

Özel, Işık

Article

From a 'Rising Star' to Fragile Market Trapped in Middle-Income: An Overview of the Turkish Economy

CESifo Forum

Provided in Cooperation with:

Ifo Institute – Leibniz Institute for Economic Research at the University of Munich

Suggested Citation: Özel, Işık (2016) : From a 'Rising Star' to Fragile Market Trapped in Middle-Income: An Overview of the Turkish Economy, CESifo Forum, ISSN 2190-717X, ifo Institut - Leibniz-Institut für Wirtschaftsforschung an der Universität München, München, Vol. 17, Iss. 2, pp. 5-11

This Version is available at:

<https://hdl.handle.net/10419/166651>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

FROM 'RISING STAR' TO FRAGILE MARKET TRAPPED IN MIDDLE-INCOME: AN OVERVIEW OF THE TURKISH ECONOMY

IŞIKÖZEL*

The Turkish economy is often praised for its impressive growth performance since the early 2000s, which has resulted in almost a nearly three-fold increase in its per capita income. Turkey's track record is in line with the process of positive decoupling experienced by a number of middle-income countries that have achieved fairly impressive growth rates within the last two decades. When the instabilities in advanced countries – as well as negative growth in some cases – are taken into account, the leverage of large middle-income countries becomes more striking, since not only did they sustain growth – albeit at diminishing rates – but they also weathered some of the recent storms in the global economy.¹

Fostered by burgeoning self-confidence based on such resilience in a context where successive crises shook the global economy, these countries began to increase their voice in international fora and enhance their influence in diverse geographies. Turkey was included in this group together with Russia, China, Brazil, amongst others, which became generous donors in Africa, Asia and Latin America, while the firms (public and private alike) based in these countries undertook giant investments in the latter regions. Nonetheless, this rosy picture did not last very long, as growth in these markets began to slow down and most of these rising stars of the previous decade got 'trapped' in the middle-income category (Aiyar *et al.* 2012; Agenor *et al.* 2012; Kharas and Kohli 2011).

Focusing on the Turkish economy, this paper will begin by exploring the institutional underpinnings behind its widely-praised 'success story' in the 2000s, and then discuss the ongoing erosion in those institutions, which have contributed to the slow-down and increasing vulnerability of the Turkish economy over the last five years.

Trapped in middle-income: Turkey's economy from a comparative perspective

Following a remarkable growth performance where the Turkish economy grew by 4 percent in terms of per capita income, and about 6 percent in terms of gross domestic product (GDP) on average between 2002 and 2015, its GDP reached 798 billion US dollars, making Turkey the 16th largest economy in the world; and thus one of the G20 and the sixth largest economy in Europe.² This performance, however, has not been good enough to move Turkey out of the middle income category, currently composed of 104 countries whose GDP per capita ranges between 1,046 and 12,745 US dollars, involving a diverse range of countries from Bangladesh and China to Bulgaria and Turkey. With a GDP per capita of 10,515 US dollars by 2014, Turkey is placed at the higher end of the upper middle-income group (delineated as ranging between 4,126 and 12,735 US dollars measured in terms of per capita GDP) alongside Brazil (11,727 US dollars), Mexico (10,326 US dollars), Romania (10,000 US dollars). Figure 1 shows Turkish GDP per capita in comparison with distinct groups, including the new EU members (through the enlargement in 2004 and 2007) along with individual countries.

Figure 1 demonstrates that Turkey's per capita GDP is, indeed, above the levels of seen in the new EU members that joined in 2007, as well as those of current candidates. Its per capita income is lower than the average per capita GDP of the Central and Eastern European Countries (CEECs) that acceded to the EU in 2004. When the new members' growth performance is examined over the course of the last couple of dec-

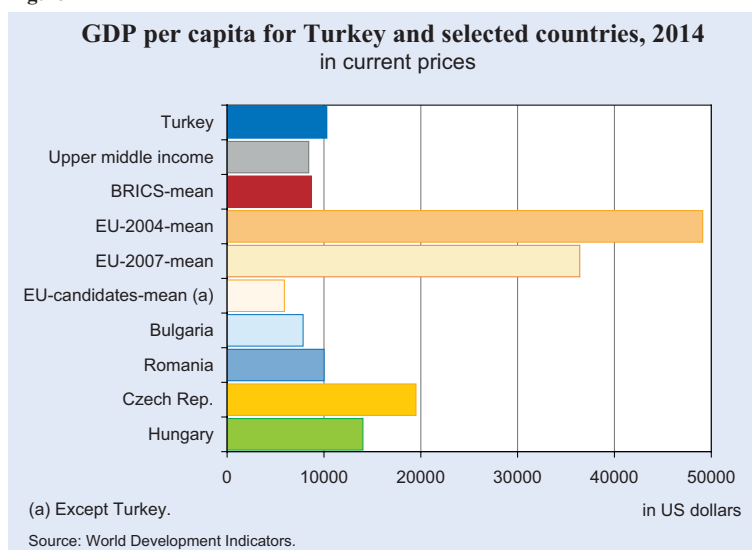


* Sabancı University, Istanbul.

¹ See also <http://www.imf.org/external/pubs/ft/weo/2012/02/index.htm>.

² Based on current prices and 2014 figures – see World Development Indicators, <http://data.worldbank.org/indicator/>.

Figure 1



ades, however, the correlation between EU accession and GDP growth can be easily observed. For instance, Turkey's per capita GDP was slightly higher than that of Poland back in 1994 (5,101 vs. 4,902 US dollars expressed in constant 2005 prices), at the time of its accession to the EU, Polish GDP per capita had already surpassed that of Turkey. Figure 2 also compares per capita GDP of Turkey and the new EU members, as well as China in 1994, 2004 and 2014.

Explaining recent performance: between institutionalisation and de-institutionalisation

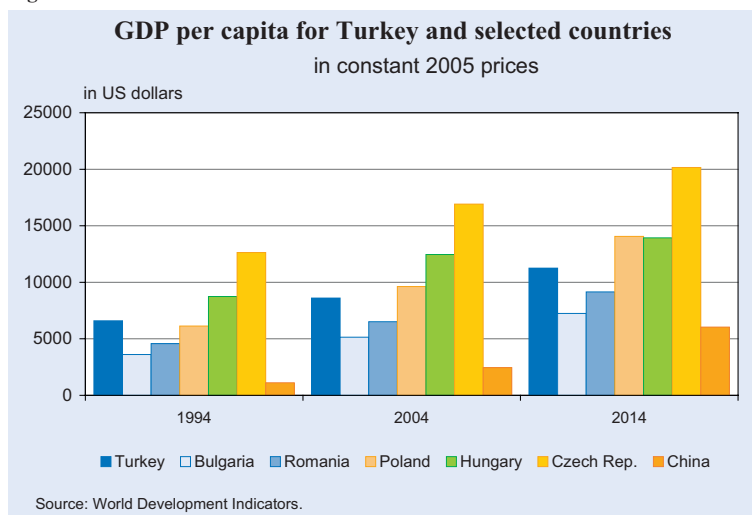
A key element behind the high growth and relative resilience attained by the Turkish economy in the previous decade was the institutional strength along with the apt environment facilitated by global liquidity

already liberalized to a great extent through a process launched back in 1980. Although launched much earlier than that of the CEECs, the process of liberalisation and stabilisation of the Turkish economy proceeded in a more protracted and zigzagging fashion. Following a 50-year period of state-led economic development (within the domain of capitalism, as a different feature compared to the CEECs) based on high levels of protectionism, it adopted a comprehensive liberalisation and stabilisation program in 1980, becoming one of the pioneers in its peer group. Turkey's bold market reforms were initially applauded by international organisations like the IMF and the World Bank, which provided considerable financial support for structural adjustment (Nas 2008). Yet such support did not prevent the Turkish economy from succumbing to successive crises between the late 1980s and early 2000s, a period marked by excessive financialisation, prevalent regulatory failures and substantial macroeconomic instabilities.

In this period, institutional reforms were largely disregarded and the existing institutions were bypassed through pragmatism and populism (Öniş 2007; Özel 2014).

In a way the 2000–2001 economic crisis created a window of opportunity for institutional change, as the power of veto players had weakened in the context of the crisis (Özel 2012 and 2013). A comprehensive reform program was launched addressing important changes in a broad range of institutions and policies, introducing

Figure 2



regulatory governance, constraining executive discretion, while bringing about fiscal discipline and macroeconomic stability, along with many new institutions and policy instruments. This was, indeed, the outcome of a prolonged learning process out of successive crises between the late 1980s and 2001. Although the external anchors and their direct pressures for such major changes mattered, the enactment and implementation of reforms was only possible through political commitment and such commitment was formed in the context of a coalition government and a highly-divided parliament, challenging the prevalent arguments against the efficiency of coalition governments with regard to economic policy-and reform-making. Hence, in an environment where the stakes were very high, ‘the Transition Program to a Strong Economy’ was adopted in 2001, under the leadership of Kemal Derviş the Minister of State in charge of economic affairs. Often referred to as the ‘Derviş’ reforms’, these institutional changes began to yield credible signals to international organisations and investors (Bakır and Öniş2010; Özel 2014).

Engendering a major turning point in terms of both economic governance and macroeconomic stability, these reforms included – but were not limited to – the independence of the Central Bank, establishment (and restructuring) of independent regulatory and supervisory agencies in several sectors, public debt management, transparency of public procurement, changes in the subsidy regime, re-structuring of the public banks, amongst others. At odds with the centralised and unitary bureaucratic structure in Turkey, nine independent regulatory agencies (IRAS) (ranging from banking to energy) were either established or restructured in the aftermath of the crisis and endowed with considerably high levels of autonomy and authority (Sosay 2009). These agencies took significant authority away from the control of political players, hence, caused severe reaction from the politicians in a polity marked by the prevalence of executive discretion over the institutions and decision-making mechanisms (Özel and Atiyas 2011; Özel 2012).

Hence, the first Justice and Development Party (AKP) government (2002–2007) inherited a solid institutional environment, which was drastically different

from that of the earlier periods. Often referred to as the ‘second-generation reforms’, the institutional transformations undertaken in the aftermath of a severe crisis yielded increasing credibility, contributing to the positive decoupling of the Turkish market from its peers (Atiyas 2012). A strong banking system brought about by a well-designed regulatory framework, robust public finances, and sound monetary policy played central roles in the partial resilience of the Turkish economy in the context of the global financial crisis. It should be noted, however, that the first AKP government mostly sustained – and even furthered – most of these reforms. The institutional erosion emerged later in the game, with some of those institutions that helped to guard the Turkish economy against global and regional crises being dismantled recently.

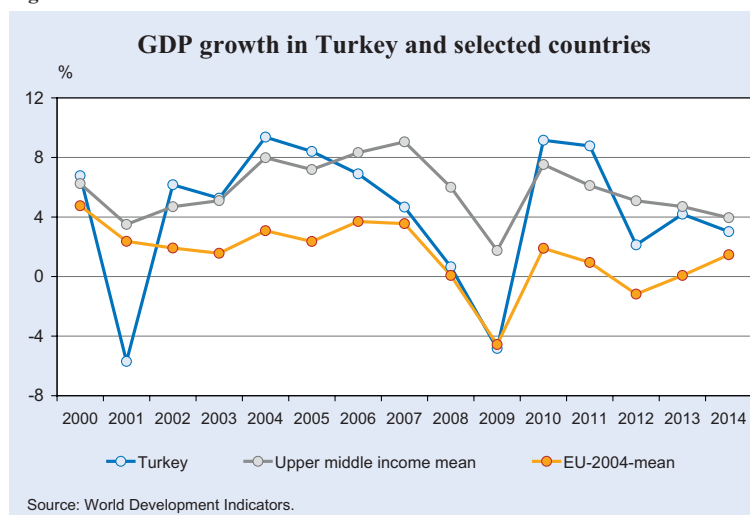
The recent slow-down: an end to the good-old-days?

Evidently, ‘the good old days’ of the 2000s could not be sustained for a long time, as the slow-down that hit the Turkish economy was also brought about by several dynamics, including the impact of volatilities induced by the global markets, structural problems shared with other middle-income economies and institutional erosion. Turkish economic growth staggered in the last five years (from 8.8 percent in 2011 – nearly comparable to that of China that year – to 2.9 percent in 2014); the volatility of the market increased, paralleling the slow-down in most middle-income countries, including China (see Figure 3).

External dynamics: volatilities in the global markets

In addition to the slow-down in growth, exchange rate volatility increased, private sector debt became a

Figure 3



severe problem and capital outflows increased the vulnerability of the Turkish market. In 2015 Turkey was included in the group of the ‘fragile five’, along with Brazil, Indonesia, India, South Africa due to their common problems of current account deficits and dependence on foreign capital inflows.³ These markets became highly sensitive to the signals yielded by global markets. A good example of this sensitivity was the ‘tapering tantrum’ when the Federal Reserve cut its bond purchase which triggered the first big wave of capital outflows from these markets, including Turkey.

Nevertheless, some of the instabilities in the global markets, such as the drop in commodity prices, and especially that of oil, affected these markets in different ways. In the case of Turkey, given its dependence on oil imports, declining prices helped diminish its current account deficit (CAD) — with its CAD/GDP ratio falling from an alarming 9.7 percent in 2011 to 4.5 percent in 2015. Other instabilities induced by global markets including changing interest rates in the United States and the resulting capital outflows from middle-income countries, along with declining demand, inevitably hit the Turkish market as well. In addition, increasing geopolitical risks and their pricing by investors also had a major impact due to Turkey’s geostrategic positioning, as well as the recent crisis with Russia.

Structural restraints of middle-income countries

The structural restraints faced by middle-income countries like Turkey also contributed to the recent slow-down. Underlining the inevitable nature of growth slowdowns, Eichengreen *et al.* (2013) assert that two income brackets are particularly subject to such slowdowns: namely, those between 10,000–11,000 US dollars and 15,000–16,000 US dollars. Falling down to the first bracket with its stagnating income per capita in the last four years, the Turkish economy suffers from problems common to the other middle-income countries clustered in a fragile equilibrium of low levels of education, limited skills, low productivity and low value-added production. It thus faces challenges in terms of upgrading in global value chains (Eichengreen *et al.* 2013; Gill and Kharas 2007). Existing literature on this topic suggests that

the comparative advantage of these countries dwindles as real wages increase, leading to diminishing rates of growth and, in turn, resulting in the infamous middle-income trap, and leaving these countries unable to shift to knowledge and innovation intensive commodities (Aiyar *et al.* 2013; Agenor *et al.* 2012; Eichengreen *et al.* 2013; Felipe *et al.* 2012; Gill and Kharas 2007). Paradoxically, the very conditions that facilitated these economies’ high rates of growth earlier, subsequently prevent them from passing the threshold of high-income. The Turkish economy is no exception as far as these challenges are concerned.

Abdon *et al.* (2012) posit that it takes 28 median years to move from lower-middle-income to upper-middle-income group, and 14 years to graduate from the upper-middle-income to the high-income category. In fact, out of 101 countries that were in the middle-income group in 1960, only 13 were able to pass the threshold of high income by 2008. Greece and Ireland, as well as South Korea, are good examples of graduation from the middle-income group. Turkey, however, graduated from the low income category back in 1955, and had been situated in the upper middle income group since 2005. Given these set average years, the performance of the Turkish economy was fairly mediocre, as it took 50 years rather than 28 to reach the upper-middle-income bracket. Although the Turkish economy has not completed 14 years in the upper-middle-income group to date, it is considered to be stuck already, because its current growth performance does not indicate that any such leap is possible within a few years.⁴

A typical example of success in terms of speedy graduation from the middle-income category often cited is South Korea, whose per capita GDP was lower than that of Turkey back in 1960. Nonetheless, there are geographically closer examples, such as Greece, Cyprus and Portugal, which can be contrasted with Turkey given their comparable per capita income values half-a-century ago. Besides these countries, Japan, Hong Kong and Taiwan in East Asia; as well as Chile and Uruguay in Latin America, have graduated from the middle-income to high-income bracket within the last fifty years, whereas Turkey failed to do so.

³ See *Breakout or Breakdown? Emerging Markets Strategy*, JP Morgan Asset Management, August 2015. http://www.jpmorganassetmanagement.lu/dms/Emerging_Markets_Strategy-Breakout_or_breakdown.pdf.

⁴ According to Abdon *et al.* (2012), the Turkish economy needed to grow at a rate of 4.7 percent on average to leave the middle income group by 2019. For a further discussion of Turkey’s middle-income-trap, see Yeldan *et al.* (2013).

Institutional dynamics: democracy and good governance

Another important factor in the recent slow-down of the Turkish economy was the institutional parameters embedded in both economic and political spheres. In the former, institutions of good governance, commonly considered conducive to economic growth, began to deteriorate. In the latter, the trend is downward and exemplified by the weakening of democracy indicators, along with other parameters. Although Turkey is classified as democracy in some indices such as the Polity-IV (where Turkey's score is 9 out of 10), others which rely on different conceptualisations of democracy have lowered Turkey's scores. Table 1 compares Turkey's values with respect to scores in democracy indices and rule of law, as well as human development, education, income per capita and growth, indicating some of the precursors of the middle-income trap (such as education).

Institutional erosion and increasing volatility

There is a growing consensus in both academic and policy circles as to the central role played by the institutional framework and economic development, which highlights the growth-inducing impact of particular economic and political institutions particularly those enhancing credibility and facilitating predicta-

bility for all players. Some of the most important institutions underlined with respect to their impact on economic development are the credible constraints on the executive, and the separation of power along with property rights and the rule of law (Clague *et al.* 1997; North 1990; North and Weingast 1989; Acemoğlu and Robinson 2006, 2008 and 2012). In addition, the important roles played by democratic institutions *per se* in fostering economic growth have been widely emphasised (Levi *et al.* 2008). Changing the direction of causal arrows between development and democracy, Acemoğlu and Robinson (2012) assert that democratic institutions are not necessarily the outcomes of economic development, but they are, indeed, the causes.

In the Turkish context, in a rather paradoxical fashion, some of the institutions that yielded signals of credibility thus contributed to the relative resilience of the Turkish economy have been weakening recently. Arbitrary political interference in these institutions has been a central dynamic behind such erosion, exacerbated by the weakening of the EU-anchor due to the stalling of the negotiations with the EU. Whenever the institutional set-up did not fit in with the policy objectives of political players, there was interference followed by a dismantling of these institutions. Various politicians' attempts to interfere with Turkey's Central Bank exemplify this process and has created a consid-

Table 1

Growth, education and democracy, Turkey and its peers

	GDP per capita (USD)	Growth rate (%; 2012–2014 ave)*	Human development (2013)**	Education (Mean school years)	Rule of law (0–16) ***	Freedom House (1–7) **** PR	Economist Intelligence Unit (0–10)	Polity IV (–10 + 10)
Turkey	10.543	3.1	0.759	7.6	7	3	5.12	9
EU-2004	18.851	1.4	0.838	11.6	13.3	1.2	7.578	10
EU-2007	8.855	1.5	0.781	10.6	11	2	6.705	9
EU-candidates	5.878	1.1	0.746	9.4	9.25	3	61.425	9
BRICS	8.010	3.9	0.697	8.1	6.6	3.8	5.902	5
Brazil	11.613	1.6	0.744	7.2	10	2	7.38	8
China	7.594	7.6	0.719	7.5	2	7	3	–7
India	1.631	6.7	0.586	4.4	9	2	7.92	9
Russia	12.736	1.8	0.778	11.7	2	6	3.39	4
South Africa	6.478	2.0	0.658	9.9	10	2	7.82	9
Bulgaria	7.713	1.1	0.777	10.6	10	2	6.73	9
Rumania	9.997	1.9	0.785	10.7	12	2	6.68	9
South Korea	27.971	2.8	0.891	11.8	13	2	8.06	8

(*) Mean of the last three years based on nominal values; (**) Overall score in Human Development Index – see <http://hdr.undp.org/en/content/human-development-index-hdi>; (***) Freedom House scores; (****) 1 is the highest; 7 lowest according to Freedom House indices.

Source: World Development Indicators, United Nations Development Program; Freedom House (2015); Economist Intelligence Unit (2015); Polity IV (2014).

erable tension since 2013. The process was specifically catalysed by the reaction of the Ministers of the Economy, the Prime Minister, and even by President Erdoğan himself, to the allegedly high interest rate policy pursued by the Central Bank of Turkey (CBT).⁵ This tension climaxed in March 2015 with the President's labelling the former Governor of the CBT as 'a traitor' for not having lowered interest rates in line with his directives.⁶ Although the ensuing conflict was deescalated by the President retracting his comments, the fact that it was already priced in by market players meant that it was registered as a risk factor signifying institutional instability.⁷

In a similar vein, the independence of regulatory agencies was successively contested, ultimately leading to the erosion of some of their core principles; and most importantly of their independence from political interference. In line with the general trend towards increasing centralisation and intensifying use of executive discretion, the independence of these agencies has been curtailed (Özel 2012 and 2014). Executive control over the regulatory agencies started with *de facto* interference in their day-to-day practices, and later continued with *de jure* changes.⁸ The centralisation of policy making and the use of discretionary mechanisms can also be observed through the decay of institutions of coordination, which were established/reformed in the aftermath of the 2001 crisis; and played central roles between 2002 and 2012. These institutions include the Board of the Assessment of Economic Issues (ESDK), the Economic Coordination Board (EKK) and the Coordination Council for the Improvement of Investment Environment (YOİKK) (Özel 2014). The centralisation of decision-making not only has an adverse effect on the coordination be-

tween state and non-state actors, but also endangers intra-state coordination. As a recent signifier of the centralisation of decision making within the state, the Prime Minister Binali Yıldırım changed the institutional structure of the EKK immediately after he taking power in May 2016, making the EKK attached to the Prime Ministry's Office, rather than to the Ministry of Finance.

The changes in the status of the regulatory agencies and the institutions facilitating coordination, as well as the attempts to interfere in the proceedings of the Central Bank are only a few examples of the ongoing process of institutional weakening in Turkish economic governance. Constant conflict between institutionalisation and de-institutionalisation, as well as executive discretion and centralisation have been parts of the historical legacy of Turkish economic governance and they have only intensified over time (Özel 2014). Increasingly prevalent since the 1980s, executive discretion has involved governments undermining parliament through the use of decrees (Özbudun 2000). Lately, the semi-presidentialist regime, which has been intact since 2014 (and operates like *de facto* presidentialism) has fostered the prevalent use of executive discretion. In tandem with the evolution of the political regime, Turkish economic governance has increasingly adopted a distinct trajectory in which political actors often intervene in the market through the use of diverse instruments. Meanwhile, good governance institutions are weakening; while patronage distribution is becoming common practice (Kalaycıoğlu 2014; Müftüler-Baç and Keyman 2015; Özel 2014).

Concluding remarks

Despite the sweeping liberalisation process of the last three decades resulting in a drastic change in policies and institutions, Turkish economic governance has embarked on an illiberal trajectory, reflected in intensifying executive control over economic transactions and actors. The prevalence of executive discretion at times undermining legislative mechanisms and a highly-centralised decision-making process resulted in the weakening of those institutions that helped the Turkish economy recover from severe crises and achieve impressive performances up until 2011. All of these processes raise major doubts about the sustainability of growth even in the medium term, blocking Turkey's chances to graduate from the middle-income country group.

⁵ Former Prime Minister Ahmet Davutoğlu was an exception regarding the political interventions in the CBT. Whereas, Zafer Çağlayan, the former Minister of Economy was unapologetically vocal about his reaction against CBT's policies as well as his instructions to act otherwise. See "Çağlayan, Başçı'ya tepkisini sertleştirdi" [Çağlayan's reaction against Başçı has gotten tougher], Dünya, 4 February 2013, p. 1 and 4.

⁶ Although the reasoning behind such demands are evidently based on Islamic principles, that interest is forbidden, the common interpretation points out the special interests benefiting from low levels of interest rate. For the reaction of the President Erdoğan, see "Erdoğan, Babacan'ı açık açık hedef aldı", [Erdoğan, openly targeted at Babacan], Cumhuriyet, 2 March 2015. http://www.cumhuriyet.com.tr/haber/ekonomi/224649/Erdoğan__Babacan_i_acik_acik_hedef_aldi.html

⁷ "Erdoğan'dan Merkez Bankası yorumu: Tatlıya bağladık," BBC Türkçe, 12/03/2015, http://www.bbc.co.uk/turkce/ekonomi/2015/03/150312_erdogan_mb_aciklama.

⁸ According to the Decree #KHK/649 (17 August 2011), "the [respective] minister has the authority over all transactions and activities of the related, attached and affiliated agencies" which, by definition, include the IRAs. <http://mevzuat.dpt.gov.tr/khk/649.pdf>. See also Decree #KHK/643 of 3 June 2011, <http://mevzuat.basbakanlik.gov.tr/Metin.Aspx?MevzuatKod=1.5.3046&sourceXmlSearch=&MevzuatIliski=0>.

A major risk caused by the institutional erosion is embedded in the increasing volatility of the Turkish market. Intensifying – and arbitrary – political interference in economic institutions further aggravates the perception of volatility, as it combines with diminished policy credibility signified by indicators like a rising inflation rate, unemployment rate and current account deficit. For a market highly dependent on foreign capital inflows, yielding positive signals matters substantially and institutional degrading jeopardizes such signals, since politicised institutions, along with weak indicators are priced by investors. The stalling of the EU accession process, which used to endorse Turkish market's credibility, is contributing to this downward spiral of institutional degrading, as Turkey loses its anchoring capacity for institution building and sustainability.

References

- Acemoğlu, D. and J.A. Robinson (2006), *Economic Origins of Dictatorship and Democracy*, Cambridge: Cambridge University Press.
- Acemoğlu, D. and J.A. Robinson (2008), *The Role of Institutions in Growth and Development*, Commission on Growth and Development Working Paper 10.
- Acemoğlu, D. and J.A. Robinson (2012), *Why Nations Fail, The Origins of Power, Prosperity and Poverty*, New York: Crown Publishers.
- Agénor, P., O. Canuto and M. Jelenic (2012), "Avoiding Middle-Income Growth Traps", *Economic Premise*, World Bank, No. 98.
- Aiyar, S. and R. Duval et al. (2013), *Growth Slowdowns and the Middle-Income Trap*, IMF Working Paper WP/13/71.
- Atiyas, I. (2012), "Economic Institutions and Institutional Change in Turkey during the Neoliberal Era", *New Perspectives on Turkey* 47, 57–81.
- Clague, C.K. (ed. 1997), *Institutions and Economic Development: Growth and Governance in Less-Developed and Post-Socialist Countries*, Baltimore and London: The Johns Hopkins Studies in Development.
- Eichengreen, B., D. Park and K. Shin (2013), *Growth Slowdowns Redux: New Evidence on the Middle-Income Trap*, NBER Working Paper 18673.
- Felipe, J., A. Abdon and U. Kumar (2012), *Tracking the Middle-Income Trap: What Is It, Who's in It and Why*, ABD Economics Working Paper 306.
- Gill, I. and H. Kharas et al. (2007), *An East Asian Renaissance. Ideas for Economic Growth*, Washington DC: The International Bank for Reconstruction and Development / The World Bank.
- Kalaycıoğlu, E. (2014), *The Challenge of a la Turca Presidentialism in Turkey*, Global Turkey in Europe 18, Istituto Affari Internazionali, Rome.
- Kharas, H. and H. Kholi (2011), "What Is the Middle-Income Trap? Why Do Countries Fall into It, and How Can It Be Avoided?", *Global Journal of Emerging Market Economies* 3, 281–289.
- Levi, M., Johnson, J., Knight, J. and S. Stokes (eds. 2008), *Designing Democratic Government: Making Institutions Work*, New York: Russell Sage Foundation.
- Levitsky, S. and L.A. Way (2010), *Competitive Authoritarianism. Hybrid Regimes after the Cold War*, New York: Cambridge University Press.
- Müftüler-Baç, M. and F. Keyman (2015), *Turkey's Unconsolidated Democracy: The Nexus between Democratisation and Majoritarianism in Turkey*, Global Turkey in Europe 19, Istituto Affari Internazionali, Rome.
- Nas, T.F. (2008), *Tracing the Economic Transformation of Turkey from the 1920s to EU Accession*, Leiden and Boston, Martinus Nijhoff.
- North, D.C. (1990), *Institutions, Institutional Change and Economic Performance*, Cambridge: Cambridge University Press.
- North, D.C. and B.R. Weingast (1989), "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England", *Journal of Economic History* 49, 803–832.
- Öniş, Z. (2007), "Turkey's Political Economy in the Age of Financial Globalization: The Significance the EU Anchor", *South European Society and Politics* 12, 147–164.
- Öniş, Z. (2010), "Crises and Transformations in Turkish Political Economy", *Turkish Policy Quarterly* 9(3), 45–61.
- Özbudun, E. (2000), *Contemporary Turkish Politics: Challenges to Democratic Consolidation*, Boulder and London: Lynne Rienner Publishers.
- Özel, I. (2012), "The Politics of De-delegation: Regulatory (In)dependence in Turkey", *Regulation and Governance* 6, 119–129.
- Özel, I. (2013), "Differential Europe within a Nation: Europeanization of Regulation across Policy Areas", *Journal of European Public Policy* 20, 741–759.
- Özel, I. (2014), *State-Business Alliances and Economic Development: Turkey, Mexico and North Africa*, London and New York: Routledge.
- Özel, I. (2015), "Reverting Structural Reforms in Turkey: Towards an Illiberal Economic Governance?", *Global Turkey in Europe*, Policy Brief 22, Istituto Affari Internazionali, Rome.
- Özel, I. and I. Atiyas (2011), "Regulatory Diffusion in Turkey: A Cross-Sectoral Assessment", in: Çetin, T. and F. Oğuz (eds.), *The Political Economy of Regulation in Turkey*, Heidelberg: Springer, 51–74.
- Sosay, G. (2009), "Delegation and Accountability: Independent Regulatory Agencies in Turkey", *Turkish Studies* 10, 341–363.
- Yeldan, E. et al. (2013), *Escape from the Middle Income Trap: Which Turkey?*, Istanbul: Türkconfed Research Report.