

and changes in global political economy. Nevertheless, it should be noted that the various theoretical perspectives on global political economy underline different actors and structures.

The major continuities in global political economy are those in the structural problems of trade and finance. The global market is divided across states, while trade volume (exports and imports) is accounted in the balance of payments of each individual state. There is an imbalance in the global structure of trade whereby some countries have more exports (trade surplus) or more imports (trade deficit). The persistence of this trade imbalance is one continuity in the structure of global political economy, while a second and consequent continuity is the need for foreign indirect investment, portfolio investment and/or debt to finance it. In other words, countries are obliged to attract foreign indirect investment (FDI), portfolio investment and/or debt to balance their trade deficits.

In the global economy, both developing and developed countries have trade deficits. Liberals can thus emphasize the importance of open markets in facilitating trade, FDI, portfolio investment and debt across borders in a peaceful manner. In other words, liberals argue that the transfer of wealth through open markets creates a complex interdependence which enforces stability among states.

The complex interdependence favoured by liberals has two prerequisites: First, there should be a stable international monetary system, and second there should be a 'lender of last resort' to stabilize the financial system when the deficit countries need capital inflows, especially in the short term during a crisis. Historically the lender of last resort has been a hegemonic state, as in the role played by Britain in the 19th century, providing international liquidity during times of crisis and financing the balance of payment deficits of a variety of countries through an international monetary system based on the gold standard and the pound sterling.⁹ Similarly, the role of the U.S. in the post-World War II era was central in establishing and managing a set of norms and rules for the Bretton Woods institutions to make the liberal trade and finance system work.¹⁰ In fact, when the funds to Britain and France proved to be insufficient, the Marshall Plan provided the financing needed to cover the large current account deficits in Europe.¹¹ Following the years of post-World War II reconstruction in Europe, the International Monetary Fund (IMF) has acted as the lender of last resort, and the U.S. continued to be the largest contributor to the fund, followed by other G-7 countries in the 1980s and 1990s.¹²

Accordingly, the continuities in global political economy, namely the imbalance in trade and the need to finance trade

deficit or current account deficit by capital flows, should be considered against the background of the globalization process. At the material level, globalization is evidenced by the increase in international economic activity, such as the transnationalization of production (FDI by transnational corporations, or TNCs) and finance (portfolio investment). Thus, trade expansion within transnational production networks and its accompanying trade deficits in developing and developed countries have facilitated the emergence of a global financial market; one subsequently shaped by the successive deregulations of national financial markets in the 1980s, especially those in developing countries.

At the ideological level, there was a shift from a Keynesian to a neoliberal economic policy that resulted in a transformation of the role of the state in the economy. This major shift in policy choice was heavily influenced by leaders elected following the economic and political turbulence in the world between 1973 and 1979 (the first and second oil crisis); particularly Prime Minister Margaret Thatcher in the U.K. in 1979 and President Ronald Reagan in the U.S. in 1981.¹³ The rationale for these leaders' enthusiasm for neoliberal policies was the fight against inflation and economic recession, which in turn promoted market friendly policies broadly known as "Washington Consensus"¹⁴ to sustain price stability and low inflation

levels.¹⁵ For example, official lending by the IMF and the World Bank was important in financing imbalance in the trade or current account deficits of developing countries, even though it was conditional on their adoption of structural adjustment programs (SAPs). Such programs were an important policy instrument to liberalize financial markets and minimize the role of the state in the economy in developing countries, especially in those states that had implemented import substitution industrialization in the 1960s.

In the aftermath of the dissolution of the Soviet Union in 1991 some liberals were as assertive as they could be, proclaiming “the end of history” to praise the success of liberal market economies.¹⁶ Neoliberal policy choices encouraged new and sophisticated financial instruments aiming to deepen financial markets, and such deepening was in turn expected to increase the efficiency of monetary policies both in developed and developing countries. In fact, financial liberalization and advancements in information technology accelerated the speed of integration in global financial markets in which the volume of *daily* trading increased from US \$200 billion in 1986 to US \$1.3 trillion in 1995.¹⁷ Consequently, in line with an ideological shift from Keynesian policies to the neoliberal monetary policies of the Chicago School, the role of the state in

the economy has been in transformation since the 1980s.

The Changes

A major reflection of the dominance of neoliberal policies in global political economy since the late 1990s has been the decrease in official credit from the IMF and the World Bank and an increase in net private flows (debt+equity). The debt crisis of the 1980s trapped developing countries into SAPs which restructured their economies under neoliberal principles of further liberalization, privatization, and minimization of the state’s role in public spending. One result of further liberalization was the decrease in official credits to developing countries, and there were sharp cuts in public spending in many developing countries under the conditionality of the SAPs implemented in the mid-1990s. Thus, there was decline in official lending to finance public debt in developing countries. For example, equity flows including FDI and portfolio investment increased steadily from US \$175 billion in 1998 to US \$179.9, US \$257.7 and US \$347.5 billion in 2000, 2004 and 2005, respectively. At the same time, official credits declined from US \$35.5 billion in 1998 to US \$-5.9, US \$26.6, and US \$-70.7 billion in 2000, 2004, and 2005, respectively; while private

credits increased from US \$17.6 billion in 1998 to US \$89.8, US \$154.8, and US \$203.9 billion in 2003-2004 and 2005 (see table 1). However, in response

to the 2007 financial crisis, net official flows increased sharply to US \$28.1 and US \$69.5 billion in 2008 and 2009, respectively.¹⁸

Table 1 - Net capital flows to developing countries, 1998-2006 (In US \$ billions)

	1998	1999	2000	2001	2002	2003	2004	2005	2006e
Current Account Balance	-96.7	-19.1	34.4	12.1	60.5	101.9	113.6	256.4	348.5
as % of GDP	-1.7	-0.3	0.6	0.2	1.0	1.5	1.4	2.7	3.1
<i>Financial flows</i>									
Net private and official flows	228.9	209.6	181.1	191.1	174.2	262.0	385.9	480.7	571.0
Net private flows (debt + equity)	193.4	195.6	187.0	164.5	169.2	274.1	412.5	551.4	646.8
Net equity flows	175.8	189.6	179.9	176.6	162.9	184.3	257.7	347.5	418.8
Net FDI inflows	170.0	178.0	166.5	171.0	157.1	160.0	217.8	280.8	324.7
Net portfolio equity inflows	5.8	11.6	13.4	5.6	5.8	24.3	39.9	66.7	94.1
Net debt flows	53.1	20.0	1.2	14.5	11.3	77.7	128.2	133.2	152.2
Official creditors	35.5	14.0	-5.9	26.6	5.0	-12.1	-26.6	-70.7	-75.8
World Bank	8.7	8.8	7.9	7.5	-0.2	-0.8	1.4	2.5	-2.4
IMF	14.1	-2.2	-10.7	19.5	14.0	2.4	-14.7	-40.2	-25.1
Others	12.7	7.4	-3.1	-0.4	-8.8	-13.7	-13.3	-33.0	-48.3
Private creditors	17.6	6.0	7.1	-12.1	6.3	89.8	154.8	203.9	228.0
Net medium- and long-term debt flows	82.9	23.3	13.4	11.6	5.8	34.8	86.4	136.2	156.0
Bonds	38.8	30.1	20.9	10.3	10.4	24.7	39.8	55.1	49.3
Banks	49.4	-5.3	-3.8	7.8	2.3	14.5	50.6	86.0	112.2
Others	-5.3	-1.5	-3.7	-6.5	-6.9	-4.4	-4.0	-4.9	-5.5
Net short-term debt flows	-65.3	-17.3	-6.3	-23.7	0.5	55.0	68.4	67.7	72.0
Balancing item ^a	-114.6	-158.1	-170.4	-122.4	-60.2	-69.1	-95.5	-345.4	-286.5
Change in reserves (= increase)	-17.6	-32.4	-45.1	-80.8	-174.4	-294.7	-404.0	-391.7	-633.1
<i>Memo items:</i>									
Bilateral aid grants <i>of which:</i>	42.5	44.4	43.3	43.7	50.6	63.6	70.5	71.3	70.6
Technical cooperation grants	15.8	16.0	14.7	15.8	18.2	20.1	20.4	19.3	19.9
Other	26.7	28.4	28.6	27.9	32.4	43.5	50.1	52	50.7
Net official flows (aid + debt)	78.0	58.4	37.4	70.3	55.6	51.5	43.9	0.6	-5.2
Workers' remittances	72.7	76.6	83.8	95.3	116.2	143.8	163.7	189.5	199.0
Repatriated earnings on FDI	28.7	27.8	34.6	43.8	43.2	53.4	73.8	107.0	125.0

Source: World Bank, *Global Development Finance*, 2007, p. 37.

Note: e = estimate. a. Combination of errors and omissions and net acquisition of foreign assets (including FDI) by developing countries.

Second, the relationship between imbalance in trade and the need for international capital flows has been transforming. We observe that the economic growth rate in developing countries is above the world average in terms of real gross domestic product (GDP), despite a decline from an

average of 6.2% between 1960-1980 to 3.3% between 1980-2000 and higher growth rates since the 2000s (see table 2 and figure 1). However, the implications of economic growth on the relationship between trade imbalance and capital flows are important, as the descriptive data below suggest.

Most developing countries have imbalance in trade given the increased imports of raw materials, energy, and/or intermediate goods to sustain their relatively high growth rates. With the exception of China and the oil-exporting countries, which have trade surpluses, developing countries have current account deficits in their balance of

payment (see figure 2). While a discussion of whether a current account deficit harms an economy or not is important, it lies beyond the scope of this article. Nevertheless, it is essential to consider how current account deficit is financed by equity flows when considering the role of legitimacy in global hegemony.

Table 2 - The global outlook in summary (% change from previous year)

	1960-80	1980-2000	2005	2006a	2007b	2008b	2009b
<i>Real GDP growth^a</i>							
World	4.7	3.0	3.5	4.0	3.3	3.6	3.5
Memo item World (PPP weights) ^b	4.7	3.0	4.7	5.3	4.7	4.8	4.7
High-income countries	4.5	2.9	2.6	3.1	2.4	2.8	2.8
OECD	4.4	2.8	2.5	2.9	2.3	2.7	2.7
Euro Area	4.3	2.3	1.3	2.7	2.5	2.2	2.0
Japan	7.4	2.6	2.6	2.2	2.3	2.4	2.1
United States	3.5	3.3	3.2	3.3	1.9	3.0	3.1
Non-OECD	4.5	2.9	5.8	5.7	4.9	5.1	5.0
Developing Countries	6.2	3.3	6.7	7.3	6.7	6.2	6.1
East Asia and Pacific	5.6	8.0	9.0	9.5	8.7	8.0	7.9
China	4.9	9.9	10.2	10.7	9.6	8.7	8.5
Indonesia	6.0	5.3	5.7	5.5	6.3	6.5	6.4
Thailand	7.5	6.1	4.5	5.3	4.5	4.5	5.0
Europe and Central Asia	-	-	6.0	6.8	6.0	5.7	5.8
Russia	-	-	6.4	6.7	6.3	5.6	5.8
Turkey	3.6	4.4	7.4	6.0	4.5	5.5	5.4
Poland	5.8	1.7	3.5	6.1	6.5	5.7	5.0
Latin America and the Caribbean	5.5	2.2	4.7	5.6	4.8	4.3	3.9
Brazil	7.3	2.1	2.9	3.7	4.2	4.1	3.9
Mexico	6.7	2.6	2.8	4.8	3.5	3.7	3.6
Argentina	3.4	1.5	9.2	8.5	7.5	5.6	3.8
Middle East and North Africa	6.0	3.9	4.3	5.0	4.5	4.6	4.8
Egypt, Arab Rep. of	6.0	4.9	4.6	6.9	5.3	5.4	6.0
Iran, Islamic Rep. of	6.5	2.9	4.4	5.8	5.0	4.7	4.5
Algeria	4.8	2.2	5.3	1.4	2.5	3.5	4.0
South Asia	3.7	5.4	8.7	8.6	7.9	7.5	7.2
India	3.5	5.6	9.2	9.2	8.4	7.8	7.5
Pakistan	5.9	5.1	7.8	6.6	6.4	6.3	6.1
Bangladesh	2.4	4.3	6.0	6.2	6.0	6.1	6.4
Sub-Saharan Africa	4.3	2.1	5.8	5.6	5.8	5.8	5.4
South Africa	4.7	1.7	5.1	5.0	4.4	5.2	4.9
Nigeria	4.6	1.9	6.9	5.6	6.4	6.6	5.9
Kenya	6.2	3.0	5.8	5.9	5.1	5.2	4.9
<i>Memorandum items</i>							
Developing countries							
excluding transition countries	5.2	4.1	6.9	7.4	6.7	6.3	6.1
excluding China and India	6.5	2.2	5.2	5.9	5.3	5.0	4.9

Source: World Bank, *Global Development Finance*, 2007, p.9.

Note: PPP = purchasing power parity; a = estimate; b = forecast; - = not available.

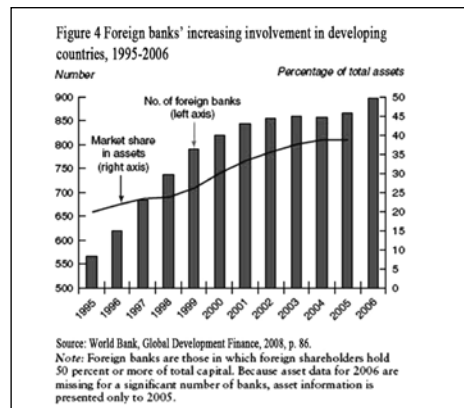
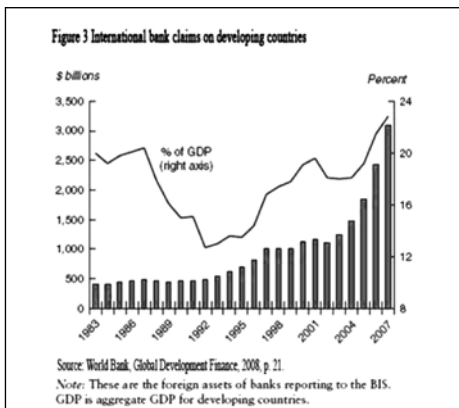
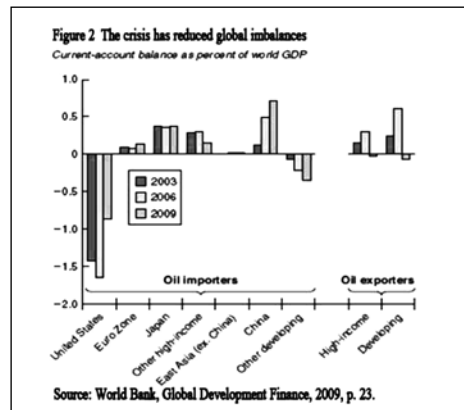
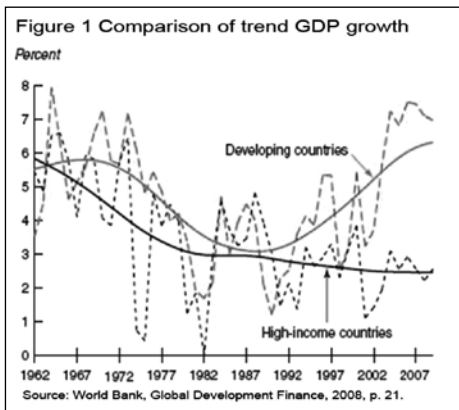
a. GDP in 2000 constant dollars; 2000 prices and market exchange rates.

b. GDP measured at 2000 PPP weights.

c. Simple average of Dubai, Brent, and West Texas Intermediate.

Current account deficit is financed by the increase in net equity flows and private financial institutions' claims and assets in developing countries. Furthermore, the role of such net equity flows suggests the influence of economic power, dominant ideas and norms of particular social groups. In line with the declining role of the state in the economy and the liberalization of financial markets since the 1980s, the significant expansion of private financial institutions is evident

both in high income and developing countries. For example, in 1983 the assets of the largest bank in the U.S. were equivalent to 3.2% of its GNP and in 2009 the total assets of the largest three banks increased tremendously, marking an amount equivalent to 44% of American GNP.¹⁹ Similarly, we observe an increase in the share of international bank claims and their involvement in developing countries (see figures 3 and 4).



In the context of dominant neoliberal ideas and norms, it is important to discuss the relative hegemony of a given state versus that of different social groups, including private financial institutions and the peculiar role played by credit rating agencies.

Thus, these major changes suggest a transformation in the relationship between imbalance in trade and the need for net equity flows. Despite a decline in current account deficit in the aftermath of the 2008 financial crisis, the U.S. has the largest current account deficit in the world, while China and the oil-exporting countries have large current account surpluses which finance the deficit countries (see figure 2). How capital (equity) flows are redistributed to transfer capital from surplus countries to deficit countries is important. Consequently, in the context of dominant neoliberal ideas and norms, it is important to discuss the relative hegemony of a given state versus that of different social groups, including private financial institutions and the peculiar role played by credit rating agencies.

In short, the two major changes in global political economy – namely (i) in the increased net private flows (debt + equity including FDI and portfolio

investment), and (ii) in their relationship to imbalance in trade – require a reassessment of the relationship between hegemony and legitimacy.

Legitimacy and Hegemony

The first decades of the 21st century, have been challenging times for global political economy. In light of these challenges, the meaning of hegemony and the importance of legitimacy in maintaining the stability of the international system need to be reconsidered. The financial crisis of 2008 has revealed not only the drawbacks of unregulated global financial markets driven by neoliberal policies, but also the vulnerabilities in such an order.

Although some orthodox theories of global political economy recognize the importance of legitimacy in maintaining the stability of the international system, analysing the relationship between consent and hegemony in neo-Gramscian terms is essential. This is because the repetitive financial crises under capitalism and the hegemony of dominant social forces have both been critical in shaping the norms that support the political foundations of the neoliberal economic order. However, there have been no successful efforts to formulate necessary norms or agreements to respond to financial crises or inefficient

regulation in highly globalized financial markets. For example, since the currency accord at the 1985 Plaza Agreement or the successful global trade negotiation during the Uruguay Round in 1995, there has been no agreement to tackle the problems in the current WTO regime. Thus, while neoliberal policies have been dominant, the continuities and changes in trade and finance structures have put the legitimacy of such policies in jeopardy.

In line with major transformations in global political economy, it is no longer G-7 countries seeking adjustments or new norms to sustain *status quo* in the system as they did in the 1980s.²⁰ Rather, more recent G-20 summits have urged international cooperation to ensure global economic recovery, to strengthen the international financial regulatory system, to reform the IMF, to create global financial safety nets in addition to development issues.²¹ In the aftermath of the 2007-2008 financial crisis, which started in the U.S., a high-income country championing neoliberal policies in global economy, the challenges at the domestic level overwhelmed not only American but also most European political leaders. For example, while the U.S. administration focused on cutting the high levels of unemployment and federal budget deficits to facilitate economic recovery, the European Union

struggled to preserve the euro and save national economies and banks.²²

In such a context, the arguments of orthodox theories in global political economy that emphasized the will and leadership of powerful state(s) or their cooperation to support the neoliberal economic order are insufficient. They do not focus on the structural problems in trade and finance or the transformations in global political economy. Thus, a state-centric approach to hegemony is insufficient. The financial crisis of 2007-2008 highlights the importance of consent and hegemony in neo-Gramscian terms.

Since the currency accord at the 1985 Plaza Agreement or the successful global trade negotiation during the Uruguay Round in 1995, there has been no agreement to tackle the problems in the current WTO regime.

First, as a result of the latest financial crisis, it is expected that external capital flows (net private flows including equity and debt) to developing countries will decline over the medium term. Given the current account deficits in developing countries, the demand for external capital

will result in higher borrowing costs, sweeping away the hard earned savings of developing countries.²³ The impact of the fluctuation in net equity flows also depends on the type of capital (equity) flow. For example, FDI is observed to remain stable during crisis years when compared to higher fluctuations in net portfolio equity inflows.²⁴ However, FDI is a limited option for the majority of developing countries; for example, in 2007, the top ten developing countries attracted about 61% of total FDI in all developing countries.²⁵ Furthermore, such countries also receive the majority of net portfolio equity inflows, with BRIC (Brazil, Russia, India, and China) countries receiving 76% of total net equity flows to all developing countries in 2007.²⁶ In short, international capital flows are relatively limited when considering developing countries as a whole, and they are especially fragile during and after crises in global financial markets.

Second, a persistent problem, especially in terms of distribution of wealth in global political economy, is poverty. Between 1990 and 2005, poverty, measured as the *percentage* of the population living on less than US \$1.25 a day, decreased slightly from 0.7% in the Middle East and North Africa to 11.4% in South Asia, while there was a significant decrease of 44.3% in China. In Europe and Central Asia, on the other

hand, the percentage of the population living on less than \$1.25 a day increased by 1.7% in the same period (see table 3). A similar trend is also observed for both the percentage and the number of people living on less than US \$2.00 a day between 1995 and 2000.

While a further decline in poverty is predicted in all regions of the world in the next 5 to 10 years (see table 3), the potential implications of the crisis of 2007-2008 could increase poverty by 46 million people in the long term. For example, a 5.2% decline in potential output as of 2015 could increase the number of poor people to as many as 6.3 million in East Asia and the Pacific region. It should be noted, however, that the highest percentage change in head count (46.8%) could be in the Middle East and North Africa (see table 4).

In line with the neoliberal policies of the Washington Consensus and the SAPs of the multilateral development agencies, we observe a decline in net official lending to developing countries.

Third, however much the financial crisis could increase poverty, the current distribution of wealth in the world is highly unequal. For example, while 67.6% of the world population

or 3.054 billion people have less than US \$10,000 or 3.3% of global wealth, 0.5% of the world population or 29.7 million people have more than US \$1 million or 38.5% of global wealth in 2011. Likewise, 23.6% of the world population or 1.066 billion people have between US \$10,000-100,000 or 14.5%

Table 3 - Poverty in developing countries by selected regions

Region or country	1990	2005	2015 ^f	2020 ^f
<i>Percentage of the population living on less than \$ 1.25/day</i>				
East Asia and Pacific	54.7	16.8	5.9	4.0
China	60.2	15.9	5.1	4.0
Europe and Central Asia	2.0	3.7	1.7	1.2
Latin America and the Caribbean	11.3	8.2	5.0	4.3
Middle East and North Africa	4.3	3.6	1.8	1.5
South Asia	51.7	40.3	22.8	19.4
India	51.3	41.6	23.6	20.3
Sub-Saharan Africa	57.6	50.9	38.0	32.8
Total	41.7	25.2	15.0	12.8
<i>Percentage of the population living on less than \$ 2.00/day</i>				
East Asia and Pacific	79.8	38.7	19.4	14.3
China	84.6	36.3	16.0	12.0
Europe and Central Asia	6.9	8.9	5.0	4.1
Latin America and the Caribbean	19.7	16.6	11.1	9.7
Middle East and North Africa	19.7	16.9	8.3	6.6
South Asia	82.7	73.9	57.0	51.0
India	82.6	75.6	58.3	51.9
Sub-Saharan Africa	76.2	73.0	59.6	55.4
Total	63.2	47.0	33.7	29.8
<i>Number of the people living on less than \$ 1.25/day (millions)</i>				
East Asia and Pacific	873	317	120	83
China	683	208	70	56
Europe and Central Asia	9	16	7	5
Latin America and the Caribbean	50	45	30	27
Middle East and North Africa	10	11	6	6
South Asia	579	595	388	352
India	435	456	295	268
Sub-Saharan Africa	296	387	366	352
Total	1,817	1,371	918	826
<i>Number of the people living on less than \$ 2.00/day (millions)</i>				
East Asia and Pacific	1,274	730	394	299
China	961	473	220	168
Europe and Central Asia	32	39	22	18
Latin America and the Caribbean	86	91	67	62
Middle East and North Africa	44	52	30	26
South Asia	926	1,091	973	926
India	702	828	728	686
Sub-Saharan Africa	391	555	574	595
Total	2,754	2,557	2,060	1,926

Source: World Bank, *Global Economic Prospects*, 2010, p. 42.

f: Forecast.

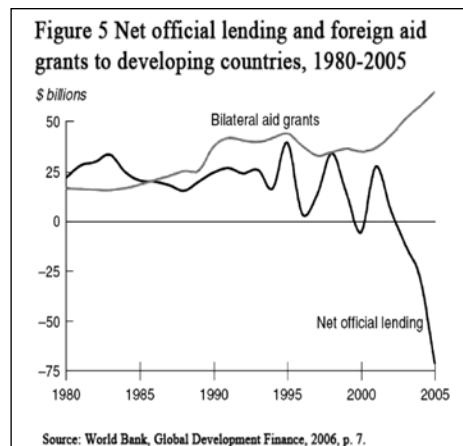
of global wealth, while 8.2% of the world population or 369 million people have between US \$100,000-1 million or 43.6% of global wealth. In short, while 91% of the world population shares out 18% of global wealth, 9% of the world population has access to 82% of it.²⁷

Table 4 - The crisis could increase poverty by 46 million in the long term

Region	Impact on poverty of a 5.2 percent decline in potential output as of 2015	
	Change in head count (millions)	Percent change in head count
East Asia and Pacific	6.3	19.3
Europe and Central Asia	0.9	27.7
Latin America and the Caribbean	3.4	14.3
Middle East and North Africa	0.8	46.8
South Asia	16.3	31.2
Sub-Saharan Africa	18.2	11.7
Developing countries	46.0	17.0

Source: World Bank, *Global Economic Prospects*, 2010, p. 104.

Note: Estimates based on the GIDD model.



Further research on the relationship between consent and hegemony in global political economy is necessary to elucidate how the economic power and dominant ideas and norms of particular social groups matter.

Fourth, the impact of the financial crisis on multilateral and bilateral assistance to the least developed countries is disheartening. In line with the neoliberal policies of the Washington Consensus and the SAPs of the multilateral development agencies, we observe a decline in net official lending to developing countries (see figure 5).²⁸ In fact, a striking change is the sharp decline in net official lending since 2001 and the associated increase in bilateral aid. Thus, the struggle to overcome poverty or to achieve the UN's "Millennium Development Goals" seems to have been replaced by the closer alignment of bilateral aid with the foreign policies of the high income countries and "emerging donors".²⁹

In summary, (i) capital flows (net private flows including equity and debt) for a limited set of developing countries such as BRICs and consequent vulnerabilities during and after crises in global financial markets, (ii) the persistent problem of poverty, (iii) a

highly unequal global distribution of wealth, and (iv) the increasing role of bilateral aid all constitute challenges in maintaining *status quo* and consent in the neoliberal economic order.

Conclusion

This article underscores the importance of legitimacy in hegemony through analysing the changes and continuities in the structures of global political economy, namely trade and finance. It has been argued that a state-centric approach to hegemony is insufficient, while the legitimacy of the dominant ideas and norms in neoliberal economic system has been undermined. In light of the major trends and challenges presented here, policy makers should consider the importance of legitimacy or consent in the Gramscian concept of hegemony. Further research on the relationship between consent and hegemony in global political economy is necessary to elucidate how the economic power and dominant ideas and norms of particular social groups matter. A new research agenda addressing under what conditions consent has been reconstructed through the interaction of material forces and ideas, norms and identities embedded in different social forces would guide policy makers in responding to the challenges of governance at multiple levels in global political economy.

Moreover, the relationship between development, security, and democracy should be reassessed within the context of a crisis in 'consent' in the superstructure of the capitalist system. The social and political movements that we have been observing since 2011 both in developed and developing countries, such as the "Arab Spring" or "Arab Awakening" in North Africa and the Middle East, the "Occupy Wall Street" protests in the U.S., the "indignados" in Spain, and similar protests in Greece, Italy and lately in Turkey and Brazil, present important cases through which to further study the relationship between legitimacy and

hegemony at multiple levels in global political economy. Likewise, civil war, terrorism, or conflict in security studies should take the question of consent into consideration to frame the ideas, norms, and values of disadvantaged groups in transnational and domestic politics. What we are witnessing may be the emergence of a new historic bloc as an open-ended process, the outcome of which can be determined around the question of change in the economic relations and modes of production in the base, as well as political practices and consent in the superstructure.

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The Quadruple Crisis of Europe: Europe and its Changing Role in the International Political Economy

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Abstract

This article examines the causes of and responses to Europe's economic, monetary, and political crises as well as their implications on Europe's position in the global economic order and its ability to shape governance of the international political economy. Europe is in the midst of a quadruple crisis of economic stagnation, debt-fiscal- monetary challenges, national and regional political squabbling, and an increasingly weaker position and competitiveness in the global economy. The pessimism over Europe's current condition is well founded as are dire predictions regarding its future if there is little or no economic growth, fiscal and monetary reforms are not well implemented or supported, and greater solidarity amongst the members of the European Union

is not rediscovered. Yet some of the glaring issues facing Europe can be addressed through adaptive policy regimes, positive political leadership and cooperation that would relieve some of the stress upon the short and long-term viability and sustainability of the European economic models. Nonetheless, the impact on Europe's position in the global economy has been and will likely be permanently altered and weakened.

Key Words

European Union, Europe, international political economy, globalization, debt crisis.

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The Crises of Europe and its Changing Role in the International Political Economy

Thirty years ago Europe was considered part of the economic "north" of advanced, affluent, and dominating regions where wealth and political economic power was centered. Just a few years ago there was talk of an increasingly dominant Europe in the global political

and economic order. Mark Leonard even suggested that “Europe will run the 21st century”.¹ Yet since 2008 the general mood in and about Europe has soured on Irish banks, Greek debt, Spanish unemployment, German monetary intransigence, weak Italian governability, increasing British euroscepticism, and the potential collapse of the common currency. The optimism of 1992 or 2000 is gone and “pessimism reigns”.² With this crisis eurosceptics and even many past ardent supporters of Europe and integration have predicted the demise of not only the Euro but of Europe as a powerful economic actor and even as an economic union.

Europe’s place in a rapidly changing geopolitical economic environment seems to hang in the balance.

The global order has seen a remarkable “big swing” towards emerging countries such as Brazil, India, and China.³ The decline in the economic power of the West (Europe, North America and Japan) seems destined to continue as the growth rates of emerging states continue to increase, albeit much more slowly, during the last few years of economic recession in the West. In February 2012 Pascal Lamy, current head of the

World Trade Organization and former EU Commissioner for Trade, suggests that Europe’s “weight” in the global economy will likely shrink from 39% in 2005 to perhaps 25% by 2030.⁴ When compared to the more modest drop of North America (US and Canada, due mainly to less demographic decline) from 30% to 28% and the huge gains by China (from 8% to 20%) as well as other emerging market states, the European position appears to be weakening in both absolute and relative terms.⁵ For Lamy, there has been no previous instance of such massive changes in global economic development “concentrated in so short a space of time”.⁶ Tony Barber argues that the combination of debt and preexisting economic decline have essentially halved the medium-term potential growth rate for the European economy.⁷ Europe’s place in a rapidly changing geopolitical economic environment seems to hang in the balance.

The concept of “Europe” as a whole is to some extent a muddled term. Often Europe means the European Union (EU) but this obviously does not include all Europeans or the entirety of its social, political, and economic activity.⁸ Yet the EU has come to symbolize Europe- both politically and economically- despite the many “Europes” that may exist. Gareth Harding has suggested Europe is in the midst of a “triple crisis” including an

economic crisis, a monetary and fiscal crisis, and a political crisis revolving dominantly around the failures to solve the first two crises as well as the broader failure to construct a common European solidarity since the 1990s.⁹ This research argues that there is actually a “quadruple crisis” that includes not only the current economic, debt-fiscal-monetary, and political crises but also an even more longstanding crisis of the competitiveness and role of Europe in the global economy as well as the relative power of Europe to shape the future economic order.

The First Crisis

Europe’s first crisis, its economic crisis, is obvious when one looks at the very poor degree and speed of European economic growth, its high unemployment rates, the PIIGS (Portugal, Ireland, Italy, Greece, and Spain) debt crises, and even the high debts taken on by United Kingdom to shore up banks and financial sectors in response to the recession of 2008. But the economic crisis also predates 2008 as growth rates in Germany, France, and other European states all began to slow after 2000. Beyond growth rates there have also been fundamental weaknesses or declines in productivity, investment, output, exports, and other “structural flaws” that mark serious and lasting

problems of the European economy.¹⁰ The economic crisis went from a chronic to emergent condition with the 2008 market collapse which concurrently brought about, and was then reinforced by, a debt and liquidity crisis amongst the PIIGS states that grew into a Europe-wide monetary crisis which has sapped additional fiscal resources, economic stimulus options, political will, and, possibly more importantly, a sense of European unity or solidarity. The financialization of the banking crises in Ireland and Spain, where governments essentially took over failing banks and paid investors with funds from tax revenues and sovereign bonds, significantly grew the debt forecasts of the two states for the short and long terms. Yet it also immediately suppressed growth and markets by increasing taxes, sapping available credit, and otherwise depressing the economy beyond the banking sectors.¹¹

One significant flaw of the overarching pessimistic view of Europe is that it fundamentally ignores one of the very points that critics of the European project emphasize; differentiation. Europe not only encompasses member states that are in deep crisis such as Greece, Cyprus, Italy, and Spain but also relatively stronger economies like Germany, Sweden, or the Netherlands which even in the face of crises continue to grow economically

and do not suffer the same levels of ills or high debt. Growth of German Gross Domestic Product (GDP) was 3.7% in 2010 and 2.9% in 2011 (though it was optimistically estimated to grow only 1.0% in 2012 and will likely be lower than that when revisions are complete). Nonetheless, German, Finnish, Dutch, Swedish, Danish, and Estonian economic problems are keenly differentiated from Greek, Cypriot, Spanish, Portuguese, Irish, and Italian concerns. In addition, non-EU members such as Norway, Turkey, and Switzerland, while certainly affected by the crises in Europe, still maintain healthy growth or a decidedly positive economic situation (in Norway's case a hefty bit of sovereign wealth).¹² Even Iceland experienced GDP growth of 2.9% in 2011 and an expected 2.4% in 2012.¹³ Turkey's economy grew by nearly 9% in 2010 and 6.6% in 2011.¹⁴ Obviously it is impossible to go into details on the variations between the over forty national economies of Europe in this research. However, the overall growth forecasts for Europe in the near and middle-term future are not strong and Europe's climb out of the previous recession seems to have halted. In February 2012, Pascal Lamy estimated that economic recovery growth rates of 2% or 2.5% were possible prior to the monetary crisis but that the more reasonable prediction is rates of closer

to 1% or 1.5% at best.¹⁵ Even those predictions may be optimistic as evidence from late 2011 through early 2013 show the GDP of the Eurozone has shrunk and exports have fallen.¹⁶ Olli Rehn, the European Commissioner for Economic and Monetary affairs predicts growth across the EU of just 0.1% in 2013 and a contraction of 0.3% among the 17 euro zone states.¹⁷

The overall growth forecasts for Europe in the near and middle-term future are not strong and Europe's climb out of the previous recession seems to have halted.

Beyond mere GDP figures, there are a number of other structural problems in the European economies including high unemployment (especially youth unemployment), negative impacts of austerity measures, increasing deindustrialization, low labor flexibility, and suppressed demand and production. Thus European economic growth is being hampered for a number of reasons, some of which will be discussed in later sections of this research. However, one of the primary culprits is the ongoing second crisis of Europe, the debt-fiscal-monetary crisis, which is weakening investment and stability in the Eurozone

and preventing the use of traditional macroeconomic levers to jumpstart the economies of many European states.

The Second Crisis

Europe's second crisis is constituted of three interrelated and reinforcing debt, fiscal, and monetary problems; longstanding concerns that only needed a recession to unleash their most dire consequences. While not all elements of this tripartite crisis can be fully explored here, some are more likely to impact Europe's position in the global economy than others. The debt crisis began to emerge in the early 2000s immediately after the institutionalization of the euro. As government debt across the Eurozone began to swell, and to the greatest extent by far in Greece, Portugal, and Italy, all that was required to push Europe into crisis was an economic recession, which was duly provided by the bursting of the housing bubble in 2008. As Jerome L. Stein suggests the global crisis "simply aggravated" many European states' "fiscal performance and prospects which had already begun to deteriorate" prior to the 2008 economic downturn.¹⁸ While Stein is speaking directly of the Greek situation here, what he says largely applies to the Italians, Portuguese, and others as well. The fact that the bubble was in housing exacerbated the effects

in Europe as inflated property prices and overleveraging of banks in Ireland, Iceland, Spain, Britain, Cyprus, and throughout Europe created a devastating "perfect storm" of economic and debt crises. Ultimately, the debt crises in the PIIGS states brought about a monetary crisis in the Euro area and Europe in general. The downgrading of Greek, Portuguese, and Italian debt made funding more debt or postponing current debt more expensive and difficult, if not impossible, and default became a real possibility in Greece, Portugal, and Italy. This had a much broader impact upon the value of the Euro, the liquidity of European banks and governments, as well as the many investors and banks across Europe leveraged in PIIGS bonds. Hence the debt and fiscal crises may have started in the PIIGS states but the contagion spread across Europe quite quickly as serious concerns about French debt-to-GDP ratios, British banking bailouts, Hungarian and Cypriot bailouts, and other qualms became magnified. Beyond the EU and Eurozone the weakness of the Euro sent investors looking for more stable currencies such as the Swiss franc, which appreciated so dramatically that in 2011 the Swiss Central Bank intervened to cap its value, halting the increase in the cost of Swiss exports which was threatening the national economy.¹⁹

It should be noted that among European and even the PIIGS economies, there was and is significant differentiation in the levels, types, and impacts of debt crises. The net debt of states like Ireland and Spain were near or even below the EU average and actually far less than those in Greece, Portugal, and Italy prior to the economic crisis in 2008.²⁰ The economic crises in these states derived from two distinct sources. In Greece, Portugal, and Italy, the crux of problem was government debt. Greece had a public debt of over 115% of GDP by 2009 and 143% in 2010 and may exceed 160% by 2014. To put this in perspective Greek debt was only 22% of GDP in 1980.²¹ Nonetheless, since the 1980s, Greek, Portuguese, and Italian debt has been created overwhelmingly by fiscal deficit spending by government. This provided two major barriers to structural reform. First, high and unsustainable long term government debt levels and the threat of default ultimately meant that these states had little cheap credit left and when pushed by the economic recession had almost no chance of escaping default without massive external support and restructuring of debt. Greek fiscal debt had exceeded 3% of GDP almost every year in the decade leading to the collapse. Revised deficit reports show Greek annual fiscal shortfalls at 5.1% in 2007, 7.7% in 2008, and 13.6% in 2009.²²

Second, the government debt (especially in Greece and Portugal) had been used to fuel domestic social programs, wages and benefits, state economic programs, and other projects that required massive reduction and austerity almost immediately. This of course added a political and public dimension to the debt crises which has been fought on the streets of Athens and at the ballot box for the past several years, but has obviously suppressed employment, consumption, revenue collection, and other important day-to-day functions of the Greek economy.

The impacts of the debt-fiscal-monetary crises are still far from clear and, while having led to some significant reforms within the EU and Eurozone, will certainly need continued vigilance and adaptability to additional threats for years to come.

In Ireland, Iceland, Cyprus, and Spain, the crises were created by private sector failures in the banking systems which had become overleveraged in real estate bubbles that burst and subsequently were bailed out by governments. The bailouts have pushed public debt considerably higher as Irish government net debt

went from just over 12% of GDP in 2007 to 36% in 2009 to an estimated 120% by 2013.²³ The bailouts were borrowed from the EU and International Monetary Fund (IMF) and used to recapitalize Irish banks. In general what this means is that the Irish debt was quite different from the Greek debt and ended with a differentiated response. Ireland's prospects are still quite troubling, but, compared to Greece or Portugal most analysts believe that a few years of austerity and the growth of the economy even in modest terms will lead the Irish situation to stabilize. Notably, through the use of austerity measures and slight rebounds of the economy, the Irish government will likely have a balanced budget or even slight surplus by 2014.²⁴ Yet there are almost no optimistic accounts of the near future for the Greek or Portuguese economies.

The impacts of the debt-fiscal-monetary crises are still far from clear and, while having led to some significant reforms within the EU and Eurozone, will certainly need continued vigilance and adaptability to additional threats for years to come. The debt taken on by the PIIGS and the United Kingdom will not be easily paid off. The high growth rates enjoyed by the Irish in the 1990s and most other Europeans prior to 2000 are unlikely to return, and the next generation and future governments will

be saddled with this debt. The Brussels Pact of February 2012 and subsequent EU actions have addressed many of the fiscal and monetary issues created by the Greek, Portuguese, and Italian debt crises. The creation and implementation of the European Financial Stability Facility (EFSF) in 2010 and the European Stability Mechanism (ESM) by October 2012 were critical steps in addressing this ongoing crisis by allowing the financing and consolidation of the debt into new instruments written by the ESM along with the European Central Bank (ECB), IMF, or other third parties.

The creation of the European Banking Authority (EBA) in late 2010 was also critical if the EU was to effectively deal with situations like Ireland, Spain, and most recently Cyprus (as well as to a great extent the UK) whose crises were spawned by private sector banking failures rather than state-generated spending-derived debt. As Stein suggests, the measurement and implications for private-sector debt ratios are quite different from public debt ratios.²⁵ It is unclear if these agreements on banking will fully or properly address the fundamental economic weaknesses or overall private and public debts. For instance, while Iceland (not an EU member but certainly indicative of Europe-wide problems) rebounded in terms of public debt and economic growth in 2011 and early 2012, private

sector debt remains enormous with household debt at nearly 200% of disposable income and corporate debt at 210% of GDP.²⁶ In essence, Europe may be constructing new institutions and policies to deal with part of the causes of the banking, monetary, and debt crises, but it has only recently and incompletely addressed some elements of private sector debt that may be the cause of ongoing economic weakness and future crises in several European states. The creation of the European Securities and Market Authority (ESMA) in January 2011 is a step in that direction but it is still likely that the EU, EBA, ESM, ECB, and ESMA will need to create more robust institutional early warning systems of not only public debt but also of significant excessive private debt to preclude similar private sector failures in the future.

The Third Crisis

Europe's third crisis is a political one that, much like debt and monetary crisis has been obscured to some extent for the past 20 years. This crisis is centered on a longstanding debate about European integration, the proper role and function of the EU and the ECB, increasingly sharp divisions between Europe's member states and tangible and pragmatic divisions amongst the now 28 national

governments. Romano Prodi, former Prime Minister of Italy and President of the European Commission has suggested that EU policymakers knew of the likely crises of the Euro currency and that the institutional weaknesses of the stability and growth pact were to some extent to blame.²⁷ The Growth and Stability Pact was never much of an institutional mechanism to control debt and certainly did little to prevent states from finding creative means to bypass and undermine its efficacy. Roubini and Berggruen argue that the pact also lacked the flexibility to address the "diversity of conditions across the Eurozone".²⁸ Even Germany, which pushed hardest for the pact, was amongst those states that eventually violated it with little penalty. Gareth Harding concurs that the current Euro crisis "can be traced back to the decision at Maastricht 20 years ago to pursue a monetary union without a fiscal, economic, or political one".²⁹

Prodi suggests that ultimately the crisis led to a fundamental choice of either dissolution of the Euro or greater coordination and regulation of fiscal policy especially among the Eurozone states.³⁰ Prodi and almost all others suggested that the failure of the Euro would have far too negative consequences for the entire EU and that the first steps of fiscal coordination or union were ultimately the only option.³¹ Clearly,

the EU failed to respond adequately and with alacrity to the Greek, Portuguese, Spanish, and Italian debt crises as they began to unfold as early as 2008-2009. This is partially a reflection of the lack of political and public consensus in Europe over the fate of the union, and especially the currency union. More importantly, it illustrated the institutional and political limitations of the ECB and the wider EU system which still ultimately reflect a less-than-union of twenty-eight member states with divergent interests, electoral politics, and attitudes towards the integration process. Since 2000, the increasingly divisive rhetoric about the creation of a “core” group of EU members seeking greater integration excluding others, notably in Southern and Eastern Europe and the UK, is indicative of a political crisis that has been brewing since at least Maastricht in 1991 and has become especially prominent since the struggles to ratify the European constitution in 2005. The creation of a “multi-speed Europe” has to some extent already taken place.³² Steven Erlanger and Matthew Saltmarsh have argued that the bailout process has itself been a reflection of the divisiveness and national self-interests of the member states, suggesting that “every decision” was a “painful, time-consuming bargain” between the 27 national governments. For many, including Simon Tilford,

Chief Economist of the Center for European Reform, the “myth of European integration and solidarity” was exposed by the crisis and the lack of a coherent European response.³³

If economic conditions worsen, the fraying of the community and defection from the rules and principles of the union will likely increase.

Much of this can be seen in the early failures of the EU and ECB to contain the growing crisis. In February 2010, the EU failed to manufacture a bailout plan for Greece which could have at least minimized some of the symptoms of the emerging crisis. Even after the EU came to an agreement on the Greek bailout in April 2010, it was clearly too little too late. The May 2010 €500 billion effort to save the currency also seems in retrospect to have been a decision that was politically difficult, slow, and ultimately insufficient. By August 2011, Greece had received several more bailouts and the ECB was buying Spanish and Italian bonds signifying a much more robust response to the now fully recognized set of crises. By late 2011, the bulking up of the EFSF allowed the EU to make precautionary loans, highlighting the growing recognition that preventative

measures were necessary to stem the contagion growing in other member states like Hungary and to recapitalize European banks. In December 2011, a summit in Brussels finally agreed (though the British opted out) to a fiscal pact that limited national budget deficits and extended the power of the Commission on issues of tax rate harmonization and other budgetary concerns. The creation of a permanent and more robust ESM to ultimately replace the EFSF was a critical measure adopted in the summit. This did not fundamentally constitute what Harding suggested was a move towards a “kind of United States of Europe”; an idea which is not particularly favorable with Europe’s leaders or its masses.³⁴ Rather this was a practical extension of European Monetary Union and EU treaties for which the political will could not be found 20 years ago. Nonetheless, after significant delay, dithering, and indecisiveness, the EU and ECB made clear efforts at a “credible long-term strategy” towards greater fiscal and political union.³⁵ The chief of the ECB, Mario Draghi, suggested that this was the only course and that Europe must “make a quantum step up in economic and political integration” so as to fundamentally address not only the short-term but long-term implications of the current economic, debt, and monetary crises.³⁶ The adoption and

implementation of Treaty on Stability, Coordination and Governance in the Economic and Monetary Union (usually known simply as the Fiscal Compact) was a gargantuan step forward in the institutionalization of fiscal and monetary policy unification in the Eurozone. Nonetheless, this has not ended the political or economic crises in a meaningful way and it is unclear if the pact will receive the kind of compliance required if it is to avoid repeating the failures of the post-Maastricht Growth and Stability Pact.

Complicating this economically-driven political discontent is the perceived democratic deficit of the EU which afford its citizens little opportunity to directly influence events and decisions taken at the European level.

Europe’s political crisis seems to have been largely consequent on its economic and fiscal crises. While economic growth was strong (or at least stronger than it was in US growth) and economic prosperity continued in the 1990s, commitment to the European integration project and the common currency were concurrently strong. Between 2001 and 2007 however, slow growth in France and Germany was dwarfed by US growth of nearly 5%.

As European per capita growth slowed, productivity growth was simultaneously halved.³⁷ The single currency also has not had the impact that it was boasted to possess. Eichengreen and Boltho argue that the common currency has had at best a “very small effect on the area’s growth rate or even level of output”.³⁸ Rosato argues that the future of the EU rests with the “health” of the European economy. If economic conditions worsen, the fraying of the community and defection from the rules and principles of the union will likely increase. Even in the best-case scenario, Rosato does not expect Europe to significantly advance, but rather to merely “muddle along”.³⁹

Complicating this economically-driven political discontent is the perceived democratic deficit of the EU which afford its citizens little opportunity to directly influence events and decisions taken at the European level. While the Lisbon Treaty did increase the ability of the public to directly petition the Commission and provided greater connectivity between citizens and the European Court of Justice and European Parliament, the strong and ever-present “disconnect” between the policymakers and citizens of the union is not so easily solved. Even more problematically, the

centralization of EU authority in fiscal, monetary, banking, bond issuing, and austerity has driven additional wedges between citizens and the union. Of course this is often exacerbated by national and local politicians who play the “Blame Brussels” card on every local and domestic problem. Nonetheless, the democratic deficit and increasing euroscepticism have contributed to the difficulty of achieving political solutions to the crises. The skeptical responses to the growing authority of EU have been harshest in those states where the

The recession of 2008 and the fiscal-monetary crises that have followed have driven even deeper wedges between member states.

impact of austerity is strongest. The results of recent Greek and Italian elections favoring anti-austerity and even anti-system parties suggests a

major ongoing political roadblock to cooperation, integration, and an end to the crises.

That said, Harding and others critics of the EU and the project of “Europe” tend to emphasize its weaknesses and failures rather than its successes. Clearly there is no political consensus on a federal Europe or a United States of Europe. Even from the start of the European integration process in the 1940s, such a program was only ever the dream of a few visionary, but often marginalized, policymakers.

Predominantly, the process of integration has been more pragmatic, institutional, and for the most part effective at creating a more singular market, increasing intra-European investment and trade, creating a common external trade identity, and making important but modest steps in collective governance. As Roubini and Berggruen suggest, the goal of European leadership must be to help build some unity and consensus by reminding the European public of “the absence of war, the freedom of mobility, and the rising prosperity” that Europe helped usher in after World War II and the Cold War.⁴⁰ Yet coherence and leadership in Europe have seemed to be in as short supply as liquidity during much of this period. As many have noted, even prior to the recession of 2008, EU economic decline has led to significant divergence in member states adherence to the rules of the single market and monetary union. Greece and Portugal were regular violators of the growth and stability pact, and Germany and France flaunted the rules between 2002 and 2005. Lacquer, Rosato, and Gillingham have all illustrated increasing tendencies toward state protectionism and willingness to “bend EU rules” for short term protection of domestic firms, employment, or political expediency.⁴¹ The recession of 2008 and the fiscal-monetary crises that have followed have driven even deeper wedges between member states. Hence,

while there is little serious concern that the EU will dissolve, there is increased expectation that it will become a considerably weaker and less unified actor as member states or subgroups of members hollow out the solidarity and authority of the union. Certainly there is now more serious talk about the viability of the union and especially the common currency. A Greek exit from the Euro, once viewed as unlikely and potentially disastrous, seemed almost imminent by the summer of 2012 though a bit less so by 2013. Poland had delayed adoption of the Euro for the foreseeable future and the United Kingdom’s willingness to consider withdrawal from the union, however fanciful, is troubling. This bodes poorly for Europe as a community of mostly smaller economies (with the exception of Germany) dwarfed by those of the United States, China, Japan, and many emerging economies like Brazil and India. These crises add up to a potentially significant weakening of Europe’s relative and absolute influence in the governance of the international economic order and a higher recognition of Europe’s fourth crisis- its management of the forces of globalization.

The Fourth Crisis

Philip Stevens suggests globalization has “intensified and accelerated shifts in competitive advantage” across the

globe leading to stunning economic changes within Europe.⁴² Hence, Europe is also in the midst of a fourth crisis which encompasses its overarching competitiveness and role in a globalizing and integrated international economic order. The European contribution and response to economic globalization has been particularly idiosyncratic and uneven. In some ways Europe is the most globalized, most integrated, and most prepared economic actor in an era of increasing global interconnectivity in trade, finance, and information.⁴³ On the other hand, Europe's demographics, extensive welfare state, agricultural policy, and other more protectionist elements suggest a Europe that is not able or willing to compete on many levels. This has had the effect of making globalization one of the most divisive policy areas for European governments and the EU, who are all torn between the struggle for greater globalization of European markets and protectionism in response to the very same trends. While Philip H. Gordon suggests that most Europeans are right to believe that the EU "can protect them from the downsides of globalization" the situation

The collapse of the Doha rounds over US-Japanese-European intransigence on agricultural subsidies and ongoing EU-US trade skirmishes both highlight the tension between globalization and protectionism.

is far more complicated.⁴⁴ Europe has also been integral to and a champion of the globalization process. As Lamy espouses, "we can hardly call Europe a victim, indeed so far it has rather profited from the globalisation process".⁴⁵ The collapse of the Doha rounds over US-Japanese-European intransigence on agricultural subsidies and ongoing EU-US trade skirmishes both highlight the tension between globalization and protectionism.⁴⁶ In essence, the relationship between Europe and globalization poses serious dilemmas in assessing Europe's role in the governance of the international economic order. Until recently, Europe was perceived an "economic superpower" with a strong and unified voice in the shaping of global economic accords through its role as a negotiator in rounds of GATT and WTO talks, and as home to the world's largest single economic community. However, the three previously discussed crises of Europe have effectively begun to fuel an ever more calamitous fourth crisis. In several key ways, Europe's current and future place in the global economy and as a force in providing governance of the world economy is in doubt.

Europe's Demographic Deficit

One key element of Europe's perceived weakness is its demographic implosion combining lower birth rates and increasingly aging populations. A fundamental challenge for Europe is how to respond to the threat posed by aging societies to a once generous, perhaps overgenerous, social compact. Commentators like Walter Laqueur have stressed that Europe's low fertility rate is a reflection of its decadence, yet the demographic decline of Europe is a precursor to similar rates emerging not only in advanced states in North America but also fast-growing economies in Latin America and Eastern Asia (though Japan and South Korea are shrinking and aging at an even more pronounced rate and China is itself in the midst of an ever-faster demographic transition towards an aging society).⁴⁷ The current birthrate in the EU is 1.5 children per woman, well below the 1957 average of 2.1 in the countries that today make up the union.⁴⁸ The dilemma for Europe is two-fold. First, how do aging societies sustain advanced welfare states with a much lower percentage of the population in the workforce? Second, can Europe compete with demographically younger and growing states?

The EU will lose approximately 50 million inhabitants by 2050 due to disproportions in the death and birth rates- equal to the population of Poland and Greece combined. Immigration may provide some relief from this decline but it would produce stability at best in most European states. Klingholz argues that immigration is likely to maintain Europe's population at a fairly constant rate and even allow some slight growth until it reaches its peak in 2035. Nonetheless, Europe's share of the world's population will decline as relative growth rates continue to be more robust in Africa, Asia, and the Americas. The median age in Europe was 31 in 1950 and will be 48 by 2050. The workforces of most European states will continue to shrink, and the population of those 60 and older will rise to over 50% sometime in the next 20 years.⁴⁹ The effects of demographic decline within Europe are not equal and in fact might be a bit overstated. The demographic losses will be primarily in the areas of economic weakness and remoteness rather than in the high-performing urban economies. Populations are likely to shrink dramatically in rural areas and weaker Southern and Eastern European states in the near future. In such areas across Europe, workers and immigrants will migrate to the larger cities and the stronger economies. Indeed, the

demographic collapse is less pronounced in the United Kingdom, France, and Norway.⁵⁰ Furthermore, once the baby boom generation begins to reach the end of its lifespan from 2045 onward, the pressures on the welfare state will likely start to be reduced.⁵¹ Nonetheless, the short and middle-term implications of this demographic transition are tremendous given the structure of social benefits.

Europe needs to better integrate migrant communities into their societies so as to make them more productive and value-adding elements of their economies.

It is clear that European states need to adapt pension, health care, and other retirement and elderly benefits to the new reality of a much older and less workforce-oriented population. Europe is already beginning to do so in many modest ways. Extension of the retirement age, while unpopular with workers who have grown used to a generous pension and retirement system, is already underway in a number of European states. As Klingholz suggests, there really is no 'solution' to the demographic decline in Europe but there is certainly room for, and an immediate need for, adaptation. Europe needs to better integrate migrant

communities into their societies so as to make them more productive and value-adding elements of their economies. Europe is already highly culturally, linguistically, and ideologically diverse, but to fully harness the immigrant portion of the population it must ensure that it has the education and skills necessary to contribute to Europe's long-term economic sustainability, rather than burdening it with high unemployment and a low-skilled workforce.⁵²

The current retirement age in half of the EU countries is below 60, and in many it is even lower for women. The European employment rate for 55-64 year-olds is only about 40%. Due to increases in life expectancy, Europeans may begin to enjoy retirement years that exceed their working years. This is unsustainable. One argument for early retirement has been its ability to alleviate unemployment and increase efficiency by hiring younger and lower paid workers, but these assumptions are not well-supported. The burden of the retiree is placed collectively upon all workers and employers in most welfare states. Research has also shown that the countries with the highest employment rates of 55-64 year-olds (Norway, Sweden, and Switzerland) also have the lowest youth unemployment.⁵³ Older workers may be quite productive and may actually create more jobs.

The strongly social democratic model of the European political economy may also hinder its competitiveness in the current context of neo-liberal globalization.

The demographic crisis in Europe is not one that can be solved in a conventional manner. While migration to Europe may alleviate some of the pressures created by aging societies it may also reinforce problematic social externalities such as failures of assimilation, anti-immigration movements, and the immigration-unemployment connections made by many working class Europeans. Yet as Klingholz suggests, while the demographic implosion provides enormous challenges, it is also a problem that is quite likely to be amenable to social policy reform and adaptation.⁵⁴

The European Welfare System

The European welfare state is itself a problem for Europe's continued leadership role in the global economy. The strongly social democratic model of the European political economy may also hinder its competitiveness in the current context of neo-liberal globalization. The higher costs of taxation, labor,

regulation, and social benefits may make Europe far less competitive in a global market. Social expenditures make up approximately 15% of GDP in the US, but over 25% in Europe. Total state spending averages nearly 48% of GDP in Europe compared to only 36% in the US.⁵⁵ While the European model of social democracy and its ideal of greater social egalitarianism and justice are popular and fiercely defended, it is expensive, potentially less efficient, and perhaps a comparative disadvantage. As Thomas Friedman suggested, the French are trying to preserve a "35-hour work week in a world where Indian engineers are ready to work a 35-hour day".⁵⁶ Magnus Ryner argues that the effects of social democracy and European welfare systems have had a "corrosive" impact on Europe by creating an environment of economic stagnation and creating the conditions for the economic and financial crises, themselves an indictment of the social democratic "Third Way" in Europe.⁵⁷ Ryner argues that "social democracy generates diseconomies that ultimately manifest themselves in a lack of competitiveness, balance of payment deficits, and capital flights" and "undermines the institutional conditions for a politics of productivity, whereby technological change is generated and channeled so as to generate positive sum solutions that facilitate healthy profit

and social wage rates” citing as evidence “the European political economy in the wake of the financial crisis”.⁵⁸

Many have suggested that Europe needs to rethink working hours and scale back from the reduction of the work week that has occurred in many European states since the 1960s. The general consensus is that globalization and the pressures of competition will force European states to reduce guaranteed vacations, reestablish at least a 40-hour work week, and make other tough choices to remain economically competitive and viable. Yet Brian Burgoon and Damian Raess suggest a fairly “uneven” set of consequences on working hours in Europe from the forces of international trade, investment, and migration.⁵⁹ The expectation that extra working hours necessarily equal productivity has not always been strongly and empirically supported. Burgoon and Raess illustrate that, in many states, and especially in those with neo-corporatist partnerships between labor and management like Germany and the Netherlands, there is already significant flexibility in working hours as well as wages when faced with global competition and a changing global environment. Burgoon and Raess have shown that, especially in the German economy, “greater foreign investment and trade tend to trigger deeper concessions in works council

bargaining” and certainly result in greater wage and work flexibility.⁶⁰

Europe’s crises do have serious consequences for the global economy and especially for economies with strong trade and investment ties to Europe.

Labor flexibility, slimming the welfare state, modestly increasing retirement ages, and other reforms to the social insurance system are clearly needed Europe. Yet, states that have already begun to make such reforms and changes, including the UK, Sweden, the Netherlands and Germany, have demonstrated viable routes to possible success. The German Agenda 2010 program begun under former chancellor Gerhard Schröder has helped increase labor flexibility, reduce strain on the welfare state, keep wages in check, and can certainly be cited as one reason for generally good numbers on German growth and employment over the past few years. The Netherlands has also been active and innovative in reducing costs in healthcare and other social provisions. Yet these efforts have not been without political costs. Attempts by President Jacques Chirac and the Gaullist-led parliament of France to liberalize the system of employment contracts for younger workers resulted

in massive strikes and demonstrations that shut down the country for weeks in the spring of 2006. Somewhat minor reforms meant to liberalize employment, healthcare, and pension benefits in Germany sparked noticeable dissent and numerous strikes on several occasions between 2003 and 2006, and the implementation of Agenda 2010 ultimately contributed to Schröder's electoral defeat in 2005.⁶¹ Austria suffered its first general strike in over 50 years when the Schüssel-led government attempted to reform the state pension and retirement age in 2003. Despite the short-term public clamor, it seems clear that these difficult but necessary reforms were needed to ensure future growth without scrapping the European welfare state model altogether.

The Role of the EU in Managing Globalization

Most Europeans have believed that a strong EU “can help them take advantage of globalization's benefits while shielding them from its negative effects”.⁶² Gordon suggests that the EU could play four important roles in managing globalization for Europe. First, by providing a large, single market, the EU could share the benefits of globalization amongst many states of similar economic development and commitment to social

and environmental concerns. Second, the EU could protect member states and citizens from the inequalities and vagaries of globalization by providing structural funds and safety nets for the “losers” in the globalization process. Third, it could increase European leverage in world trade and economic negotiations by pooling European states' power and resources acting as a genuine equal to the United States, China, and other larger state economic actors. Fourth, Europe could potentially mitigate the most dramatic effects of unregulated neoliberal globalization by regulating and protecting agricultural and cultural assets.⁶³ Nevertheless the question is whether Europe has actually been fulfilling these roles over the past decade and whether the current crises essentially reduce Europe's ability to protect and sustain their existing modes of operation.

The future of Europe and its role in the international political economy is one of concern for all, not just Europeans.

European Council President Herman Van Rompuy has stated that the economic and fiscal crises have “revealed” Europe's weaknesses and illustrated that European “structural growth is too low to create new jobs and sustain our social systems”.⁶⁴ Yet

for many states in Europe, globalization may have lessened the ability to respond in typical European manner to economic demands and crises that balance interests of labor, business, and the state. As Lamy suggests “globalisation has unhinged the balance by taking away all the domestic levers” by which Europeans developed and implemented the economic policies for much of the 20th century.⁶⁵ Clearly the ability of the EU and its 28 member states to make policy changes to boost the European economy as a whole has become significantly more constrained since the 1990s. Yet, it seems clear that, as a multitude of smaller economies, there is even less leverage and influence for Europe on the global economic stage. For former German Chancellor Schröder “either Europe develops into a political union and becomes a truly global player, or it moves backwards as a continent of nation states that have neither political nor economic clout on the global level”.⁶⁶ Schröder identified the 2009 UN Climate Change talks in Copenhagen as an illustration of the relative weakness of a divided Europe versus China or the United States who ultimately made the key decisions.⁶⁷ Gordon argues that the EU continues to be “an imperfect tool for managing globalization”, though it nonetheless remains, at least for the moment, “an indispensable one”.⁶⁸

The Futures of Europe in the International Political Economy

Europe’s position in the international political economy is one that has been changing for the last 20 years, though the current crises has to some extent accelerated the process and brought the extent of the change into relief. Current assessments of Europe’s future role in the international economic order are predominantly pessimistic. Gareth Harding seems to suggest a particularly dismal view for Europe in light of the triple threat of economic, fiscal, and political crises, yet the worst-case scenario for Europe seems to be overstated in numerous significant ways.⁶⁹ First, Europe is not uniformly experiencing the same levels of economic or debt crisis. Recovery will be difficult and there will be the lasting pain of ongoing recession and crises for many states like Ireland, the United Kingdom, Cyprus, Italy, and Spain. Recovery may be impossible for states like Greece or Portugal, whose debt is clearly unsustainable and for whom default is perhaps only avoidable with massive intervention by funds from the troika of the EU, ECB, and IMF. Nevertheless, Lamy suggests that Europe may actually be in better long-term condition than the US or Japan;

Europe's market share of international trade has remained stable at about 20%, though declining perceptibly between 2011 and 2013, while those of the US and Japanese have shrunk considerably. A weakened euro has some benefits to the European economy in terms of increasing the price competitiveness of European exports; still a strong component of many European economies including Germany, the Netherlands, France, and Italy.⁷⁰ In fact, the EU's foreign trade surplus in industrial goods has tripled over the last decade.⁷¹ Nevertheless, many of these numbers have shrunk in the last two years and Europe is hardly assured of a recovery.

Conclusion

Europe and the EU have a crucial role to play in the current and future global economies and the current era of economic reconstruction and reorganization. Despite the dearth of optimism and the dire current conditions, the reports of Europe's death have likely been exaggerated. To some extent, the four crises of Europe overlap and reinforce one another. Europe's declining position in the global economy, intense welfare-state,

monetary and fiscal dilemmas, public unhappiness, and political quagmires are all components of a complex and changing global economic environment and Europe's transitioning role in the global economic order. Fernando Henrique Cardoso suggests that the uniqueness of the European crisis of debt and monetary collapse is that, unlike the crises of the developing world countries such as Brazil, Mexico, or Thailand in the 1980s and 1990s, it is at "the center and not at the periphery of the system" and hence greatly increases "global risks and repercussions".⁷² Europe's crises do have serious consequences for the global economy and especially for economies with strong trade and investment ties to Europe. The scope and scale of the economic crises and the concurrent decline in political unity and consensus may make the current conditions in Europe "lethal" if major changes and agreements are not quickly and properly implemented and political unity recovered.⁷³ Hence, a crisis in Europe is a crisis for everyone, including the United States and much of the developing world. In essence, the future of Europe and its role in the international political economy is one of concern for all, not just Europeans.

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Two Steps Forward, One Step Back: How Politics Dim the Lights on Turkey's Renewable Energy Future

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Abstract

This paper analyses the politics of renewable energy in Turkey by discussing the opportunities as well as the constraints facing decision makers in their attempt to create an attractive renewable energy investment environment. A careful study of Turkey's energy policy demonstrates that the main challenge to renewable energy reforms in Turkey is not technological or even financial but rather political. Despite external pressures for reform, political stability, favourable public opinion, and a certain level of civic activism in support of renewable energy, the Turkish government has not been able to reduce the dominance of fossil fuels in its energy policy. Populist decision making, geostrategic calculations and a political reluctance to reduce the state's dominance in the energy sector have led to the slow and limited development of renewable resources. Lack of vision and forward planning in the bureaucracy as well as collective action problems among business and environmental groups have also contributed to the inertia that is preventing a radical shift in Turkey's energy orientation. This analysis is important for dissecting policymaking in Turkey over an issue that has significant repercussions for development and economic welfare as well as national security.

It is also valuable in terms of outlining some of the political barriers countries generally face in the promotion of renewable energy.

Key Words

Renewable energy, energy policy, sustainable economic development, fossil fuels, Turkey.

Introduction

Increasing oil prices, growing energy demand and climate change concerns have brought considerable worldwide attention to renewable energy in the past decade. Renewable energy sources include small hydropower, wood biomass, alternative biomass fuels such as ethanol and biodiesel, waste, geothermal, wind and solar. These energy sources are replenished in a short period of time and reduce carbon emissions by releasing little to no gaseous or liquid pollutants during their conversion to electricity, heating or transportation energy. In addition to their many environmental

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benefits over conventional fossil fuels, renewables help reduce dependency on other countries by utilising indigenous energy sources. They also have the potential to increase economic welfare by creating new jobs and developing a domestic industry around new energy technologies. As such, renewables are increasingly recognised as key to energy security as well as sustainable economic development.

In addition to their many environmental benefits over conventional fossil fuels, renewables help reduce dependency on other countries by utilising indigenous energy sources.

The share of renewables in world energy supply and consumption has grown significantly in recent years. According to the Renewable Energy Policy Network for the 21st Century (REN21), renewables constituted approximately 20 % of global energy supply, 16% of global final consumption and almost half of the estimated new electricity capacity added globally in 2010. Total investment in renewables reached US \$211 billion in 2010, up from US \$160 billion in 2009, with investment in developing countries surpassing that of the developed

economies.¹ Despite the increased overall attention to this sector in the past decade, the level of renewable energy development has varied significantly around the world. While some countries have become undisputed leaders with very active renewable energy markets, others have allocated little attention and resources to the development of their renewables sector and as a result have lagged behind.

In this global race to reduce dependence on fossil fuels and adopt alternative sources of energy, Turkey's position as an emerging economy and as a regional powerhouse deserve special attention. Given its rapid industrial development and population increase, Turkey's appetite for energy has been growing in the past decade. According to the International Energy Agency (IEA), even though energy consumption in Turkey is still low when compared to Western European countries, it has risen 86% from 1990 to 2008 and is projected to double over the next decade.² Yet, about two thirds of this demand is met by fossil fuels, most of which are imported from the neighbouring countries of Russia, Iran and Iraq.

This dependency on fossil fuels in light of growing energy demand poses major challenges to Turkey's energy, economic as well as environmental security. Since

2002, energy imports have played a major role in the persistent trade account deficits Turkey has had to grapple with. In 2010, for instance, energy imports accounted for over 20% of Turkey's total imports and 81 percent of its trade account deficit.³ According to 2011 estimates by CIA World Factbook, at US \$72 billion, Turkey has the fourth highest current account deficit in the world.⁴

In addition to energy and economic security concerns, Turkey also faces major environmental challenges as a result of its energy profile. Turkey's primary energy consumption is overwhelmingly based on fossil fuels, which constitute about 90% of primary energy supply. High dependence on fossil fuels has contributed to rapidly increasing greenhouse gas (GHG) emissions in Turkey. Even though Turkey has lower GHG emissions per capita (3.6 tonnes in 2007) than OECD countries, the rate of increase in emissions is remarkably high. For example, total GHG emissions by 2007 increased 119% since 1990.⁵ Energy is by far the largest contributor to GHG emissions in Turkey, responsible for roughly 75% of the total in 2009.⁶

Part of the long-term solution to these environmental, economic and supply challenges in Turkey is prioritising renewable energy. Renewable energy

sources are indigenous, clean with very little to no emissions and sustainable. Turkey has, in fact, considerable potential in generating renewable energy thanks to its topography and climate. Despite its potential, however, the commercial use of new renewables (like solar, wind and geothermal) has not developed in proportion to the large resource base.

There are certainly some technological and financial barriers to the development of renewables. Much renewable energy is intermittent and until energy storage technology can be made cheap and efficient, relying to a large extent on these sources to meet the increase in demand is problematic. Moreover, while maintenance costs of renewables are generally low, their upfront capital costs are relatively high per unit of capacity installed. There are also high capital costs associated with building the necessary infrastructure to connect to existing grids and generating databases to more accurately measure potential. Finally, the local technical capabilities for the design and manufacturing of renewable technologies are weak and the R&D investments to improve these capabilities are very limited.

Despite these generally accepted financial or technological obstacles to renewable energy development, recent literature argues that the problems that are

harder to resolve are the “lack of enabling policy and regulatory frameworks, which usually favour traditional forms of energy sources”.⁷ It is generally believed that given the technological and financial challenges associated with a relatively new industry, renewable energy investments cannot be left only to the dynamics of the market but instead need to be encouraged by the state. Since 2005, there has been some progress in renewable energy legislation in Turkey, which has resulted in an increase in private sector investment in renewables. However, many experts warn that Turkey is making relatively slow progress in the realisation of its renewable energy potential. They point to limitations in the legislation, uncertainties in and continuous adaptation of regulations, ongoing delays in the licensing rounds and the dominance of the state in existing generation capacity, among others.

The economic crisis that started at the beginning of 2000s and the concerns with supply security in the face of growing energy demand initially brought the urgency to the issue of renewables in Turkey.

This paper aims to analyse the politics of renewable energy policy in Turkey by discussing the opportunities as well as

the constraints facing decision makers in their attempt to create an attractive renewable energy environment. Evidence shows that the economic crisis that started at the beginning of 2000s and the concerns with supply security in the face of growing energy demand initially brought the urgency to the issue of renewables in Turkey. In this context, external pressure by the IMF and the European Union certainly explains the timing and seriousness of the efforts by the government to reform the energy sector and pass the necessary legislation on renewables. The government was also pressured domestically by environmental organisations, and businesses and their professional associations that were promoting green energy. An increase in civil society activism and a favourable public opinion in the 2000s also help explain some of the positive developments in the Turkey’s renewables sector. Finally, the political stability and the legislative majority the Justice and Development Party (*Adalet ve Kalkınma Partisi*) government produced in the 2000s undoubtedly added to the decision-making capacity needed to push for reforms.

Despite these forces for change, however, there have also been many barriers to the development of renewable energy in Turkey. The short-term populist policies of keeping electricity prices low,

the geostrategic calculation of expanding Turkey's role as an important energy hub and corridor and the political reluctance to completely dismantle the monopolistic structure in the electricity market help explain why the JDP government has continued to promote fossil fuels, especially natural gas, instead of more aggressively pushing for renewables. The slow and limited development of the renewables sector can also be explained by a persistent "developing country mentality" of passing the responsibility to clean the environment to others as well as a certain level of incompetence and disarray in Turkish bureaucracy. Finally, the inability of environmental and pro-renewable business groups to provide a more unified front against the fossil fuel industry has also contributed to the inertia that prevented a switch to a cleaner and sustainable energy economy.

Overall, a careful study of Turkey's energy policy shows that the main challenge to renewable energy development in Turkey is not technological or even financial but rather political. This analysis is important for dissecting policymaking in Turkey over an issue that has significant repercussions for development as well as national security. It is also valuable in terms of outlining some of the political barriers countries generally face in the promotion of renewable energy. It helps

us understand why some countries are more successful than others in weaning themselves off of oil by developing alternative and renewable energy sources.

Turkey's Renewable Energy Legislation

Turkey's national renewable energy policy began to take shape in the 2000s while interest in renewables dates back to the beginning of the 20th century. The first production of electricity from hydropower plants started in the Ottoman Empire and gained speed in the 1920s and 30s as the new Republic of Turkey embarked on major development programmes.⁸ By the 1970s, worldwide interest in renewables surged as oil consuming states reacted to the oil crises by diversifying their energy supplies. Many governments, including Turkey's, expanded renewable development projects to achieve energy independence and supply security. For instance, in the 1970s, Turkey initiated one of the biggest dam projects in the world, the Southeastern Anatolian Project, also known as GAP. This was also the decade when solar energy got recognition among some Turkish scientists and policymakers. The first national congress on solar energy took place in 1975 in Izmir and the first solar panel was applied to a university

building in 1975. Since 1975, the use of solar energy for water heating purposes has become common. Similarly, interest in geothermal and wind energy increased in the 1970s and 1980s.⁹

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Notwithstanding these early attempts, a legislative and regulatory environment for renewables emerged more systematically in the beginning of 2000s. First of all, the 2001 *Electricity Market Law* and 2002 *Electricity Market Licensing Regulation* created and authorised the Energy Market Regulatory Agency (EMRA), which set forth a number of provisions to promote the utilisation of renewable energy resources. Then, the EMRA and the Ministry of Energy and Natural Resources designed the *Renewable Energy Law* (Law No. 5346), which entered into force in 2005. The law authorised the EMRA to grant Renewable Energy Resource (RER) certificates to facilities, which generate electricity from renewable energy sources. In 2006, *Environment Law* (Law No. 2872) was amended to allow the use

of carbon trading, obligatory standards, tax credits and fee exemptions to promote renewable energy technologies and the imposition of emission fees. This was followed by the 2007 *Energy Efficiency Law* (Law No. 5627) and the *Law on Geothermal Resources and Natural Mineral Waters* (Law No. 5686).

The *Renewable Energy Law* of 2005 offered several incentives for renewable energy generation. One of these incentives was a purchase guarantee, by which a retail licensee was obliged to get a portion of its electricity from RER-certified producers. The magnitude of the purchase obligation for each retail licensee for any given year was determined based on the ratio of retail licensee's total sales in the previous calendar year to the total amount of electricity sold in Turkey in that year. The law also guaranteed a feed-in price at which each retail licensee must purchase renewable energy. The guaranteed feed-in price had to be within the price range of the Turkish lira equivalent of 5 to 5.5 euro cent/kWh.¹⁰ The purchase guarantee and the feed-in tariff level were intended to incentivise investment in the renewable energy sector by providing a relatively predictable minimum cash flow stream over the first 10 years of the operational life of the investment. The goal with these incentives was to reduce the market risk attached to the investment and, therefore, the cost of capital.

There were also other additional incentives to renewable energy project developers in the *Renewable Energy Law*, such as the option to make use of forested land and state-owned land to construct a renewable energy plant at a discount of 85% of the land use fees during the first 10 years of the investment; a 99% reduction in license application fees; an exemption from annual license fee payments for the first eight years; the ability to purchase electricity from private wholesale companies; and priority in connecting to the transmission or distribution grid.¹¹

The enactment of the 2005 *Renewable Energy Law* and the subsequent amendments to it in 2007 and 2008 were a significant step in creating a renewable energy sector in Turkey. Investors showed an immediate interest, as evidenced by record-high license applications. In November 2007 alone, a total of 752 wind farm license applications for a total of 71.4 GW were filed.¹² However, the initial interest failed to translate into actual investments. In fact, by 2011, there had been no energy sales with RER certificates using the incentive mechanisms established by the law.¹³ Even though electricity generation from renewable sources increased by 64% from 2002 to 2010, about 92% of the total renewable energy generation in 2010 came from hydropower plants. Only the remaining 8% came from wind and geothermal sources.¹⁴

Overall, the 2005 law and subsequent amendments failed to jumpstart the renewables sector. According to experts, this was mostly due to the uncertainties and limitations in the law and ensuing regulations.¹⁵ For instance, even though the law designed a purchase guarantee scheme, it did not provide any clear guidelines on how the guarantee mechanism would operate in practice. Under the law, RER-certified producers had no statutory right to have direct or contractual recourse against a possible breach of the purchase guarantee by a retail licensee. Moreover, the law required all state-owned retail licensees to enter into power purchase agreements with RER-certified producers who approach them, but it did not impose a similar obligation on private retail licensees. Finally, and perhaps most importantly, the feed-in tariff system in the 2005 law was not flexible enough to distinguish between developers in terms of the type of renewable source, the geographic location or the type of the plant, or the time of production during the day, which could potentially affect a renewable energy plant's ability to sell its output to retail licensees at the guaranteed feed-in price.¹⁶ Investors, especially in the solar market, became very critical of the low price guarantees given by the state considering the advanced technology requirements and

huge initial costs of solar investments.¹⁷ For a price guarantee to be considered an incentive, it should be above market prices. The price guarantees offered in this law were clearly below the average market prices. Therefore, no renewable producers used this mechanism.

The 2001 economic crisis also made it obvious that the government could no longer finance the capacity expansions necessary to meet future energy demand.

In response to these criticisms of the 2005 law, the government started working on amendments to it in 2008. After long political debates, finally on 29 December 2010 the Turkish parliament passed the *Amendments for the Law on Renewable Energy Resources for Generation of Electricity* (Law No. 6094), in which the incentives were increased and differentiated on the basis of resources. The new law guarantees prices of 7.3 US cents/KWh for hydroelectric and wind, a price of 10.5 US cents/KWh for geothermal energy and a price of 13.3 US cents/KWh for solar energy and biomass. Finally, the law also promotes local technology. If the equipment used in renewable energy facilities (commissioned before 2015) are

manufactured in Turkey, an additional incentive of 0.4 to 3.5 US cent/kWh is provided for five years.

Many in the sector acknowledge that the new amendment law is an improvement over the initial law. The differentiated feed-in price system for different sources of renewable energy is a move in the right direction. However, some renewable energy investors still find the purchase prices too low and uncompetitive when compared to alternative markets in Europe and elsewhere.¹⁸ In fact, it is claimed that the new feed-in tariff (FIT) was merely the conversion of the old FIT euro prices to US dollars. With the increased euro/dollar parity, the new FIT ended up being even lower than the previous FIT. Some investors also criticise the law for not providing special feed-in tariffs for photovoltaic (PV) solar and offshore wind projects.¹⁹ Solar investors are especially concerned about the provision of the law that limits the solar power capacity eligible for support to 600 MW (which includes both PV and condensed solar) until 14 June 2013 and entitles the Council of Ministers to determine the capacity after that.²⁰ The lack of long-term regulations creates uncertainty in the sector. Finally, many investors find the local technology content requirement encouraging but impractical at the moment as the required secondary

legislation is lacking. Without any direct government support mechanisms to local manufacturers (like the incentives in Germany, Denmark, Canada, etc.), it is considered unrealistic to expect the production of high-quality parts that are needed to generate renewable energy in a short amount of time.²¹

While progress was made with this law, it remains to be seen whether it will be sufficient to create a viable renewable sector in Turkey. In May 2009, the Higher Board of Planning adopted the *Electric Energy Market and Supply Security Strategy Paper* and determined that the share of renewable resources in electricity generation should be increased to at least 30% by 2023. Given the shortcomings of the *Renewable Energy Law* in terms of the incentives it provides for investors and the slow progress in building the necessary grid system for renewables, it seems highly unlikely that the Turkish government will be able to realise this ambitious target.

The Politics of Renewable Energy in Turkey

The status of the renewable energy legislation in Turkey demonstrates that while there has been some progress, the government has not done enough to realise Turkey's potential in clean energy.

An examination of Turkey's political economy context reveals the complexities of policymaking in the energy arena. In this section, I will discuss the forces for and against a change in the energy orientation of Turkey.

Forces for change

Crises create urgency for change. The attempts to develop Turkey's renewable sector in the 2000s could be interpreted as part of the broader energy reform process that was initiated in response to the 2001 economic crisis. The impetus for energy reform came from the realisation that the supply restrictions and shortages in the late 1990s were a result of the imbalance between a burgeoning demand for electricity and an inadequate supply. The quasi-privatisation schemes of the 1980s and 90s, where treasury-guaranteed private participation in electricity was allowed through Build Operate and Transfer (BOT) and Transfer of Operating Rights (TOOR) contracts, proved inefficient in meeting the increase in electricity demand.²² The 2001 economic crisis also made it obvious that the government could no longer finance the capacity expansions necessary to meet future energy demand. As a result, the Turkish parliament passed the 2001 *Electricity Market Law*, which aimed at establishing a financially

strong and competitive energy market by unbundling the Turkish Electricity Generation Transmission Co. (TEAS) into three companies responsible for generation, wholesale trading and transmission; by outlining the major steps to privatise state's distribution and generation assets; and by creating an autonomous regulatory body, namely the Electricity Market Regulatory Authority (EMRA). Along these lines, many other energy reforms were passed, one of which was the *Renewable Energy Law* of 2005.

Left with few choices, the new JDP government passed its new budget in 2003 and deepened the IMF structural reforms, which included, among others, the deregulation, privatisation and liberalisation of the energy market.

It is also important to note that within this crisis context, external pressure from the IMF and European Union accelerated the reform process. The 2001 economic crisis was considered the country's worst recession, which led to the deepest decline in economic growth since the Second World War.²³ Saddled with high unemployment and burgeoning external and domestic debt,

the Turkish government resorted to IMF financing to avoid a debt default. The crisis management programme sanctioned by IMF began in April 2001. When government changed hands in 2002, the IMF continued its pressure by withholding the release of the next loan disbursement. Left with few choices, the new JDP government passed its new budget in 2003 and deepened the IMF structural reforms, which included, among others, the deregulation, privatisation and liberalisation of the energy market. The ensuing energy laws, including the one on renewable energy, were drafted in conformity with IMF priorities and blessing. Consequently, many international finance institutions, among them the World Bank, the International Bank of Restructuring and Development, the German Development Bank and the Council of Europe Development Bank, provided substantial financial support for renewable projects in Turkey.²⁴ Energy reform was also a precondition for Turkey's EU membership. Especially the principle of energy sustainability, which emphasises the timely development of renewables, has been highly codified in the EU acquis, to which Turkey has to align itself in order to be accepted as a member.²⁵

In addition to the crisis-induced and externally accelerated pressures

for reform, it is plausible to argue that the pro-market leanings of the JDP government have also contributed to the progress in the energy sector at large and renewables in particular. As many analysts point out, the JDP has, from the beginning, made it clear that it embraces neoliberalism and is an avid supporter of the market economy.²⁶ Whether this position is a reflection of its ideology or pure pragmatism of the necessity to adapt to an evolving global and national context makes little difference since the JDP has remained within the parameters of neoliberalism and demonstrated a commitment to the reform process.

Turks' overwhelming support, with 70.2% choosing renewable energy sources as their first-best or second-best source of energy. This percentage falls down only to 60.4% when asked whether they would support renewable energy sources even if this led to a 25% increase in their electricity bills.

Reforms in the energy sector were also possible thanks to the JDP's command of a comfortable parliamentary majority. The JDP won three successive general elections in 2002, 2007 and 2011 with an increasing vote total each time. These

victories gave the prime minister, Recep Tayyip Erdoğan, enough political capital and legitimacy to push through reforms as he and his government saw fit. The fragmented and weakened opposition had few institutional channels at its disposal to block Erdoğan's reform agenda. This new consolidation of executive and legislative power in the 2000s was in sharp contrast to the fragmented coalition politics of the 1990s.²⁷ Erdoğan was also able to achieve some unity and coherence in his government by clearly demarcating the division of responsibilities among the ministers and establishing an undisputed system of hierarchy where he acted as the mediator among conflicting ministers, but he always had the last word. This government structure ensured a high level of coordination among its parts and contributed to the determination and effectiveness with which energy reform was initiated.²⁸

Finally, it is important to also acknowledge the role of Turkish society as a force for change in Turkey's energy policy. Typically a lack of public awareness and support is considered a barrier to renewable energy development. Public opinion research in Turkey, however, shows overwhelming support for renewables among the public, which might explain why the government consistently emphasises the importance

of renewable energy. In to a poll of 21 nations in 2008, 84% of Turks support greater emphasis on installing wind and solar energy systems, while 71% favour requiring utilities to use more alternative energy sources, even if this might cause increased costs in the short run.²⁹ Another poll conducted by Akyazi et al (2010) also confirms the Turks' overwhelming support, with 70.2% choosing renewable energy sources as their first-best or second-best source of energy. This percentage falls down only to 60.4% when asked whether they would support renewable energy sources even if this led to a 25% increase in their electricity bills. As the main reason for their support, 60% of respondents in the survey emphasised the clean and harmless characteristics of renewable energy.³⁰ Strong support for renewables among Turks could also be explained by their concern for energy security and independence. A 2009 Ipsos Public Affairs Global survey shows that Turks are ranked fifth in the world in terms of their concern with their country's dependence on energy produced in other countries.³¹

Whether or not or how much public support for renewables translates into

policy direction and success is certainly difficult to gauge. But perhaps it is possible to argue that a certain level of civil society activism, as an extension of the favourable public opinion, has played an important role in keeping the issue of renewables on the public agenda and putting some pressure on the policymakers to pass the necessary legislation. Historically, energy-related issues have fuelled environmental activism in Turkey since the early 1990s. The issue of nuclear power plants has especially helped politicise

Increasing the price of a commodity that is as fundamental for everyone as electricity generally poses political risks to governments.

the environmental movement in Turkey, attracting politically conscious and active individuals and professional organisations with no prior environmental

experience.³² It is quite interesting how in the 2000s the anti-nuclear movement championed the cause of promoting renewable energy as a new strategy. For instance, Greenpeace in Turkey emphasised wind energy as a better alternative to nuclear in their slogans and got actively involved in the passage of the renewable law in 2005 by meeting with government officials, organising demonstrations, and publicising green energy in media outlets to put pressure on decision makers. According to Özgür

Gürbüz, who was the Greenpeace energy campaign director at the time, two weeks after their intense campaigning, the parliament passed the 2005 *Renewables Law* and the Energy Minister during his speech in the parliament acknowledged the NGOs that supported this legislation.³³

In addition to environmental NGOs, part of the domestic pressure for renewables has also come from professional organisations and associations in the renewable energy sector. There are over 15 active wind, solar, geothermal, biogas, hydroelectric national associations in Turkey, among which are TUREB (*Türkiye Rüzgar Enerjisi Birliği*), RESSIAD (*Rüzgar Enerjisi ve Su Santralleri İşadamları Derneği*), GENSED (*Güneş Enerjisi Sanayicileri ve Endüstri Derneği*), GUNESE (*Güneşten Elektrik Üreticileri Fotovoltaik Sanayicileri ve İşadamları Derneği*), TUYEYAD (*Yenilenebilir Enerji Yatırımcıları Derneği*), BIYOGAZDER (*Biyogaz Yatırımcıları Geliştirme Derneği*), BIYOSIAD (*Biyodizel Sanayicileri ve İşadamları Derneği*) and HESIAD (*Hidroelektrik Santralleri Sanayi İşadamları Derneği*). These specialised associations do not only provide professional network opportunities for their members, but they also organise and/or participate in renewable energy conferences, meetings,

workshops, etc. where they regularly meet with politicians and government bureaucrats and present their views on renewable energy. These increased and increasingly publicised interactions between business associations and the government in recent years have likely contributed to improvements in the renewable legislation.

Forces against change

In addition to the external and domestic pressures to reorient Turkey's energy policy towards cleaner and indigenous energy resources, there are also forces that favour the *status quo* and prevent Turkey from fully utilising its renewable potential. Energy policy in Turkey disproportionately favours natural gas and coal over renewables. As clearly stated in numerous government documents and remarks by government officials, energy supply security is the main concern of Turkish energy policy.³⁴ Ensuring sufficient energy supply to a growing economy takes precedence over market and environmental reforms.³⁵ For instance, despite Turkey importing 98% of its gas needs, and as a result generating a huge trade deficit, natural gas has become government's fuel of choice for power generation. From 2000 to 2009, natural gas supply increased by 127%, and accounted for 72% of total

incremental power generation, making Turkey one of the fastest growing gas markets in Europe. Gas imports increased by a factor of 2.5 from 2000 to 2009 and are expected to increase by an additional two-thirds between 2008 and 2020.³⁶ The government continues to sign long-term sales and purchase contracts primarily with Russia but also with other gas producers in Central Asia and the Middle East to diversify its gas resources. Considering that Turkey's natural gas contracts are indexed to oil prices and thus will rise in tandem with them, more investments in natural gas will mean higher import dependency and uncontrollable trade deficits in the future, making Turkish energy policy unsustainable in the long run.

Electricity market regulations take the natural gas market into account more than the other potential competitors in electricity generation.

The priority given to natural gas is certainly in line with the world trend where natural gas is increasingly seen as the lesser evil with lower emissions and with it having largely untapped huge supply potential. The IEA's 2011 *World Energy Outlook* states that the world is entering a "golden age" for natural gas.

However, as stated above, Turkey does not produce its own natural gas; it imports almost all of it. Therefore, while countries like the United States can perhaps justify the need for natural gas development on the basis of abundant domestic supply, Turkey cannot do so. Moreover, it is not possible to say that environmental concerns are motivating the government in its choice of energy. Otherwise, how can one explain why Turkey is continuing to invest heavily in coal? In the past decade, coal-fired generation has grown by 17TWh, accounting for a quarter of the incremental demand. Even though Turkey has sizeable lignite reserves, these are of low quality due to low thermal value and high pollution content.³⁷ Thus, Turkey imports around 90% of its hard coal needs, which, by the way, is also increasingly linked to oil prices. According to IEA's *Turkey Report* (2009), Turkey stands out among OECD countries in promoting a large expansion in coal-fired power generation to meet the projected rapid growth in electricity demand. The government provides 15 years of purchasing guarantees for coal (and nuclear) whereas renewables are limited to only 10 years.³⁸ The use of coal (especially indigenously produced lignite) may help with increasing supply security but it undoubtedly comes at the risk of local environmental pollution and overall increased greenhouse gas emissions.

It is difficult to make sense of government's preoccupation with fossil fuels- especially natural gas- without understanding the political and geostrategic calculations behind it. One explanation for prioritising natural gas is based on the assumption that an increased use of renewables in electricity generation will raise the price of electricity for consumers and therefore will make politicians less popular.³⁹ Increasing the price of a commodity that is as fundamental for everyone as electricity generally poses political risks to governments. But for the JDP government, which came to power with the promise of tackling the problems of growing poverty and inequality, electricity price hikes are all the more unacceptable. Even though Erdoğan and his government have remained within the neoliberal framework and conformed to the IMF's agenda, they have also pursued redistributive, neo-populist policies to lessen the burden of neoliberal policies on the poor.⁴⁰ This "social neoliberalism allowed it [the JDP] to transcend the boundaries of class politics and construct broad-based cross-class coalitions of political support which would not have been possible under the old-style, Washington Consensus based neo-liberalism".⁴¹

The problem, however, is that electricity prices in Turkey have been kept artificially low. The JDP

government, which came to power in 2002, kept electricity prices lower than their economic costs until the elections in 2007, despite a significant increase in gas prices and generation costs during these years. Prices have also been used as a cross-subsidy across consumers, notably from industrial consumers to households, and between geographical areas. These low prices led to losses of Turkish Lira 4.5 billion for Turkish Electricity Distribution Co. (TEDAS) between 2006 and 2008. TEDAŞ then passed on these arrears to its state-owned gas and coal providers, BOTAŞ and TKI, respectively. According to the World Bank, since 2002, these two companies have taken on an estimated Turkish Lira 3.2 billion in loans in order to cover losses from such non-payments.⁴²

After the elections, in January 2008 the electricity price was increased by 20% from the fixed level in previous five years. In March 2008, the government approved a cost-based pricing mechanism, enabling automatic quarterly tariff adjustments to cover changes in costs incurred by electricity supply. The new automated pricing mechanism became effective in July 2008, resulting in another 24% price increase in July, and a 9% price increase in October. A year later, in October 2009, the government announced another 10% price hike from the previous month.⁴³ The prices were kept artificially constant once again until

after the next elections in the summer of 2011. Starting on October 2011, prices were increased by 9.57% for residential and 9.26% for industrial electricity users.⁴⁴

In addition to causing huge losses for state-owned companies and the treasury, this subsidised pricing system has limited the entry of new actors into the electricity market. It is plausible to argue that the lack of competition has negatively affected the relatively new renewables sector, which has been striving to increase its share of electricity generation. Presumably, renewable energy is not the only victim of this populist policy. At the end, the real cost of artificial pricing is shouldered by, ironically, the very group the policy seeks to protect: the consumers. Not only do they suffer from a lack of competition that would otherwise bring down prices in the long run, but they also end up covering for the government subsidies indirectly through their taxes.

Along similar lines, another barrier to the development of the renewable sector is the monopolistic structure of the gas sector in Turkey. Despite the 2001 *Natural Gas Law*, BOTAŞ is still Turkey's sole natural gas importer and has a *de facto* monopoly on all gas supply in the country. The reluctance to further privatise the natural gas sector

in particular, and the electricity market in general, is mostly political.⁴⁵ Labour unions, in many cases, slow down privatisations in order to protect their positions in the industry. Patriotism and nationalism also play some role in the political game on privatisations. The foreign ownership of energy industry is said to create problems in national security and sovereignty.⁴⁶ In addition, being a state-owned industry for a long time and a tool for political interests and rent seeking, electricity is a sector that governments have a hard time letting go.

This monopolistic structure leads to several adverse consequences. First, any crisis in the natural gas market significantly reduces competition in the electricity market. Electricity market regulations take the natural gas market into account more than the other potential competitors in electricity generation. For example, the take-or-pay contracts, signed before EMRA was founded, have increased the costs of opening the market to competition. These contracts include breach and compensation clauses that require payments by the treasury if these companies do not get generation licenses. Allowing them to operate increases the price paid by the consumers because of high rates. These contracts discourage entrepreneurial activities in other segments of the market and encourage informal connection between

the state and businessman that cultivates a perfect environment for rent seeking. More importantly, EMRA, which was supposed to be an independent regulator, has allowed these contracts to distort competition in the market.⁴⁷ What this example shows is that the monopolistic structure in the gas sector makes it harder for the state to be an objective and fair regulator in energy business.

The priority fossil fuels get in Turkish energy policy can also be explained by the lobbying power of the fossil fuel sector. While it is extremely difficult to map out the exact contours of the relationship between the sector and policymakers, a much-publicised confession by a government official, who had been consistently delaying the passage of the renewables law, is quite telling. When confronted by a group of renewable sector representatives in 2005, Ali Babacan, the minister of state responsible for the economy, stated that he was opposing and therefore delaying the legislation because officials from BP, Shell and the US Department of Energy warned him in one of their meetings about the high costs of renewable energy development in Turkey.⁴⁸ This incidence demonstrates that “renewable energy is forced to compete on an uneven playing field, as the lion’s share of political and financial support is enjoyed by the powerful fossil fuel industry”.⁴⁹

It is plausible to argue that the emphasis on fossil fuels is also an extension of government’s foreign policy objectives. In addition to energy security and energy independence, energy interdependence has become central to Turkish energy policy, linking it intimately with its foreign policy. Especially in the past decade, the Turkish government has accelerated energy diplomacy and has taken special pride in Turkey’s role as a gas and oil transit country, an energy corridor and terminal between its neighbouring supplier regions and the European and other international consuming markets.⁵⁰ It is important to note that there is no automatic connection between having oil and gas pipelines in one’s territory and consuming that oil and gas. However, the Turkish government often implicitly makes that connection by stating that construction of pipelines contributes to its objective of meeting growing energy needs and ensuring energy security.

There are certainly other motives behind Turkey’s proactive energy diplomacy. There is the economic benefit of pipeline revenues and transit fees, which will probably amount to hundreds of millions of dollars each year. But even more important than the economic motives are the political and strategic objectives. The Turkish government perceives pipelines as

vital projects for the promotion of regional integration and stability. The assumption is that pipelines will form the basis for permanent solutions to long-lasting conflicts in the region, and will encourage countries to engage in cooperation while contributing to the economic and political independence of the countries in the region. Turkey is especially committed to advancing energy cooperation with Azerbaijan, Kazakhstan and Turkmenistan to help them entrench their sovereignty against Russia. And finally, the Turkish government expects to use the pipelines as a diplomatic tool in its accession negotiations with the European Union. The assumption here is that Turkey, as a transit country on energy transmission routes from the Middle East, the East Mediterranean and the Caspian region to the West, offers a more stable and viable alternative to Russia.

Another force against a fundamental change in Turkish energy policy is the mentality of the government that is overly passive and reluctant to take risks in acknowledging the necessary transformation to clean energy. This lack of vision or leadership could partly be explained by the 'developing country syndrome' of passing the responsibility to developed countries, which industrialised earlier and therefore polluted the environment first. The

general thinking is that the Western advanced economies industrialised without any regard for the environment and now that the world is faced with such environmental challenges, they should be the ones investing in new energy technologies and shouldering the cost of cleaning up. According to this thinking, developing countries should focus on their developmental needs and prioritise economic growth, even if it comes at the expense of the environment.

This view is best reflected in Turkish government's approach to the Kyoto Protocol. Turkey was late in participating in the United Nations Framework Convention on Climate Change and in ratifying the Kyoto Protocol. Turkey is not currently a signatory to the agreement's Annex B, which includes 39 countries that are obliged to reduce their greenhouse emissions to 1990 levels between 2008-2012, even though its emissions have increased at the highest rate since 1990 among all the countries identified in that agreement.⁵¹ Instead, Turkey is recognised as a country with "special circumstances", the reason being that Turkey's main economic and industrial development happened after 1990, making it all the more challenging to reduce emission levels down to 1990 levels.⁵² Turkey is the only OECD country that does not have a national emission target for 2020. According to

Turkey's climate change chief negotiator Mithat Rende, "the responsibilities of different countries are not the same: The duties that fall on, for instance, the US and Turkey should not be the same.... Climate negotiations have for too long been a battle between developed and developing countries, since the rich are the biggest emitters and also have a historical responsibility".⁵³

The government's "let's go slow" approach to renewables is also justified by some of the problems the renewables sector has faced in advanced countries in recent years.⁵⁴ For example, in Spain, the new government recently cut generous subsidies to renewables that were introduced by the previous Socialist government as part of its push to make renewable energy a new source of economic growth and jobs in Spain. Thanks to these subsidies, Spain had accounted for half the world's new solar power installations in terms of wattage in 2008 and Spanish firms had become global leaders in the sector.⁵⁵ However, the rapid drop in photovoltaic technology costs has made such incentives a huge burden on the country's economy especially at a time of acute economic crisis. Citing these problems in pioneering countries, the Energy Minister of Turkey, Taner Yıldız, stated in a recent interview that "today every country is reconsidering the policies it

set out for wind and solar energy. Why should we rediscover America? We are designing a policy in order not to repeat the mistakes and shortcomings that other countries are experiencing in the world".⁵⁶

The limited progress in the renewables sector can also be attributed to a lack of bureaucratic maturity and competence in Turkey. Perhaps due to a dearth of qualified personnel and the existence of a general bureaucratic inertia, regulations that are necessary to implement the law are oftentimes delayed, and when they are not, they create, rather than resolve, uncertainties.⁵⁷ For example, a lack of specific licensing criteria is considered one of the biggest hurdles to renewable energy development in Turkey despite the passage of the *Renewable Energy Law* in 2005.⁵⁸ Based on the *Electricity Market Licensing Regulation* of 2002, EMRA started to accept license applications for wind farms on 3 September 2002. From this date until mid 2004, EMRA granted 38 licenses for wind farms. However, due to the gaps in the licensing regulation, EMRA was not able to figure out how it should act on some specific situations, such as where two different license applications were made for the same site.⁵⁹ According to Christian Johannes, the general manager of a consulting company for wind farm development projects,

In 2005, the EMRA cancelled a so-called wind measurement communiqué that forced applicants for wind farms to prove that they had performed a wind measurement... About two weeks after this cancellation, many small companies applied for almost 4,000MW of projects. The problem was that many of these companies submitting proposals failed to complete proper site evaluations, opting to use the internet to select sites for wind farms. The wind conditions at many sites were well below feasibility. Many of the sites were covered with dense forest-proper site selection requires a site visit and cannot be done solely through the Google Earth website. Many of the sites were within or under archeologically protected areas. Compounding the problem, the EMRA posted the project proposals online, leading to a domino effect of other companies applying for the same sites.... To deal with the chaos, the EMRA refused to accept additional proposals beginning of mid-2006. This led investors to buy the projects driven by the fear that the EMRA would never open their doors again.... Millions of euros were transferred from larger Turkish and also foreign companies to these Google Earth developers. The EMRA opened applications again for one day only on November 1 of last year (2007) and received a flood of applications. More than 200 local and foreign groups and companies applied for a total of 75GW of wind farm licenses. To put this in perspective, Turkey's current 2008 total installed capacity of power plans is about 42GW.⁶⁰

While 756 licenses were being considered, on 18 February 2010 EMRA made a decision to cancel the pre-approval decision it granted to 12 projects (those

that applied prior to 1 November 2007). All of the applicant companies, which have been given a pre-approval decision for these 12 applications, had already fulfilled their requirements within prescribed times. Therefore, with respect to these 12 projects, it was incumbent upon the EMRA to grant their licenses. EMRA instead stated that the license applications made prior to 1 November 2007 must participate in a bidding session to be organised by TEİAŞ together with the license applications made on 1 November 2007. This new situation was obviously not welcomed by the license applicants that applied prior to 1 November 2007 since they had already passed certain licensing stages and were entitled to obtain their licenses. Considering that EMRA's decision was in clear breach of the law, they sued EMRA as a result and demanded a stay of execution.⁶¹

Most of the energy companies that have invested in renewables also have investments in other segments of the energy sector, such as in oil and natural gas.

In addition to highlighting the lack of forward planning in the Turkish bureaucracy, the chaos of the 2007

license applications also demonstrates that investors in the renewables sector have not been as professional and serious as investors in other sectors of the economy, such as those in the financial and telecommunication sectors.⁶² There are certainly established, well-known companies that are interested in renewables. However, many others have displayed opportunistic behaviour in applying for licenses rather than committing to succeed in well-planned and well-assessed projects. These applications were clearly not relying on healthy wind measurements and feasibility studies. In fact, many investors that applied on 1 November 2007 ended up selling their projects at a high profit margin to those who missed the chance to apply on that one day of applications.⁶³

Moreover, there seems to be a lack of cohesion among renewable energy investors. Most of the energy companies that have invested in renewables also have investments in other segments of the energy sector, such as in oil and natural gas. There are only a number of companies that exclusively specialise on renewables and some of these are further specialised on a single type of renewable energy.⁶⁴ This variety creates very different incentive structures and expectations among the players, making collective action required to push for further reforms extremely difficult.

Finally, even though civil society activism helped with the initial renewable legislation, it has also created challenges for the sector's further development. This is partly because the environmental movement itself is not very unified in Turkey. While there are many environmental NGOs that support renewables, there are also those that are concerned with their potential negative effects at the local level. Opposition to large hydropower dam projects, for instance, has a long history in Turkey as well as internationally. This is why the international community has been reluctant to consider large hydropower plants among the renewable sources of electricity.

Opposition to green energy will continue to come not only from the traditional fossil fuel sector, but also, ironically, from groups that have environmental priorities.

In recent years, a chain of small hydropower plant investments in the predominantly rural Black Sea region in Turkey has also generated a new environmental social justice movement that brings villagers and a new breed of urban environmental activists who oppose the commodification and

privatisation of nature together. These new local NGOs are not only suspicious of the state's clean and sustainable energy policies but also of other environmental organisations, especially those that are connected to transnational networks.⁶⁵ Similarly, there are a number of environmental organisations that oppose the expansion of certain types of renewables given their negative effects at the local level. For instance, Güven Eken, the (previous) president of *Doğa Derneği* (the Turkish Nature Association), stated in an interview that “while wind energy may be cleaner than other forms of energy in terms of carbon dioxide emissions, it may be quite harmful for the wild bird population” and that “it would be a mistake to interpret advances in wind projects as an outgrowth of a proper energy policy in Turkey”.⁶⁶ These more localised objections, which have in recent years been instrumental in delaying investment, are similar to the not-in-my-backyard (NIMBY) opposition movements to renewable energy that are seen in various parts of the world. Even though NIMBY is fairly new in Turkey, the experience in other countries shows that it can grow in number and intensity as the number of renewable projects increase in the future. Thus, opposition to green energy will continue to come not only from the traditional fossil fuel sector, but also, ironically, from groups

that have environmental priorities. Here lies an interesting conundrum for the renewable energy industry. How can a so-called “green energy” trigger opposition from environmentalists? Are certain renewable sources more environmentally sustainable than others?

Conclusion

Energy politics can be messy. Policymaking gets complicated as governments strive to balance the immediate energy needs of their societies with long-term ideological commitments to market and environmental reforms. However, at a time of increased supply insecurity, energy costs and environmental degradation in the world, the benefits of renewable energy can hardly be disputed. Compared to conventional energy sources, renewables offer governments both energy independence and sustainable economic development.

While the need for clean energy seems obvious, the transformation to a clean energy economy is not inevitable. There are many technological and market barriers to establishing a viable renewable energy sector. Yet, it is generally believed that most of these barriers can be overcome or mitigated by effective government policies that utilise mechanisms like feed-in tariffs, purchase

guarantees, rebates, etc. The clean energy leaders of the world are those countries that have intervened in their energy sectors with some combination of these tools to incentivise renewable energy production and consumption.

Compared to conventional energy sources, renewables offer governments both energy independence and sustainable economic development.

Even though the tools of intervention are proven to be effective, not every country can successfully adopt them. The policy environment in most places is complicated by the existence of an infrastructure and mindset that have historically supported conventional forms of energy. What the Turkish experience demonstrates is that external pressures for reform, especially in

response to economic crises, political stability, favourable public opinion and a certain level of civic activism, are necessary conditions for a transition to a more sustainable energy future, but by themselves they are not sufficient. What is also needed is political leadership with a long-term vision that will take the necessary- and perhaps politically painful- reforms to dismantle the monopoly of fossil fuels in the energy sector. The Turkish example also highlights the importance of a professional bureaucracy in designing and implementing consistent energy policies as well as the significance of strong business and environmental coalitions to keep clean energy on public's agenda and pressure the governments to stick to that agenda. Only with a combination of these conditions, a growing economy like Turkey can effectively utilise its clean, indigenous resources and become one of the leaders of the 21st century energy transformation.

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Turkey and Latin America: A New Horizon for a Strategic Relationship

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Abstract

After the impact of the economic and financial crisis of 2008-2009, Latin America and the Caribbean began to grow again 4.3% in 2011 and 3.0% in 2012, which totalize a GDP of US \$5.6 trillion. One of the main factors for economic growth in the region has been the trade sector. Between 2004 and 2010 both the export and import of goods doubled while the percentage of total external debt to GDP decreased more than one third. In this context, Latin America is seen by Turkey as a land of opportunities to expand trade, build global alliances and find new investment alternatives for its focus on strategic projection in new markets. A stable trade policy towards Latin America and the Caribbean, starting with its "Promoting Trade Strategy with Latin American Countries" in 2006 and the expansion of the commerce, has positioned Turkey as an emerging trade partner in the last geographical frontier of Turkish foreign policy.

Key Words

Latin America, Turkey, foreign policy, trade partnership, diplomacy.

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Latin America and the World Economy

After the impact of the economic and financial crisis of 2008-2009, Latin America and the Caribbean began to grow again in 2011 at a rate exceeding 4.3%. One of the main factors of economic growth in the region has been the export sector. Between 2004 and 2010, both the import and export of goods doubled¹ while the percentage of total external debt to GDP decreased from 34.3% to 19.7%.²

In the first decade of the 21st century, Latin America and the Caribbean (LAC) performed well. Between 2003 and 2010, its economy grew 33% at constant 2005 US\$ prices, and 154% at current US\$ prices.³ The average growth rate during the last eight years exceeded 5%. At present LAC represents about 8% of the world economy, whereas a century ago it was only 4.4%.⁴ The GDP of LAC countries combined totalize US \$5.6 trillion,⁵ surpassing countries such as France and Germany. In terms of GDP

per capita, LAC stands out because it is composed of mostly middle income countries.⁶ In 2010, per capita income surpassed US \$11,000 (adjusted for purchasing power parity). Yet, despite the steady growth in per capita income, the region is still far from the USA or average European country.

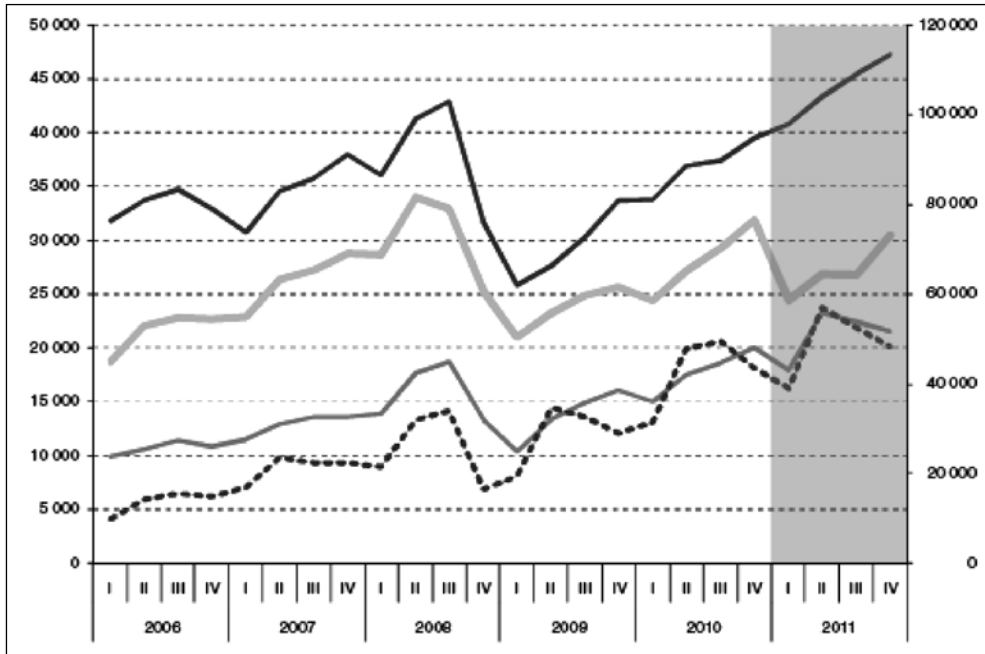
An essential element for the economic growth after 2000 has been the incorporation of all the economic wisdom that had accumulated after a series of economic crises that the region experienced during the 1980s and the 1990s.

Another important indicator of the region's economic growth has been the progress in international trade. Exports grew from US \$392 to US \$888 billion

between 2003 and 2010, while imports grew from US \$353 to US \$843 billion. The increase in merchandise exports is due to several reasons, among which are the improvement in terms of trade, an increase in LAC's productive capacity, especially in the area of primary goods and low-tech manufactured goods, the increase in external demand (especially from China, India and other developing Asian countries) and the relative increase in the prices of the region's typical exports.

However, in foreign trade it is also important to distinguish the structures of Mexico and Caribbean countries, which are closely linked to the USA, from the South American countries that have a more diversified series of partners in East and Southeast Asia, as well as in alternative regions, such as the Maghreb and the Middle East.

Figure 1: Latin America and the Caribbean: Total exports according to destination, 2006-2011 (in million US dollars)



European Union ———
 Other Asian countries ———
 China — — —
 USA —————

Source: CEPAL, *Statistical Yearbook for Latin America and the Caribbean 2011*, Economic Commission for Latin America and the Caribbean, Santiago de Chile, 2011, p. 33.

An essential element for the economic growth after 2000 has been the incorporation of all the economic wisdom that had accumulated after a series of economic crises that the region experienced during the 1980s and the 1990s. Since then, an important point has been the relative weight of external debt in national budgets. The level of public debt was reduced from 80% of

public budgets in 1990 to 30% in 2010, thanks to the implementation of fiscal reforms and proper macroeconomic management of state revenues and expenditures.⁷

The economic crisis of 2008-2009 partially affected LAC. Although the region was affected by the fall of global prices of raw materials, a reduction in the flow of remittances and a rationing

of international financing sources due to the instability of financial capital markets,⁸ it was able to recover rapidly. Only in 2009 there was a negative performance, a year in which several countries suffered economic recession. One of the key reasons for the recovery has been the implementation of counter-cyclical measures oriented towards internal demand and the promotion of the export sector.

The creation of the Community of Latin America and the Caribbean States (CELAC) has generated a road of reverse engineering to join the different integration processes at the regional level, such as the UNASUR (Union of South American Nations), the MERCOSUR (Common Market of the South), the Andean Community and the CARICOM (Caribbean Community). The potential to reach a common LAC position is a recurrent subject in the cooperation agenda at a regional level, since LAC as a region is the third largest energy supplier and the largest producer of foodstuffs in the world.

The international economic context in the last couple of years accelerated participation with the emerging regions, as well as the development of South-South commerce. From this perspective, the G20 is a critical platform for global cooperation where the emerging

economies could have an increasingly important role. The presence of Argentina, Brazil and Mexico as representatives of the region allows for coordination and establishes bridges of experiences with such emerging powers as Turkey, Indonesia and the rest of the BRICS.⁹

Turkey's New Foreign Policy towards New Global Spaces

From 1991 to the present, Turkey has presented itself as a relatively autonomous ally of NATO. The diversification of Turkish foreign policy has been one of the main elements behind this change. This growing autonomy from the West and diversification in its international agenda beyond military matters has been a slow process, and certainly not without difficulties. During the Cold War, NATO was the dominant determinant of foreign policy, generating an internationally 'securitised' agenda that gave precedence to defence and security over economic development and political democratisation.

As part of the 'European' segment of its foreign policy agenda, Turkey has been assimilating multiple political and economic reforms in order to join the European Union as a full member, and has been trying to reinforce its identity

as a democratic country. The ‘freezing’ of membership negotiations in December 2006 impacted heavily on Turkey’s international agenda. Since 2007, with the political strengthening of the JDP- as well as its leaders, Prime Minister Recep Tayyip Erdoğan and President Abdullah Gül- strategic priorities underwent a paradigm change that was called by several experts the “New Turkish Foreign Policy”.¹⁰

Turkey has proposed that its behaviour at a regional and global level will not be a zero-sum game, but instead will be a positive-sum game through increasing interaction, commerce and exchange with its immediate region.

However, this new Turkish foreign policy is far from being an abstract notion; this development has been part of Turkish society’s answer to a series of factors. Among the most important external factors is the progressive loss of US hegemony, which has transformed the unipolar system towards multipolarity, in which emerging countries have a more important role. The formation of the G20, an organisation of variable geometry, and the establishment of

IBSA¹¹ are examples of this. In short, during the first decade of the 21st century, Turkish foreign policy had the goal of increasing its importance in neighbouring regions, as well as on a global scale.

At the regional level, recurrent instability in the Middle East has required an actor with the diplomatic capacity to reach agreements that are not imposed by extra-regional actors. The decade-long American presence in Iraq and Afghanistan has made it very difficult to establish stability in the region. The JDP has improved Turkey’s relations in its regional and global environment through multiple actions, such as the Alliance of Civilisations initiative, in which it works with Spain, the attempt to mediate between Syria and Israel and the Brazil-Iran-Turkey tripartite agreement on nuclear fuel swap, among others. At the domestic level, Turkey has transformed its pluralist political system into a dominant party system, thanks to the combination of economic growth with a proper political leadership.

Of all these elements, the global and regional factors have played the most important role in the paradigm shift, especially after 2007. The stagnation of Turkish-European relations, the changing political panorama in the Middle East and the growing tension between energy

suppliers in its neighbourhood have pushed for an even deeper change.¹² In this new foreign policy era, Turkey has proposed that its behaviour at a regional and global level will not be a zero-sum game, but instead will be a positive-sum game through increasing interaction, commerce and exchange with its immediate region. Moreover, it has also displayed a relatively autonomous foreign policy towards the West, after decades of very close relations.

From an ideological/identity point of view, the present international vision of the JDP is structured upon the geopolitical doctrine of “Strategic Depth”, which was developed by Professor Ahmet Davutoğlu, the Minister of Foreign Affairs since 2009. Davutoğlu holds that Turkey is a “central country”, contrary to the notion of a “frontier country” in the middle of a vast terrestrial Afro-Euroasiatic land mass. In terms of its sphere of influence, Turkey is a country with simultaneous interests in the Middle East, the Balkans, the Caucasus, Central Asia, the Caspian basin, the Mediterranean, the Black Sea and the Gulf. Such centrality requires that the past as a “peripheral country” is left behind, and proposes a new position, one that allows for the generation of security and stability for Turkey as well as for its regional partners.¹³

According to Davutoğlu, the new foreign policy has been guided from its beginning by five principles: i) a balance between security and democracy at the domestic level; ii) “zero problems” towards Turkey’s neighbours;¹⁴ iii) the development of relations with neighbouring regions and distant geographical spaces; iv) the adherence to a multi-dimensional foreign policy which has complementary- not competitive- relations with other global actors; and finally v) an increase its global importance by developing deep bilateral and multilateral relations in the framework of “rhythmic diplomacy”.¹⁵

Turkey’s centralist concept has identified Latin America and the Caribbean as one of the global spaces of interest for its claim as an emerging power in the 21st century.

The re-shaping of Turkish international identity besides the modifications in the international and regional scenario has generated a visible change in Turkey’s foreign policy, differentiating it from certain European policies carried out during the first term of the JDP. Since 2007, Turkey has reinforced its presence in the Middle East, tried to establish a new status quo with Armenia, functioned

as mediator between Occidental nations and Iran and strengthened its role as an energy conduit between Central Asia and Europe.

Turkey has modified its guiding paradigm and subtly changed the course of its foreign policy without changing its main axis.¹⁶ There has been no break with Turkey's traditional partners but Turkey's agenda has become more complex and turned, despite its limitations, global. Turkey saw in the international game of the BRICS an example, and a chance, to have a more active role in international affairs.

Its Middle East policy has been the most revealing practice of the new Turkish foreign policy and it reflects the ideological orientation of the JDP and its need for commercial expansion in the region.¹⁷ The Erdoğan government approached the Palestinian party Hamas, contributed to the stabilisation of the new Iraq and presented itself as an example of Islamic democracy for the Arab Spring. The focus has not been solely directed towards the Middle East. The JDP government has tried to expand its focus and participation to other regions of the world by establishing economic associations and developing multiple instances of political cooperation.

The economic factor has been the most important: Turkey's impressive

growth rate of 5% per year between 2003 and 2010 and the competence of its industrial sector have been major incentives for the search of new markets. Turkey's economic and commercial flexibility has allowed the country to re-orient its economy and compete at a global scale. The search for foreign markets has been quite successful since it almost quadrupled its export volume in that period, with main destinations being Germany, Iraq, the United Kingdom, the USA and France. Comparing 2011 with 2010, the markets that expanded the most were Malta (124%), Hong Kong (75%), Slovenia (74%), South Korea (69%), Morocco (49%), Brazil (46%) and Ukraine (38%).¹⁸

Within the framework of Turkey being a 'centralist' country, its new foreign policy towards three qualitatively different spaces can be identified as a) Occidental, b) regional and c) global. The first space corresponds to the classical orientation of Turkish foreign policy in that the US, the European Union, and NATO are important for its international security, commerce and foreign investments. The second space represents the expansion of the new foreign policy defined by Davutoğlu: the Middle East, the Balkans, the Caucasus, Central Asia, the Caspian basin, the Mediterranean, the Black Sea and the Gulf. Lastly, the global space incorporates

Sub-Saharan Africa, Oceania, South and East Asia and Latin America.

Turkey's Latin American Agenda: A Strategic Perspective

From the independence of Latin American nations to the present, the interaction between Latin America and Turkey has been characterized by its low intensity. However, in the last 15 years mutual ties have multiplied, generating several expectations regarding the future of relations. Whereas some analysts see the enlargement of such relations as a reflection of the “over extension” of Turkish foreign policy,¹⁹ others argue that Turkey's political, economic and strategic growth during the last few years that has generated a process of global expansion, which includes Latin America, as well as Sub-Saharan Africa.

Geographical distance has been the main difficulty hampering the relationship between Latin America and Turkey. However, there were other less visible problems, such as those of language, scarcity of contacts and the lack of a foreign policy initiative from Turkey towards Latin America and vice-versa. Similarly, a shortage of direct flights, successive economic crises, commercial protectionism and the scarcity of

embassies to carry out diverse types of contacts could also be mentioned.

The three foundational steps of present Turkish foreign policy towards Latin America include the following: the official visit of President Süleyman Demirel to Argentina, Brazil and Chile in 1995, the success of the “Action Plan for Latin America and the Caribbean” in 1998 and the declaration of the “Year of Latin America and the Caribbean” in 2006.

President Demirel's visit in April 1995 was the first official visit to Latin America by a Turkish head of state, and is an important visit in terms of the development of stronger relations. It is important to note that only in that year eight bilateral agreements were signed. Whereas his visit to Brazil opened a channel of permanent consultation between the two countries, his visit to Argentina was useful in balancing the lobbying activities of Armenian diaspora in Argentina. Demirel's visit also followed the visit of Argentinean President Carlos Menem to Turkey in 1992. In Chile, Demirel signed an Agreement of Cultural Cooperation and a Memorandum of Understanding on the Protection of Investments, which are still in force.

The Action Plan for America Latina and the Caribbean accelerated the

development of relations.²⁰ Its main goals were to complete the legal framework of bilateral relations, to encourage the political dialogue at a high level, to increase the level of the economic and commercial relations through the participation of private sector, to improve intra-regional dynamics by becoming a permanent observer in regional organisations and to increase the awareness of contemporary Turkey in LAC region.

Some of the actions taken as a consequence of this plan include the signing of several cooperation agreements in different areas, an increase of high-level contacts and the establishment of bilateral mechanisms of political consultation with Argentina, Bolivia, Brazil, Chile, Costa Rica, Cuba, Mexico and Peru. Other concrete steps towards mutual collaboration include the restoration of parliamentary friendship groups, establishing bilateral “business councils”, participation in commercial exhibitions in LAC, the creation of joint economic committees and the incorporation of Turkey as an observer in regional cooperation mechanisms such as the Caribbean Community (CARICOM) and the Organisation of American States (OAS).²¹ In short, during this period mutual relations improved in political as well as commercial areas.

Even though Turkey’s 2001 economic crisis briefly interrupted these developments, commerce resumed its growth, quadrupling between 2001 and 2006. Up to that point, Latin America had a secondary role, and did not enjoy much visibility in the future planning of the Turkish Ministry of Foreign Affairs (MFA). In 2006 came the third landmark action, the Government of Turkey declared 2006 as the “Year of Latin America and the Caribbean”. This action prompted the representatives of different ministries to give new impetus to the “Action Plan for Latin America and the Caribbean”.

Since 2007, Turkey’s new foreign policy has cultivated a multidimensional perspective in a global and interdependent world. In this framework, Turkey’s centralist concept has identified Latin America and the Caribbean as one of the global spaces of interest for its claim as an emerging power in the 21st century.

Turkey has followed an active diplomacy by stressing its agenda in an international system that is increasingly becoming multipolar. A clear example of this policy has been the successful expansion towards Africa, which has subsequently worked as a “mirror example” of Turkey’s immersion in the LAC region.²² The Turkish government saw Latin America together with Sub-Saharan Africa as an

opportunity to reach out and globally expand its interests. On the other hand, even though Latin American countries have different interests in their bilateral ‘meetings’ with Turkey, there has also been an underlying need for enlarging the political and commercial horizon to new partners that would then help achieve a globally expanded margin of action.

Considering the growing weight of Latin America in the multilateral commercial and political spheres, the global expansion of Turkish interests would be incomplete, especially if we take into account the role of Brazil and Mexico in the last few years. Since 2006, the foundations of foreign policy towards the Latin American region have been based on high-level mutual visits, commercial development and multiple cultural and educational activities promoted by the 1998 plan.²³

Bilateral and multilateral dimensions

Between 2009 and 2011, the quantity of contacts and activities accelerated, thanks to the active diplomacy of the JDP and the expansion of foreign policies priorities of the LAC countries, generating a series of visits at the highest level. Turkish Prime Minister Erdoğan

visited Mexico in 2009 and Brazil and Chile in May 2010. Argentinean President Cristina Fernandez de Kirchner visited Turkey in January 2011 during her visit to the Middle East, which included Kuwait and Qatar, while Lula da Silva (president of Brazil between 2003 and 2011) visited Turkey in 2009 and Dilma Rousseff, current president of Brazil, in October 2011. Moreover, the visits of President of Costa Rica Oscar Arias in November 2009 and President of Colombia Juan Manuel Santos in November 2011 were also important.

Brazil is Turkey’s most important partner in Latin America. Prime Minister Erdoğan attended the Third Forum of the Alliance of Civilizations in May 2010, around the time when the tripartite agreement between Iran-Brazil-Turkey on nuclear swap was signed.

During that visit, the heads of governments signed the “Action Plan for Strategic Association” based on eight cooperation points: bilateral and multilateral political dialogue, commerce and investment, energy, biodiversity and environment, defence, security, science and technology and lastly education and culture. The links between Brazil and Turkey were secured with a series of meetings that began with the visit of Celso Amorim, Brazil’s foreign minister since 2004.

During his visit in May 2009, President Lula da Silva attended multiple events, including the “Turkish Brazilian Economic Forum” and the opening of the “Centre of Latin American Studies” at Ankara University. Improved bilateral relations led to the establishment of a high-level cooperation committee between Turkey and Brazil in 2006, a mechanism Turkey uses with other important actors, such as Russia, Greece and Spain, among others, for diplomacy. Finally, there was the visit of President Dilma Rousseff in October 2011, when she signed with President Gül the “Strategic Perspective of a Dynamic Association Turkey-Brazil” joint declaration and bilateral cooperation agreements on matters of higher education and justice.

Another framework of political cooperation and dialogue has been the formation of parliamentary friendship groups with Turkey in Argentina, Brazil, Venezuela, Chile, Mexico, Cuba, Costa Rica, Uruguay, Jamaica, Colombia and Panama. In the case of Mexico, on 6 April 2010, the Friendship Group Mexico-Turkey was created to improve bilateral ties from a parliamentary scope and to make it into a vehicle of permanent dialogue on subjects common to both nations.

Turkey also has a special interest in multilateral cooperation, particularly in the United Nations, G20 and different

international organisations within Latin America. In the first case, the region is an important asset given the weight, together with African countries, in the UN General Assembly. Even though Turkey does not take part in the G77 plus China or the Movement of the Non-Aligned Countries, and it forms part of the “Western European and Others Group” (WEOG) within the United Nations, the support of Latin American countries has been important, for example in its election as a non-permanent member of the UN Security Council for the period 2009-2010.

In the case of the G20,²⁴ Argentina, Brazil and Mexico are members of its emerging countries group together with Turkey. The G20 is of critical importance, for it symbolises the change in international economic power from developed countries towards the emerging ones, which have been the protagonists of economic growth in the last decade. Neither Latin American countries nor Turkey are unaware of this reality. Issues ranging from international financial regulation proposals to the solution of the Greek debt problem, and the criticisms of protectionism, have all been included in their bilateral and multilateral talks.

Turkey has also been interested in the regional organisations in LAC and has become observers in the Organisation of

American States (OAS),²⁵ the Association of Caribbean Estates (ACE), the MERCOSUR, the Rio Group and the Caribbean Community (CARICOM). Regarding the MERCOSUR, aside from its observer status, in 2008 Turkey also signed the “Framework Agreement to Establish a Free Commerce Area Between the MERCOSUR and the Republic of Turkey”. In December 2010, the “Memorandum for the Establishment of a Dialogue of Political Meeting and Cooperation” between the MERCOSUR parties and Turkey was signed.

Finally, Turkey participates in several common platforms alongside Latin American countries. First, it forms part of the G33, whose aim is to try to get developing countries to have a limited opening of their agricultural markets.²⁶ Likewise, it is part of a group of Friends of the Anti-dumping Negotiations (ANA/FAN5) together with Brazil, Chile, Colombia, Costa Rica and Mexico, which tries to improve the use of the anti-dumping measures.²⁷ Turkey is also among the sponsors of the document “W 52” on intellectual property (ADPIC), together with Brazil, Colombia and Peru, among others.

In the political arena, it is safe to say that a foundation has been established that can generate sustainable policies in the long term. However, the problem

is that there is much less interest in Latin America towards Turkey. Multiple barriers at the geographical and cultural levels have created important setbacks. Until recently, examples of change in cultural and academic areas were scarce, making rapprochement beyond political matters rather difficult. Strategies to generate cultural bridges in the field of languages, art or history could construct greater interdependence.

Trade policy and foreign direct investment

In recent years, both Turkey and Latin America have been seen as important markets for export expansion. The multiplication of mutual contacts and commercial missions in the last few years has taken place alongside a quantitative growth in commerce between the parties.

Turkey’s foreign trade has seen exponential development in the last few years. Exports grew from US \$36 billion in 2002, to US \$125 billion in 2011, whereas imports rose to US \$220 billion in 2010 from US \$51 billion in 2003, according to the Turkish Institute of Statistics. Even though Turkey’s main commercial partners are the USA (10%) and the EU (42%), primarily such countries as Germany, Italy, France and the UK, the growing importance of

Russia (8%), China (7%) and Middle East countries (13.5%) can also be seen.

Only a decade ago, Turkey's interest in the western hemisphere was focused solely on relations with the US. During the last few years, with its market diversification framework, Turkey has become progressively more interested in the LAC region, despite the fact that in 2000 the region counted for less than 1% of its total commerce.²⁸ Even though at the moment LAC has a secondary role, its profile has been growing thanks to the establishment and implementation of the "Turkey's Commercial Development Strategy towards the Americas". In 2010, the share of commerce with LAC reached 2% of Turkey's total commerce.

Among the recommended measures of the Commercial Development Strategy, there are reciprocity agreements on protection and promotion of investments; agreements on taxes and double taxation; meetings of bilateral economic commissions; cooperation agreements in technical areas such as agriculture, navigation, air transport, tourism, customs and health; participation in Latin American business fairs and establishing business councils; the organisation of commercial missions to the region; and finally, cooperation in the fields of consulting and construction. The main objective was to increase

exports to US \$3 or US \$4 billion in five years, and secure a sustainable presence in the region, including by getting contracts for services and investments.²⁹ Even though the quantitative objective was not achieved as in 2012 Turkish exports exceeded US \$2,9 billion, there was still a considerable increase in Turkey's commercial presence in the region. When compared to the records in 2000, exports grew by more than 900%, which is a significant figure (see Table 1).

Table 1: Turkish-Latin American Commerce (2000-2011) (in millions of US \$)

	Turkey's exports	Turkey's imports	Total
2000	261	624	885
2001	369	448	817
2002	310	642	952
2003	288	1,178	1,466
2004	516	1,478	1,993
2005	638	2,031	2,668
2006	719	2,465	3,184
2007	979	3,106	4,085
2008	1,575	3,782	5,358
2009	1,020	2,736	3,756
2010	1,836	3,564	5,400
2011	2,285	4,973	7,256
2012	2,962	5,149	8,111

Source: Turkish Ministry of Economy

Another characteristic of the strategy was the identification of six key countries: Argentina, Brazil, Chile, Cuba, Mexico and Venezuela. In South America, exports to these select countries showed impressive progress in the 2006-2011 period. They doubled in the case of Venezuela, quadrupled in Argentina and Chile, and increased by seven fold for Brazil. On the other hand, imports showed a minor change since countries in Latin America, particularly Brazil and Argentina, saw massive increases in their exports to Turkey. Brazil doubled its exports to Turkey from US \$934 million to US \$1,948 million, followed by Argentina from US \$300 million to US \$470 million.

Commercial relations between Turkey and the LAC region are high in comparison to other spheres, and they have experienced a rapid pace of growth.

Except from the imports coming from Argentina and Brazil, most imports from the LAC are primary goods and natural resources, while most of Turkey's exports to the LAC are manufactured goods with low to medium technology. The main Turkish export products to Latin America are car parts and engines, iron

and steel, material for nuclear reactors, fruits and edible goods and textiles and synthetic fibres. Imports from the LAC region to Turkey include copper, fuels, minerals and oil, along with machinery and electrical equipment.

An important consequence of Turkey's strategy towards the Americas has been the search for preferential commercial or free trade agreements with the countries of the region. In particular, Chile and Colombia have strongly subscribed to this agenda, for their development model is based on trade liberalisation as well.

In 2004, during the visit of Chilean President Ricardo Lagos to Turkey, Turkish President Ahmet Necdet Sezer officially initiated free trade agreement (FTA) talks between the two countries. In July 2009, Turkey's Minister of Foreign Trade and Chile's Minister of Foreign Relations signed the FTA, which took effect on 1 March 2011. The FTA allows for 96% of the commerce between the parties to be duty free, and for the reduction of the remaining within six years. Thanks to this agreement, Turkey has better conditions to compete in the Chilean market, especially in products such as cars, machinery, appliances and food, among others.

Based on the Commercial Cooperation Agreement signed in 2006, Colombia and Turkey started FTA negotiations

in May 2011. Colombia has identified Turkey as one of its main partners in its trade negotiations agenda that was approved by the Superior Council of Foreign Commerce. Moreover, both Colombia and Turkey are members to the upcoming CIVETS³⁰ club. The negotiation for the FTA is in its final phase, and it is likely that a final agreement will be reached.

The search for market diversification on the part of Turkey and the LAC countries, cooperation in international forums and changes in Turkey's foreign policy identity have also played a role in the recent rapprochement.

Unfortunately, investments have not been the strongest point in bilateral relations. They remain limited in scale, and are among the issues that are still causing delays in the relations. For instance Turkish investments in Colombia barely surpassed US \$500,000 between 2007 and 2010, and most of that was in the real estate sector.

However, there are forthcoming investments, among which are the announcements of Biota Laboratories plan to invest US \$10 million in the

cosmetics market (distributed between Argentina, Colombia, Dominican Republic, El Salvador, Panama and Paraguay). Similarly, PETROBRAS (Petroleo de Brazil) announced joint energy investments with TPAO in the Black Sea, and TPAO with ECOPETROL (Empresa Colombiana de Petroleo) in the Gonzalez Bock, near Cucuta City. In Argentina, there is currently one Turkish Company (Kordsa), part of the Sabanci Group, and its investments are around US \$35 million. There are opportunities for expansion in Argentina, depending on the dynamism of the economies and the will to undertake future investments.

In sum, commercial relations between Turkey and the LAC region are high in comparison to other spheres, and they have experienced a rapid pace of growth. There have been adequate policy initiatives that have supplemented the growth in foreign trade. On the other hand, investments remain at a sub optimal level at best.

Conclusion

In the last few years the deepening of relations between the LAC region and Turkey seems to have been the consequence of systemic factors-particularly the erosion of the North American hegemony and the ascendance of emerging powers. Secondly, the

search for market diversification on the part of Turkey and the LAC countries, cooperation in international forums and changes in Turkey's foreign policy identity have also played a role in the recent rapprochement. Latin America and the Caribbean have become new frontiers for Turkish diplomacy.

These coming years will illustrate the consequences of Turkey's presence in the LAC region, and will demonstrate whether this was a momentary development, or if they were the basis for sustainable long-term relations.

Economic dynamism, as well as the growing prominence of LAC in international forums- especially in the case of Brazil- has increased the

enthusiasm to intensify bilateral relations in the future. This has been a major motivation in Turkey's foreign policy towards LAC.

Even though there is a promising horizon of cooperation between both parties, relations are far from being completely satisfactory. There are series of issues that still require significant attention, such as cooperation on development, academic and cultural cooperation and migration, among others.

Turkey has taken its new foreign policy with a global outlook to its last frontier, Latin America and the Caribbean. These coming years will illustrate the consequences of Turkey's presence in the LAC region, and will demonstrate whether this was a momentary development, or if they were the basis for sustainable long-term relations.

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- 25 Ten of the 65 countries that have observer status are from the Middle East (Saudi Arabia, Algeria, Egypt, Israel, Lebanon, Morocco, Qatar, Tunis, Turkey and Yemen), which allows them to be better informed of the subjects on LAC. This has strengthened the political dialogue between the parties and has increased opportunities in the South-South cooperation *cf.* De la Mora, *Las relaciones de America Latina y el Caribe con el Medio Oriente*, SELA, 2011, p. 42.
- 26 This group also includes some regional countries as Antigua and Barbuda, Barbados, Belize, Bolivia, Cuba, Dominica, the Dominican Republic, El Salvador, Granada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Nicaragua, Panama, Peru, Saint Kitts and Nevis, Santa Lucia, San Vicente and Las Granadinas, Surinam, Trinidad and Tobago and Venezuela.
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Power Versus the Sovereign Equality of States: The Veto, the P-5 and United Nations Security Council Reforms

Fakiha MAHMOOD*

Abstract

The United Nations Security Council is at the centre of the international security system. However, even after several decades the Council has had only minimal changes in its basic structure and composition, despite the fact that the international environment has changed considerably. The opportunity provided by the end of the Cold War to revitalise the Council was coupled by increasing number of voices calling for reform of this extraordinary organisation. But reform has proved to be a very difficult thing to accomplish in the case of the Security Council. This paper looks at the issue of Security Council reform from the prism of the right of veto and the perspectives of the permanent members. It argues that although the attitude of the P-5 is not favourable for reform, it is not the only stumbling block in its way. The lack of consensus among the rest of the world has also a role in prolonging this issue over decades.

Key Words

International security, P-5, reform, Security Council, veto, United Nations.

Introduction

The United Nations Security Council rests at the heart of the international security architecture. The binding nature of its decisions for all UN members further enhances its importance. However, its limited membership and the principle of the veto have concentrated the power in few states. While the international environment has significantly changed since its inception in 1945, the Council has been amended only once, in 1965, when the number of non-permanent members was increased from six to 10. The end of the Cold War ushered in a new chapter in the history of the United Nations Security Council, resulting in the revitalisation of an international organ which had heavily suffered from the superpower rivalry throughout the Cold War. The reinvigoration of the Council in the

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aftermath of the Cold War was coupled with increasing demands to reform the Council in line with the changing geostrategic environment in order to make the Council more representative, democratic and effective. There is a near consensus that the Council should be expanded; however, disagreement exists over the scope of the increase and who is to be added. Consequently, decades have passed with rounds of negotiations following one after another recommending a number of proposals, but there seems no chance of reforms being implemented at least in the near future.

The opportunity provided by the end of the Cold War to revitalise the Council was coupled by increasing number of voices calling for reform of this extraordinary organisation.

Within the Security Council, it is the right of veto which is most controversial and sensitive, and, conversely, it is this right which makes the Security Council the most controversial organ of the United Nations. The United Nations Charter gives some extra privileges to the permanent members of the Security Council, including the United States, the United Kingdom, France, China and

Russia (the P-5), which has given rise to the tussle between the principles of sovereign equality of states and power. It is this power principle which is the focus of this paper, as well as the role of the veto and the P-5 in the whole reform debate.

Part one of the paper examines the issue of the United Nations Security Council. This section highlights the historical background of the reform process as well as some of the major agenda items for reform by different states. Part two deals exclusively with the institution of the veto, including its nature, pattern of use, and its character in the reform process of the Security Council. The third part discusses the perspectives of the P-5 individual states. Any reform effort which fails to garner the support of these five states would not be able to get into the United Nations Charter as amendments require ratification from the legislatures of all of the permanent members of the Security Council. Hence, it's necessary to give weight to the individual perspective of these states. The perspective of individual countries is discussed, examining that country's contribution to the establishment of the United Nations as well as its role and conduct in the Security Council since its inception. However, at the outset it would be instrumental to give a brief intellectual context for the paper.

Between Collective Security and Balance of Power

Since its inception, the United Nations has been seen through two opposing perspectives. On the one side are the liberals who see the United Nations as an embodiment of the idea of collective security. According to the proponents of this idea “international security is indivisible; a breach of the peace anywhere threatens the peace everywhere”.¹ Hence they expect the Security Council to play a role in suppressing any threat to international peace, and they see the history of the Security Council as a mix of success and failure. On the other side of the spectrum there are the realists who do not expect much from the Security Council beyond providing a forum for the great powers to settle their differences. In this they make the point that in accordance with the founders’ aspirations the Security Council has remained successful in preventing the occurrence of a third world war. However, this correlation is in itself questionable and difficult to establish, for there may be other reasons which would have prevented the outbreak of another world war, for example the fear of a nuclear holocaust.

While the United Nations was an embodiment of the collective security

system, it was the balance of power logic that was at the back of the theory and was seen in the practice of the Security Council. And it is this same logic which today convinces the proponents of the veto power to extend this to those who aspire to permanent seats on the Security Council. However, the two opposing concepts are not without criticism. Whereas the critics of collective security point towards the differing perceptions of interests which create hurdles for collective action, the idea of a balance of power finds difficulty in implementation over the question of how to measure the variable of “power”.² For example, if states today decide to add present day powers into the Security Council it would be difficult to establish an agreed upon formula for measuring the power of a state.

Reform of the United Nations Security Council: An Overview

The Council that emerged from the San Francisco summit was composed of 11 members, five permanent and six non-permanent members. The permanent members were Britain, France, China, the USSR and the US. And for the selection of non-permanent members, the United Nations Charter set out two criteria: one, the contribution of the

member state towards the maintenance of international peace and security, and “equitable geographical distribution”.³ In practice, however the first criteria was discarded and the second criteria was implemented more according to a “gentlemen’s agreement” whose actual nature is contentious. During the first two decades, that is the time period before the first amendment to the United Nations Charter which resulted in the increase in the number of non-permanent seats from six to 10, the geographical distribution was as follows: two seats for Latin American states, two for Western European and British Commonwealth states, one for the African and Asian states and one for Eastern European states, which were seen as the group of states with Communist affiliations.⁴

However, with the gradual passage of time, United Nations members became increasingly dissatisfied with the setup. The sudden increase in the membership mainly from Asia and Africa, due to the independence of a large number of countries with decolonisation, made the member states feel underrepresented in the Security Council. Consequently, the member states started to apply pressure for the enlargement of the Security Council.

The issue of Security Council expansion was first raised in the 11th

General Assembly in the aftermath of the admission of 16 new member states to the United Nations in 1955. Sixteen Latin American states plus Spain submitted a draft resolution in the 11th General Assembly calling for an expansion in Security Council membership, and demanded an increase in the non-permanent category of the Security Council membership from six to eight. However, the issue of Security Council expansion proved to be closely associated with international politics and became hostage to the question of China in the Security Council and remained so for the next seven years.⁵

Eventually, the issue was brought to the 18th session of the General Assembly. In 1963, two groups of states, one from Latin America and the other from Asia and Africa, tabled two separate draft resolutions in the Special Political Committee of the General Assembly calling for a Charter amendment aimed at increasing the membership of the Security Council. Twenty-one Latin American states submitted their draft resolution on 10 December 1963 and called for an increase in the non-permanent category of the Security Council from six to eight; in fact it was the reiteration of the Latin American proposal submitted in 1955. Two days later, on 13 December 1963, 37 African and Asian states submitted a draft resolution, demanding an increase in the membership of the Security

Council from 11 to 15 through adding four more seats to the non-permanent category of membership. After a series of consultation, both groups of states agreed to jointly put forward their demands in the General Assembly, mainly to put more pressure on the United Nations to enlarge the Security Council.⁶

Members had huge differences of opinion on the resolution, particularly among the permanent members of the Security Council, and at the end of the session only China among the P-5 voted in favour of the resolution. Resolution 1991 (XVIII) was passed on 17 December 1963 by the General Assembly, Part A of which increased the membership of the Security Council from 11 to 15. The resolution was adopted with a vote of 97 to 11, with four abstentions. France and the Soviet Union were significant among those opposed to the resolution and the USA and the UK abstained. While a majority of the permanent members did not favour the resolution in the General Assembly, all of them ratified the resolution within 19 months. This dichotomy in the attitude of the permanent members towards the resolution has been explained by Edward C. Luck in terms of Cold War politics, lack of coordination among the permanent members and financial problems facing the United Nations.⁷

After the successful adoption of the resolution increasing the non-permanent members of the Council, the issue of expansion remained dead until 1979. This time the initiative was taken by India and 12 non-aligned states. Co-sponsored by Japan, the resolution recommended an increase in the non-permanent seats from 10 to 14. The geographical distribution was to be as follows: one for Eastern European states, two for Western European states, three for Latin American states, three for Asian states and five for African states.⁸ However, the resolution failed to gain enough support. In a similar view, Latin American states submitted a draft resolution demanding an increase in the Security Council membership from 15 to 21 through increasing the number of non-permanent members to 16. However, this resolution too met with failure. All the permanent members except China denounced the resolution, resulting in no substantive deliberations following the resolutions and the issue remained deferred till early 1990s.⁹

In the backdrop of the changes brought about by the end of the Cold War, India and 35 other non-aligned states tabled a resolution in the General Assembly calling for reform of the Security Council. Co-sponsored by Japan, the resolution demanded the inclusion of Security Council reform in

the provisional agenda of the 48th session of the General Assembly. The unanimous adoption of Resolution A/Res/47/62, on 11 December 1992 officially put the issue of Council reform on the General Assembly agenda. (The resolution asked the member states to submit proposals as to how to reform the Security Council to the secretariat by the summer of 1993. UN publication A/48/264 Add. 1-10 is a collection of received proposals).¹⁰

Group of Four

The Group of Four (G-4) plan was basically the reflection of the aspirations of Brazil, India, Germany, and Japan, all states who have been vying for a permanent seat on the Security Council. The aspirations of Japan and Germany are based on their contributions, particularly in financial terms, towards the United Nations in the area of peace and security. Both have been, respectively, the second and third largest contributors to the United Nations budgets for years despite the fact that the United Nations Charter still uses the term “enemy states”¹¹ (due to such role they had in the Second World War) to describe them even after the passage of more than half a century.¹² Brazil’s and India’s bid was based on their claim of them representing a large chunk of humanity in the developing world as well as having

rapidly emerging economies; moreover, they view their contribution to United Nations peacekeeping missions as vital.

The resolution put forward by the G-4 nations proposed reform in the Security Council mainly in the areas of: i) size of the Council, ii) veto and iii) working methods. On the issue of the size of the Security Council, the resolution proposed to increase the membership of the Security Council from 15 to 25, with the addition of six permanent and four non-permanent members. The proposed geographical distribution would be as follows: in the permanent category, two for Asia and Africa each, and one each for Western Europe and Latin America and the Caribbean; in the non-permanent category, one each for Asia, Africa, Latin America and the Caribbean, and Eastern Europe. On the question of veto power, the resolution asks for the grant of the veto power to the new permanent members on the same pattern as exists.¹³

Uniting for Consensus

In response to the aspirations of some states for permanent seats on the Security Council, some United Nations members, including Italy, Spain, Argentina, Canada, Mexico, South Korea and Pakistan, formed an interest group described as the Coffee Club, later on renamed Uniting for

Consensus following the addition of few more states. This faction has advocated for an increase in the number of non-permanent members of the Security Council on a regional basis, and strongly denounced the addition of states in the permanent category of membership, claiming that it would give rise to “new centres of power” inside and outside the United Nations. Italy and Pakistan are playing leading roles in this interest group.¹⁴

The Africans argue that there is a paradox as Africa is a theatre for a large number of United Nations activities, yet the countries on this continent are not meaningfully represented in the Security Council.

A few weeks after the submission of draft proposal by the G-4 countries, the United for Consensus put forward their proposal in the General Assembly on 21 July 2005 under the same agenda item. The countries supporting the draft resolution included Argentina, Canada, Colombia, Costa Rica, Italy, Malta, Mexico, Pakistan, the Republic of Korea, San Marino, Spain and Turkey. Describing the existing membership of the Security Council as “inequitable” and “unbalanced”, the resolution called for reform of the Security Council. It

proposed to increase the membership of the Security Council from 15 to 25, with five existing permanent and 20 non-permanent states elected for two years terms. It set the geographical distribution in this manner: “six from African states; five from Asian states; four from Latin American and Caribbean states; three from Western European and other states; two from Eastern European states”. In selecting the countries from the regional groups, the resolution placed the responsibility on the respective regional grouping and in this regard recommended equal distribution even among the sub-regions.¹⁵

The African Group

The African countries have formed their own group under the auspices of the African Union and have themselves been calling for reform of the Security Council. The Africans argue that there is a paradox as Africa is a theatre for a large number of United Nations activities, yet the countries on this continent are not meaningfully represented in the Security Council. If North and South Americas are taken together, it is only the African continent which lacks a permanent seat in the Security Council. The Africans demand two permanent seats for their continent, and the leading contenders for those seats are Egypt, South Africa

and Nigeria, although Ethiopia, Senegal, Algeria, and Tanzania are also on the list. The African group has presented its demands in the Ezulwini Consensus, which has superseded the Harare Declaration.¹⁶

An insight into the background to the Security Council reform reveals that historically the permanent members of the Security Council have not been favourable to bringing change into the existing setup.

Pointing at the under-representation of the African continent in the Security Council since its inception, the Ezulwini Consensus has made its claim on the basis of unity among the African nations, a unity which has the potential to influence the reform process of the United Nations Security Council. Building on the Harare Declaration, the Ezulwini Consensus sets out to achieve “full representation” in the United Nations generally and the Security Council in particular. And for that purpose, they demand at least two permanent seats in the Security Council, with all the privileges as enjoyed by the existing permanent members including the veto power, plus five non-permanent seats for the African continent. With regard to the veto, however, the document

acknowledges the injustices associated with the veto, but insists on granting the right to new permanent members as long as it exists in the United Nation Charter. Furthermore, the Ezulwini Consensus wants to keep the right to select the representatives of African members for the Security Council as well as for determining the criteria for selection with the African Union.¹⁷

The C-10¹⁸ is the current variant of the African group, and aims at gaining two permanent seats for the African continent in the Security Council, and includes giving them the veto power.¹⁹ The committee represents the five African geographical regions: West Africa, East Africa, Central Africa, Southern Africa, and North Africa. Each region contributes two states and the membership includes Algeria, The Democratic Republic of Congo, Equatorial Guinea, Kenya, Libya, Namibia, Senegal, Sierra Leone, Uganda and Zambia.²⁰

The background to the formation of the C-10 includes the efforts of the G-4 (Japan, Germany, India and Brazil) in 2005 to convince the African group to show some flexibility towards their demands in relation to Security Council reform. Some African states, including Nigeria and South Africa, even agreed on those terms, although some African

states, such as Algeria and Egypt, strongly opposed those moves. The C-10 bases its stance on Ezulwini Consensus as well as Sirte Declaration of July 2005. The significance of the Sirte Declaration lies in the fact that it mandated the C-10 to make alliances with other groups of states.²¹

*L-69*²²

The L-69 faction emerged following the discussions which culminated in the shifting of the agenda of the Security Council reform from the Working Group²³ to the intergovernmental negotiations. In fact, it was the draft resolution that shifted discussions to Intergovernmental Negotiations when these countries got together. Although that resolution was later withdrawn by its sponsors, from 2008 onwards L-69 emerged as a new faction among the groupings on the issue of the Security Council reform. Members to the group are Barbados, Benin, Bhutan, Brazil, Burundi, Cape Verde, Fiji, Grenada, Guyana, Haiti, India, Jamaica, Liberia, Mauritius, Nauru, Nigeria, Palau, Papua New Guinea, Rwanda, Saint Vincent and the Grenadines, Seychelles, Solomon Islands, South Africa, Tuvalu and Vanuatu.²⁴

The group emerged from the alliance of some of those who aspire for permanent

membership on the Security Council from the developing world, including India, Brazil, South Africa and Nigeria, with some small states of the developing world with whom they have promised to better represent in the Security Council. Some of the demands of L-69 include an increase in both the permanent and non-permanent membership of the Security Council; greater representation for developing economies in order to reflect the contemporary world realities; greater representation for small and island states; an improvement in the working methods of the Security Council; and even-handed representation based on the geographical regions of the world. Furthermore, the group claims to be growing steadily and has made some efforts at gaining support from some African states.²⁵

An insight into the background to the Security Council reform reveals that historically the permanent members of the Security Council have not been favourable to bringing change into the existing setup. Hence, any reform effort must keep into account the perspective of the P-5 as well as finding ways to bringing them on board while making any changes into the Security Council. Furthermore, the existing grouping of the states on the issue of reform and their perspectives reveals that again it is the veto and permanent membership

which is at the heart of the reform debate. Among the major factions two of them, the G-4 and the Uniting for Consensus, are at opposite poles. For the G-4 an increase in permanent membership along with the right of veto is important, whereas the Uniting for Consensus calls for increasing the non-permanent membership. The African Group has a middle perspective, and the L-69's recommendations are a hybrid of the G-4 and the African nations. The next section looks more deeply into the institution of the veto, and is then followed by the individual perspectives of the P-5.

The Veto

The word “veto” appears nowhere in the United Nations Charter. However it comes from the voting procedure enshrined in the United Nations Charter. Paragraphs 2 and 3 of Article 27 of the United Nations Charter reads as follows:

2. Decisions of the Security Council on Procedural matters shall be made by an affirmative vote of nine members.
3. Decisions of the Security Council on all other matters shall be made by an affirmative vote of nine members including the concurring votes of the permanent members.²⁶

In this way, the permanent members of the Security Council can nullify any draft resolution with a negative vote,

irrespective of the popular support enjoyed by that resolution. Also there exists the phenomenon of the “double veto”,²⁷ which refers to the influence the permanent members have with regard to the classification of an issue as being procedural or substantive.²⁸ The veto rights of the P-5 has been one reason why the Security Council has been quiet about a number of international conflicts with implications for international peace and security, including the Iraq war of 2003, the Georgian war of 2008 and the recent Syrian conflict. Furthermore the Council has remained ineffective in resolving protracted conflicts like the Palestinian-Israeli conflict, which has rendered the whole region instable over the decades.²⁹

The great powers resented any opposition to their privileged status and made it a necessary condition for their participation in the intergovernmental organisation.

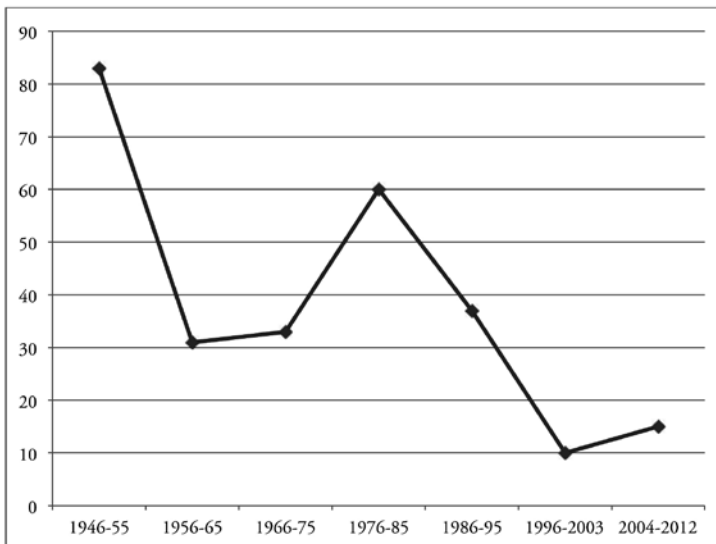
During the formative stages of the United Nations, the question of the veto was the most controversial aspect of the whole negotiations, and it threatened to thwart the whole process at some points.³⁰ While among the great powers, the question was not that the veto ought

to be included or not, the dispute was on its scope. The Soviet Union advocated for an unrestrained veto, whereas the British and American positions were less radical over the question as to whether the veto should be limited to a permanent member party over that dispute or not. And this dispute reflected the dilemma of power versus principle, which still lingers over the United Nations.³¹ At the San Francisco Conference, a number of small and medium-sized states opposed granting the P-5 a privileged status in the Security Council; however, the great powers resented any opposition to their privileged status and made it a necessary

condition for their participation in the intergovernmental organisation.³²

The early decades of the Security Council, owing to superpower rivalry, were characterised by the extensive use of the right of veto by the P-5, particularly the United States and Soviet Union. While the statistics clearly show that the use of the veto has fallen since the end of the Cold War, the threat to veto any resolution has not diminished throughout this period in backroom diplomacy. The so-called “hidden veto”³³ refers to the invisible threat to veto any potential resolution.

Figure 1: Trends in the use of the veto power



Source: Global Policy Forum, “Changing Patterns in the Use of the Veto in the Security Council”, at http://www.globalpolicy.org/images/pdfs/Changing_Patterns_in_the_Use_of_the_Veto_as_of_August_2012.pdf [last visited 22 May 2013].

The privileged status of the P-5 does not stop at Article 27 as there are some unwritten privileges accorded to the P-5 as a by-product of the veto power. The so-called “Cascade Effect”³⁴ refers to the unwritten privileges accorded to the P-5, the source of which is not the United Nations Charter but rather the practice of the states which provides them with these privileges. For example, the P-5 enjoy permanent representation in the other UN bodies, including the Economic and Social Council (ECOSOC) and the International Court of Justice (ICJ). Similarly, the citizens of the P-5 countries have a higher chance of getting executive positions in the United Nations Secretariat.³⁵ In the discussions surrounding Security Council reform, the Uniting for Consensus group pointed to this extension of the veto in the practice of the other members of the United Nations and questioned the awarding of this privileged positions to even more states in a reform of the Security Council, rather than eliminating such practices based on injustice.³⁶

It’s worth mentioning here that in intergovernmental organisations today, the kind of privileged status accorded to the P-5 in the United Nations Charter has no other example. While the examples of the World Bank and the International Monetary Fund do hint towards the special status for the great

powers, on the whole intergovernmental organisations are based on the sovereign equality of states. And at the time of the signing and drafting of the United Nations Charter the precedents to that effect were even less evident.³⁷

Moving an issue from the Security Council to the General Assembly is a procedural matter, not a substantive one, it is out of the ambit of the veto.

One of the most successful endeavours with regard to limiting the veto power came five years after the birth of the United Nations in the form of the Uniting for Peace resolution. The background to this resolution was provided by the potential Soviet veto over the Korean War. Presented by the then Secretary of State Dean Acheson, the idea of Uniting for Peace involved the moving of issues that threaten international peace and security through aggression from the Security Council to the General Assembly due to the inability of the Security Council to perform its function as a result of the threat of a veto. Since moving an issue from the Security Council to the General Assembly is a procedural matter, not a substantive one, it is out of the ambit of the veto. The Uniting for Peace resolution can be invoked by two-thirds

majority in the General Assembly, and has been used in more than 10 instances since its inception.³⁸

The veto and Security Council reform

The veto power remains one of the most contentious issues in the ongoing reform debate, and whole debate is very much similar to that in 1945. The majority of the members of the United Nations oppose the existence of the veto as it inherently clashes with the principle of sovereign equality of states. Furthermore, the veto is seen as making the United Nations undemocratic. The only states that support the veto in the contemporary setting are those that have the power or who aspire to it.³⁹ However, despite the unpopularity attached to the veto power, the early euphoria, which was seen clearly when the discussions of reforming the Security Council began in the post-Cold War era, about limiting or eliminating the veto power from the Security Council has diminished to a great extent and the focus has shifted towards the enlargement of the Security

Council. The reason for this is the staunch opposition by the P-5 to giving up their right of veto. Only the United Kingdom and France have demonstrated certain complaisance towards the veto power.⁴⁰

Looking at the mainstream state-sponsored reform proposals it becomes evident that on one end of the spectrum is the perspective of the G-4 (Japan, Germany, India and Brazil) who aspire to become permanent members of the Security Council, and hence they have no difficulty with the veto. At the other end of the spectrum is the Uniting for Consensus group which consistently opposes the continuation of the veto power in case of a reform. And the midway perspective is that of the African group who demands permanent seats for some African states with the full rights and privileges of the existing permanent members; however, they make it clear that “even though Africa is opposed in principle to the veto. It is of the view that so long as it exists, and as a matter of common justice, it should be made available to all permanent members of the Security Council”.⁴¹

Table 1: Veto use by the P-5

Period	United States	Russian Federation (USSR)	China	France	United Kingdom	Total
1946-55	-	80	1	2	-	83
1956-65	-	26	-	2	3	31
1966-75	12	7	2	2	10	33
1976-85	34	6	-	9	11	60
1986-95	24	2	-	3	8	37
1996-2003	8	-	2	-	-	10
2004-2012	5	7	5	-	-	17

Source: Global Policy Forum, "Changing Patterns in the Use of the Veto in the Security Council", at http://www.globalpolicy.org/images/pdfs/Changing_Patterns_in_the_Use_of_the_Veto_as_of_August_2012.pdf [last visited 22 May 2013].

The P-5

On the whole, the P-5 are in favour of a modest expansion of the Council. However, with the exception of the United Kingdom and France, who support the G-4, and the African proposal, the P-5 are following a policy of wait and see.⁴² The P-5 are content with the *status quo*, and as a result the slow momentum of reform is not troubling for them. Even the existing differing perspectives among the P-5 are some time seen as a way to avoid a substantive reform. Most importantly, there is almost complete agreement among the P-5 that they are not going to endorse any reform effort which puts limits on the right of veto that they have enjoyed since the start of the Security Council.⁴³

The United States

The United States had a lead role in the planning of the post-Second World War intergovernmental organisation. Beginning in the autumn of 1939, officials in the Department of State started preparations in this regard, for which the League of Nations was taken as a blueprint.⁴⁴ The Security Council as it exists today resembles closely the vision of then American President Franklin D. Roosevelt who spelt out the idea of "Four Policemen",⁴⁵ the United States, the United Kingdom, the Soviet Union and China, having the exclusive right over the decisions pertaining to the use of force.⁴⁶

The United States has been the most frequent user of the veto power among

the permanent members of the Security Council in the post-Cold War era, and was the second most frequent user during the Cold War after the Soviet Union. And most of the time, the United States has used its veto power in relation to the Palestinian-Israeli conflict in support of Israel.⁴⁷

The United States has been the most frequent user of the veto power among the permanent members of the Security Council in the post-Cold War era.

Despite having a lead role in the deliberations of the Security Council and its decision-making process, the United States has not played a large role in the reform of the Security Council. While not denouncing the reform efforts outright, the United States, instead of giving support to a specific reform proposal, has issued some general principles which it aims to meet in case of a reform:

- The efficiency and effectiveness of the Security Council should not be damaged with any reform.
- Any reform proposal must specify the names of the countries proposed for the inclusion in the Security Council as members.

- The criteria for the permanent membership should be based on the contribution of that country towards international peace and security.
- The existing veto structure should be retained without changes.
- The reform must be based on the existing Charter requirements, including the approval by two-thirds of the United States Senate.⁴⁸

The Russian Federation

Being a victor of the Second World War, an active participant in the deliberations which culminated into the birth of the United Nations, and a superpower in the period following the Second World War, Russia has enjoyed a leading position in the Security Council. Russia actively pursues its interests by exploiting its permanent seat on the Security Council. It makes use of its influence, as well as its vote in the Security Council, to play an active role in world affairs, particularly in matters relating to international peace and security. During the Cold War period, the Soviet Union was the most frequent user of the veto power among permanent members of the Security Council. In the period 1946-65 alone, the Soviet Union used its right of veto 106 times. With the end of the Cold War, however, the number of vetoes

by the Russian Federation has reduced considerable. Yet according to statistics as of 2012, the top user of the veto power remains the Russian Federation with 128 cases.⁴⁹

During the Cold War period, the Soviet Union was the most frequent user of the veto power among permanent members of the Security Council.

Russia's relationship with the Security Council has evolved considerably over the decades. In the early years of the United Nations, the Soviet role was dominated by ideological considerations, which were replaced by a more pragmatic attitude during the period more popularly termed as *détente*. Soon after the disintegration of the Soviet Union, the Russian Federation chose to act more like a regional power with limited aims and ambitions. However, this started to shift again in the 20th century and subsequent administrations (Putin's and Medvedev's) have pursued a policy with global ambitions or at least beyond its regional area.⁵⁰

Russia supports the permanent membership of the G-4 countries, plus South Africa and Egypt, in the Council. However, Russia denounces

the extension of the veto power to the upcoming permanent members and also opposes any plan which aims at limiting the right of veto to the existing permanent members. Also the Russian perspective on the Security Council reform supports a small number of memberships of the Security Council, around 20 members.⁵¹

Russia does not seem opposed to reform of the Security Council, but in contrast with the other permanent members of the Security Council, it has serious reservations about a Council with a large number of members, which can weaken the effectiveness of the Security Council according to Russian policy makers. However, Russia takes a cautious stance by maintaining that it would support any reform proposal only when it is backed up with a large majority of votes in the General Assembly, greater even more than two-thirds.⁵²

In relation to procedural reform, Russia opposes any proposal which puts constraints on the use of the veto, and supports general reform with regard to the working methods of the Security Council. The rejection of the Small Five (Costa Rica, Jordan, Liechtenstein, Singapore and Switzerland) proposal, which aimed at radical change in procedures, by the Russian Federation was based on the fact that it made a direct attack on the right of veto.⁵³

China

China was barely a country at the time when the United Nations was born; however, the Chinese permanent seat in the Security Council was due to the efforts of the United States because China was actively fighting Japan in the Second World War. Both Britain and the Soviet Union objected to the Chinese permanent seat in the Security Council. Britain's reservations came from a belief that the US's influence on China would mean that the Chinese member would result another vote for the United States in the Security Council. The Soviet Union was conscious of its neutrality treaty with Japan. However, both countries withdrew their objections in the end.⁵⁴ Till 1971, the Chinese seat in the United Nations was occupied by the Republic of China, later replaced by the Peoples Republic of China; the United Nations Charter even today uses "Republic of China" in the names of the permanent members of the Security Council. Among the five permanent members of the Security Council, China has the record of having used its veto power on the least number of occasions. However, the recent few years have seen

Russia denounces the extension of the veto power to the upcoming permanent members and also opposes any plan which aims at limiting the right of veto to the existing permanent members.

a departure from the old pattern, and China has increasingly exercises its veto power.

China has described the various proposals on Security Council reform as immature, including the 2011 G-4 resolution, and is an advocate of adopting a comprehensive proposal. China supports giving more representation to the African continent. China opposes the permanent candidacy of India and Japan in the Security Council, and also actively participates in the experts meetings of

the Uniting for Consensus group.⁵⁵ Chinese opposition towards including Japan and India as permanent members comes from the fact that adding both of these states into the

Security Council would undermine the concentration of Asian representation in the Chinese seat. Furthermore history in the case of Japan and India's great power ambitions have compelled China to oppose the candidacy of both these countries in the Security Council.⁵⁶

Britain and France

Britain was among the three principle powers whose efforts resulted in the

establishment of the United Nations. France was not represented at the Dumbarton Oaks Conference, nor was it among the sponsors of the San Francisco Conference, which eventually resulted in the signing of the United Nations Charter.⁵⁷ The French permanent seat in the Security Council was largely the result of British efforts, which wanted to keep a balance of power in the European continent, and wanted to keep France as protection against Soviet expansion.⁵⁸

The French permanent seat in the Security Council was largely the result of British efforts, which wanted to keep a balance of power in the European continent, and wanted to keep France as protection against Soviet expansion.

Britain and France, while acknowledging that the Security Council represents the realities of the past century, support the inclusion of new emerging power centres in the permanent as well as non permanent category. In this regard, both of them favour the permanent candidacy of Germany, Japan, India and Brazil (the G-4). Also they support the inclusion of African states on the Security Council in the permanent

category of membership.⁵⁹ Britain and France not only share their perspectives towards Security Council reform, they have also proposed a plan in this regard.

Termed as the intermediate approach/model, this is the first plan for Security Council reform that has emerged from the permanent members of the Security Council. In a letter from the permanent representatives of both countries to the United Nations, to Ambassador Zahir Tanin, chair of the Intergovernmental Negotiations, the two countries reiterated their support for the permanent membership to Germany, Japan, India, and Brazil and for some African states in the Security Council and stated that:

With a view to breaking the deadlock in the negotiations, the United Kingdom and France support a pragmatic intermediate solution that could provide for a new category of seats with a longer mandate than that of the members currently elected. On completion of this intermediate period, a review should take place to convert these new seats into permanent seats.⁶⁰

Conclusion

The permanent membership of the five great powers and the subsequent right of veto not only constitutes the most controversial aspect of the Security Council, it has become in fact a bone of contention in the Security Council's reform process. Except for those

countries that have the right of veto, there is near agreement among the majority of the members of the United Nations that the veto is anachronistic, represents power politics and impinges on the principle of sovereign equality of states that is the cornerstone of the United Nations Charter, and hence ought to be abolished. In fact the ineffectiveness of the Security Council in performing its duties was mainly owing to this special right accorded to the permanent members of the

Security Council, since it was this right that has contributed to the Security Council being quiet on a number of issues that have had serious repercussions for international peace and security. The best example is the Palestinian-Israeli conflict, which the United Nations has been unable to solve even after decades, and the United States' veto power is a reason for this ineffectiveness.

The P-5 are sometimes more opaque on their position regarding the reform of the Security Council. While each of these five states retains its own individual perspective on reform depending on

their interest as well as on geopolitics, they all almost agree that there is a need to preserve their veto powers, with only Britain and France having shown some flexibility on this issue. And this attitude of the P-5 has enough potential to block any reform of the Security Council in the near future. In short, on the one hand there is the existence of veto in the United Nations Charter and its practice by the permanent members which has rendered the Security Council ineffective; on the

other hand, there is the stance of the permanent members, which is aimed at preserving their right of veto and interests, which has proved to be a stumbling block for reform.

However, this should not be taken to the logical conclusion that since the P-5 is not favourable to reform, reform is impossible. At the outset it must be kept in mind that the attitude of the P-5 towards the reform process is one of the major reasons- not the sole reason- behind the lack of success in this regard. The lack of consensus among the rest of the world has also had its role in prolonging this issue over the decades.

The Palestinian-Israeli conflict, which the United Nations has been unable to solve even after decades, and the United States' veto power is a reason for this ineffectiveness.

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Islam, Models and the Middle East: The New Balance of Power following the Arab Spring¹

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Abstract

The Arab Spring has created a fertile ground for the competition of different models (Turkish, Iranian and Saudi) and for a new balance of power in the Middle East and North Africa. These three models, based on three distinct styles of politics, go hand in hand with competing particular politics of Islam. Their search for a new order in the region synthesises covert and overt claims for regional leadership, national interests and foreign policy priorities. This article argues that the new emerging regional order will be established on either a theo-political understanding, in other words on securitisation and alliances based on sectarian polarisation which will lead to more interference from non-regional actors, or on a gradual reform process of economic integration and diplomatic compromise. In the first case, biases and negative perceptions will be deepened in reference to history and to differences in religious interpretation, and will result in conflict, animosity and outside interference. In the second case, there will be a chance to establish a cooperative regional, non-sectarian perspective accompanied by a critical, but not radical, attitude towards the West.

Key Words

Model, Islam, balance of power, Middle East, theo-political, New Sunnism, Arab Spring, Salafi, Shia, Wahhabi.

Introduction

The aim of this article is to discuss the changing balance of power in the Middle East and North Africa (MENA) region following the Arab Spring by focusing on the foreign policies of the four leading states- Iran, Saudi Arabia, Turkey and Egypt- and their political and religious models. The main emphasis will be the way in which how these four countries use their models as vehicles to compete for supremacy in a new regional order. Therefore, the problem will not be dealing with what model people should/ would follow but how these models have been used and enhanced through various soft and hard power instruments. We discuss the three models in relation to each other through their relationship to US (the global other) and Israel (the regional other) in shaping the potential fourth model of the emerging Egypt.

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In reality, these three models are based on three distinct styles of politics. These three models go hand in hand with three different peculiar politics of religion. The Iranian model legitimises itself as against the US, Israel, imperialism and the West through an “axis of resistance”. It aims for a radical change in the regional status quo that was established, yet pursues pragmatic politics when necessary. As a tool for legitimacy, Iran follows a polarising and sectarian (Shi’ism) theo-political² policy. In contrast, Saudi Arabia legitimises its own regional vision by formulating itself as Custodian of the Two Holy Mosques, Sunnism and Islam, opposing reforms and envisions an authoritarian model in favour of the status quo. This model follows a polarising and sectarian (Sunni) theo-political policy. While Saudi Arabia is facing a more radical Salafist (right-wing) opposition, the Iranian regime is up against a more moderate and liberal (left-wing) opposition.³ Thus, these two theo-political models increase the potential for conflict in the region by inviting foreign powers to intervene in regional politics.

The third model, the Turkish model, aims for economic integration and is based on Turkey’s increasing popularity due to its economic success and foreign policy performance. This model prefers the gradual transformation of the *status*

quo through solutions coming from compromise. Instead of a theo-political stance that emphasises polarisation and sectarianism, this model introduces a political theology based on pluralism.

In the search for regional hegemony there is need for transnational institutions, religious rhetoric and practices that can reach non-governmental actors outside of national borders.

These three models have been attempting to influence a potential fourth model, the Egyptian model. It is still unclear what the Egyptian model will look like; however, this model will be deeply influential in building a new regional order. From the Tahrir effect⁴ on other countries to Morsi’s election to presidency and the coup d’état against him on 3 July 2013, whatever happens in Egypt will affect other countries in the region.⁵ Fred Dallmayr sees the Egyptian Tahrir revolution as Islam’s response to Western modernity and that it is a democratic alternative to the secular Kemalist revolution and Iranian Islamic reform.⁶ Saudi Arabia’s reaction and Israel’s securitised response to the Egyptian model, the US’s democracy promotion agenda and its will to protect

its authoritarian allies in the region, will affect the future of this transformation.

Discussion of the Models and Regional Powers in the Search for Order in the Middle East

The Arab Spring forced all the regional powers in the Middle East to manage this revolution and to try to find a new Middle Eastern order. Even if Turkey's claim of it forging a new order is more commonly known, both Iran's and Saudi Arabia's search for a new order goes farther back than Turkey's claim. Their search for a new order synthesises covert and overt claims to regional leadership, national interests and foreign policy priorities. The parameters that define this competition to influence the new emerging order are not merely the strategic; rather there are competing ideologies and visions for the future of the region. In other words, the "model discussion" is a power projection opportunity related to differing regional demands and visions of the various countries on how the new emerging regional order should be.

Therefore, any claim to be a "model" combines strategic goals, national interests, security concerns and ideological visions. In the search for regional hegemony there is need for

transnational institutions, religious rhetoric and practices that can reach non-governmental actors outside of national borders. The countries who aspire to be models must have the determination to mobilise their resources to encourage their non-governmental organisations to be active outside of their national borders. Despite this, these countries do not push their "model" on others to be readily imitated by others. Except for Iran shortly after the 1979 Revolution, none of them have claimed to provide a universal model to the region or the Islamic world.

In the model debate, different interpretations of Islam and its mobilisation are vital. The regional countries mobilise their own versions of Islam to strengthen their soft power and for legitimacy purposes.⁷ Saudi Arabia and Iran are both mobilising the ulama for this cause, and are openly making theo-political claims. The greatest advantage for these two countries is the consensus on the strategic vision among political and state elites. Having the Muslim Brotherhood excluded from the political life, Egypt seems to lose the significance of its theo-political claims. However, it would continue to become theo-politically influential in its search for influence in the regional power struggle since it had theo-political claims even during the Mubarak era as a result

of al Azhar University.⁸ While in the Egyptian case, both the recent coup d'état and the influence of external powers will limit these claims, in the Turkish case, political culture, intra-elite problems and internal power balance will limit theo-political claims. In spite of these limitations, the JDP's foreign policy within the limits of secular nation-state seems to protect the Islamic interests of regional peoples, and strengthens the Religious Affairs Directorate. Still, after the Arab Spring, the alternative religion-politics relationship models and theo-political policies may force Turkey to recalibrate the role of religion in her policies. If Egypt comes out successful from its current turmoil, a pluralistic and democratic "new Sunnism" might arise as a response to Shi'ism and Wahhabism in the long run. That said, however they became integral part of state policies, Shi'ism, Sunnism or Wahhabism cannot be seen as all-inclusive (monolithic) religious movements. Each represents a particular Islamic understanding, and all are pluralist and historically and politically founded positions. Therefore, the new struggle for an emerging regional order will not be between the Islamic ummah and Western colonists or Israel, but whether Islam will be interpreted in a theo-political or political theological position. While Iran is an unchallenged theo-political

representative of Shi'ism, Wahhabism, which is just another version of Sunnism, will not remain unchallenged. The "new Sunni" arguments and positions that may spring from normalisation of Egypt and transformation of Turkey's religion-politics experience will be potential challenges to Wahhabism and Shi'ism.

The limits of regional models and new nationalism

It is clear that none of the competing countries can solidify values that could create consent throughout the region. The exclusionary nature of Shi'ism and Wahhabism does not allow them to forge an inclusive consensus that is based on political participation of minority groups and women's rights for the entire region. In discussing the idea of "model", it is not true to assume that a model should be absolute and flawless but rather it should be taken as experience sharing.

Following the Arab Spring, a new pragmatic nationalism that blends Islam with Arabism is rising.⁹ These new versions of nationalism are intertwined with the claims that there is need for a new order established through regional leadership. In the different regional leadership models, Iran, Turkey and even Egypt claim that they are trying to find regional solutions to the problems

of the region while rejecting external interference.¹⁰ While Iran formulates regional solution that would lead to less influence from the US and other Western actors, Turkey attempts to balance the influence of Iran's soft and hard power policies to ease the disturbances felt by Saudi Arabia and the other Gulf countries. Iran's influence and its vocal support for Palestinians were balanced by Turkey after the 2009 Davos incident. It is quite likely that Egypt would have changed its policy towards Israel and would be more critical due to its democratic responsiveness to the demands of its people if President Morsi had not been toppled by the Egyptian military.

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Of the regional powers in the position of model countries, the first and undoubtedly the most radical one is Iran.

The Iranian Model: Shia Politics between Radical Change and the *Status Quo*

The 1979 Iranian Revolution not only inspired Islamist movements against the West and the US, but it also played a major role in spreading the idea of revolution and its critique of Israel. Even though Iran was unsuccessful in exporting the Islamic state model, it influenced other Islamist movements who came to see Sharia as the main source of the state.¹¹

Whether it is right or wrong, the term "Shia Crescent" has signified a growing concern about Iran's policies in the region. To be more precise, after the US invasion of Iraq, Iran's increasing power projection in the region has increased its area of influence through its support for the pro-Iranian Shia in Iraq, the Shi'ite opposition in Bahrain and the increased activity of the Shi'ite population in western Saudi Arabia,¹² through the mobilisation of the Zaydis of Yemen¹³ against the Saudi-backed Yemeni government, and the conversion of Alawites to Shi'ism in Syria.

With Iranian support for the Shi'ite Hazara people in Afghanistan, and of course Hezbollah in Lebanon and Hamas in Palestine, the picture has become even clearer.

Shia politics as a theo-political instrument

The idea of a Shia awakening after the invasion of Iraq in 2003 links three phenomena: the Shia majority taking power in Iraq, Iran's rise as a regional power, and Shia groups gaining power in Lebanon, Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates (UAE) and Pakistan. With the Shia awakening, the various Shia groups in the Middle East have become braver about taking power and the religious and cultural interaction among them is increasing. Two dimensions of the foundation of this reawakening can be determined: Iran's regional policies based on Shi'ism, and the partially integrated and partially competing status of Shia politics in Iraq. Even though Shi'ism may seem at a disadvantage because of its smaller population, it actually has a more advantageous position than Sunnism when it comes to having a transnational network. Unlike Sunnis, the fact that Shia Muslims must form their religious beliefs by imitating a clergyman (*marja' al-taqlid*) naturally creates a transnational religious network. In the Sunni world, there is the impression that the *vilayat al-faqih* doctrine created by Ayatollah Ruhollah Khomeini directs all Shia to follow the Iranian religious leadership over their own religious

leaders and that their loyalty is to Qom in Iran. King Abdullah II of Jordan and former President Mubarak of Egypt expressed this impression by stating that the Shia are untrustworthy citizens.¹⁴ The "Shia Crescent" theory is based on the Shia taking power in Iraq, and Iran's growing influence on Shia population in Iraq, Syria and Lebanon.¹⁵ We argue that the idea of a Shia Crescent is the result of polarising sectarian rhetoric in the region. That being said, Iran's manipulation of Shia Islam and of its ability to mobilise the Shi'ite populations for its national interests creates the basis for Iran's soft power and its vision of Shi'ism as a theo-political instrument.

It should be noted that Shi'ism has been successfully used by Iran in two ways. Historically, Shi'ism provided a strong foundation for Iran to transcend specific national interests and concerns. This sectarian identity, which was even manifested in the Shah's era, has continued after the Iranian Revolution to support Iranian policies, and has provided an ideological legitimacy beyond national borders. Made up of Islamist and nationalist elements, this Shia identity criticises Arab nationalisms or Pan-Arabism. The decline in the legitimacy of the secular Baath regimes was deepened with the downfall of the Saddam regime and has been completed with the Arab Spring. In

this respect, Khamenei was able to find an accommodating political scene after 2003 and 2011, which Khomeini was not able to find after the Iranian Revolution.

The Shia reawakening in a different way made Iranians uncomfortable as some in Iran started following Ayatollah Sistani and paying alms to Sistani's representative in Qom, which indicates that there will be competition for religious leadership within Shi'ism.¹⁶ In other words, it is inaccurate to say that the Iranian religious leadership is uncontested in gaining the loyalty of the Shia population. This all started after Najaf once again being a religious centre for the Arab Shia after the 2003 Iraqi invasion. This may lead to a competition between Ayatollah Sistani's *vilayet al ummah* theory¹⁷ and Ayatollah Khomeini's *vilayat al-faqih* theory. However, because of the Syrian crisis, it is difficult to see whether this would lead to a differentiation.

Iran has built its regional alliances by promoting itself as an axis of resistance. To transcend the sectarian limits, Iran has emphasised the Palestinian problem. This has also allowed it to establish a transnational policy. In this sense, Israel's continuing aggressive and offensive policies helps Iran to continue its regional alliance.¹⁸ The second component of Iran's foreign policy is having nuclear

technology that includes enriching uranium. Iran sees its nuclear programme as a critical element to increase internal national solidarity, as well as to bolster its claim that it is setting up a new order in the region.¹⁹

The Arab Spring and the limits of the Iranian model

In the earlier stages of the Arab Spring, Iran supported the protest movements. For Iran, the protests were the reaction of Muslim peoples against "the Western-supported secular dictators". In addition, the 1979 Iranian Revolution, like the Arab revolutions, was realised through non-violent protests, boycotts and civil unrest. As a result, the Iranian administration argued that these revolutions were influenced by the Iranian Revolution and that the "great awakening" promised by Khomeini was taking place.²⁰ Thus, it was thought that the increasing influence of the Muslim Brotherhood in Egypt and similar Islamic movements could support the Islamic politics represented by Iran. Pro-reform Iranian authors also believe that the regional reform movements first began with Khatami's election to presidency in 1997 and that if this process had not been interrupted, Iran would have been in a more influential position than Turkey.²¹

On the other hand, Iran's interpretation of the regional revolutions as "anti-Western" was aimed towards its internal politics. The fact that a youth movement that emphasises freedom, democracy and income distribution overlaps with the Iranian opposition is seen as a handicap for Iran. It should be remembered that demonstrations by the opposition to express solidarity with the Tunisian people in February 2011 were harshly put down. This shows the limits of the Iranian model.

To overcome sectarian limitations, Iran's field of hegemonic rhetoric in the Middle East has always been constructed around the notion of "anti-imperialism". Contrary to many analyses, the strategic alliance between Syria and Iran has been in fact around this notion and not on sectarian bonds.²² Using anti-imperialist rhetoric, Iran, which has been able to form alliances with both the Alawites and the Sunni revisionist powers, has attempted to define itself as the leader of the resistance bloc, and has somewhat been successful. However, one of the results of the Arab Spring is that it has revealed that Iran's "anti-imperialism" rhetoric is unable to go beyond sectarian limitations as Iran changed this attitude when faced with the risk of losing its most important ally, Syria.²³ Thus, Iran's initial excitement is now less out of principle and more fragmented and

contextual. Iran, too, now gives emphasis to the difference between the interests of its allies and the others, and has almost completely given up an approach based on principles.

As the Libyan, Syrian, Yemeni, and Bahraini examples show us, it will not be easy to eliminate the authoritarian regimes in the region despite the Arab Spring and even they can reproduce themselves under the cloak of "democratic" military intervention as in the Egyptian case.

The weakest side of the Iranian model is its counterproductive and reactionary political language and its political practice, which is founded on sectarian polarisation. In addition, when the daily secular choices and freedoms of this model are examined, the loss of legitimacy among its own people is thought provoking.

Syria has also created a serious legitimacy issue for Iran. Despite its Islamic foreign policy agenda, Iran's support for Arab nationalist and secular Baath regimes against the Islamists has turned almost all of the regional Islamist movements against it. This could possibly

erode Iran's potential to be a regional power and result in the decrease of its area of political influence.²⁴ For political movements who found their rhetoric on democratisation, participation and income distribution, the Iranian model is not appealing.

The Iranian model is hard-power centred and has been influential on Shia populations and anti-US/Israel groups to secure material resources. The soft power element of this model is unable to go beyond the Shia and some non-Sunni groups of the region.

The most appealing side of the Iranian model is undoubtedly its view of the US as an external global power who constantly and cruelly interferes in the region, and its exclusion of Israel as an actor that was implanted in the region by Western powers. Iran's anti-US and Israel discourse delegitimises the pro-American countries in the region and Saudi Arabia's authoritarian model. Iran now looks as if it has abandoned the idea of a regional model based in the region itself in favour of its sectarian interests, and this has considerably limited its opportunity to be a distinctive model that begun with the revolution. Saudi Arabia, who represents a different style of politics and emphasises security, is situated directly opposite to this model.

The Saudi Arabian Model: A Monarchy Favouring the *Status Quo* and Wahhabism

Saudi Arabia's influence in the region has often been overlooked. With its support for various Salafist movements, its close alliance with the US and its leadership in the Gulf, and especially its formation of a "Sunni bloc"²⁵ against Iran, Saudi Arabia is one of the most important countries in the region. The fall of the Saddam regime in Iraq and the demise of the Mubarak regime in Egypt have decreased these countries' influence on the Arab world. The Saudi model represents a conservative Wahhabi authoritarian regime²⁶ as it cannot even accept the idea of a constitutional monarchy. In this respect, even though it is a *pro-status quo* model, it has a critical role in shaping the structure of the new order.²⁷ By providing asylum to the fallen leader of Tunisia, supporting Mubarak and the *coup d'état* in Egypt and sending Gulf Cooperation Council (GCC) troops to Bahrain, this model has shown that it is a supporter of the regional *status quo*. However, when the new Arab revolts appeared in favour of Saudi Arabia in Libya, Syria, and partially in Yemen, even though they threatened the *status quo*, this model supported the forces of the Arab Spring. In another

way, Saudi Arabia represents a model that will act as a barrier to stop the waves of the Arab Spring from hitting the oil-rich Gulf monarchies.

Paradoxically, even though the Saudi model is the opposite of the Iranian model, its theo-political power works in a similar way in its sectarian direction and polarising nature. The Saudi Arabian monarchy, feeling surrounded and threatened by Iran, is trying to overcome the demands for democratisation and participation through social aid policies. While the US is trying to manage the regional transformation with an “orderly transition” approach, the Saudi model’s refusal to reform itself solidifies its authoritarian side in the short run. However, this approach will lead to loss of its legitimacy in the longer term.²⁸ Despite this, the Saudi model, by utilising the “Iranian threat” to gain the “Sunni leadership”, is following sectarian and polarising policies. The strength of the Saudi model is visible in the Gulf countries’ policies of securitisation and authoritarianism. As the Libyan, Syrian, Yemeni, and Bahraini examples show us, it will not be easy to eliminate the authoritarian regimes in the region despite the Arab Spring and even they can reproduce themselves under the cloak of “democratic” military intervention as in the Egyptian case. In this respect, the Saudi model seems appealing- especially

to the leaders of rentier regimes even if it is not so favourable for the people.

The regional order and the transforming function of the US and the GCC

The GCC, central in shaping the regional order, exceeded its initial economic integration role and recently gained military functions. The new twofold mission of the GCC is to maintain internal security and protect the regional *status quo*. For this purpose, and led by Saudi Arabia, the GCC aims to protect the regional monarchies from radical movements and endeavours to guarantee stability in order to maintain the new economic structure in the Gulf, where the Gulf countries have recently been trying to plan their post-oil and natural gas economy and are increasingly becoming a geo-economic centre of finance.²⁹ The GCC initially regarded Saudi Arabia’s basic role as the protector of the Gulf monarchies against the influence coming from Iran and Iraq.³⁰ Saudi Arabia, by refusing the US’s call to meet with Bahraini opposition, instead opting to interfere militarily via the GCC, proves that Saudi Arabia is the guardian of the *status quo*, and it will even oppose the US’s demands to fulfil this role.³¹ Saudi aspiration to include Jordan and Morocco in the GCC indicates that

it intends to form an opposing balance against the Arab Spring. This strategy is legitimised through an anti-Iran discourse.³²

Within this environment of rising sectarian polarisation in the region after the Arab Spring, Saudi Arabia maintains its critical position in US strategy. In the GCC, the US is trying to balance the situation by not losing Saudi Arabia³³ yet keeping the Arab Spring alive. This formula will not only ease the Saudi family and save face, but will also stop Iran. The US, who wants to already start shaping the new order in the Middle East, would be agreeable to the GCC turning into a NATO-like security alliance against the rising Iranian threat.

Wahhabism and expansionist theo-politics

The strongest aspects of Saudi Arabia's model are Wahhabism's transnational connections, its sectarian legitimacy, financial strength and Western political and military support. The Saudi claim that they are pursuing a religious policy and are serving Islam has made it convenient to use the "true representation of Islam" rhetoric to present their political/strategic interests and goals, and to defend them in the media.³⁴ The Saudi claim of being the Custodian of

the Two Holy Mosques (moral politics: soft power) and large income from oil (realpolitik: hard power) not only makes it easier to apply a transnational policy, but also allows Saudi Arabia to challenge Iran, Hezbollah and al Qaeda in competition for the "authentic" version of Islam.³⁵

Saudi Arabia has not become a target country for democracy promotion as the current system ensures that oil will smoothly be transferred to the international markets, and also due to its distinguished role in protecting the status quo in the region will be preserved.

Despite opposing Wahhabi comments, the official Wahhabi community's support for Saudi foreign policy is critically vital for the survival of the regime. This support has allowed the Saudis to maintain its relations with US on the basis of mutual strategic/national interests.³⁶ The Osama bin Laden and al Qaeda example, on the other hand, has shown the extent to which the limits of Wahhabism can go. Despite all this, Saudi Arabia has not become a target country for democracy promotion as the current system ensures that oil will smoothly be transferred to the international markets,

and also due to its distinguished role in protecting the *status quo* in the region will be preserved.

The limits of the Saudi model and the regional balance of power

The weakest side of this model is the impossibility of the reproduction of its strongest aspects i.e., realpolitik and moral politics. Due to its conservative and authoritarian limits, it is difficult for the Saudi model to be an alternative for the masses. The anti-participatory conservative attitude that manifests itself in the daily segregation against women for example does not have a perspective that can be maintained in the long run even if the high oil revenues are distributed like bribes. The participatory character of the Turkish model, and any eventual democratisation of Egypt, will challenge the Saudi model in the long term.

In the long run, in spite of the detrimental effects of the recent military intervention, the Tahrir revolution will put Egypt back at the centre of the Arab world. A potential Saudi-Egyptian competition over the regional order may also be a competition over who will win Egyptian Salafis, and this may sour the relations between the two countries.³⁷ In addition, the Brotherhood's extensive network in the Gulf, including Saudi

Arabia, will make the competition harder for Saudi model.³⁸ All the predictions that the Salafis will remain loyal to the Saudis do not necessarily reflect the reality as the Salafi movement is not uniform and homogeneous and is instead socially heterogeneous and politically diverse. The Saudi model will continue to represent the pro-US, Sunni authoritarian political position in the region.

Saudi support for Sunni groups first during the Afghan War in the 1980s against the Soviet Union and especially later in Iraq against Iran has turned it into a regional power.

On another level, Saudi support for Sunni groups first during the Afghan War in the 1980s against the Soviet Union and especially later in Iraq against Iran has turned it into a regional power. While empowering the sectarian political groups among the Sunnis in Lebanon, Saudi Arabia suffered a serious blow with the assassination of Rafiq Hariri. Bringing military possibilities to the table as well for the regional competition for power after Hariri's assassination, Saudi Arabia supported the Islamist and Sunni section of the opposition in Syria and aims to block Iran's growing clout in the region.

After the Arab Spring, Saudi Arabia felt isolated as a result of the US's lack of support for Mubarak and Saleh, and attempted to diversify its relations with countries that may counter-balance the US, such as Pakistan and China. Saudi relations with China have been extended to the areas of the economy, energy and petro-chemicals.³⁹ However, with Pakistan, it has a military partnership, common sectarian policies and a strategic balancing act against Iran. Saudi policy proved counter-productive in Egypt where the absence of sectarian tension alienated mainstream Sunni groups from its model.

The Turkish Model: Increasing Self-confidence and the New Balance between the West and Islam

There has been a “Turkish model”, which has spanned the 20th Century. that has aimed at portraying Turkey as a “new” modern and secular country or as a “source of inspiration” for modernising countries. However, the real focus behind the recent discussions has been the last 10 years when the JPD has governed the country. The following two examples show how the notion of “Turkey as a model country” has been played out. In the post- 9/11 era, US

President George W. Bush’s “freedom agenda” presented Turkey as a symbol of moderate Islam and a potential model of democracy for the Middle East.⁴⁰ In a more recent example President Barack Obama pointed to Turkey as a model for the Islamists in moving to a democracy from the previous authoritarian Middle East regimes in after the Arab Spring.

There has been a “Turkish model”, which has spanned the 20th Century. that has aimed at portraying Turkey as a “new” modern and secular country or as a “source of inspiration” for modernising countries.

Had the model debate remained ideas for only US presidents, Turkey would not have been the object to such a debate. However, the Islamist political leaders of the transitioning countries in the Middle East, such as Rashid Ghannushi’s Ennahda Movement in Tunisia or the Muslim Brotherhood of Egypt, have also openly expressed their intention to benefit from the Turkish experience to disassociate themselves from the likes of Iran and the Taliban.⁴¹ On the other hand, seeing Turkey as a country that bridges democracy and Islam, under the JDP government the Turkish model appeals to diverse groups

in the region.⁴² Thus, the reason Turkey is seen as a model is simultaneously both Kemalism and the JDP experience. With the new balance it has established between security, democratisation and economic development, and its new definition of national interests, the JDP represents an interesting experience. Another reason why Turkey is seen as a model is the gradual move towards civilian control over the military. In other words, now that the political elite decide on national security issues, it has become a very appealing example for countries like Tunisia and Egypt in their recent transitional period.

The Turkish model's appeal and paradox

The striking point about Turkey's model is its appeal to diverse political positions and agendas because there are multiple "Turkish models" for different actors. The first group, the overwhelming majority of the authoritarian secular elites, reads the Turkish model as a controlled modernisation through the supervision of a military bureaucracy to moderate and integrate Islamist actors into the political system. This group's understanding of Islam and modernity is contaminated by Eurocentric and Orientalist visions. According to them, the people of the region are not mature

enough to live in a democratic system. Therefore, until this maturation, military elites should oversee the transition.⁴³ These are the people who have attempted to contain the effects of the Arab Spring with a "counter-revolutionary" agenda.⁴⁴

With the new balance it has established between security, democratisation and economic development, and its new definition of national interests, the JDP represents an interesting experience.

The second group, predominantly Islamists, see Turkey as a model because of the transformations that have happened in Turkey in the last decade under the JDP rule. The real issue is that the JDP, a democratically elected government, has brought Islam and democracy together, integrated Islamists in politics, established the rule of law and civilian supremacy over military elites and brought about economic development.⁴⁵ What is more, Turkey's ability to criticise Israel⁴⁶ makes the Turkish model more appealing for Islamist movements. Turkey's ability to transform civilian-military relations is appealing as these actors have been struggling to transform the "neo-Mamluk"⁴⁷ administrations in which the military elites ruled and had

economic privileges. It is a natural choice for the Islamists who have joined politics only after the Baathist movements left the political scene.

The third group is the people who look at Turkey and see democratic transformation, lively economic development, a diverse political life that advocates for freedom and a pluralistic life style.⁴⁸ This group is interested in Turkey for its liberal agenda, yet this ironically shows both the appeal and the limitations of the Turkish experience. It is an attractive model to be inspired by, but if the Turkish model is seen as a model to be imposed on Egypt or Tunisia, all these political groups will accept only some of what they understand and reject the rest, and thus the model rhetoric will backfire. For example, Turkey's Kemalist and secularist political regime will be unacceptable to Islamist groups.⁴⁹ Even if one could claim that the transformation of the Islamic movement in Turkey can be an example to Islamic movements in the Middle East, Turkish secularism's "impoverishing sensitivity"⁵⁰ towards a public role of Islam may repel many.

The strength of the Turkish model: The new foreign policy

Turkish foreign policy makers' constant references to regional dynamics and regional actors as carriers of the

new regional order have made Turkey's experience more appealing. As opposed to the polarisation and securitisation of the Iranian and the Saudi models, this new foreign policy strives to solve current conflicts through economic partnership and integration with a non-sectarian position. This model sees sectarian polarisation as a danger not only theologically, but also underlines its potential to justify non-regional interference in regional problems. This model is integrated with the West, but at the same time defends a regional order that is established by regional actors. Erdoğan's effective leadership, combined with foreign policy rhetoric that criticises the Western countries and Israel when needed, is appealing for many in the region.⁵¹ Erdoğan's vocal criticism of Israel during the 2008 Gaza crisis and in 2009 in Davos has made him an important leader who is able to have close and constructive relations with the West but also can be critical and independent of the West at the same time. For people in the region, Turkey is a country that is able to determine its national interests and stand up to the West's influence if necessary, and seems to display the characteristics that these peoples would like to see in their own governments.

Turkey's "critical engagement" with the West as a member of NATO and

a membership candidate to the EU, in other words showing that it can cooperate when necessary and can be independent at the same time, challenges the Iranian and Saudi Arabian models. It shows that one does not have to have a hostile relationship with the West to become an independent and dignified and that being in alliance with the US does not mean one must be obedient to all policies.

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Turkey defends a regional order which is founded by regional actors, respects regional social dynamics and is against any foreign military interference as it harms and delays regional stability. Turkey's claim to manage the "winds of change" in "pioneering" a new regional order centres on democratic vision. The "New Middle East", a term coined and extensively used by Turkish actors, rejects ethnic or sectarian differences as a source for polarisation, and claims to establish this new order as "a peaceful

order based on fraternity". In addition, as a supposedly "central country", Turkey's discourse to be the "owner, pioneer, servant" of the new Middle East that will bring justice to the region will invite other regional powers to participate.⁵²

Theo-political vs. political theology: The need for a new language

The most important aspects of the Turkish model are its democratic tradition, civilian control of the military, rule of law, independent foreign policy and its relation with Islam. Contrary to Saudi Arabia and Iran, Turkey does not constitute its political relationship with Islam on strict theological patterns or supra-historical senses; rather uses a historico-political language of "justice" and human rights in formulating its regional vision. Turkey's advantage, on the one hand, is its ability to turn its experience into an applicable form that can be repeated in diverse temporal and spatial contexts. On the other hand, its weakness is its relatively poorer level of religious discourse as a source of legitimacy and intellectual influence on region, simply because of the result of the years of the securitisation of Islam in Turkish domestic politics.⁵³ The recent lift of the ban against the hijab, including in the parliament, gives the impression

that the Turkish model's secularism is freeing itself from securitisation.

What is common to the countries in post-Arab Spring transition is that the Baathist-secular-authoritarian structures have been replaced by semi-democratic ones where Islamists participate in the political processes. Elections have resulted in either Islamist-dominated governments or an Islamist opposition. The Islamists' participation in a legal political life through democratic elections will lead to the competition of diverse religious interpretations. This will further strengthen the interaction between religion and political legitimacy. In the Iranian and Saudi models, the theo-political struggle that places religion at the centre of their quest for religious influence is the most serious challenge that Turkey will face. What made "the Turkish model" appealing in post 9/11 period was its unique understanding of religion, in other words its "Turkish Islam". Even though the term Turkish Islam sounded good to Western ears, it was not positively received in the Middle East.

In this respect, it is difficult for Turkey to compete with Iran and Saudi Arabia on the basis of theo-political backgrounds while focusing on religious legitimacy in politics, determining politics based on theological attitudes,

bringing religion into political goals and formulating political goals using a religious vocabulary.

What is common to the countries in post-Arab Spring transition is that the Baathist-secular-authoritarian structures have been replaced by semi-democratic ones where Islamists participate in the political processes.

The Turkish model is met by the theo-political claims of Saudi Arabia and Iran, and challenged by the Islamic rhetoric in countries like Egypt. Erdoğan's emphasis on a "religious generation", his increasing usage of religious concepts and his aim to spread religious schools (the imam hatip schools) seems to be an attempt to confront these regional challenges rather than a search for a domestic agenda. Turkey, challenged by theo-political discourses, has to move away from Kemalism's securitisation of religion on the one hand, and has to craft a new political language that does not fall into the trap of theo-politics on the other hand.

As part of this realisation, Turkey has been transforming governmental institutions and the civil society to craft

this language and back its claims of regional leadership. Turkey's increasing role in the Organisation for Islamic Cooperation (OIC), co-chairing the Alliance of Civilisation initiative⁵⁴ and the leadership role that it has assumed on international issues such as Somalia and Rakhine State (Arakan) gives the impression that the relationship between religion and politics is entering an era of transformation. Turkey's recent emphasis on the Ministry of Religious Affairs, hosting meetings such as the Summit of African Islamic Leaders, efforts to carry such projects by using language that unifies and focuses on education to Africa and Asia and attempts to lead in educating clergy is related to this tendency. However, compared to appeal of the polarising and sectarian nature of the theo-political language used by Wahhabism and Shi'ism, it does not seem possible for Turkey to close this gap in the short term.

The Egyptian Model in Flux: From an "Islamic Democratic Model" to a "Liberal" Authoritarianism?

The new coming experience/model of Egypt will be a critical component of the new emerging regional order as it is the fourth power centre. Its

geopolitical position, uniting the Levant with Maghreb (in addition to its role as a bedrock of ancient civilisation), makes this country central to the Arab world. This central role feeds two opposite tendencies in interpreting Egypt's geographical location and its application to foreign policy: isolationist and activist. While the first tendency claims that the country should not get involved in regional issues, the second tendency sees Egypt as "a link" between Africa and Eurasia. This second tendency presupposes that Egypt should follow an active foreign policy in Africa and the Arab world and that it should take on a leadership role.⁵⁵ In this respect, the hope for change fed by the Tahrir revolution responds to the desire for the rise of Egypt, and to be a leader or model country that will have a dignified foreign policy in the Arab world.

The appeal and limitations of the Egyptian model

With its long historic, religious and cultural past, Egypt has soft power potential. The al Azhar Mosque's central role in the Arab world in religious education supports Egypt's position. Many people, educated in Egyptian schools and either under the influence of Arab nationalism or the Islamic reawakening, currently work in the

educational institutions or ministries in the Gulf countries.⁵⁶ That's why Egypt's soft power may influence the domestic politics of the nation-states of the region: Arabism. Decision makers in the Arab countries are being forced to use a pan-Arabist political language in their foreign policy that gives priority to the sensitivities of the Arab public in order to be able to legitimise their domestic policies. Especially after the Arab Spring, the language of Arabism has become a common sentiment that represents the Arab public.⁵⁷ However, even though Arabism was the language of political and social demands and this shows that this ideology still has a chance in the region, this does not mean that the Arab Spring had a pan-Arabism agenda which has fallen behind the region's requirements.⁵⁸ The defunct President Morsi's administration would have sounded its claim to being a model more loudly if there has been no rupture in the process of democratic transition and if it could transform this social sensitivity into a concrete policy that would appeal to the Arab world's problems and ideals.⁵⁹

Moreover, we can say that there will be two major problems that will challenge Egypt: democratisation and economic development. Stemming from these two issues and the potential threat that a rising democratic Egypt will pose to regional countries, especially to Israel

and Saudi Arabia, a difficult journey awaits Egypt. The concern that Egypt would create due to its location and historical depth can be approached from multiple angles: because of the Gaza issue, the historic bonds between Hamas and the Brotherhood and the prominence of the Camp David Accords in the regional order, Israel saw the Morsi administration and any possibility of a democratic Egypt as a threat. Egypt, as an Arab power, may balance Iran in the Middle East, while all the world powers and regional powers have been involved in the developments in this country. All these critical issues and the foreign interest in Egypt make observers hopeless for the Tahrir revolution. That is why it is quite likely to see the Tahrir revolution become more like the revolutions of 1848 than those of 1989.⁶⁰

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No matter how much the Tahrir process gives priority to political demands, Egypt, as the sixth largest natural gas producer, is faced with serious

economic problems. The instability will reduce foreign investment in the country and make the economy even more fragile. The economic conditions are not promising because economic decisions are made by the military elite, who are also part of the economy.⁶¹ In addition, the Egyptian army's inability to fully control the Sinai Peninsula, a situation which led to the constant bombing of the Transjordan gas pipeline, disrupting the country's national gas income. In addition, a decline in tourism revenue would further worsen the situation. For this reason, it is not difficult to predict that Egypt's economic problems will directly affect politics. Also, Egypt under this kind of economic pressure will not easily be able to form its own political line and independent foreign policy very soon. This will negatively affect Egypt's role in forming a new regional order.⁶²

The major problem with the Egyptian model is the role of the military in the process of transition to democracy. The Supreme Council of the Armed Forces (SCAF) quietly took control of the administration on 11 February 2011. Liberals and Islamist forces, which had united during the revolution, engaged in a power struggle soon after. It emerged during the presidential election on 30 June 2012 that this struggle would prevent the liquidation of the remnants of the old regime and that they could

come to power again. The Muslim Brotherhood's candidate Mohammed Morsi gained 51% of the votes; however, former Prime Minister Ahmad Shafiq won 49%, a clear indication of the old regime's prowess. Eventually, President Morsi's tenure was ended by the army chief commander Abdel Fattah al Sisi's announcement of a *coup d'état* on 3 July 2013 and this was a clear indication of how the democratic transformation was vulnerable to political tides in the country.

After the bloody suppression of the Muslim Brotherhood the transformations in the country and the kinds of political language/practice that will be created will affect the nature of the new regional order.

Although the civil resistance of the Muslim Brotherhood against the coup d'état is really straining the military, Egyptian politics is on the way to establish a new kind of military guardianship regime, which can also be defined as a "liberal" autocracy.⁶³ This will also contribute to the reproduction of a new authoritarianism in the Middle East. One should be prepared for a long-term new authoritarianism with

the flavouring of democracy. In Egypt, the military tutelage over politics is not likely to be removed in the short term.

The delayed transformation of the Islamic movement in Egypt

The transformation of the Muslim Brotherhood, the leading source of Islamist movements in the Muslim world, would contribute to Egypt's soft power. As opposed to the Salafist Nour Party's demand to apply stringent Sharia codes, the Freedom and Justice Party (FJP) founded by the Brotherhood called for a civil and democratic state with an Islamic reference. The participation of Egyptian Islamists in politics and their performance was expected to create a new synthesis of Islam and democracy, which might have brought a revolutionary change to the Muslim world. Another critical dimension of the political experience of the Egyptian Islamists has been the competition between Salafism and the Muslim Brotherhood. The consequence of this competition will have regional implications that may make for more pragmatic and politically diversified Islamisms to form.⁶⁴ The recent coup has made this competition much more complex. Although most of the Salafi groups and parties have taken a pro-Morsi stand, the Nour Party backed military intervention against

Morsi and viewed the fall of the Muslim Brotherhood as "a golden opportunity to advance their political ambitions".⁶⁵

Undoubtedly, after the bloody suppression of the Muslim Brotherhood the transformations in the country and the kinds of political language/practice that will be created will affect the nature of the new regional order. A transformation, based on participation, democratisation, freedom and justice was possible and it had the potential of challenging the sectarian⁶⁶ and polarising sides of Shi'ism and Wahhabism by developing a new and pluralistic and non-sectarian Sunnism. A potential religious alliance between al Azhar and the Muslim Brotherhood, even though this potential alliance has been severely tainted by the Grand Sheikh of al Azhar Ahmed el-Tayeb's siding with the 3 July coup d'état, has the capacity to bring Egypt to a very important position in the regional theo-political competition. Going beyond this, both the Muslim Brotherhood and al-Azhar have been challenged by the Salafist movements. The sense of this mutual threat might lead to an alliance being formed for a new Sunnism, which would make way for Egypt to create a new Islamic language. Al Azhar, as the historical centre of *wasatiyya* (centrism) in the Islamic world, may play this role in the region.⁶⁷

One of the most distinctive results of the possible democratic Egypt as a model for the region would be the opportunity that the two democratic models (Turkey and Egypt) would have to cooperate and balance the sectarian and polarising policies of Saudi Arabia and Iran. However, with the recent military intervention, Egypt will continue to be a model in flux for the near future and any transformation of the Muslim Brotherhood will be pushed forward to an uncertain date.

The fall of the Muslim Brotherhood and its regional implications

The Arab Spring paved the way for the Islamist parties in the Middle East and North Africa and launched a new period called “the Muslim Brotherhood Crescent” by the King Abdullah II of Jordan. The victory of Hamas in the 2006 elections marked the start of this period which reached a peak with the Tunisian and the Tahrir revolutions in 2011. Other successful steps of this process included the rise to power of the Justice and Development Party in Morocco, the critical role of Al-Islah Party in Yemen and the increasing power of politicians close to the Muslim Brotherhood in Libya.

The possibility that the civil war in Syria will pave the way for the Muslim Brotherhood in Syria to come to the power fuelled the “Brotherhood Crescent” fear. Nevertheless, the Arab Spring ended when grassroots movement in Syria turned into a civil war. Similarly, there was a reversal when Egyptian Commander-in-Chief and Minister of Defence Abdel Fattah al Sisi overthrew President Morsi on 30 June 2013. The coup, which was supported by Saudi Arabia and other Gulf countries in order to protect regional status-quo and non-democratic regimes, enabled supporters of the old regime in Egypt to take control. As a result, a period of instability began for Egypt which was expected to serve an inspiring example for the democratisation of the region. It would be wrong to interpret Morsi’s overthrow only in terms of Egyptian domestic politics. As a matter of fact, the Muslim Brotherhood experience will greatly influence the political balance in the region in the middle and long term.

That President Morsi was ousted by a coup d’état based on street politics, and that thousands of Morsi supporters were killed with real bullets in Rabia and other squares as senior Muslim Brotherhood officials were sent behind bars put the movements that are close to the Brotherhood in a difficult position. Even though it is still in power, the Justice

and Development Party in Morocco was weakened. The Ennahda movement, which has adopted a reconciliatory policy but has been strongly opposed by the leftist-secular parties and groups since the very beginning, is at risk of being overthrown in Tunisia. Affiliated movements in these countries, on the one hand, try to keep their distance from the Muslim Brotherhood in Egypt. They, on the other hand, seek reconciliatory political means in order not to experience the catastrophe witnessed in Egypt.⁶⁸

This new period, called “the fall of the Muslim Brotherhood”, seems to give birth to new consequences in the region. The Muslim Brotherhood has been the mainstream movement of the Islamist movements in the Middle East in the last century. It has influenced and balanced both the Shi’ite and Salafi movements. One may anticipate some losses that would occur in the region due to the fall of the Muslim Brotherhood.

The first and biggest loss due to the fall of the Muslim Brotherhood is the weakening of the legitimacy granted to the discourse of democracy and the will of people that was brought about by the Arab Spring. The opposition ignored the result at the ballot box and took to the streets with the help of the Egyptian army, removing the discussion of democracy. The Sheikh of al Azhar

and the Salafist Nour Party’s support for the coup created a pseudo-democracy/revolutionary discourse. This will, in turn, contribute to the birth of new forms of authoritarianism in the region.

The Morsi administration could have contributed to creating an international public opinion which would both convince the Islamist groups and push Israel to make concessions in the resolution of the Palestinian issue.

Secondly, the democratic transformation of the Muslim Brotherhood would have proven to be the new successful balance between participation and legitimacy to the people of authoritarian regimes in the Gulf. Accordingly, the second wave of democratisation would have swept away these countries with the help of either reforms or new revolutions. It is not a coincidence that the UAE and Saudi Arabia, where the largest number of Muslim Brotherhood supporters live, are behind the coup in Egypt. These countries were able to preserve the *status quo* for now and showed once again that they are on Israel’s side in terms of limiting the will of the people in the region. It is meaningful that the Gulf countries, just

like Israel, feel the same fear of the rise of the Muslim Brotherhood in the region and they turned this fear into a common policy.

The regional policies of these four powers, the structure of their domestic politics, their relations with the West, Russia and Israel, and their interaction and competition will shape the new structure of this regional order.

Thirdly, The Muslim Brotherhood has a critical role in integrating Islamist movements into the democratic system and thus avoiding their radicalisation. The success of this experience would have shown the Islamist grassroots, including the Salafis, that democracy is the only game in town. This would limit the attraction of radical organisations such as al Qaeda to the youth. It seems difficult for the Muslim Brotherhood to protect even its own grassroots from violence when it is kept out of democratic politics.⁶⁹ Given the manipulations of deep states and foreign intelligence agencies in the region, it would be a huge success to keep these reacting groups out of violence.

Fourthly, a democratic Egypt led by the Muslim Brotherhood would soften the power struggle between Iran and Saudi Arabia in the Middle East. Doing politics on the same wavelength as Turkey, the Morsi administration could have put Egypt in a key position in the regional power struggle. The Morsi administration could have contributed to creating an international public opinion which would both convince the Islamist groups and push Israel to make concessions in the resolution of the Palestinian issue.

Fifthly, moderate and democratic religious discourse of the Muslim Brotherhood could have overcome the Shi'ite-Wahhabi polarisation with the help of the new Sunnism. A new religious discourse to be created with the help of the Brotherhood and al Azhar could have balanced the expansionist religious discourse of Iran and Saudi Arabia through petrodollars and sectarianism. The support of the al Azhar leadership for the coup d'état harmed the democratisation process of the Islamic world. However, as the new government needs religious support to justify its authoritarian rule against democratic Islamist movements, these events may paradoxically strengthen the "autonomy and influence" of al Azhar as an institution.⁷⁰

Sixthly, the opportunity of the Muslim Brotherhood to turn “anti-Westernism” into a “soft criticism of the West” was missed. Favouritism towards Israel will continue to incite the hatred of the Islamist movements against the West while these movements believe that the West adopts an insincere attitude towards Egypt as was the case in Algeria.⁷¹ The fall of the Muslim Brotherhood both in Egypt and the region, unfortunately, postponed all these opportunities.

Conclusion

Turkey, Iran, Saudi Arabia and Egypt play central roles in the region and are all claiming to be establishing a new regional order. These states use religious and symbolic capital to primarily legitimise the claims of their regimes and administrations and this is very closely related to the model debate. Beyond the different forms of administration and strategic visions, the claims of these models are based on different Islamic interpretations and they place their view of Islam (their theo-political or political theologies) at the heart of the national interests/strategies. The regional policies of these four powers, the structure of their domestic politics, their relations with the West, Russia and Israel, and their interaction and competition will shape the new structure of this regional order.

In this environment, where Iran and Saudi Arabia compete as model countries, Turkey will either stay above sectarian polarisation and develop an “active multidimensional policy” that supports democratic transformation, or it will let the competition flow and accept its passive position.

Considering these alternatives, the new emerging regional order will be established on either a theo-political understanding, in other words on securitisation and alliances based on sectarian polarisation which will lead to more interference from non-regional actors, or on a gradual reform process of economic integration and diplomatic compromise. In the first case, biases and negative perceptions will be deepened in reference to history and to differences in religious interpretation, and will result in conflict, animosity and outside interference. In the second case, there would be a chance to establish a cooperative regional, non-sectarian perspective accompanied by a critical, but not radical, attitude towards the West. A probable new Sunnism would be able to go beyond sectarianism and the polarising agendas of Wahhabism and Shi'ism. This will contribute to

preventing regional conflicts based on sectarianism.

While in Iran a republican model based on *vilayat al-faqih* has lost its ability to inspire other Islamic movements in the region, it still protects and solidifies its influence over Shia groups, especially those in the Gulf, through the ideological indoctrination and aid Iran provides to its partners. However, Iran's influence on Shia groups in the region feeds the fear of a Shi'ite Crescent especially in the Gulf, thus producing a counter-hegemonic "Sunni bloc" under the leadership of Salafism and Wahhabism. In this process, Salafism makes the indirect claim of holding the monopoly to speak for Sunnism. In this environment, where Iran and Saudi Arabia compete as model countries, Turkey will either stay above sectarian polarisation and develop an "active multidimensional policy" that supports democratic transformation, or it will let the competition flow and accept its passive position. With the unyielding attitude it has adopted against the Syrian regime that is massacring its own citizens, Turkey is discovering the

limits of its soft power policies and is turning towards "smart power" policies. Still, the impression that this policy is a democracy promotion policy will attract reaction in the region.

Instability in Egypt may help the Arab monarchies in the region to breathe comfortably for a while. Again, this coup has also given the Bashar al Assad regime in Syria an opportunity to get tougher against its opponents. The removal of Morsi from power has helped Israel's national interests, too. As far as the regional equations are concerned, it is possible to say that the front of democracy formed by Turkey and Egypt has been weakened in the presence of the polarising and pro-sectarian politics of Saudi Arabia and Iran. It is particularly observed that Saudi Arabia will play a critical role in Egyptian politics through Salafis and the petrodollar system. That means deepening competition in terms of making a new regional order in the Middle East. It also means that it will be more difficult for Turkey to balance the Iranian and Saudi Arabian politics of polarisation.

Endnotes

- 1 The authors are very grateful to Eric Houglund, Kemal İnat, Talip Küçükcan, Hasan Kösebalaban, Talha Köse and Ali Balcı for having taken the trouble to comment on the draft. Needless to say, the authors alone are responsible for any mistakes that may have remained.
- 2 We intentionally employed the concept of “theo-political” instead of political theology. Political theology refers to secularised versions of theological concepts in the realm of politics after centuries of struggle. Carl Schmitt describes this as “All significant concepts of the modern theory of the state are secularized theological concepts”. See, Carl Schmitt, *Political Theology: Four Chapters on the Concept of Sovereignty*, trans. George Schwab, Chicago, University of Chicago Press, 1985, p. 36. In this theory, “God” turned into “lawgiver” and “miracles” turned into the “exception” in modern politics. As opposed to this political theology, theo-politics, as we coined in this article, refers to something quite the contrary. Theo-politics is the re-theologisation of modern political concepts in a contemporary political context. In this practice, political concepts and positions have been formulated as theological necessities rather than political decisions. This process goes hand in hand with the claim that to “represent the one and the only authentic and legitimate religious position” in the world. Therefore, theo-politics, by definition, works through exclusionary, conflictual, ahistorical and dogmatic mechanism. This new phenomenon among the Muslim-dominated countries of the region carries the risk of turning inter-state political conflicts into sectarian war.
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- 10 Morsi called for dialogue between Egypt, Saudi Arabia, Turkey and Iran to find a way to stop the bloodshed in Syria. Foreign ministers of the Syria “contact group” held their first high-

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 - 12 See, Toby Matthiesen, "Hizbullah al-Hijaz: A History of The Most Radical Saudi Shi'a Opposition Group", *The Middle East Journal*, Vol. 64, No. 2 (Spring 2010), pp. 179- 197.
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Transformative Conflict Resolution in an Unstable Neighbourhood: Turkey's Conflict Resolution Efforts in the Middle East

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Abstract

Turkey had pursued a foreign policy in the Middle East that focused on transformative conflict resolution until the beginning of the “Arab Spring”. This transformative conflict resolution approach had aimed at bringing holistic and systemic change to the entire region. Turkish foreign policy had aimed at transforming the conflict-producing structures, tried to engage positively with the actors and elites and attempted to change the security-dominated agenda into a multi-dimensional agenda. Despite the dominant discourse of the transformative conflict resolution, in practice the most effective conflict resolution methods and tools that Turkey utilised during this period fell under the management approaches. Turkey's normative concerns and priorities did not overlap with the priorities of other influential actors in the region. Furthermore the gap between transformative discourse and management practice has widened since Turkey became involved more directly with ongoing crises in the region.

Key Words

Conflict Resolution, Conflict Transformation, Turkish foreign policy, Middle East conflicts.

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Introduction

In the ruling Justice and Development Party's (JDP) tenure (2002-present), Turkish foreign policy decision makers have forged a new vision and a new foreign policy identity for Turkey in the Middle East. Their grand vision is one of becoming a “centre country”, and Turkey's new role is that of an “order-instituting country”. In order to actualise this role, Turkey has changed its foreign-policy discourse and mobilised practical foreign-policy tools and instruments that had previously been partially neglected. Turkey has acted like a regional peace-broker, and it has been actively involved as a third party in many conflicts in the region. It has also tried to de-securitise its foreign policy agenda by improving cultural and economic integration with its neighbouring countries, and it has paid special attention to structural peace-building efforts.

Turkey's third-party efforts in the neighbouring region have been inspired by a holistic notion of regional order

in which Turkey plays a central role.¹ The Turkish approach to settlement mediation, conciliation and negotiation has tried to challenge the pre-existing political and socio-economic *status quo* in the Middle East. These efforts have aimed to transform the political, economic and cultural structures and relations, which still have residues of the Cold War, and the authoritarian political regimes in the region. Turkish efforts at regional stabilisation and conflict resolution (CR)² can be defined as “transformative” because they have aimed to gradually change conflict-producing structures, issues, relations and communication norms in a systematic way rather than solely focusing on trying to address immediate problems. On the other hand, Turkey has been trying to institutionalise an order based on good neighbourly relations and increased trade and cultural exchange at the grassroots level.

The Turkish approach to settlement mediation, conciliation and negotiation has tried to challenge the pre-existing political and socio-economic status quo in the Middle East.

Those policies were pursued systematically until the civil wars in Libya and Syria, where Turkey clearly

sided against the regimes that tried to maintain the authoritarian *status quo*. Although Turkey’s success in the Middle East diplomacy was due to this new paradigm, transformative CR approaches have faced certain limitations in the aftermath of the “Arab Spring,”³ and Turkish foreign policy has gradually incorporated coercive foreign policy tools. Contextually, the centrifugal tendencies were accelerated after the civil war in Syria and Turkey is now trapped on one side of this polarisation. Turkey’s transformative potential has been constrained due to this contextual uncertainty. In this new milieu Turkey has taken a side role rather than playing the role of third party. This study examines Turkey’s conflict resolution efforts towards Middle East until the Arab Spring.

Transformative Conflict Resolution in the Middle East

In the academic literature, “conflict management”, “conflict prevention”, “conflict resolution”, “conflict transformation” (CT) and “conflict reduction” are often used interchangeably. There are conceptual differences between these terms, and those differences have practical implications. CT refers to “the longer term structural, relational and

cultural changes that are brought by conflict resolution".⁴ Proponents of CT⁵ often exaggerate the differences between CR and CT in favour of the second term. However, as Mitchell emphasises, the concept of "transformation" emerged because of the misuse or corruption of the original term "resolution".⁶ Since CR is widely used to define the field in general and is the most well-known term, this concept is preferred in this study. Turkish conflict-resolution efforts fit better with the "transformative approach" rather than the "resolution" or "management" approaches, since the former aims to bring a systemic change in the region. Rather than CT, "transformative CR" is preferred as the term that best denotes Turkey's CR efforts within the designated era.

Conflict management (CM) is the constructive handling of difference and divergence, and it focuses on practical and achievable ways to bring opposing parties together into a cooperative process. CM does not struggle to address the underlying sources of conflict in a holistic way or to change the *status quo* in a systemic way.⁷ It is based on the assumption that conflicts are rarely completely resolved or eliminated, but that they can be managed by negotiation, mediation, conciliation and arbitration, and sometimes through deeper institutional reform of the security sector and good governance.⁸

Once the conflict among the parties is managed, new relationship forms can emerge. CM often does not aim to bring systemic and sustainable changes to the conflict-producing environments.

Turkish foreign-policy decision makers strategically pursue transformative CR, which has a more ambitious agenda of change than do the settlement, management and resolution approaches.

CR tries to "address underlying causes of conflict by finding common interests and overarching goals"⁹ and it involves attitudinal and structural changes to address the root causes of conflicts. Ramsbotham *et al.* consider CT, in contrast, as the deepest level of change and the extension of conflict resolution to a broader level.¹⁰ CT emphasises addressing the structural roots of conflict by changing existing patterns of behaviour and creating a culture of nonviolence. While the peaceful settlement and termination of conflicts are emphasised in CR, CT problematises violence rather than conflict. A deeper level of change to transform conflict-producing emotions and culture is emphasised in CT.¹¹ CR promotes the termination of conflict by addressing the conflict's root sources. CT also aims

to incorporate processes to address the residues of conflict, including trauma, fears, hurts and hatreds.¹²

According to John Paul Lederach, one of the leading theorists in this area, CT respects and includes cultural and human resources within a particular setting rather than imposing an outsider answer.¹³ CT accentuates empowering disenfranchised parties and allowing emotional and cultural expressions as important elements of transformative practice.¹⁴ CR, in contrast, focuses on the termination of the underlying sources of conflict and addressing the needs, interests and value-oriented concerns of the actors involved. CT stresses changes at the personal, structural and relational levels¹⁵ Turkish foreign-policy decision makers strategically pursue transformative CR, which has a more ambitious agenda of change than do the settlement, management and resolution approaches.

From Discourse to Practice: Transformative Conflict Resolution in Turkish Foreign Policy

A new role and foreign policy identity

Turkey's foreign-policy vision in the region as an "order-instituting actor"¹⁶

became visible starting in the second term of the JDP administration.¹⁷ The Middle East and North Africa (MENA) and the Balkans are the main areas where this new policy has been actualised. Turkey has played active third-party roles in the Iranian nuclear crisis, between Syria and Israel, between Syria and Iraq, and between the fighting factions and groups in Palestine, Iraq and Lebanon. Turkey has actively used conflict-resolution and conflict-management instruments to implement its role as an "order-instituting actor". Turkish NGOs and civilian actors have become important stakeholders in this transformation. These official diplomatic efforts are only a limited aspect of a comprehensive policy of conflict transformation. Interventions at the grassroots levels and unofficial levels have been crucial elements of successful transformation.¹⁸

The role of an "order-instituting actor" is a complicated and multifaceted one, one that encapsulates leadership roles in the fields of regional politics, culture, economics, structural peace building and security. This role has necessitated a substantial transformation in Turkey's foreign policy vision and practice as well. New foreign-policy instruments in addition to the methods of traditional diplomacy, balance of powers and coercive diplomacy are crucial in order to maintain a transformative foreign policy.

Turkish foreign policy still tries to build the institutional infrastructure and capacity to implement these instruments on a regular basis, yet Turkey has recently emphasised them as priority agenda items in its foreign policy. For example, the protection of human rights, support for peace, security, democratisation, development, humanitarian assistance in complex emergencies and development, as well as an emphasis on intercultural dialogue, are highlighted as Turkey's vision for its UN Security Council candidacy for 2015-2016.¹⁹ This vision also marks the changes in Turkey's foreign-policy approach.

Peacemakers' transformation practices fall into four analytical categories: actor transformation, issue transformation, rule/norm transformation and structural transformation.²⁰ Turkish conflict resolution efforts tried to incorporate all these pillars. At the practical level Turkish conflict resolution efforts can be categorised under four transformative agendas: "tackling the structural challenges at both regional and global levels"; "forging a multi-dimensional issue agenda"; "crisis free communication and institutionalised cooperation efforts"; and "efforts to invent new rules and norms of constructive communication". Many policy practices fall under these four main strategies; however, it is difficult to evaluate the dispersal and overall effectiveness of these practices.

Tackling the structural challenges

Turkish decision makers' interpretation of the problems and conflict-producing structures and processes in the MENA region is a holistic one. Local or state-level conflicts and problems are often considered part of a malfunctioning system. Structural intervention techniques are related to these diagnoses. At the regional level one of the most significant regional challenge is the persistent polarisation and fragmentation due to ideological, religious, ethnic or sectarian differences and the artificial political territories that do not reflect the cultural, demographic and economic integrity of the region. According to the mentor of this new foreign policy, Minister of Foreign Affairs Davutoğlu, a just, peaceful and sustainable order in the region can only be reached in a holistic way and with the genuine involvement of all local actors.

Davutoğlu argues that borders and political divisions in the region are artificial and lead to conflict, and claims that those borders can only be managed in a holistic way with the consent of grassroots-level local actors.²¹ Political divisions in the region were shaped according to the interests of colonial powers during the colonial era and the security concerns of rival ideological blocs during the Cold War:

The incompatibility between the physical geography and the political geography that was shaped by the post-colonial state structures is one of the most significant contradictions in Middle East geopolitics. This incompatibility is at the same time one of the most fundamental reasons for intra-region crises.²²

Ideological rivalries and enduring violent conflicts in the region have created political and, more importantly, invisible psychological barriers between the peoples of the region, and those barriers have been institutionalised by authoritarian regimes and elites that are alienated from their own people. Transforming the conflict-producing political and economic structures and improving human potential and resilience is the main objective of efforts of structural transformation. Turkey's official and unofficial contributions to regional conflict resolution and development efforts are consistent with this viewpoint. Turkey would also be one of the primary beneficiaries of regional peace and integration therefore Turkey's efforts also aim to serve its own political and economic interests as well.

Turkey's holistic interpretation of regional and global problems has resonated both at the policy level and at the rhetorical level. Making official contributions to regional peace-building efforts and encouraging Turkish NGOs to become more involved in those efforts

have emerged as one of the pillars of Turkey's foreign-policy agenda. Issues such as foreign-development aid;²³ peace support missions in Lebanon, Afghanistan, Somalia and Kosovo; and energy/pipeline diplomacy have become priority areas for Turkey. In the process, Turkey has attempted to shift from a military-based foreign policy approach to one that is proactive, multi-directional and has multiple tracks.²⁴

Turkey would also be one of the primary beneficiaries of regional peace and integration therefore Turkey's efforts also aim to serve its own political and economic interests as well.

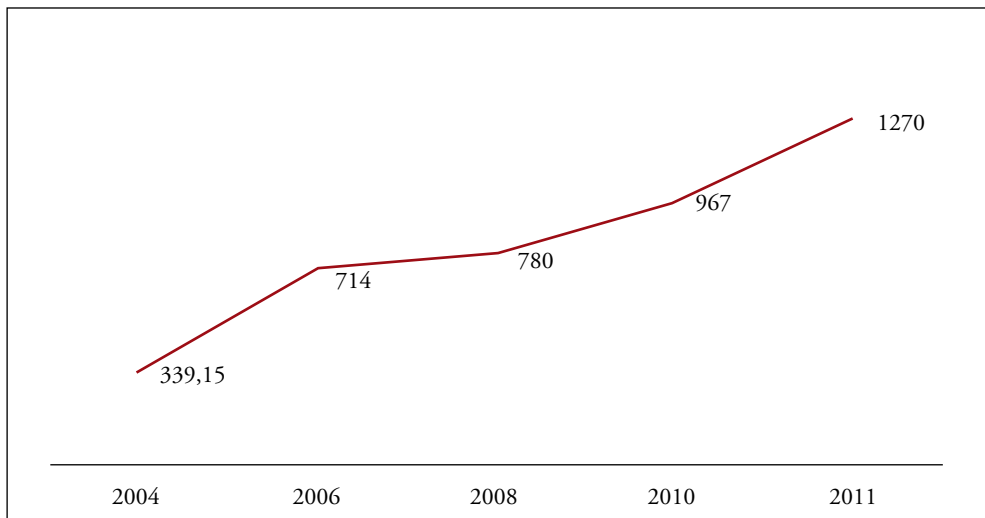
Turkey redefined its criteria for contributions to peacekeeping and peace-support missions on 15 March 2005. According to this document, Turkey required a UN Security Council decision on the legitimacy of such operations; Turkey's priority areas are designated as the Balkans, Central Asia and the Middle East; and the international organisations that should collaborate in these areas are NATO, the EU, the UN and the OSCE.²⁵ In addition to these criteria and priorities, Turkey also included a cost-benefit analysis and a clear mandate as part of the general principles for contributing to the peacekeeping and

peace-support operations. Turkish President Abdullah Gül also chaired the UN Security Council summit on “Peacekeeping- Peace Building”. Broader collaboration with regional organisations and increasing civilian capacity have been emphasised by Turkey’s decision makers.²⁶

Security is reinterpreted in a more comprehensive way, and holistic human security has become a focal point in

Turkey’s development aid. Although issues related to “hard security” are still Turkey’s strategic priorities, military security is no longer Turkey’s top concern in its regional foreign-policy practice. Turkey has started to perceive security and foreign policy in a regional and multidimensional way and has incorporated economic stability, cultural cooperation, and identity issues, as well as human needs, into its foreign-policy agenda.

Figure 1: Turkey’s foreign official development aid (in million US \$)



Source: Data compiled by the author from Republic of Turkey Prime Ministry, Turkish Cooperation and Coordination Agency (TİKA), at <http://www.tika.gov.tr/en/> [last visited 12 November 2013].

Turkey’s official development agency, the Turkish Development and Cooperation Agency (TIKA),²⁷ and NGOs such as the Union of Chambers

and Commodity Exchanges of Turkey (TOBB) have been investing in the field of structural intervention and peace building.²⁸ With its official and non-

governmental investments, Turkey is becoming one of the emerging donors in development and peace building.²⁹ Turkey has taken over the Secretariat of the UN's Least Developed Countries (LDC) office and held the UN's Fourth LDC Summit in Istanbul.³⁰ Turkey's involvement in the LDC secretariat represents a commitment to the problems of LDC countries for at least the next decade. Turkey has also undertaken important responsibilities to rebuild Somalia, which has been suffering from hunger and a humanitarian crisis because of ongoing political instabilities.

Istanbul and Ankara are becoming locations where various official and unofficial actors from the region can come together and express themselves to a broader audience.

In addition to its constructive role and active third-party approach in regional affairs at the rhetorical level Turkish leaders have voiced systemic criticism of the malfunctioning institutions and processes at the global level where those structures are seen as obstacles to regional peace and stability. These systemic criticisms resonate with Turkish leaders' ambitions to become a more significant global actor. Turkey has used international forums to criticise policy practices that contradict

the value orientations of the Turkish people. Economic inequality and structural problems in underdeveloped countries, problems of the UN Security Council, cultural discrimination and Islamophobia, unilateral military intervention in international conflicts and the disproportionate use of force have been the main themes of Turkey's public criticisms and moral appeals. Turkey's criticism of the US occupation of Iraq,³¹ its clear condemnation of Israel for operations in Lebanon and Gaza,³² its efforts to resolve the Iranian nuclear problem through diplomatic channels, and its critical attitude towards the delegation of Anders Fogh Rasmussen as NATO secretary-general because of his passive attitude during the cartoon crisis that insulted Islamic values in Denmark³³ have been perceived negatively in the West. However, Turkey has also received significant public support in the MENA region for its stance on these issues.³⁴ Through these criticisms and interventions, Turkey has also wanted to demonstrate that its foreign policy is independent and principled, one that allows it to condemn its allies when there are controversies over values.

Prime Minister Recep Tayyip Erdoğan's reprimand of Israeli President Shimon Peres at the World Economic Forum meetings and his call to Egypt's Hosni Mubarak to step down were memorable. These same discourses and criticisms

generated scepticism both in Western public opinion and domestically. Those criticisms and condemnations were considered by the critics of JDP's foreign policy in debates about the "axis shift or change of direction in Turkish foreign policy"³⁵ and the "Middle Easternisation of Turkish foreign policy".³⁶ Generating controlled tensions and using these tensions to express commitments and moral positions is a widely used instrument of Turkish foreign policy. However, Turkey's material contributions to structural peace building efforts had much more concrete impacts.

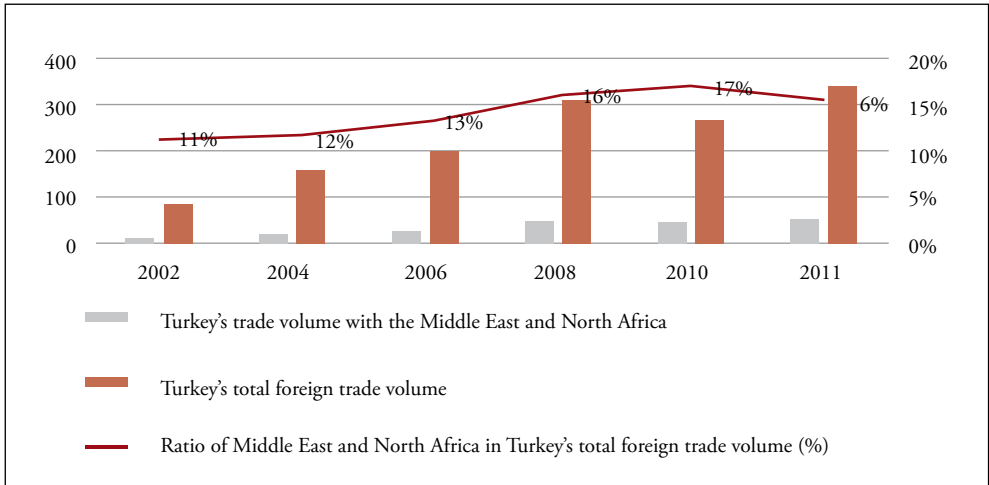
Forging a multi-dimensional agenda

In its foreign policy, Turkey has gradually evolved from a passive and security-oriented actor³⁷ into an actor that can undertake a proactive role in regional peace and stability. Non-governmental organisations (NGOs) have started to play a more active role in Turkey's multi-track diplomacy.³⁸ Without any doubt, this has become possible because of Turkey's political stability and economic growth, as well as its efforts to rediscover its cultural, historical and geographical depth. Istanbul and Ankara are becoming locations where various official and unofficial actors from the region can

come together and express themselves to a broader audience. Turkey has tried to prioritise economic and cultural issues and to transform the security-dominated agenda in the region.

Enabling contact and engagement between peoples and cultures through trade, visa-free tourism, cultural exchanges and popular culture such as soap operas, movies, music and TV shows is another pillar of Turkey's foreign policy in the region. Those engagements and civilian interactions have changed people's attitudes and perceptions towards each other in positive ways³⁹ and helped dissolve psychological and cultural barriers between peoples in the region. Trade and travel in the region have increased drastically in the last several years⁴⁰ and many people have benefitted from these interactions. As demonstrated in Figure 2 Turkey's overall trade volume with Middle Eastern countries and neighbours has increased dramatically. Nowadays, there is a wide base that supports further cultural and economic integration and engagement. The Turkish government has encouraged and supported Turkish companies' attempts to invest in the region and to create job opportunities for people in the region. By creating a mutual dependency, Turkish policy makers have also aimed to increase Turkey's political and economic leverage in the region.

Figure 2: Turkey’s foreign trade volume with MENA countries (in billion US \$)

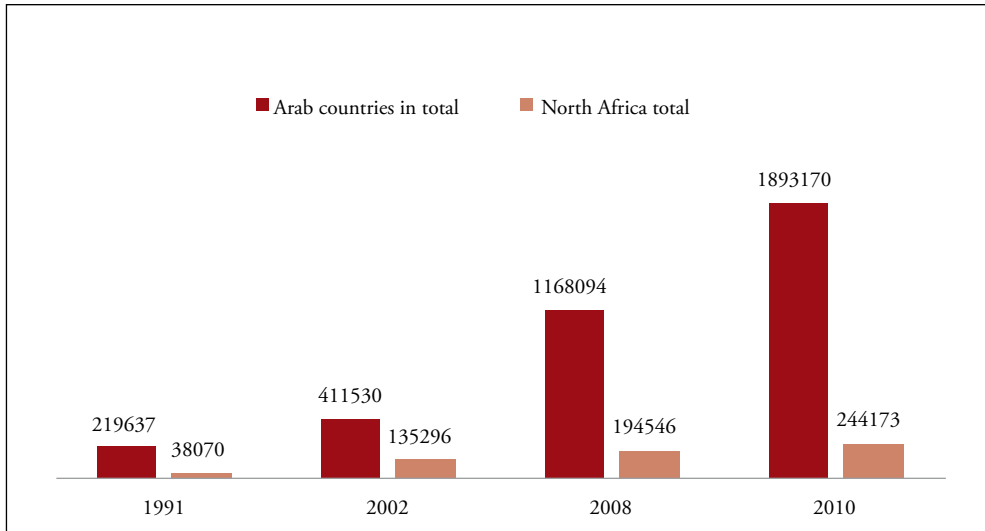


Source: Data compiled by the author from Turkish Statistical Institute, at <http://www.turkstat.gov.tr/Start.do;jsessionid=ydj0TfFlhGpvPZc9t3s3W02hW540h5TNmLyTfjHpyM49BvZvSp2!-138871134> [last visited 12 November 2013].

Non-state actors such as NGOs, business organisations and charitable organisations have started to play a more active and effective role in making foreign policy.⁴¹ As trade,⁴² tourism, education, culture and non-governmental activities have come to prominence, the actors carrying out these activities have strengthened their position in the making of foreign policy. These elements have eventually become major components in Turkey’s soft power.⁴³ Turkish manufactured goods and cultural products have created some sympathy towards Turkey in northern Iraq. Furthermore, actors

that benefit from trade and other interactions with Turkey have advocated for an improvement of relations between northern Iraq and Turkey. Regional interdependency based on cultural and economic exchange has helped to reduce the potential for conflict and focused relations on mutual gains rather than strategic competition. Because of the contextual transformations in the aftermath of the “Arab Spring”, especially because of increasing tensions in Syria, Iraq and Lebanon, security-oriented issues have started to dominate Turkey’s policies in the region as well.

Figure 3: Travel records of citizens of Middle East and North Africa countries (based on individuals)



Source: Data compiled by the author from Republic of Turkey Ministry of Culture and Tourism, at http://www.kultur.gov.tr/?_dil=2 [last visited 16 November 2013].

Crisis-free communication with existing actors

At the relational level Turkish policy makers have tried to deepen their communication and cooperation with regional actors, including non-state actors, in a crisis-free environment. However, while engaging and empowering non-state actors and extending some compensation in order to integrate them into political processes has become one of the pillars of Turkish foreign policy, this has led to scepticism about Turkey's regional intentions. Turkey faces certain limitations and

challenges in performing third-party tasks in the region. First, because of its Ottoman imperial legacy, Turkey used to have a quite a bleak public image in the region. Second, the security-oriented agenda of the Cold War era disconnected the peoples of the region from each other. One of the important pillars of Turkey's activism in the region has been the task of building trust and transforming its public image at both the elite and popular levels. Turkey's main goals have been to de-securitise regional policy, invest in soft power⁴⁴ and increase the region's cultural and economic integration⁴⁵ and become an influential regional actor as

an active peace broker. All these tasks are interrelated in its holistic foreign-policy enterprise.

One of the important pillars of Turkey's activism in the region has been the task of building trust and transforming its public image at both the elite and popular levels.

At the official level, Turkey has established certain cooperation and conflict-resolution mechanisms. Platforms such as the Caucasus Stability and Cooperation Platform and the Alliance of Civilisations project, together with the establishment of high-level strategic councils with Russian Federation, Greece, Iraq and Syria, show an attempt to institutionalise communication, cooperation and conflict-management efforts. Turkey also took over the secretariat of the UN's LDC office and conducted the LDC's fourth summit. Together with Finland, Turkey launched the "Mediation for Peace" initiative in September 2010. On 22 June 2010, the UN General Assembly adopted a resolution on mediation by consensus, which was initiated by Turkey. The economy, cultural exchange, public diplomacy, crisis-management instruments, confidence-building measures, mechanisms of

sustained dialogue and structural peace building are becoming essential pillars of contemporary Turkish foreign policy. Overall, Turkey's third-party approach and conflict-resolution initiatives in the region constitute a coherent style.

Turkey has shifted its diplomatic practice from a crisis- or conflict-oriented policy to a communication- and conciliation-oriented one. The notion of rhythmic diplomacy aims to ensure Turkey's active participation and intervention in regional and global forums as a responsible member of the international community. Turkey has tried to keep regular contacts with international actors and to pursue dynamic peacetime diplomacy. The policy of promoting maximum regional cooperation and collaborative decision-making even before the emergence of crises or problems has been pursued both at official and unofficial levels. Turkey's Minister of Foreign Affairs Ahmet Davutoğlu has described this strategy as "rhythmic diplomacy". The aim of Turkey's "rhythmic diplomacy" has been to move Turkey's diplomatic relations with its counterparts from negative peace to positive peace where there is common understanding, trust, and collaborative decision making.

Turkey's strategy has aimed to generate a consensus based on a mutual agreement

on positive future relations and has continued through different paths such as joint actions in international forums and organisations, free-trade agreements (FTAs), high-level cooperation councils, high-level strategic dialogues and high-level strategic cooperation councils. Turkey has developed political-consultation mechanisms with Egypt, Syria, Jordan, Lebanon, Tunisia, Morocco, Libya, Oman, Qatar and Bahrain. It has also become part of the Turkish Arab Cooperation Forum and initiated the High-Level Strategic Dialogue with the Gulf Cooperation Council. It also signed FTAs with Egypt (2005), Syria (2007), Jordan (2009) and Morocco (2006). In its bilateral relations, Turkey formed high-level strategic cooperation councils with Iraq (2008), Syria (2009) and Lebanon (2010). Through these mechanisms, Turkey has tried to deepen its relations with MENA countries.

Turkey has also undertaken leadership roles and initiatives within international organisations. In addition to its non-permanent membership in the UN Security Council (2009-2010), it is also a member of the Organisation of the Islamic Conference (OIC), the G-20 and the Conference on Interaction and Confidence-Building Measures in Asia (CICA), for which it is currently serving a term as president. Furthermore, Turkey

has also taken a more active role in the international organisations of which it is a member. The Alliance of Civilisations (AoC), Turkey's joint initiative with Spain, is an important initiative for macro-level CR⁴⁶ that tries to address the problems of cultural and religious intolerance and misunderstanding. Turkish diplomats and politicians have tried to use these international forums to shape public opinion and express their vision to a broader audience. Overall, the objective of Turkey's rhythmic diplomacy is to set a sustainable agenda to deepen its relations in order to reach positive peace and maximum cooperation with the countries and international organisations around Turkey.

The notion of rhythmic diplomacy aims to ensure Turkey's active participation and intervention in regional and global forums as a responsible member of the international community.

Another important policy to transform the actors has been to engage with the non-state actors and to a certain extent the actors that are considered as "spoilers". The Turkish government has tried to empower marginalised actors, some of which are considered spoilers,

and rather than isolating and containing them, Turkey has tried to integrate them into the political processes. “Spoilers” are defined as actors that are actively engaged in violent actions aimed at undermining a peace process.⁴⁷ There are many groups, some of which have wide constituent bases and social legitimacy, in the Middle East that are not in favour of peace or a negotiation processes. Ethnic, sectarian, religious, tribal and political divides in the Middle East do not allow for the formation of monolithic political entities that ensure fair representation of all groups. Davutoğlu has argued that it is not possible to achieve holistic and sustainable peace and order in the region without negotiating with all the important political actors. Anchoring those actors to political processes is considered to be a better option to contain the spread of violence. Turkish leaders have tried to develop relations with those leaders who have legitimacy in their ethnic, religious and sectarian communities.

Hamas and Hezbollah as signs of their social and political legitimacy in their communities.

Prevailing regimes in the region have failed to represent the political aspirations of all these groups, which

motivates some of those groups to not participate in a system of democratic government. Within such a context, armed militias and illegal organisations turn into political actors. Turkey has tried to maintain its contact with political representatives of non-state actors, some of which are considered spoilers, including Hamas, Hezbollah and Iraqi Sunni resistance groups. The main objective of this policy has been to keep communication channels open with all the central stakeholders in multi-ethnic countries such as Iraq, Palestine, Afghanistan and Lebanon.⁴⁸

Turkish decision makers have taken the electoral success of organisations such as Hamas and Hezbollah as signs of their social and political legitimacy in their communities. Furthermore, it has been considered a better strategy to recognise those groups as political actors in order to curtail their tendency to resort to violence. This strategy indicates a clear change in the guiding principles of Turkey’s foreign policy, because in the past Turkey often refrained from publicly and officially engaging with non-state actors. Turkey has even advocated on behalf of some of these groups and tried to empower them as political actors, thus gaining leverage with them. Turkey’s acceptance of Hamas and its efforts to keep communication channels open with political factions in Iraq, Palestine,

Lebanon and Syria have been criticised by Turkey's Western allies and neighbours like Iran and Syria.⁴⁹ The Turkish government has tried to empower and legitimise those groups to a certain extent by providing them a forum to express their views. Overall, Turkey has acquired some leverage on these spoilers groups, but it is not clear whether this leverage can be used effectively during periods of crisis.

Inventing new rules and norms of constructive communication and cooperation

Building trust and developing relationships based on constructive communication norms has been one of the characteristics of Turkey's regional policies. An important aspect of Turkey's foreign policy as a holistic enterprise was to transform communication norms not only with its neighbours but also among its neighbours. As a communication and third-party intervention method Turkish leaders have tried to resort to local idioms and cultural codes.

Turkey has used communications-oriented third-party approaches such as mediation, facilitation, good offices, crisis management, shuttle diplomacy and informal consultations in its recent foreign-policy practice. Turkey's efforts to

improve its bilateral relations and deepen relations with its neighbouring regions have been the key policies in its third-party activism. For several years Turkey had tried to develop positive relations with Bashar al Assad of Syria in order to transform Syria into a more constructive player in the region. Together with Brazil, Turkey also tried to find non-coercive methods resolve the Iranian nuclear issue. Turkish leaders have tried to intervene quickly in situations of political tension to prevent the further escalation or spread of the conflicts, and to bring all the parties to the table or at least keep them as potential negotiating partners. Those efforts have often not received publicity because of the undisclosed nature of the engagements.

Other regional actors have occasionally interpreted Turkey's interventions as pro-Sunni, yet Turkey has often defended a post-sectarian position as part of its vision of regional order.

Turkey has put special emphasis on mediation efforts in international conflicts, and, together with Finland, it launched the "Mediation for Peace" initiative in September 2010 at the UN. This initiative aimed to highlight the importance of preventive diplomacy

and mediation in the resolution of international conflicts and called for the allocation of more resources for mediation and other preventive efforts not only by the UN but also by regional organisations. Turkey organised a summit titled “Peacekeeping- Peacebuilding” on 23 September 2010 with the participation of President Abdullah Gül. Turkey’s resolution, which was adopted by consensus by the UN General Assembly on 22 June 2010, is the only resolution about mediation that has been adopted by the UN.

Turkey has gained access to almost all ethnic, sectarian, and religious groups in the region as a consequence of this activism. Turkish officials have also got in touch with most of the influential political leaders throughout the region. Especially in Lebanon, Iraq and Palestine, Turkish efforts have tried to bridge sectarian and factional divisions. Other regional actors have occasionally interpreted Turkey’s interventions as pro-Sunni, yet Turkey has often defended a post-sectarian position as part of its vision of regional order. Ankara has also acted as a mediator between Israel and Syria while making efforts to reach a consensus between Iraq and Syria.⁵⁰ Together with Brazil, Turkey has conducted active diplomacy to resolve the Iranian nuclear crisis through diplomatic channels.⁵¹ The nuclear swap deal failed due to the differences

of opinion with regard to the future of relations with Iran, but the provisions of the deal may prove useful for future agreements. Turkey has made successful attempts to engage Sunni groups- which support resistance ones- more actively in the future of a united Iraq.⁵² Turkey has also played a mediator role between Hamas and the PLO in Palestine.

Foreign-policy makers have tried to reduce the security concerns of its neighbours, thus opening a space for better-quality engagement.

Turkey’s interventions as a third party are not simply communication and facilitation strategies, nor can they be explained solely as a pragmatic attempt by Turkey to safeguard its own security. Turkey has a specific notion of inter-communal peace and regional order, and a holistic vision of security that is inspired by a *pax Ottomana*. There are no explicit references to the Ottoman legacy or a *pax Ottomana* in Davutoğlu’s discourse as a mediator, but his practice is inspired by Turkey’s historical legacy in the region. Davutoğlu believes that, because of its historical experience in ruling the region for centuries, Turkey has many advantages that can allow it to communicate and cooperate with

all parties, understand their concerns and interests succinctly and discuss all issues sincerely. The distinctive features of Turkish mediation in recent years are the strong historical references to and inspirations from a *pax Ottomana*. As opinion surveys⁵³ also show, Turkey's efforts in conflict resolution and active third-party initiatives have been received positively in the region.

The principle or vision of “zero problems with neighbours” is the most well-known and most frequently mentioned objective of Turkey's new foreign-policy vision. The “zero problems with neighbours” discourse should also be considered a natural consequence of the notion of a *pax Ottomana* or from Turkey's efforts to reconnect positively with the people in its neighbourhood. Indeed, Turkish foreign policy is identified with the slogan of “zero problems”, which is quite an inaccurate reading of Turkish foreign-policy practices during the last several years. This vision has tried to de-securitise Turkey's relations with its neighbours, thus opening a space for more constructive engagements in the cultural and economic fields. Turkey has also tried to build trust with its neighbours by indicating a clear commitment to peace and friendly relations rather than competition for power and influence in the region. Turkish foreign-policy makers have tried to reduce the security

concerns of its neighbours, thus opening a space for better-quality engagement.

This “zero problems with neighbours” policy had enabled a constructive transformation of Turkey's relations with its neighbours until the deterioration of its relations with Syria. The main logic behind this policy is to change the prevailing notion of “we are surrounded by enemies” within Turkish society with a notion of “all our neighbours are our potential friends”, and cooperation is a better way to deal with problems rather than competition or confrontation.

The mismatch between the discourse and the actual policy performance can be explained with the limitations of the transformative CR approach, Turkey's constraints and wide scale contextual transformation in the region.

Nowadays, the vision of “zero problems with neighbours” is subject to heavy criticism because Turkey is experiencing tensions with political elites in Syria and Iraq and tense relations with Israel. The vision of “zero problems with neighbours” has never been the fundamental pillar of Turkey's overall objective of being an “order-building actor”. The “zero

problems with neighbours” vision is a discursive intervention that has aimed to reframe the often passively interpreted motto of Turkish foreign policy, “Peace at Home, Peace in the World”.

What Went Wrong? The Limits of Transformative CR in the Middle East

Turkish foreign-policy decision makers have systematically tried to promote the holistic notion of peace and order through transformative CR. These policies are compatible with Turkey’s interests and priorities in the fields of regional security and economic integration. The most visible aspect of Turkey’s proactive diplomacy has been the official third-party efforts implemented by bureaucratic and political elites. This proactive foreign policy can be considered a paradigm shift in Turkish foreign policy.⁵⁴ However, this paradigm shift could not achieve its goals of transforming the conflicts in the region. The political instability in Syria has demonstrated that, within the dynamic security environment of the MENA region, the role of an “order-instituting country” and the tasks of transformative CR necessitate both more effective coercive tools and better coordination with other regional and global actors.

The mismatch between the discourse and the actual policy performance can be explained with the limitations of the transformative CR approach, Turkey’s constraints and wide scale contextual transformation in the region.

As Ryan mentions the transformative agenda necessitates a normative consensus, a normative judgment about what is wrong about the situation and what needs to be changed.⁵⁵ Turkey’s normative judgments about the region based on the notion of a *pax Ottomana* and its diagnosis of the sources of the problems in the region is not shared with the other important regional players such as Iran and Saudi Arabia, nor with other global actors such as US, Russia and China. On the other hand those policies were not purely normative oriented policies: they also aimed to promote Turkey’s regional interests and ambitions. Turkey’s efforts to overcome political, economic and social fragmentations in the region were perceived sceptically by other powers in the region in the aftermath of contextual transformations. Furthermore, it is quite difficult to lead such a transformation without the use of coercive tools and techniques where there are strong *status quo* forces. Turkey’s third-party roles have been constrained after its more direct involvement in disputes with

Israel and Syria and tensions with the Maliki government in Iraq.

Limitations inherent to Turkey's transformative conflict-resolution practices can be summarised as the problem of acceptability and the antagonistic attitudes of potential rivals in the region. Third parties can only function with the acceptance and approval of the primary parties involved in the conflicts in the region. Turkey's foreign policy agenda is not solely defined by normative concerns, indeed holistic notion of collective security and economic benefits out of broader trade and human mobility have served Turkey's interests more than its competitors in the region. Furthermore, Turkey's engagement and contacts with Hamas, Hezbollah and Iraqi Sunni groups, its tensions with Israel due to the *Mavi Marmara* and Davos crises, and its neutral position on the issue of the Iranian nuclear crisis have disturbed Turkey's European allies and the USA.⁵⁶ Those actors wanted to see Turkey as a loyal ally rather than a neutral or critical actor in the Middle East, and Turkey's policies in these areas created a trust vacuum for a while. Turkey's strategic vision for the region and regional interests have contradicted with the interests of other regional players, and thus Turkey has lost the status of trusted and neutral third party.

Another significant limitation of these policies is that transformative CR tries to avoid coercive foreign policy tools as much as possible. Turkey invests less in military security and has constrained the arms race in the region. Some analysts argue that this "soft foreign policy" has limited Turkey's deterrence potential in the region, thus making it less secure in times of tension. Those limitations constitute serious challenges to Turkey's ability to execute policies based on transformative CR. Turkey has abandoned the holistic collective security and peace approach and returned to a balance of powers approach, especially in Syria and Iraq. The uncertainty caused by the Arab revolts and the political crisis in Syria have generated serious security challenges for Turkey, which cannot be addressed solely with the tools of CR.

The more limited and less ambitious agendas of conflict prevention and conflict management were relatively more successful in Turkey's conflict resolution practice in the Middle East.

Lastly, the tectonic change in the MENA region due to the Arab revolts has led to uncertainties. No single country or group of countries was able to predict

and shape the course of this structural transformation. Although Turkey has mobilised significant resources both at the civilian and official levels, Turkish efforts to transform the region and institute order have been too ambitious because of the tensions and violent conflicts in the region are so widespread. CT in Turkey's neighbourhood can only be achieved with the participation of more stakeholders and with better

coordination with international or regional organisations and local network building. The more limited and less ambitious agendas of conflict prevention and conflict management were relatively more successful in Turkey's conflict resolution practice in the Middle East. It seems that CM will continue to be more compatible with Turkey's foreign policy objectives in the post-"Arab Spring" context.

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Freshwater Scarcity, Interdependence and Institutionalism in Jordanian Foreign Policy: Towards Conflict or Cooperation?

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Abstract

Freshwater scarcity is an increasingly important aspect of the international relations of the Middle East and North Africa, and is magnified when sources are shared between states. In the Jordanian, Israeli and Syrian cases, most of their freshwater sources are shared. At the same time, cooperation between these states has emerged. This paper examines inter-state cooperation by considering freshwater scarcity issues in Jordanian-Israeli-Syrian relations. This study argues that three factors help determine whether freshwater scarcity leads to conflict or cooperation between riparian states: the nature and intensity of the scarcity, the level of interdependence between the actors sharing this resource, and their level of engagement in international institutions. It concludes that cooperation is possible between states (even those with difficulties in other areas of their relationship) when the scarcity experienced is

intense, they are interdependent in this and other spheres, and they engage with each other through international institutions.

Key Words

Freshwater scarcity, Institutionalism, Interdependence, Jordan, Israel, Syria.

Introduction

In the Middle East and North Africa (MENA), the potential for inter- and intra-state conflict remains a key feature of the region's international relations. The traditional causes of conflict seen in the region over the late 19th and through the 20th century in many ways still remain important in the early 21st century. However, in addition to the traditional causes of conflict we can now argue that concern for access to sources of freshwater both within states and across state boundaries is increasingly important.¹ Control of territory in the MENA region is, in many ways, now less significant

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as a potential cause of conflict than in times past due to the combined impact of a number of processes. These include the embedded nature of existing states and state structures, interdependence, and mutual governmental recognition.² However, control over natural resources, and in particular freshwater sources, is increasingly a potential cause of conflict.³ Growing populations, increasing industrial activity, urban sprawl, and environmental change are leading to massive shortages of freshwater supplies across the region.⁴ This is, no doubt, not a problem faced by the MENA region alone. Throughout the world, processes directly and indirectly linked to human activity are leading to such shortages. The resulting conflict is also not unique to the MENA region. However, the often fragile nature of inter- and intra-state relations in this region means that the impact of freshwater shortages is magnified. Jordan finds itself in what is arguably the most freshwater-scarce sub-region of the MENA and, along with its immediate neighbours to the west and north, faces acute problems as a result.

Growing populations, increasing industrial activity, urban sprawl, and environmental change are leading to massive shortages of freshwater supplies across the region.

We must note here that it is not always the case that shortages of natural resources such as freshwater lead to conflict. While this can be seen to be true in a number of instances the opposite is also true. Indeed, relations between states, as well as between peoples, can also be characterised by cooperation and understanding when shared resources are scarce.⁵ This paper argues that three factors determine whether freshwater scarcity leads to international conflict or cooperation: firstly, the nature of the scarcity itself; secondly, the level of interdependence between the actors sharing this resource; and thirdly, the level of engagement by these actors with each other through international institutions. This latter point refers primarily to institutions related to the specific issue of freshwater scarcity but also to the broader engagement these states have with other international institutions. Furthermore, it is argued here that where resource scarcity exists but interdependence or engagement with international institutions do not, then the risk of conflict is higher than when all three factors are present. At the same time, resource scarcity and interdependence alone are not as effective in ensuring cooperation over matters of freshwater scarcity as when all three conditions exist. Jordan is one of the world's most freshwater scarce states and

the issue of managing its main sources of freshwater with its neighbours is a key challenge the Jordanian government faces. As such, Jordan represents a good case study to use in order to explore this hypothesis. This paper uses theories of resource scarcity and institutionalism to examine two key international projects aimed at managing shared freshwater sources and reducing the problem of freshwater scarcity: the first being the Red Sea-Dead Sea Conduit Project on the Jordanian-Israeli-Palestinian border and the second being the joint Jordanian-Syrian project to construct the Wehdeh Dam on the Yarmouk River on their shared border.

Resource Scarcity as a Catalyst for Change

It is useful to consider resource scarcity theory to analyse the impact of freshwater scarcity on international relations. This is because resource scarcity can be an important influence on changes in the politics and economics that govern resource use. Also, in many parts of the world, resource degradation has become irreversible. In these areas, resource degradation has become an exogenous variable in the political activity of states in regional systems.⁶ There are three main schools of thought on the importance of resource scarcity.⁷ Firstly, there are the

Neo-Malthusians, who claim that finite resources place limits on the growth of human population and consumption. If these limits are exceeded, the result will be widespread poverty and social breakdown.⁸ On the other hand, neoclassical economists say there are few, if any, strict limitations on human population, consumption, or prosperity. They argue that properly functioning economic institutions, especially markets, encourage conservation, resource distribution, and the development of alternative sources of scarce resources.⁹ Finally, Thomas Homer-Dixon has identified a third group whom he calls the “distributionists”. For this group, the real issue is the maldistribution of resources and wealth, although they do concede that there may be some resource limitations to human growth.¹⁰

Environmental change refers to the human-induced reduction in the quantity and/or quality of a renewable resource faster than that resource is renewed by natural processes.

Over the next few decades, the MENA region’s renewable resources, such as arable land, forests and supplies of freshwater, will dwindle further. At the same time, higher rates of consumption

of these resources can cause resource scarcities. These scarcities impose costs on societies, thereby affecting state behaviour by placing demands and constraints on governments. These environmental resource scarcities are the result of three main factors: environmental change, human population growth, and unequal distribution of resources. The concept of resource scarcity encompasses all three. Environmental change refers to the human-induced reduction in the quantity and/or quality of a renewable resource faster than that resource is renewed by natural processes. Homer-Dixon highlights that population growth reduces the per capita availability of a renewable resource by dividing that resource between more people. Unequal distribution of renewable resources affects scarcity as it concentrates the resource, supplying few while subjecting many to greater scarcity. Homer-Dixon explains the relationship between these causes of resource scarcity and its extent as follows: “reduction in the quantity or quality of a resource shrinks the resource pie, while population growth divides the pie into smaller slices for each individual, and unequal resource distribution means that some groups get disproportionately large slices”.¹¹ Nevertheless, analysts have tended to study resource depletion and population growth in isolation from the political economy of resource

distribution. Incorporating these three distinct sources of scarcity into one analysis gives us a theoretical approach to resource scarcity which can be used to study the relationship between resource scarcity and the onset of conflict.¹²

The use of military force to gain scarce renewable resources is hindered by a number of other factors.

The three sources of resource scarcity often interact. Homer-Dixon has identified two specific patterns of interaction, which he calls “resource capture” and “ecological marginalisation”.¹³ By “resource capture”, Homer-Dixon means a group’s shifting of resource distribution in favour of itself. The quality and quantity of a resource coupled with the population growth encourage the powerful group (or groups) within a single state or states in a regional system to acquire more resources. This results in a decrease in the amount of scarce resource available to weaker groups. “Ecological marginalisation” is when migration to regions that are ecologically fragile occurs. Such migration is a result of unequal resource distribution combined with high population growth causing high population densities in these areas.

Jordan is a prime example as it is subject to both resource capture and ecological marginalisation. The Kingdom's stronger upstream neighbours exploit the waters of the two major international river systems that the country depends on. Israel in particular has been a major proponent of resource capture. Up until the withdrawal of the Israeli Defence Force from southern Lebanon in 2000, Israel held all the major upstream tributaries and freshwater sources on the Jordan River as well as all aquifers west of the Jordan Valley (which it still holds). Within Jordan itself, where the majority of the population lives in the north-west of the country close to the three major surface water supplies-the Yarmouk, Jordan, and Zarqa Rivers- this is termed ecological marginalisation.

Freshwater scarcity is perhaps the most pressing resource scarcity issue for many of the world's regions with water demand doubling every two decades or so. In particular, river water is an important issue.¹⁴ Resource scarcity in developing regions has a greater impact on the international political economy of the region. This is because developing states are, in general, more vulnerable than advanced states to resource scarcity as they cannot afford to develop the infrastructure and technological means to replace the scarce resource or mitigate the subsequent environmental, social,

and economic impacts of the scarcity. A range of resource scarcity issues could produce four main causally interrelated social effects in developing regions: reduced agricultural production; economic decline; population displacement; and the disruption of regular, legitimised social relations. These could lead in turn to a number of specific types of acute conflict, including scarcity disputes between states, intra-state conflict between differing groups (including ethnic groups), and civil strife.¹⁵

When states that share sources of freshwater face a situation of scarcity and do not engage with each other in an institutional setting, the challenges of managing the scarcity problem are magnified.

Thomas Homer-Dixon has developed a model that shows how resource scarcity can cause conflict. He suggests that the effect of human activity on the environment in a particular region causes environmental change and is a function of two variables: the total population size and physical activity per capita, along with the vulnerability of the ecosystem in that region to those activities.¹⁶ His model demonstrates that environmental

factors cause social factors that lead to conflict. From this model we can ask the general question of “how” resource scarcity may lead to conflict by dividing it into two specific questions. First, what are the social effects of environmental change? Second, what types of acute conflict, if any, will result from these changes?

The four principle social effects caused by resource scarcity together or independently may increase the probability of acute conflict. To begin with, there may be a reduction in agricultural production. This is perhaps the most important result of resource scarcity. Secondly, the state may witness an economic decline which is especially important when studying the potential for conflict between developing states because resource scarcity can result in the further impoverishment of developing societies. In Homer-Dixon’s model, economic productivity may be influenced directly by environmental disruption or indirectly via other social effects such as decreased agricultural production.¹⁷ In the case of a developing state like Jordan, this is of paramount importance. The third social effect is population displacement. Resource scarcity can cause vast numbers of environmental refugees or displaced people. For example, spreading deserts may cause people to migrate to more arable

lands.¹⁸ The final social effect identified is the disruption of social relations and institutions. In many developing states, the previous three social effects are likely to disrupt the norms of custom and habitual behaviour. A decrease in agricultural output, for example, may encourage people to leave a community, thereby breaking down the community’s structure. Economic decline may weaken the national tax base and undermine financial, legal, and political institutions. Mass migration from one region to another may disrupt class relations, labour markets, and resource supply. We can thus identify three types of resource scarcity-related conflicts. The decrease in physically controllable resources, such as freshwater, can provoke inter-state simple-scarcity conflicts or resource wars. Secondly, large movements of people caused by environmental stress can lead to group identity conflicts that are characterised by ethnic clashes. Thirdly, there are relative deprivation conflicts, where resource scarcity simultaneously increases economic deprivation and disrupts key social institutions.

Nevertheless, the immediate result of resource scarcity may not be direct inter-state conflict over such resources. Rather, resource scarcity causes internal instability within the state, and it is this that results either in intra-state or inter-state conflict. Inter-state conflict

over scarce resources becomes a viable option when a state experiences a large amount of internal instability as a result of resources being scarce. For example, resource scarcity reduces food production, aggravates poverty and disease, spurs large migrations, and undermines a government's moral authority and capacity to govern. Over time, these stresses negatively affect the society's social fabric. This is a problem felt most in developing states and causes chronic instability. Governments are forced to act to re-establish legitimacy and stability. This may mean going to war in order to secure the resources needed. With regards to shared river systems, wars between upstream and downstream riparian states on an international river system will only occur under certain conditions. Firstly, the downstream riparian must be extremely dependent on the water for its national well-being. Additionally, the upstream state must be able and willing to restrict the flow of the river before it reaches the downstream riparian. There must also be a history of antagonism between the riparian states. Most importantly, the downstream riparian must be militarily capable of taking successful action against the upstream state.¹⁹ Jordanian military capabilities are limited compared to both Israel and Syria, the upstream riparian states on the Jordan and Yarmouk river

systems, suggesting that decision-makers in Amman would not consider military engagements a viable policy option, thus reducing the chance of conflict instigated by Jordan.

Furthermore, the use of military force to gain scarce renewable resources is hindered by a number of other factors. Firstly, states cannot easily convert renewable resources into increased state power in a short period of time, and freshwater is no exception. The acquisition of cropland or freshwater supplies, for example, will have an impact on the state's economy but only after a number of years. States can, on the other hand, increase their power by gaining non-renewable resources such as iron ore, which can be used to manufacture military hardware. Secondly, states that are heavily dependent on renewable resources tend to be under-developed and therefore not as powerful as more developed states. This means that they tend not to have the means to buy large quantities of sophisticated military equipment with which they can threaten their neighbours. Due to these reasons, inter-state conflict over renewable resources is less likely than for non-renewable resources.

In considering the negative impacts of freshwater scarcity on relations between states in the MENA region, it is relatively

easy to find cases which indicate that access to scarce resources can catalyse conflict. However, it is perhaps more interesting and more dramatic to consider the effect of resource scarcity on *maintaining* existing conflicts and/or limiting the potential for cooperation. Where conflict exists or has existed between two or more regional states, access to freshwater has traditionally not been identified as the core catalyst,²⁰ but it has been considered as a key factor in reinforcing bad relations. In Jordanian-Israeli relations, both Israelis and Jordanians suffer from an acute shortage of freshwater supplies. Within historic Palestine (which here refers to the modern states of Israel, parts of Jordan and the Palestinian Territories) there are few sources of freshwater, with the largest individual sources found in the West Bank in the form of aquifers. The main surface sources of this area of the Mashreq are the Jordan, Yarmouk, and Litani rivers with the former flowing from the Sea of Galilee/Lake Tiberias down to the Dead Sea, forming part of the border between Israel, Jordan and the West Bank. The Yarmouk River flows along the border between Jordan and Syria and Syria and Israel, and the Litani River flows in southern Lebanon and northern Israel. Both Jordan and Israel use the waters of the Jordan and the Yarmouk and their linked basin

systems. Within Israel proper there are very few natural sources of freshwater. Likewise, in Jordan there are also very few other sources of surface and ground water, with the Disi aquifer in the south of the country being the largest example of the latter. Apart from the history of military engagement and the state of war that existed between Jordan and Israel from 1948 until the 1994 peace treaty, these actors are deeply intertwined in terms of where they get their freshwater from and how they use this resource.²¹ This has often led to problems between the two states and has been one of the issues impacting upon the normalisation of inter-governmental relations between them. This is discussed further below.

Interdependence, Institutionalism and Cooperation

In 1998, Robert Keohane²² revisited a discussion that he and Joseph Nye²³ had engaged in some years before on the importance of international institutions for maintaining world order. In this second discussion, Keohane argued that international institutions (international organizations and regimes) increased in importance in the post-Cold War era and had become embedded features of international relations. Furthermore, Keohane

concluded that some institutions are more effective than others partly because of “the degree of common interests and the distribution of power among members”.²⁴ While some institutions are not effective, Keohane still concludes that interdependence between states and peoples is a key aspect of the modern world, and that its management can be beneficial in promoting international cooperation. Vivien Schmidt takes this discussion further by exploring the ways in which ideas and discourse are utilized in institutional settings to promote their effectiveness. Schmidt demonstrates that the ways in which ideas and discourse are perceived by institutional members also plays a role in institutional effectiveness.²⁵ International organizations have proliferated rapidly in the past three decades, increasing in number from approximately 300 in the early 1980s to well over 6,000 by 2013. Furthermore, membership of these international organizations has also expanded rapidly. Randall Stone has considered the proliferation of international organizations and increases in membership while at the same time exploring why international institutions do not always work effectively.²⁶ Stone argues that “International institutions can only facilitate cooperation when there are common objectives to be achieved”, but that international institutions have

often also been ineffective even when common goals are present.²⁷

While acknowledging the importance of investigating the nature of interdependence that exists between states in any given relationship, Stone argues that this is not enough to understand the failures of international institutions. In order to develop an analysis that explains why and how international institutions are effective, it is also necessary to consider the power capabilities of the actors involved as well as the nature of the institutions themselves.²⁸ We can add to this the need to consider how the experiences of shared engagement with international institutions such as the World Trade Organisation (WTO) and the United Nations (UN) can influence willingness to engage in new institutional arrangements. International trade is perhaps the most significant form of international relationship in terms of influencing levels of interdependence and engagement in international institutions. Susan McMillan highlights that interdependence as measured by international trade has been widely acknowledged as reducing prospects for conflict between trade partners.²⁹ McMillan also argues that further study is needed to explore this connection by looking at the costly aspects of economic interdependence as well as the benefits. However, studying governmental

engagement with international institutions more generally speaking—including those governing trade, cultural heritage, education, environmental protection, and so on—can only present us with a limited number of valid insights into bilateral cooperation/conflict over resources. Likewise, simply considering levels of economic integration between states limits our ability to understand these relations. In order to gain a greater insight into the role of institutional engagement and the interdependence that follows from it, it is necessary for this study to consider institutions that are directly related to freshwater resource management. This includes governmental engagement with international organizations that deal with freshwater issues as well as bilateral agreements.

When states that share sources of freshwater face a situation of scarcity and do not engage with each other in an institutional setting, the challenges of managing the scarcity problem are magnified. Then again, when states do engage with each other through the use of mechanisms such as inter-governmental agreements and joint committees dealing with freshwater management, they are able to increase their ability to deal with their freshwater scarcity problems.³⁰ Furthermore, when states engage with bilateral and

multilateral institutions, including large international organisations like the UN and World Bank, their ability to coordinate effective responses to freshwater scarcity tends to increase. Of particular importance here are the positive benefits of establishing procedures and mechanisms for communication and coordination between governments (the area of discussion is not necessarily relevant) as well as the increased access to financial, technical, and material resources provided by actors in the broader international community. For example, as is discussed in more detail below, World Bank funding and organisational support for the Red Sea-Dead Sea Conduit project is essential to the implementation of the scheme.

Jordanian-Israeli Collaboration: The Red Sea- Dead Sea Conduit Project

One example of international collaboration as a result of resource scarcity is the Red Sea-Dead Sea Conduit project. This project was first suggested over a decade ago to provide freshwater for Jordan, Israel, and Palestine, but failed to materialise due to political tensions. However, the last few years have seen progress with feasibility and design studies for the project near completion.³¹ The intended canal would

link the Red Sea at the Gulf of Aqaba with the Dead Sea in the Jordan Valley. The area between the Dead Sea and the Red Sea is one of the most arid in the Mashreq region. On the whole, Jordan, Israel and Palestine all suffer from chronic freshwater shortages: the Palestinians suffering the most with around 150m³ per capita per year while Jordanians have a per capita consumption rate of less than 200m³ per year.³² The UN reports that a per capita consumption rate of 1,000m³ is necessary to meet industrial, agricultural and urban needs, while per capita consumption of water needs to be 500m³ per year for basic human survival needs.³³

The canal project was initially suggested as a way to combat this chronic regional freshwater shortage. Approximately 800 million m³/year of desalinated water would be provided from the canal and distributed between the three actors. Using the 430 metre drop in altitude to the Dead Sea from the Gulf of Aqaba, up to three desalination plants and two hydroelectricity plants could be constructed to provide freshwater for agricultural, urban, and industrial use. The hydroelectricity plants would provide 250 MW of electricity, again to be distributed between the three parties.³⁴ The final aim of the project is the restoration of the Dead Sea to its former level; almost 30 metres higher

than it is at the time of writing.³⁵ The canal project has struggled to get off the drawing board as a result of continued tensions between Israel and Palestine and a slow pace of “normalisation” of relations between Jordan and Israel. It was initially suggested as part of the 1994 Peace Treaty between Jordan and Israel, although its roots lay much further back in history.³⁶ A feasibility study was scheduled for implementation prior to the start of the second Intifada in September 2000. As a result of the uprising, however, the study was shelved, as Israeli-Palestinian coordination was obviously not possible, but neither was Jordanian-Israeli collaboration feasible due to political sensitivities in Jordan. Following the reduction in tensions by 2005, on 9 May of that year, the governments of Jordan and Israel and the Palestinian Authority signed an agreement to go ahead with the feasibility and environmental impact studies. A joint committee including Jordanian, Israeli, and Palestinian government representatives was created in order to work with the World Bank to issue the tenders for private sector actors to conduct the pre-construction studies as well as contracts for the actual construction of the conduit and associated infrastructure. In 2008, the French-based engineering firm Coyne et Bellier was chosen to conduct the feasibility study and, according to project

leader David Meehan, it is expected that the sea water conveyance capacity of the conduit will be over 1 billion m³/year while the capacity for desalinated freshwater could be approximately 800 million m³/year.³⁷ The freshwater produced is to be divided between Israel, Jordan, and Palestine according to demand.

Perhaps the most interesting element of the proposed canal is that it is to run from the Red Sea instead of the Mediterranean Sea. The Israeli government had initially proposed the construction of a canal from its western coastline. However, objections were made by the Jordanian government. The plans were shelved in favour of the Red Sea-Dead Sea canal as the actors involved argued that creating a canal that ran through Israel alone would not satisfy Jordanian security concerns and potentially further worsen the security situation in the region. The canal now proposed, however, will run along the border between Jordan and Israel and thus result in neither state having disproportionate control over it or over the other state as a result. The slow pace of the project's development (has taken fifteen years simply to begin the feasibility studies) is significant and demonstrates the challenges of Jordanian-Israeli collaboration. As well as political tensions, the costs of the project have also been prohibitive. It is now estimated

that the infrastructure will cost well over US \$5 billion to build. This is an amount that neither the Jordanians, Israelis, nor Palestinians have available, so funds have been pursued from external sources. Jordanian and Israeli engagement with the World Bank has been pivotal here as it has allowed them to not only engage with each other and collaborate in an institutional setting but has also allowed them to draw upon the support of that international organisation in securing funds for the feasibility studies. Nonetheless, Jordanian-Israeli engagement and integration is severely limited due to the historical conflict between Israel and its Arab neighbours and the contemporary Israeli occupation of the Palestinian Territories. Economic integration has not developed since the 1994 peace treaty and is currently rather limited to the activity that takes place in the Jordanian Qualifying Industrial Zones that have to receive Israeli economic input.³⁸

Jordanian-Syrian Collaboration: Al-Wehdeh Dam

While Jordan faces a severe freshwater scarcity problem, Syria does not suffer from as extreme a shortage of this essential resource. Nevertheless, as Tony Allan³⁹ has pointed out, Syria is still a freshwater

poor state that does not possess adequate supplies to meet all of its industrial, urban and agricultural demands. At the same time, Syria faces a more pressing deficit in electricity supply when compared to Jordan. The combination of these two separate national conditions led the Jordanian and Syrian governments to agree plans to construct a dam on the Yarmouk River where it runs along their shared border (before it reaches the Israeli-occupied Golan Heights) in 1987. This joint project aimed at storing freshwater from the Yarmouk River for Jordanian agricultural production while at the same time producing electricity via a hydro-electricity plant for Syrian consumption.⁴⁰ Two key problems kept the implementation of the project from starting until late 2003: political disagreements between the two governments and a lack of financial resources. These problems have been evident in Jordanian-Syrian relations for much of the post-independence era. For example, an original agreement to share the Yarmouk River's waters was signed in Damascus on 4 June 1953 and came into force several weeks later. Article 1e of this agreement called for the construction of a joint Jordanian-Syrian dam project on the river and Article 2 established the rights of the two parties to the stored water and electricity that would be produced by a hydroelectricity plant to

be constructed at the site.⁴¹ However, political divisions, financial pressures, and regional instability kept the project from developing for five decades.

It is likely that Jordanian foreign policy towards its immediate neighbours with which it shares freshwater sources will have to respond to the challenges of freshwater scarcity.

With the overcoming of some of the political disagreements and the securing of the necessary investment funds, selection of private sector corporations to contribute to the dam's construction began. A committee was formed in order to oversee the issuing of the tenders and the selection of the contractors to construct the dam and related infrastructure. The Turkish construction firm, Özaltın, was awarded a contract in March 2003 to construct 60% of the overall infrastructure.⁴² Two Jordanian firms-the Marwan Alkurdi Company as well as the National Company for Roads and Bridges- were also contracted to complete the remaining 40% of the project.⁴³ The Jordanian government seems to have played a more active role in this process, drawing on the legal documentation agreed between the two states to legitimise its right to develop the

project. The Syrian government appears to have been satisfied with its Jordanian counterpart taking up this role. In terms of funding, Jordanian and Syrian membership in the League of Arab States helped secure financial resources from the Arab Fund for Social and Economic Development in the form of a loan covering 80% of the project's costs. A further loan was secured from the Abu Dhabi Development Fund and the Jordanian government footed the bill for the remaining costs.⁴⁴ The dam was originally expected to cost over US \$400 million to build but ended up costing less than US \$100 million as a result of the plans being downsized. It was belatedly completed in 2007,⁴⁵ and the dam was in full use by the winter of 2011, though it was not meeting the expected levels of freshwater reserves due to overuse of the upstream water. Political disagreements and problems with ensuring adherence to the 1988 agreement have caused problems in the effective utilisation of the dam. The Syrian agricultural sector in particular has continued to withdraw more than the agreed amount from upstream, meaning that the dam has not been able to fill to capacity due to a reduced river flow.⁴⁶ Some progress has been made in rectifying this situation,⁴⁷ but the river's flow at the point of the dam has still not reached expected levels.

Greater levels of economic integration and interdependence as well as engagement with international institutions can help to facilitate international collaboration, but at the same time, where levels of economic integration and institutional engagement are low, international collaboration is likely to be hindered.

If the theoretical assumptions that higher levels of economic integration and engagement in international institutions add to the potential for international cooperation over shared scarce resources are accurate, we should be able to observe these elements in Jordanian-Syrian cooperation. Plans for the bilateral management and use of freshwater resources between Jordan and Syria date back to the start of the post-independence era, but the vast majority of these have never materialised. Economic integration between Jordan and Syria has developed over the past three decades, and total trade levels valued slightly over US \$100 million in 1980 and US \$3 billion in 2010,⁴⁸ with Jordanian exports of pharmaceutical products and phosphates and Syrian exports of food and light manufacturing representing important goods for both

Syria and Jordan respectively. However, political integration between the two states has not developed to the extent that one would imagine. The hostility that existed between the two states through much of the Cold War era, with Syria a revisionist state and Jordan a conservative one, to some extent remain and have been further impacted by the Syrian uprising since 2011.

A number of joint economic and political committees have been formed over the past three decades, but have failed to function effectively. In a study of Jordan's inter-Arab relations from the 1970s, Laurie Brand has listed some of these bodies.⁴⁹ For example, in 1975, the first joint committee between the two states was established to facilitate bilateral economic integration, while a joint higher command was also established to coordinate their foreign policies. However, by 1978 their bilateral relationship had cooled significantly and by the early 1980s political relations had broken down as a result of Jordan siding with Iraq and Syria with Iran during the 1980-88 Iran-Iraq War. The joint committee and joint higher command would never meet expectations. At the same time, however, joint industrial projects driven largely by private sector forces have witnessed some success. The Syrian-Jordanian Land Transport Company, for example, has steadily

grown since its establishment in 1975 and continues to be a key actor in overland transport in the region. Overall, the Jordanian-Syrian relationship does not demonstrate a very high level of effective institutional engagement or economic integration, and the development and running of the Wehdeh Dam and the institutional agreements that accompany it have not been exemplary of effective international cooperation of shared resources. Nonetheless, the existence of the dam and the related institutional agreements do represent progress and do demonstrate that resource scarcity can result in international coordination.

Conclusion

Resource scarcity is one of the most pressing issues in international relations and will remain so for some time. Access to natural resources for fuel such as crude oil and natural gas will, for the next half century at least, be of primary concern and the issue most often impacting inter- and intra-state relations. However, arguably the most destabilising resource scarcity is that of freshwater. Freshwater is pivotal to the main forms of human action and organisation. Freshwater supplies are most obviously used for human consumption, but also important is the use of freshwater in the most pivotal sectors of economic activity.

In the MENA region as a whole and for Jordan in particular, this is increasingly important as freshwater is used in ever growing amounts in agriculture and medium to heavy industry. As Jordan's urban centres continue to grow at an increasing rate due to demographic changes and urbanisation, and as its economy attempts to industrialise, freshwater sources will be ever more precious. It would be incorrect, however, to assume that the growing importance of freshwater sources coupled with the decreasing availability of such sources and the shared nature of Jordan's main freshwater sources will lead to increased tension and competition with its neighbours. It is likely that Jordanian foreign policy towards its immediate neighbours with which it shares freshwater sources will have to respond to the challenges of freshwater scarcity. However, it is equally likely

that Jordanian foreign policy will be driven by the need to collaborate with its neighbours in order to ensure freshwater security. If this is to be the case, then the Jordanian government, as well as others in the region, will need to develop the institutional mechanisms for effective engagement. Greater levels of economic integration and interdependence as well as engagement with international institutions can help to facilitate international collaboration, but, at the same time, where levels of economic integration and institutional engagement are low, international collaboration is likely to be hindered. In the case of Jordanian relations with Syria and Israel over shared freshwater sources and projects to manage them, the Red Sea-Dead Sea Conduit project and the Wehdeh Dam offer examples of both foreign policy challenges and opportunities.

Endnotes

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- 16 Ibid., p. 82.
- 17 Ibid., p.110.
- 18 Jodi Jacobson, *Environmental Refugees: A Yardstick of Habitability*, Washington, DC, World-Watch Institute, 1988, p. 26.

- 19 Homer-Dixon, "Environmental Scarcities", p. 10.
- 20 This is perhaps an error made on the part of scholars who are all too eager to construct more elaborate explanations for the region's volatility, often blaming historic belligerence, control of territory for reasons of prestige or military-strategic advantage, nationalism, and religion; all increasingly popular in the post-9/11 era. For example, if attention is paid to the most enduring conflict in the region, the Arab-Israeli conflict, a whole range of causes can be identified. Access to freshwater is by no means the most unapparent one.
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- 40 Rami Abdelrahman, "Two Leaders Launch Al Wihdeh Dam", *Jordan Times*, 10 February 2004.
- 41 Agreement Between The Republic of Syria and the Hashemite Kingdom of Jordan Concerning the Utilisation of the Yarmouk Waters, Signed in Damascus, 4 June 1953; in force, 8 July 1953, at <http://waterlaw.org/documents/regionaldocs/syria-jordan-1953.html> [last visited 18 August 2013].
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The Eurocentric Conception of World Politics: Western International Theory, 1760-2010

By John M. Hobson

Cambridge: Cambridge University Press, 2012, 393 pages, ISBN 9781107604544.

Theories of international relations are largely predicated upon certain ontological and epistemological premises that argue that the international politics of sovereign states can be objectively and universally explained. Ontologically the subject matter of international relations (IR) is the interactions among sovereign states in an anarchical world. The concepts of sovereignty and anarchy determine the structure, nature and mechanisms of world politics. Secondly the international is defined epistemologically, which gives itself to objective knowledge claims which, in turn, are seen as applicable to multiple/different spaces in the past, present and arguably the future. Nevertheless there is a growing literature criticising this idea of the international and problematising these ontological and epistemological premises by arguing that they actually reflect culturally specific understandings of self/subject, community, morality, politics and history that originated in a European historico-social existential

world. Pursuing this critical line of thought John M. Hobson in *The Eurocentric Conception of World Politics* historically and conceptually shows that the “international theory constructs a series of Eurocentric conceptions of world politics”.

Hobson challenges the ontological and epistemological premises of international theory by developing the argument that, first, the sovereign state in essence refers to the Western conception of a socio-political community constructed through the dichotomy of Western civilisation and the so-called “savage” and “barbaric” polities, consequently assuming a hierarchical and unequal relationship between Western individual and collective identities and other non-Western socio-political communities. As he argues,

“A key message of this book is that all the major theories of the international in the last quarter millennium begin their analyses not with the sovereign state but with a social analysis wherein inter-state relations are derived from the application of a priori conception of the

“social standard of civilization”. And albeit in different ways international theory has in effect focused on the unequal field of global/civilizational hierarchy and gradated sovereignties”. (p. 19)

Secondly, since the knowledge claims of international theory reflect the civilisational identity of the West and also construct it as the referent point of social/political analysis, they are to be regarded as subjective and particular rather than objective and universal. As he says,

“...international theory does not so much explain international politics in an objective, positivist and universalist manner but seek, rather, to parochially celebrate and defend or promote the West as the proactive subject or, and as the highest or ideal normative referent, in world politics”. (p. 1)

That international theory originally refers to a Eurocentric conception of world politics and constructs/defends the civilisational identity of the West that was derived from the historical-intellectual context from 1760 to 2010 is Hobson’s main argument. In order to explore the historical-intellectual construction of Western international theory, he develops four generic categories, which are Eurocentric institutionalism, scientific racism, imperialism and anti-imperialism. Each of these generic Eurocentric conceptions has come to the fore in certain historical periods that Hobson separates from

1760-1914, 1914-1945, 1945-1989 and 1989-2010. Investigating Eurocentrism with these multiple forms and embedded in certain periods, Hobson not only seeks to distinguish himself from E. Said’s reductivist and analytically undifferentiated conception of Orientalism/Eurocentrism, which was built on an essentialist conceptualisation of the West and the East, but also aims to go beyond Marxist and postcolonial understandings of imperialism by combining coercive and materialist dimension of imperialism with its discursive/cultural and non-coercive/institutional components.

In the first section Hobson examines the concepts of manifest Eurocentrism and scientific racism that underpinned Western international theory from 1760 to 1914. He identifies all of the four variants of Eurocentrism as embedded within these periods in this historical-intellectual era. In the 1830-1914 period, Hobson sees paternalist-Eurocentric imperial conceptions of world politics articulated in classical liberal and Marxist theories, such as by R. Cobden, J. Bright, N. Angell, J. Hobson and K. Marx. He argues that classical liberalism and Marxism defended paternalist Eurocentric institutionalism by constructing a “formal hierarchical conception of gradated sovereignties”. Eastern polities have no sovereignty

since they are deemed either ‘barbaric’ or ‘savage’”. Within this paternalist Eurocentrism non-Western polities/cultures have conditional agency only if they fulfil “the rationality requirement” by accepting European rational institutions and moral attributes. In other words only after the miraculous touch of the European civilising mission would Eastern polities come into the world and gain the right of sovereignty. In the period from 1760-1800 Hobson looks at the classical liberal internationalism of Adam Smith and Immanuel Kant which represent, for Hobson, Eurocentric anti-imperialism. They are anti-imperialist and anti-paternalist because they think that Eastern polities can have derivative sovereignty and are capable of development/civilisation without Western initiative.

In the third chapter, which covers 1850 to 1914, Hobson discusses scientific racist anti-imperialism that is embedded within classical liberalism and cultural realism, and specifically focuses on the writings of C.H. Pearson, H. Spencer, James Blair and David Jordon. For Hobson, these writers imagine “a racial apartheid conception of world politics” based on “an East-West division comprising a three informal hierarchy of white civilization, yellow barbarism and black savagery”. In this imaginary the (superior) Western civilisation is isolated

from its others so that it can preserve its pureness and uniqueness. Even if its hyper-sovereignty is rejected, full sovereignty is awarded only to Western civilisation and accordingly Eastern polities have only default sovereignty. In the last chapter covering the period from 1860-1914, Hobson examines racist imperialism in realism, liberalism and socialism and looks at writers such as A. Mahan, H. Mackinder, G. Ratzenhofer, B. Kidd, C. Dilke, J. Seeley, J. Strong, D. Ritchie, L. Wadd and S. Webb. This variant of Eurocentrism is premised on a racial hierarchy between the West and the rest. Eastern communities are regarded as either barbaric threats or racial inferiors. In both cases they are either to be exterminated or contained. Offensive racists like racist anti-imperialists have constructed “a racial apartheid conception of world politics” based on a racial standard of civilisation.

In the second part of his book, Hobson examines the world from 1914-1945, the period in which, according to the conventional narrative, the discipline of IR emerged. Hobson calls the so-called idealist-realist debate as an exercise in myth-making in the construction of the discipline, and argues that this era could be best understood as “the final climax of scientific racism and the high tide of manifest Eurocentrism”. He seeks to develop the argument that the

identity crisis and loss of confidence in Western civilisation underpinned the philosophical-political writings and most importantly shaped Western international theory in this era. This anxiety, for Hobson, informed not only the cultural realism of the “classical geopolitikers” but also Wilsonian “idealism”, both of which in their own ways defended Western colonialism and thereby kept the world safe and stable for the West. In addition to this manifest Eurocentrism, which was either expressed through the power (geo-race) politics of cultural realists or by principles of self-determination and democracy of offensive liberal-racists, Hobson also accuses the Marxist theories of imperialism developed by such writers as Lenin, Luxemburg and Bukharin of subliminal Eurocentrism since they conceived Western civilisation (its colonialism and global capitalism) as “the higher normative referent in progressive world politics”.

The third part of the book covers the period from 1945-1989 and is explored in three chapters where Hobson examines the mainstream theories of IR, namely classical/neorealism, liberalism/the English school and structural Marxism. The gist of this part is that even if IR theory has rejected its manifest and racist presuppositions, for Hobson, “it failed to escape the generic political bias of

Western-centrism that had underpinned pre-1945 international theory. This ‘Westphalian’ or West-centric thinking took the form of what I call subliminal Eurocentric institutionalism” (p. 185). Both classical realism and the hegemonic stability theory in their own ways constructed a narrative of world politics which was premised on Europeans, as a result of their exceptional and pioneering characteristics, creating the modern capitalist sovereign-states system and expanding it through imperialism or hegemony to the rest of the world. For example Morgenthau’s concept of balance of power was part of this Eurocentric conception of world politics as it assumed certain (read as European) normative, socio-cultural and political prerequisites, such as the arguments that guiding interactions among sovereign states would stabilise the structure of international system. Like in Carr, for Hobson, Morgenthau’s narrative of world politics was “the story of intra-Western relations” and which had no place for non-Western societies. This is true for Waltzian “ahistorical structuralism” which denied Eastern agency and reified Western agency by confining itself to US hegemony and imperial hierarchy. Subliminal Eurocentrism was most apparent in neoliberal institutionalism, which explicitly started with the common ideational foundation of states

for cooperative interactions, that is global capitalism. The English school followed this logic of immanence by defining international society as an endogenous development of Europe and explained world politics as the expansion of this European international system to the globe. Even if this world system approach and neo-Gramscian political economy had unearthed the European capitalist underpinnings of international system by bringing hegemony and imperialism back into historical and social analyses of capitalist modernity, Hobson claims that due to their Eurocentric presuppositions they naturalised Western domination and reified its agency against non-Western subjectivities.

In the last part of the book, which examines the post-Cold War period, Hobson elaborates the emergence of manifest Eurocentrism in IR theory. In its realist form as found in the writings of such people as Kaplan, Huntington and Ferguson, Hobson argues that there has been a return to a post-1889 racist realism. This line of thought has perceived globalisation as an Eastern threat, constructed the idea that anarchy, terror and new barbarism is coming from non-Western societies, and prescribed/defended Western values either by promoting them to Eastern societies or by strictly separating the West from the rest and consolidating its Western identity.

What is common in all these realist thinkers has been that they construct Islam or China as an antithesis to Western civilization and accordingly attribute non-European polities with “predatory/barbaric agency”. For Hobson, Western liberalism, that is a conglomeration of liberal constructivism, democratic peace, neoliberal institutionalism and liberal cosmopolitanism, complements offensive Western realism. The paternalist Eurocentrism of Western liberalism was triggered by optimism and triumphalism. It has aimed to universalise Western civilisation through the gradual assimilation of Western values, norms and practises by non-Western societies. Hobson claims that Rawls’s well-ordered society, Held’s cosmopolitan democracy and Teson and Nussbaum’s justification of humanitarian intervention in their own ways reflect Western historical-cultural determinations and its political priorities, defends their universal validity, promote them as the normative-political subjects/objects and constructs a world in its own image, all the while having non-Western societies as only passive receivers with conditional agency, thereby giving Western civilisation hyper-agency.

By developing the idea that IR theory is premised on the social-civilisational definitions of sovereignty and that it imagines the international through stratified/graduated sovereignty, which

accordingly leads to the hierarchical/unequal construction of the Western and non-Western agencies, Hobson seeks to challenge the mainstream historiography of the discipline of IR, and argues that IR theory is the discourse of Western civilisation. But more importantly, uncovering the historical and conceptual bases of Eurocentrism in IR theory can make it possible not only to rethink concepts, such as self, community, universality/particularity, identity/difference, morality and politics, that inform the European conception of the international, but can also craft historical

narratives and conceptual frameworks that deal better with multiplicity, diversity and difference in the contemporary world by recognising the agency of diverse socio-political communities, the validity of distinct historico-cultural worlds and the possibility of alternative social/international imaginaries in the constitution of the global.

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Empire of Ideas: The Origins of Public Diplomacy and the Transformation of US Foreign Policy

By Justin Hart

New York: Oxford University Press, 2013, 279 pages, ISBN: 9780199777945.

In *Empire of Ideas*, author and historian Justin Hart offers a delightful analysis of how public diplomacy gestated in U.S. foreign policy at a time of the country's rising global domination in the 1930s. Hart traces the historical genesis of the U.S. government's efforts to win the hearts and minds of foreign audiences from the period of 1930s through to the 1950s. He seems to have made a valuable contribution to

this ever-growing literature by offering an elaborate account of early efforts at public diplomacy and the philosophical assumptions underpinning U.S. foreign policy. The study successfully links the U.S. experience under study with contemporary discussions in public diplomacy.

The central problem that Hart deals with is when and why the U.S.

government decided to include the techniques of public diplomacy into its efforts to shape the image of the U.S. abroad. His purpose is to delve into U.S. history to unearth the fundamental reasons why the U.S. government employed certain public diplomacy techniques in its contemporary foreign policy.

On the basis of in-depth research into official documents and memoirs, Hart confidently argues that the U.S. government attempted to incorporate public diplomacy into foreign policy processes for the first time at the Buenos Aires Conference in 1936. It was this particular conference in which the U.S. government was committed to a series of cultural and educational exchanges with countries in Latin America to cultivate a friendly image for the U.S. in the minds of foreign audiences. The issue of such an “image” became part of U.S. foreign policy when American policy makers acknowledged that the nation’s image played a role in its postcolonial strategy as an emerging superpower with influence over the world while avoiding the costs associated with a conventional territorial empire. Such a move came as former imperial powers in Europe were in decline, and the U.S. was ready to fill the power vacuum. It thus opted for domination over the world through ideas and “U.S. values”. The nation’s

image was also an essential component of its transformed foreign policy.

Hart concludes that the concept of image played a role in U.S. foreign policy considerations at the time. Nevertheless, it remained a very minor role. He points out that image has always been a contested concept because of its political nature, which allows the political power to choose what to include into its definition. Therefore, public diplomacy constituted a point of contention between the government and the opposition for many years. Policy makers were often criticized for how their methods, management, and messages projected the image of the U.S. abroad.

Hart has thus made a valuable contribution to the literature by offering a rich analysis of policy discussions and underlying assumptions of public diplomacy in U.S. history. First of all, he sheds lights on various challenges that the U.S. government faced in articulating public diplomacy initiatives at the time. The contention between the government and opposition groups about how to define America abroad is well documented and thoroughly discussed in the book. Another dilemma was in balancing messages given to allies in Europe and those given to the foreign audiences in the former colonies of those

European allies. The third challenge was how to accommodate in the nation's image facts about racial discrimination against the black population in the U.S. The book provides a fascinating account of how all these challenges shaped public diplomacy initiatives in U.S. foreign policy.

In addition, from a novel perspective as a historian of public diplomacy, Hart revisits various conventional issues such as the Truman Doctrine and the Marshall Plan to bring to the fore elements associated with public diplomacy in foreign policy. Through convincing comparisons and contrasts, Hart succeeded in transforming otherwise dull, conventional issues into topics provoking further research. This is incredibly valuable for academics interested in comparative studies and looking for raw materials to use in their work.

Furthermore, Hart contributes to theoretical discussions in public diplomacy with his assertion that the lines between domestic and foreign affairs are blurred in public diplomacy. The nation's image abroad is greatly influenced by what happens in the domestic realm, and hence public diplomacy initiatives directed at foreign audiences affected the domestic political climate. The permeability of boundaries

between domestic and foreign is an issue which invites further discussion among academics in the future.

Lastly, Hart presents a convincing map of the process by which public diplomacy was institutionalized. He reviews the numerous success and failure stories of those institutions as well as the personal characteristics and professional backgrounds of their leaders. These stories may offer guidelines for policy makers today on what to do and how to do it for a successful outcome in public diplomacy initiatives.

In fact, the greatest strength of this impressive book often seems to lie in its elaborate recounting of the shortcomings of public diplomacy initiatives and the struggles of American policy makers to overcome those challenges. My main concern, however, is the way Hart handles U.S. propaganda, which he greatly overemphasizes in articulating his argument about the origin of public diplomacy in U.S. foreign policy. While acknowledging that public diplomacy is a set of techniques drawing on various sources, including propaganda, communications, and cultural diplomacy, Hart explicitly refers to propaganda as the single most important source of public diplomacy. He even goes beyond that, implying that public diplomacy is simply a form

of propaganda by using the two terms interchangeably throughout his analysis.

Nevertheless, propaganda and public diplomacy are two different concepts. While there is certainly a degree of overlap in communication techniques used in these fields, the most important difference is that propaganda is a monologue assuming the existence of a passive audience while public diplomacy is a two-way dialogue between the government and active foreign audiences. In addition, propaganda is a historically conditioned and politically charged concept. It calls for manipulation and deception in communication with foreign audiences, which inevitably raises ethical questions about the legitimacy of U.S. foreign policy objectives. Public diplomacy, on the other hand, calls for positive concepts such as engagement with, active listening to, and learning from external circles. Therefore, using these two terms interchangeably undermines the credibility of Hart's earlier argument that public diplomacy stemmed from and related to the U.S. experience in various fields such as cultural diplomacy, propaganda, communications, and public relations, among others.

Moreover, considering public diplomacy as euphemism for propaganda discourages study of public diplomacy.

No academic or policy maker would like to be known as a propagandist, being, on the contrary, extremely careful to distance public diplomacy from propaganda both in theoretical discussions and policy initiatives. Hart's argument may thus be improved if the contours of public diplomacy are better defined. In addition, a comparative analysis of public diplomacy with other related concepts may bring clarity to the fundamental terms mentioned in the book.

Furthermore, Hart relates public diplomacy to public opinion, arguing that the emergence of public diplomacy reflected a growing awareness of public participation in U.S. foreign relations as early as the 1930s. This is too far-fetched an argument since it is rather difficult to claim that effective public participation in foreign policy processes existed at that time. For many decades, foreign policy had been the prerogative of an exclusive club of state and Foreign Service officials. Even if public opinion can be said to play a role in the perception of the nation's image abroad, it is not obvious that the American people were aware of it or that they consciously contributed to the process. Hart's argument may be improved if he more precisely documents the impact of public participation in public diplomacy. This is, however, not an easy task since measuring the

impact of public diplomacy initiatives constitutes the Achilles heel of public diplomacy studies.

Overall, Hart deserve much credit for his impressive recounting of the story on the origin of public diplomacy in U.S. foreign policy. He successfully interrogates underlying dynamics of public diplomacy and convincingly explains when and why the U.S.

government included public diplomacy efforts in its foreign policy. It is obvious that this work will remain relevant to contemporary discussions about public diplomacy for many years to come.

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Türkiye Dış Politikası: İlkeler, Aktörler, Uygulamalar (Turkey's Foreign Policy: Principles, Actors, Practices)

By Ali Balcı

Istanbul: Etkileşim Publications, 2013, 344 pages, ISBN: 9786051315003.

The literature on Turkey's foreign policy has been growing in recent years. However, most such studies deal with recent developments and are therefore agenda-dependent studies. This is partly because of the changeable nature of Turkey's foreign policy over the last decade, with its many striking but contradictory moves, which has rendered it quite attractive to researchers. One development that has become a particularly popular discussion topic both in Turkey and abroad is Turkey's "shift of axis". Added to this, the swift spread of international relations departments in

Turkey and the increasing number of scholars studying foreign policy issues have also contributed to the skyrocketing number of academic papers dealing with Turkey's foreign policy during the first decade of the 2000s.

This growing interest in Turkey's foreign policy has created a need for brief but all-inclusive books. Existing studies dealing with Turkey's foreign policy in general, however, are either too comprehensive to read in a short time or are edited volumes with many problems of coherency. Ali Balcı's *Turkey's Foreign*

Policy: Principles, Actors, Practices meets this need by providing a short introduction to Turkey's foreign policy.

Balcı attempts to provide an analysis of Turkey's foreign policy from Atatürk's time to the present in his book. The volume is composed of eleven chapters all of which are divided into three sub-chapters dealing with principles, actors, and practices in specific periods in Turkey's foreign policy. Balcı differentiates each period by focusing on the main principles of the time in question. For example, while pragmatism is presented as the main character of Atatürk's period, the following chapters emphasise the active neutrality of İnönü's period, the active Americanism of Menderes' period, and the multidimensionality with a special inclination to the Western axis for the military tutelage of the 1960s respectively. Foreign policy was especially made by the leaders at these times, and they mostly followed a balance of power policy to meet Turkey's security demands.

The following chapters cover, respectively, the continuation of multi-dimensionality during the Ecevit and National Front period of the 1970s, the neoliberal tendencies in the military-dominated period of the early 1980s, neoOttomanism in the Özal period, security and secularism driven foreign

policy in the coalition government period of the 1990s, and the Europeanization at the end of the 1990s. The author deals with the foreign policy of Turkey in the Justice and Development Party period from 2002 to 2009 with a special focus on the zero-problem principle approach to neighbouring states.

The primary contention of the book is that the foreign and domestic policies cannot be separated. For the author, foreign policy is one of the main instruments shaping domestic power relations among different actors. In other words, foreign policy functions as a strategy in the hands of the ruling power bloc, silencing oppositional discourses and delimiting the boundaries of the existing hegemonic state identity. Balcı's treatment of the key actors of each period reveals that what affects the decision making process is the relation between foreign and domestic policies, which are thus dealt with together in the book.

Balcı also criticizes existing books which idealize a specific period of Turkey's foreign policy while decrying the others. The author challenges this idea and therefore he both tries to avoid depicting any one period as a "golden age" and takes a critical stance towards each period. The author has also chosen unusual wording for his title; instead of "*Turkish* foreign policy", Balcı prefers

“*Turkey’s Foreign Policy*”. The title of the book is thus a bold attempt to deviate from a nationalist narration of foreign policy in Turkey.

Rather than being a polemic, however, the book is presented as a course book for students in international politics. Accordingly, it is divided into eleven chapters applicable for an academic semester. While the author’s analysis of some events and concepts lacks detail, he also advises a list of further reading at the end of each chapter, prompting the reader to further interrogate and research the subject matter. Yet, added to this vagueness about events and concepts, the book often fails to inform the reader about whether particular issues are controversial or not. For instance, the description of the Lausanne Treaty does not mention the deep controversy about it in the scholarship in Turkey; while some academics describe it as an extraordinary success, others claim that it sought to curtail the independence of the republic and describe it as unsuccessful.

Taken as a whole, the book presents a clear outline of actors, principles,

and practices in Turkey’s foreign policy for interested students and researchers. The book has no intention of giving exhaustively detailed information about Turkey’s foreign policy: rather, it aims to create an idea in readers’ mind on which to build further reading. The broad capacities, limitations, and sources of Turkey’s regional and international power are briefly illustrated in the book without getting lost in details. This practicality of the book is also helpful to lecturers seeking to use it as a course book on Turkey’s foreign policy. Nevertheless, the book can also be criticised for putting forward some controversial arguments, especially in the subchapters on decision-making processes and principles in Turkey’s foreign policy. Overall, however the book provides a readable introduction for students who are becoming interested in Turkey’s foreign policy.

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Sovyet Sonrası Dönemde Türk Dilli Halklar, Dil Sorunu, Yeniden Biçimlenen Kimlikler (Turkic-Speaking People in the Post-Soviet Era: Language Problems and Newly Restructured Identities)

By Jale Garibova

Ankara: Atatürk Kültür Merkezi, 2012, 302 pages, ISBN: 9789751624918.

In the 1990s, there was widespread shock when the Turkish public learned that, during meetings of Turkic-speaking states, Central Asian leaders delivered their opening speeches in Russian. Yet this scandal simply highlighted Turkish citizens' limited knowledge of post-Soviet Turkic states. It also reflected Turkey's historical tendency to remain aloof from its Turkic-speaking neighbours until 1991 in order not to alienate or threaten Communist leadership. However, the collapse of the Soviet Union paved the way for rapprochement between Turkic-speaking people and created a new academic interest in the region in Turkey. In this framework, a valuable project entitled "Re-Demarcated Borders: Structured Identities in Eurasia" has made an important contribution to Post-Soviet regional studies in Turkish. This project aims to explore political and social transformations in the Post-Soviet region, emphasizing the nation and state-building processes. The last book

of the four volume project is Turkic-Speaking People in the Post-Soviet Era: Language Problems and Newly Restructured Identities by Prof. Dr. Jale Garibova. Garibova has contributed to this project as an insider voice from the region. Her work has concentrated on a research subject which has been somewhat neglected in Turkey; national languages and language policies in post-Soviet Turkic-speaking states.

The book addresses key issues of national languages in the region and their impact on newly restructured national identities. Garibova's specific aim is to analyse how language policies, characterized by de-Russification and de-Sovietization, are determined and enforced in these republics. She clearly underlines the legacy of Soviet language policies, and evaluates the geographic, demographic, and historical constraints on post-Soviet language policies.

The book begins by introducing the theoretical and conceptual framework of

language policies, and the author clarifies her preferred integrative theoretical approach, which is not based on a single or general theory. In order to prevent terminological confusion due to the lack of consensus, the author attempts to define the main terms that are used throughout the book, and this overview provides a valuable terminological contribution to language studies.

The first part focuses on the nature of language policies, language behaviour, and the development of national identity in Turkic-speaking republics such as Azerbaijan, Kazakhstan, Kyrgyzstan, Uzbekistan, and Turkmenistan. It starts with an analysis of factors affecting post-Soviet Turkic people's processes of identity construction, and Garibova emphasizes social and political conditions during the Soviet period. Moreover, she sheds light on little-known forms of identity that were and remain important in the region, such as national, mixed, corporate, and group identities. In the second part of this chapter, the author clarifies the features of language policies in the post-Soviet era by emphasizing the priorities of language policies and the factors that determine these policies. For Garibova, language policies are determined by state-building and identity construction processes, as well as de-Sovietization and de-Russification, globalization, and ethnic and regional

relations. The third part of the chapter examines the status of titular languages in five Turkic-speaking republics. The driving force behind the language policies in Kazakhstan, Kyrgyzstan, Uzbekistan, Turkmenistan, and Azerbaijan, as well as the constraints on these policies are analysed in detail. Garibova notes that although newly independent states are enthusiastic about their language policies, the implementation of language laws faces many difficulties in practice.

One particularly valuable contribution the author makes comes from her analysis of the impact of language policies on different ethnic groups, especially these countries' Russian residents. This study points out the diversity of application of language policies in different republics depending on their demographic differences regarding minority groups. Language policies have to reflect the difference between state language and language of inter-ethnic communication. The density of ethnic Russians living in Turkic-speaking republics changes their approaches to the status of the Russian language. Harsh language policies create social pressure on Russian populations that cannot speak titular languages. For this reason, post-Soviet leaders prefer to promote titular languages without alienating Russian minorities, especially in Turkic-speaking Central Asian republics (though it is a great

pity that the book does not address the linguistic problems of the Uzbek minority in Tajikistan). Nevertheless, efforts to promote the use and prestige of titular languages face significant obstacles and resistance. The status of Russian language is still decisive in higher education and in other critical fields, including healthcare and mass media. In addition to the perceived prestige of Russian, titular languages face challenges from the expansion of English and Turkish due to the increasing economic and political relations of the US and Turkey with the region. As well as these language promotion efforts, Garibova also looks at writing, alphabet, vocabulary and terminology in order to evaluate the competitiveness and prestige of Turkic languages. She concludes the chapter with an overview of the sociolinguistic prospects in these republics, concentrating in particular on immigration after the collapse of Soviet Union. This provides meaningful data on the sociolinguistic situation in these republics in post-Soviet era, and greatly increases the quality of the analysis.

The second section assesses language movements within and between Turkic-speaking Autonomous Republics in Russian Federation, such as the Altai, Bashkortostan, Chuvashia, Khakassia, Sakha, Tatarstan and Tuva Republics from a historical perspective. The author

examines the impact of the Soviet policies, such as the decentralization (1920-1930) and then internationalization of titular languages, linking these historical trends to contemporary policies. The author also gives an overview of the impact of Russia on contemporary language movements; although Turkic languages now have official language status, Russian still has priority in these republics.

Garibova's book clearly reveals that language as a critical component of nation building and national identity is formulated in a highly politicized arena in the post-Soviet region. The book has several strengths that make it stand out, especially for the Turkish academic community. First of all, Garibova's work is valuable for its emphasis on post-Soviet republics. The book refers to authentic sources which are difficult to access in Turkey. Garibova was able to conduct extensive fieldwork and provides us with a rich analysis, especially in the part on Azerbaijan. Second, her valuable research on the post-Soviet independent states is lucid and well-organized and is easy to read for those not familiar with the subject.

For the section on Turkic-speaking autonomous republics in Russian Federation, Garibova based her analysis on secondary sources. In addition, the part on Autonomous Republics in Russia

also suffers from the lack of clarity, making it difficult to understand for readers not familiar with the subject. Specifically, while the data on the sociolinguistic situation in these countries increases the quality of the analysis, it would have been clearer if she had used tables to help the reader visualize the changes over time. The book would also have benefitted from better organization of the argument about newly restructured identities. In particular, the theoretical framework, introduced at the beginning, is not connected to other parts of the book. This is especially evident when she analyses the impact of Turkey on identity construction process, where she fails to connect it with local language movements and policies.

The book is particularly valuable for bringing forward a somewhat implicit argument of international influence on language policies in post-Soviet republics; the author critically assesses the impact of Russia, historically and presently, in these communities and also briefly evaluates the increasing role of Turkey and the West. For this reason, Garibova's book on this under-researched subject presents a valuable contribution for studies in International Relations, and is encouraging and helpful for Turkish readers with an interest in language and language policies.

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Articles in Edited Books

John Smith, "Article Title", in Mary Jones (ed.), *Book Title*, New York, New York Publishing Company, 1999, p.100.

Official Papers

Parliamentary Papers: Select Committee on Manufacturers (Parl. Papers, 1833, VI), 0.456. Subsequent references as:

SC on ... (PP, 1839, VII), 00.2347.

Hansard (Commons), 4th ser. XXXVI, 641-2, 22 Aug. 1895.

Theses

For titles of published and unpublished theses use italics:

John E. Smith, *Title of Thesis*, unpublished Ph.D. thesis, Name of the University, Year, Chapter #, p. #

Internet References

Center for Strategic Research of the Ministry of Foreign Affairs, "A Global Spring- Why NATO needs to go Global", at <http://www.sam.gov.tr/perceptions/volume13/autumn/DustinDehEz.pdf> [last visited 21 October 09]

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Numbers under 10 should be spelled out.

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ISSN 1300-8641



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