

**THE SULTAN HAS NO DEVELOPMENT:
TURKEY AND THE AKP'S NON-DEVELOPMENTAL STATE**

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AUTHOR’S DECLARATION

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Abstract

This thesis critically examines Turkey's Justice and Development Party (AKP) and its claim to developmentalism, interrogating the gap between its grandiose economic rhetoric and its actual governance outcomes. While the AKP has consistently presented itself as a modernizing force—invoking nationalist narratives of growth and revival—Turkey has experienced premature deindustrialization, deepening technological dependency, and stalled structural transformation under its rule.

Through a theoretically grounded analysis informed by developmental state literature, the thesis investigates both the discursive and material dimensions of AKP rule. It argues that the party's use of developmentalist language functions less as a coherent policy program than as a legitimizing tool—sustaining political loyalty through deferred promises and symbolic spectacle. Despite gestures toward state intervention, the AKP lacks the ideational commitment and institutional capacity characteristic of developmental states.

The study reveals that Turkey under the AKP exemplifies what Elizabeth Thurbon terms a “non-developmental state”—a regime marked by ad hoc economic governance, politicized state–capital relations, and the displacement of structural reform by clientelist redistribution. Crucially, the thesis contends that developmentalism was never a genuine ideological priority for the AKP, which has consistently privileged political Islam and regime consolidation over long-term economic transformation. As such, the party's developmentalist narrative is best understood as performative rather than transformative, offering the illusion of progress while preserving a status quo that undermines genuine development.

TABLE OF CONTENTS

Abstract.....	iv
TABLE OF CONTENTS.....	v
1. Introduction: The Mirage of Developmentalism in Contemporary Authoritarianism.....	1
1.1 Research Question.....	3
1.2 Structure of the Thesis.....	3
2 AKP's developmentalist Rhetoric.....	4
2.1 The Emergence and Characteristics of AKP's Developmentalist Discourse.....	4
2.2 Functions of the Developmentalist Narrative in Authoritarian Legitimacy.....	6
3 Theoretical Framework.....	9
3.1 What is Development?.....	9
3.2 What role does the state play in this process (if any)?.....	11
3.3 The Institutional Character of the Developmental State.....	14
3.4 The Ideology of Developmentalism.....	16
3.5 Developmental vs neoliberal state.....	18
3.6 The non-developmental state.....	21
4 Economic Policy under the AKP.....	23
4.1 The Neoliberal DNA of the AKP.....	24
4.2 Paradigm Shift: the increasingly visible hand of the state.....	27
5. State - Capital Relations.....	31
5.1 Politicised State–Capital Relations in Turkey.....	31
5.2 Sectoral Orientation of AKP-Aligned Capital.....	34
5.3 Limits of Policy Autonomy, Industrial Policy and Deindustrialization.....	36
Chapter 6 – AKP's ideological foundations.....	39
6.1 Political Islam.....	40
6.2 The Charity State: Moral Governance, Social Inclusion, and the Displacement of Development.....	43
Chapter 7 – Conclusion.....	45
Bibliography.....	50

1. Introduction: The Mirage of Developmentalism in Contemporary Authoritarianism

Over the last decade, the global political landscape has been marked by the ascendance of a cohort of leaders often characterized as "strongmen": Recep Tayyip Erdoğan in Turkey, Viktor Orbán in Hungary, Jair Bolsonaro in Brazil, and Vladimir Putin in Russia. Their governance models, though embedded in disparate cultural contexts, have come to symbolize a distinct trend in contemporary authoritarianism — one that is centralized, nationalist, and frequently couched in the language of developmentalism whereby infrastructure megaprojects, bold economic promises, and appeals to national pride serve as central instruments for legitimating power.

Turkey's Justice and Development Party (Adalet ve Kalkınma Partisi, AKP), in power since 2002, is frequently cited as part of this broader trend. Not only has it sustained its rule through successive electoral victories and constitutional restructuring, but it has also consistently framed its governance in terms of a developmental vision. The promise of economic modernization is embedded in the party's very name, and its political messaging has routinely linked regime stability with national development.

Yet this self-ascribed "developmentalism" sits uneasily alongside the AKP's evident embrace of neoliberal economic governance—and more critically its failure to deliver structural upgrade despite 23 years of uninterrupted rule with virtually no institutional constraints or policy barriers that might otherwise limit governments in more pluralistic settings. Unlike many governments 'burdened' by checks and balance mechanisms or external creditors, throughout the majority of its rule the AKP has operated with wide policy autonomy, making its failure to pursue or achieve genuine developmental outcomes even more curious.

Academic literature only deepens the confusion. Scholars have variously categorized the AKP regime as neoliberal, populist, authoritarian, or developmental. While this multiplicity of descriptors reflects the regime's hybrid and evolving nature, it also signals an unresolved analytical problem: what is the AKP's actual governance orientation? Notably, even critical accounts have at times described the regime as evolving toward a developmental state—particularly in response to rising authoritarianism and increased state interference in the economy. In some cases, the AKP is described *simultaneously* as neoliberal and developmental—an uneasy pairing that raises further conceptual tensions.

However, developmentalism and neoliberalism, as classically understood, rest on fundamentally opposing logics: the former emphasizes state-led industrial transformation, strategic economic planning, and a long-term orientation toward national upgrading; the latter privileges deregulation, market liberalization, fiscal discipline, and the minimization of state intervention in favor of global capital flows. To describe the AKP as embodying both is, on the surface, to assert a contradiction.

This contradiction, however, has rarely been unpacked in a systematic way. The present thesis addresses this gap by interrogating the AKP's claim to developmentalism, and asking whether the AKP can be classified as a developmentalist actor. To answer this, the analysis proceeds through a critical reappraisal of what development and developmentalism—both as a historical model and as a political-economic strategy—actually entails. It builds a theoretical framework grounded in the literature on the developmental state, examining the institutional, ideological, and structural conditions that have historically underpinned transformative development.

This thesis contends that the AKP's political economy does not constitute a genuine developmentalist project. Despite its rhetorical embrace of development and increased state

intervention, the regime lacks the institutional coherence and ideational commitment that have historically underpinned developmental trajectories.

1.1 Research Question

As outlined, this thesis is guided by a central question: To what extent can the AKP be considered a developmentalist regime, as frequently claimed not only by the party itself and its supporters but also by several critical voices in the academic literature? This inquiry gives rise to several subsidiary questions: What theoretical criteria define developmentalism? How does the political economy of the AKP compare against these benchmarks? What is the role of ideology in shaping developmental trajectories? And how can we analytically distinguish between developmental and non-developmental statehood, particularly in the context of hybrid or authoritarian regimes?

1.2 Structure of the Thesis

Chapter 2 outlines the AKP's developmentalist discourse, and its strategic function. Chapter 3 constructs the theoretical framework of developmentalism, drawing on historical and comparative literature. Chapter 4 examines the AKP's political economy in detail, tracing its evolution from regulatory neoliberalism to authoritarian interventionism. Chapter 5 analyzes state–capital relations, highlighting how patronage, clientelism, and real estate-driven accumulation undermine developmental prospects. Chapter 6 explores the ideological dimensions of the AKP's governance, focusing on political Islam and welfare paternalism. Finally, Chapter 7 synthesizes the findings.

2 AKP's developmentalist Rhetoric

2.1 The Emergence and Characteristics of AKP's Developmentalist Discourse

The Justice and Development Party (AKP), since its electoral victory in 2002, has crafted a political imaginary deeply anchored in the concept of “development.” Emerging in the wake of the 2001 economic crisis, the AKP positioned itself as the agent of Turkey’s economic revival and modernization. This political branding was crucial to its early success and became a recurring motif throughout its rule.

Initially, developmentalism was tied to measurable economic indicators: between 2002 and 2007, Turkey experienced strong GDP growth, decreasing inflation, and rising foreign direct investment. Although the party operated within a neoliberal framework shaped by macroeconomic stabilization, fiscal discipline, and capital liberalization (Patton, 2006; Türkmen, 2023), this approach produced—if uneven—tangible gains: GDP growth accelerated, inflation dropped, and foreign direct investment surged. The fact that this growth was centered on construction, finance, and short-term consumption, rather than industrial upgrading was obscured (Akçay, 2024).

These early economic gains allowed the AKP to claim technocratic competence, but over time, the discourse evolved into a more symbolic and affective narrative (Shukri & Hossain, 2017; Öztürk, 2023). As the emphasis on immediate economic performance gave way to a more aspirational rhetoric, the party began to reframe development as a long-term national destiny which would unfold through grand strategic visions.

Central to this shift was the launch of “Vision 2023,” a flagship strategy unveiled in 2011 that translated the AKP’s developmental rhetoric into a set of ambitious economic and

infrastructural targets for the Republic's centennial. Some of the extremely ambitious goals outlined under the Vision 2023 heading included joining the top ten global economies, reaching a GDP of \$2 trillion, increasing exports to \$500 billion, and drastically lowering unemployment (Adalet ve Kalkınma Partisi, 2011).

Although practically all of these targets remained unmet, the initiative created a temporal anchor for AKP's developmental promises, allowing the regime to defer criticisms by reorienting public expectations toward a future utopia (Öztürk, 2023). Subsequent *visions*—Vision 2053 and Vision 2071—extended this horizon even further, using historical milestones like the conquest of Istanbul and the Battle of Manzikert to bind development to a grandiose nationalist historical narrative (Christofis, 2018).

The discursive tropes underpinning AKP's developmentalism exhibit a consistent lexicon. Development is equated with construction—as consistently voiced by Erdoğan, who celebratorily declared that all Turkish cities had been turned “into construction sites in a short period of time” as a marker of progress (Duvar English, 2021). Infrastructure projects such as the Istanbul New Airport, the Yavuz Sultan Selim Bridge, and the Eurasia Tunnel are celebrated not only for their utility but as monuments to national glory. Housing projects by TOKİ and the construction of city hospitals through public-private partnerships have also been framed as evidence of a rising Turkey, even when social outcomes or service quality remain ambiguous (Uysal, 2019). Beyond their use value, these projects are clearly intended to serve as narrative devices signalling competence and might, regardless of their developmental efficacy.

This strategic emphasis on visibility and symbolism is paradigmatic to a broader transformation in the AKP's discourse, as the AKP's narrative of development shifted from one grounded in empirical performance to what Öztürk (2023) calls “discursive

developmentalism”— a rhetoric of grandeur unmoored from economic outcomes— over time. With the decline of macroeconomic indicators post-2015, the AKP intensified its symbolic appeals, focusing less on statistical achievements and more on large-scale spectacle and historic nostalgia. Neo-Ottomanist references have emerged as a central motif, reinforcing the perception of development as a return to former glory (Danchin, 2022).

This symbolic mode of developmentalism operates through a distinct set of narrative and aesthetic strategies that define how development is framed by the AKP. Several features characterize this discourse: firstly, as mentioned, it prioritizes visibility. Development investments are channeled to outlets where they would be loud, visible, and public — such as bridges, airports, and highways, not in R&D investments or education reform. Second feature concerns its temporality—development is always just around the corner, but never quite *there*, with vision documents perpetually postponing the arrival of prosperity. Third, its aestheticization—development is judged by scale and symbolism, not effectiveness (Uysal, 2019).

These elements illustrate how the AKP’s developmentalism has shifted from a policy agenda into a narrative that organizes how development is imagined and understood. No longer tethered to measurable outcomes, it operates through repetition, symbolism, and affect, shaping perceptions of progress even in the absence of material improvement.

2.2 Functions of the Developmentalist Narrative in Authoritarian Legitimacy

Gramsci argued that domination requires the active consent of the governed, achieved through cultural and ideological leadership rather than force alone (Gramsci, 1971). In this light, the AKP’s national developmentalist narrative serves to neutralize discontent by embedding regime objectives within a shared imaginary of progress, modernity, and civilizational grandeur. As Öztürk (2023, p. 1359) explains, developmentalist narratives

“mediate the relationship between objective economic conditions and political preferences,” crafting a cognitive and emotional scaffolding that rationalizes inequality and underperformance.

To understand how this narrative sustains support despite adverse conditions, Albert Hirschman’s “tunnel effect” offers a useful complement. Hirschman states that individuals may tolerate inequality or hardship if they interpret others’ success as a harbinger of their own future gains. This phenomenon, he argued, is akin to being stuck in traffic inside a tunnel: when one lane begins to move, drivers in the other accept their immobility in anticipation of eventual forward motion. In the Turkish context, this metaphor helps explain why prolonged economic stagnation has not uniformly eroded AKP support. The tunnel is kept alive not by real movement but by the illusion of progress, maintained through performative achievements, such as grand infrastructure projects and visionary targets like “Vision 2023”. As these targets are deferred to 2053 or even 2071, they function less as policy benchmarks and more as ideological horizon markers, anchoring hope while deflecting blame for present hardship. Öztürk’s (2023, p. 1373) empirical findings affirm the tunnel effect’s salience in Turkey, demonstrating that exposure to the developmentalist narrative measurably improves economic perceptions among ruling coalition voters, even in the face of deteriorating real wages and surging inflation.

This affective logic of deferred gratification is further reinforced by the AKP’s infusion of developmentalist discourse with religious and moral meaning. Over time, this narrative has taken on a sacred dimension, intertwining religious symbolism and moral imperatives with visions of national progress. As Uysal (2019) observes, post-2010 AKP narratives increasingly portrayed economic advancement as a sign of realization of national destiny. This framing reinterprets material hardship not as policy failure, but as part of a spiritually

meaningful journey. In this context, adherence to the developmental agenda is cast as both a moral obligation and an expression of patriotism, while dissent is delegitimized as immoral or unpatriotic.

To recapitulate, the AKP's developmentalist narrative serves several interlinked functions. It sustains political loyalty amid economic decline by offering an aspirational horizon; it produces cognitive shortcuts that shield voters from recognizing policy failures; it moralizes allegiance to the regime; and it enables a strategic decoupling of legitimacy from material performance. Jointly, this points at the transformation of the notion of development into a quasi belief system, rather than a concrete, measurable outcome.

This chapter has examined how developmentalist discourse has become central to the AKP's self-conception, public image, and electoral strategy. It traced the evolution of this discourse from a performance-based narrative to one increasingly infused with moral and religious symbolism, demonstrating how the party has used it to sustain legitimacy. Critically, it has shown that regardless of the actual economic reality, the discourse continues to function as a powerful tool of political cohesion and governance.

3 Theoretical Framework

While the previous chapter detailed the AKP's self-positioning as a developmentalist actor, this chapter articulates the theoretical criteria required to interrogate and assess the validity of this claim. In the context of the AKP, where grand infrastructure projects and economic nationalist slogans are paraded as evidence of development, the absence of a clear theoretical lens risks conflating performance with aspiration and rhetoric with reality.

This chapter, therefore, constructs a conceptual framework for distinguishing between genuine developmental states and regimes that merely adopt its aesthetic. Rather than treating development as a purely economic outcome, the framework outlined here views it as a state-led project grounded in particular institutional, ideological, and structural conditions. Section 3.1 discusses the role of the state in orchestrating economic transformation. Section 3.2 explores the institutional characteristics that have historically underpinned successful developmental states, such as bureaucratic autonomy and embeddedness. Section 3.3 delves into the ideology of developmentalism—the normative and discursive commitment to long-term national advancement, which underpins the institutional framework discussed in the preceding section. Together, these components provide the analytical scaffolding needed to evaluate whether the AKP's governance represents a developmentalist project or merely appropriates its language.

3.1 What is Development?

Development is a deeply contested concept, both in theory and in practice. At its core, it refers to a qualitative transformation in the economic and social structure of a society—a shift not merely in income levels or poverty statistics, but in the underlying capacities that enable

sustained improvement in collective life. While GDP growth remains the most common proxy for development in mainstream discourse, this narrow economism fails to capture the multidimensional nature of the process. As Ha-Joon Chang emphasizes, “most people would agree that development involves more than just providing higher material standards of living” (2002). The key theoretical move, then, is to distinguish between development as *economic expansion* and development as *economic transformation*. The former refers to increased output; the latter to a reconfiguration of production systems, technological capabilities, and institutional arrangements.

This distinction underpins much of the critical literature in development studies. Chang, alongside scholars such as Robert Wade and Alice Amsden, situates development in the capacity to shift from low- to high-productivity activities—particularly via industrialization, technological upgrading, and institutional learning. In this view, development entails the systemic enhancement of productive capacities, not simply the extension of market participation or access to social goods. Christian Parenti encapsulates this succinctly: “development is economic transformation and technological change” (Hamilton, 2015). It is not a collection of outcomes, but a structured, directional process driven by the internal evolution of the economy’s productive base.

Historically, the dominant understanding of development—particularly prior to the neoliberal turn—was grounded in structuralist political economy. Development was conceived as a project of productive restructuring, grounded in long-term investment, industrial upgrading, and national economic planning (Bresser-Pereira, 2020). In practical and policy terms, this transition marked a shift from *underdevelopment*—characterized by low productivity, export dependence on primary commodities, and limited industrial capacity—to a model of productive sophistication rooted in complex, diversified, and value-added production.

The conceptual stakes of defining development are therefore not merely semantic. They determine what is measured, what is prioritized, and ultimately, what is politically possible. A state may achieve macroeconomic growth, poverty reduction, or social policy improvements without undergoing structural transformation—and thus without becoming truly developmental. Development, therefore, is best understood as a cumulative process of expanding the productive, technological, and institutional foundations of a society. It is this understanding that anchors the subsequent analysis of the AKP's record and rhetoric: not whether its governance produced improvements in select indicators, but whether it transformed the economic structure in a way that meets the theoretical criteria of development.

This understanding of development as structural transformation inevitably raises the question of agency: who or what drives this process? If development is not a spontaneous outcome of market forces or external integration, then it must be actively orchestrated. The empirical record of late development shows that deep structural change has never occurred without sustained, strategic, and autonomous state intervention. As such, development is not merely state-compatible; it is state-dependent. The following section examines this claim in greater depth, arguing that the state is not just a participant in development but its primary architect.

3.2 What role does the state play in this process (if any)?

If modern development were a spontaneously occurring process unmoored from the questions of political agency, government and policy, and an outcome of rather arbitrary forces (say, such as: markets, or the weather) than evaluating the AKP—or any other political actor's—developmental track record would be a void effort. If we do, however, proceed on the assumption that a political actor bears relevance to the development process, then we must

define specifically how it is relevant, as this definition will be the benchmark against which will assess the AKP.

Contemporary development discourse, particularly as framed by institutions like the World Bank and UNDP, emphasizes liberal prescriptions such as market liberalization, institutional quality, and human capital development (Taylor, 2010). Development is typically understood as the outcome of strengthening “inclusive institutions,” improving governance, reducing corruption, and enhancing access to education and healthcare (Acemoglu & Robinson, 2012). In this paradigm, the role of the state is primarily facilitative: it consists primarily in ensuring macroeconomic stability and creating an enabling environment for private sector-led growth.

This vision, however, is sharply at odds with the empirical history of how development has actually occurred. The experience of successful late-industrializers—such as Germany, Japan, South Korea, Taiwan, and Singapore—demonstrates that development has not arisen from market equilibrium alone. On the contrary, it has been the outcome of strategic, long-term, and deeply political state intervention: directing credit (Amsden, 1989), targeting industries (Wade, 1990), shaping institutional capacity (Evans, 1995), and coordinating production (Johnson, 1982). (See also: Gerschenkron (1962) on late development in Germany; Kohli (2004) for a comparative framework).

This is not merely a historical observation but a theoretical claim with regards to the nature of economic development. As Ha-Joon Chang (1994) argues, markets are inherently backward-looking: they allocate resources efficiently within the existing structure of production but are ill-equipped to generate new ones. Development, by contrast, requires the creation of productive capacities that do not yet exist. The developmental state, then, assumes a dual role in facilitating this process: it functions both as an entrepreneur of new institutional

and technological futures, and as a manager of the social and political conflicts that come along with structural change (Chang, 1994).

The neoliberal turn in global development thinking, consolidated during the 1980s, obscured this logic in lieu of a confident belief in self-correcting markets, lean states, and the natural efficiency of comparative advantage, thus marginalizing the developmental state as both actor and idea. Structural adjustment programs promoted deregulation, privatization, and fiscal austerity, stripping states of the very capacities needed for transformation. The assumption underlying this model, as Wade (1990) critiques, is that growth is sector-neutral and that any increase in GDP contributes equally to long-term development. Yet empirical evidence contradicts this: sectoral composition matters (Hamilton, 2015). Industrial and technological upgrading—not services or resource extraction—are the primary engines of sustained productivity growth and wage convergence (Chang, 2002).

Indeed, the failure of most middle-income countries to transition to high-income status over the past half-century provides strong evidence that markets, in the absence of strategic state direction, do not deliver development. Pritchett (1997) and Wade (2016) both highlight that of 101 middle-income countries in 1960, only 13 had reached high-income levels by 2008 — and the number goes even further down when the oil-rich states and offshore financial hubs are excluded. Thus, structural transformation, i.e. moving from low-productivity to high-productivity sectors, remained elusive under liberal orthodoxy for the vast majority of the developing world.

Can this failure be explained away with bad governance as mainstream accounts often suggest? As discussed, the empirical record already suggests that economic development does not occur in the absence of strategic state intervention; as observed both in the cases of successful developers, as well those which failed. Ultimately, the kind of assertive state

involvement necessary to not only orchestrate and direct the expanded accumulation — such as such as channeling credit toward high-productivity sectors, coordinating infrastructure investment, protecting strategic industries, and subsidizing technological upgrading— but also the wider socio-economic overhaul to expand material welfare go beyond the liberal prescriptions of “good governance” embodied in the regulating state (Harrison, 2020).

Yet, state involvement alone does not ensure development, and the mere presence of an interventionist state is not, in itself, a guarantor of development. As the numerous examples of states with a heavy-handed presence in the economy and political life — where development, nonetheless, remains elusive — demonstrate not all state interventions are equal. The next section turns to the institutional character of the developmental state, asking: what kind of state can successfully undertake the complex task of structural transformation?

3.3 The Institutional Character of the Developmental State

The term “developmental state,” first coined by Chalmers Johnson (1982) in his study of Japan’s Ministry of International Trade and Industry (MITI), refers to a particular configuration of state capacity, institutional coherence, and ideological commitment to long-term economic transformation. While mainstream development theories emphasize market-led growth and institutional neutrality, the developmental state tradition offers a fundamentally different account: one in which the state plays the central role in planning, guiding, and often coercing structural change. Beyond constituting an empirical description of East Asian experience, Johnson’s seminal study introduced a new analytical category of governance which foregrounded the state’s role in facilitating structural transformation. Crucially, this framework offers us a comparative lens through which to evaluate other late-developing states.

Johnson's work revealed that diverse late-industrializing countries exhibited convergent institutional traits. Chief among these was a technocratic and relatively autonomous bureaucracy capable of crafting and implementing industrial policy. In the case of Japan, institutions like MITI and the Ministry of Finance went beyond regulation, leveraging tools such as administrative steering, selective credit allocation, and protective barriers to engineer sectoral competitiveness (Johnson, 1982). Comparable institutional mechanisms were later identified in South Korea and Taiwan, where centralized planning agencies orchestrated national economic priorities (Amsden, 1989; Wade, 1990).

Building on this foundation, Peter Evans (1995) introduced the notion of "embedded autonomy" to capture the paradoxical strength of developmental bureaucracies: their ability to remain insulated from rent-seeking while staying connected to industrial actors. This configuration enables the state to formulate credible long-term commitments while still accessing the information and cooperation needed from the private sector. Crucially, Evans argued, autonomy without ties leads to isolation, while embeddedness without autonomy risks co-optation (1995).

Finally, Thurbon (2014) expands this framework by arguing that developmental states also rely on ideational and normative coherence. It is not enough to have capable institutions; these institutions must be oriented around a shared vision of national development. This includes a long-term commitment to industrial upgrading, export discipline, and technological learning. The capacity of developmental states to initiate reforms and sustain focus across electoral cycles is partly rooted in this ideational cohesion, which legitimizes state intervention and mobilizes public support.

The structure of the developmental state is therefore not reducible to any one feature. It is defined by a constellation of institutional traits: a strategic and professional bureaucracy,

effective policy instruments (such as performance-based subsidies and trade protection) and a legitimizing ideology of national development. It also typically includes mechanisms for disciplining capital—ensuring that private sector actors align with public goals rather than exploit state support for rent extraction.

Crucially, these institutional characteristics are historically contingent and politically constructed. They emerge through struggles over resource allocation, elite formation, and external pressure. As the case of South Korea illustrates, even strong developmental states must adapt to shifts in global finance, democratization, and domestic contestation (Lim, 2010).

Thus the concept of the developmental state, rather than being understood as a checklist of institutional features, should be seen as a framework for evaluating whether a state possesses the structural capacity, political will, and normative orientation to foster long-term transformation.

3.4 The Ideology of Developmentalism

While close institutional studies of East Asian developmental states have been foundational—indeed, they are what allowed the emergence of this analytical category in the first place—an overly narrow emphasis on their specific institutional features risks reifying the East Asian experience, treating historically contingent arrangements as universal models in what Jayasuriya (2005) critiques as “institutional fetishism”. The developmental state, in this view, becomes synonymous with MITI-style planning or import substitution industrialization (ISI). This approach, crucially, risks conflating form with function. What matters more is the underlying logic: a political orientation toward transformation, not the replication of a particular toolkit.

In this light, we can suggest that developmentalism should be understood not merely as a set of policies or institutional structures, but as a political ideology—one that legitimates and organizes state-led efforts to structurally upgrade the economy (Thurbon, 2014). It is a mode of governance grounded in the belief that markets alone will not generate long-term development, and that the state must play a leading, shaping role. As Jayasuriya (2005) argues, treating institutions as independent drivers of development misses the fact that they are themselves embedded in ideational frameworks. Institutions do not operate in a vacuum; they are the outputs of visions of what development is and how it should be pursued.

This orientation is what Chalmers Johnson (1982) termed “plan rationality”: a governing logic in which the state is not a neutral overseer, but a strategic, pro-active actor tasked with coordinating investment, disciplining capital, and steering markets toward national objectives. In Japan, this meant using bureaucratic authority to orchestrate industrial development. But the concept extrapolated beyond Japan’s borders. Plan rationality, in essence, reflects a belief in intentional governance: that development is a political project, not a market outcome.

Elizabeth Thurbon (2014) and Robert Wade (2016) extend this ideational turn by showing how even in liberalized or globalized economies, the persistence of developmentalism depends less on specific policies and more on durable state narratives and objectives. What allowed East Asian states to continue shaping markets wasn’t just institutional resilience, but the ideological coherence that underpinned the mode of governance in these countries. Thus, the ideology endures, even as its instruments adapt to changing global and technological conditions.

Taken together, these perspectives suggest that developmental states should not be reduced to institutional archetypes or fixed policy regimes frozen in space and time. Institutions like

planning ministries, development banks, industrial policy frameworks are indispensable, but they are not self-activating. On their own, institutions don't explain *why* development happens, or *how* those tools are used. They also do not emerge or function in a vacuum. Without an underlying ideational framework—an articulated vision of development—they have no coherent rationale or directive purpose. Thus, it is this ideological foundation that gives rise to institutions in the first place, shaping their design, orientation, and capacity to endure.

As such, the developmental state is best understood as a political formation anchored in an ideology of transformation: a strategic mindset that frames economic upgrading as a national imperative. This ideational core provides not only the justification for state intervention, but also the guiding logic that shapes institutional design and sustains it over time. It is this ontological primacy of the ideological that distinguishes developmental states

3.5 Developmental vs neoliberal state

If the developmental state is defined above all by its ideational commitment to transformation, how can it be meaningfully distinguished from other state forms that also operate within capitalism but lack this strategic orientation? While we have already mentioned that developmentalism articulates a logic of economic governance fundamentally at odds with that of neoliberalism, distinguishing developmental states from neoliberal regimes is far from straightforward. This difficulty arises from two interrelated conditions. First, the enduring legacy and global diffusion of developmentalism has produced a wide variety of institutional forms. As trade liberalization, technological change, and the end of the Cold War restructured the global political economy, developmental states were forced to adapt their toolkits. Institutional features once associated exclusively with neoliberal governance—such as independent central banks—have been incorporated into

developmental regimes. This institutional convergence has blurred the boundaries between paradigms, making it harder to identify developmentalism solely by its traditional policy instruments.

Second, and more fundamentally, the developmental state concept originated through inductive analysis of a small set of successful cases—most notably Japan, South Korea, and Taiwan. It was not designed as a deductively derived ideal type with fixed, universal criteria. Instead, it emerged from concrete, context-bound observations of state structures and strategies that worked under specific historical conditions. As a result, the category itself is flexible and evolving. Establishing whether a given regime conforms to the developmental state model requires interpretive judgment rather than simply applying a checklist. This presents a challenge: how can one identify developmentalism when its institutional expressions vary so widely, and its conceptual boundaries remain porous?

Elizabeth Thurbon (2014) suggests that a potential way to distinguish between developmental and neoliberal state types lies in their ideational foundations—particularly with respect to industrial governance. As Thurbon (2014) puts it, developmentalism “is essentially a set of ideas about the necessity and desirability of strategically governing the industrial economy for nation-building goals” (p. IX). Thus industrial and economic governance constitutes the core through which state-led transformation is envisioned and executed. This (ideational) privileging of industrial governance is what distinguishes developmental states from other governance modalities, where such strategic focus may be absent.

Neoliberalism, similarly grounded in an ideational framework, by contrast defines the state's role in far narrower terms.¹ It assumes that markets are the most efficient mechanism for

¹ The ‘neoliberal state’, as conceptualized here, refers to an ideal type almost never observed in the real world, as highlighted by Thurbon (2014). It is, however, a useful conceptual complement for delineating developmentalism’s distinguishing features (also see: Thurbon, 2012).

allocating resources and that the state should limit itself to creating and protecting the conditions under which markets can operate free of impediments. Unlike developmentalism, neoliberalism does not privilege industrial policy or sectoral planning. Instead, it promotes market solutions across all domains of governance—from finance and trade to labor and welfare—arguing that economic efficiency and individual choice should guide public policy (Thurbon, 2014).

This thesis follows Thurbon (2014) in conceptualizing developmentalism and neoliberalism as occupying opposite ends of an industrial governance spectrum. As she notes, these state types are “distinguished primarily in ideational terms”—that is, in terms of how policymakers conceptualize the purpose of economic activity, the goals of the state, and the legitimate scope of state intervention (p. X). This ideational framework helps us establish clear guidelines for analyzing modes of governance by revealing how underlying beliefs about development manifest at both the ideational and institutional levels.

At the ideational level, developmental states are characterized by a consensus among political elites on the importance of state-led industrial advancement. Policymaking is oriented toward long-term productivity gains and technological upgrading, often embedded within broader goals of national development. Industrial policy is seen not only as legitimate but essential to economic strategy. Neoliberal states, on the other hand, operate on a high level of consensus around market-based economic principles. Policy thinking is shaped by the belief in the allocative efficiency of markets and the view that state intervention often leads to inefficiencies. As such, industrial policy is approached cautiously at best, and market outcomes are prioritized.

At the institutional level, developmental states assign central responsibility for industrial policy to a capable, often insulated bureaucracy or dedicated agency. These institutions are

typically embedded in cooperative relationships with key economic actors, allowing for coordinated strategy. Policymaking authority is concentrated and oriented toward the realization of strategic objectives. Neoliberal states, by contrast, decentralize economic policymaking and distribute responsibility. Emphasis is placed on procedural checks and balances rather than strategic coherence. (Thurbon, 2014)

3.6 The non-developmental state

“What distinguishes developmental states from others is not the existence of intervention per se but rather the developmental ambition and elite consensus that frames that intervention and the existence of institutional capacities that help translate ambition into more or less effective policy outcomes” (Thurbon, 2014, p. XII)

While developmental and neoliberal states occupy opposite ends of the ideational spectrum discussed earlier, Thurbon notes that both represent relatively rare and coherent regime types. Most states, she argues, fall into a third category: the non-developmental state.

If the key distinction between developmentalism and neoliberalism lies in how state intervention is conceptualized and operationalized—whether as a strategic tool of transformation or as a distortion to be minimized—then the non-developmental state is defined by the absence of such an organizing logic. Intervention exists, often in considerable volume, but it is ad hoc, incoherent, or shaped by short-term incentives. There is no elite cohesion around a vision of economic transformation and no institutional machinery capable of executing long-term developmental goals.

At the institutional level, this translates into politicized and fragmented industrial policy, with no coherent strategy that carries across time. Planning is inconsistent, and interventions are shaped more by political expediency than by long-term goals. Government–business relations

tend to lack structure or stability, falling short of the kind of embedded autonomy Evans (1995) identifies as crucial for developmental success. What is missing is not intervention *per se*, but the institutional capacity to discipline and direct it. At the ideational level, this is mirrored by a fundamental absence of consensus: elites may invoke development rhetorically, but there is no shared commitment to structural upgrading. Policy is shaped by short-term incentives, not by a collective orientation toward economic transformation.

In the chapters that follow, the conceptual distinction between developmental, neoliberal, and non-developmental states will serve as the analytical framework for examining Turkey's political economy under AKP rule. To this end, the subsequent chapters analyze the economic policies, institutional arrangements, and ideational foundations that have shaped the contours of AKP governance.

4 Economic Policy under the AKP

The consolidation of executive power and the growing scope of state intervention under the AKP rule, particularly in the second half of their rule in power, has led some scholars to interpret these shifts as suggestive of a developmentalist turn. Kutlay (2019), for instance, pointed at the Turkish political economy under the AKP as characteristic of a new form of developmentalism characteristic among the other late developers, such as India (2019). More recently, Arsel et. al suggested that the AKP's policy strategy consisted in a "developmentalism" which seeks to portray "all societal problems as being resolvable by economic growth" (2021, p. 262) Echoing this view, Öniş (2019) also observed that Turkey's emerging political economy increasingly resembled a state-capitalist configuration, influenced by models associated with the Russia–China axis. He argues that this "new developmentalism" appears to have been significantly institutionalized under the new presidential system (p. 18).

Following the authoritarian consolidation that accelerated after the 2013 Gezi Park protests, the AKP intensified executive centralization and systematically dismantled liberal institutions that once formed the backbone of its earlier regulatory model. However, this section contends that the regime's departure from the institutional logic of liberal governance does not signify a genuine embrace of developmentalism. While the outward signs—increasing state interference and discursive appeals to development—may resemble developmentalist features, the underlying drivers and institutional arrangements point elsewhere.

In practice, many elements of neoliberal orthodoxy persisted, even if they no longer carried the normative charge of earlier years. Labeling this shift as "developmental" risks obscuring both the continuity with neoliberal patterns and the absence of a serious commitment to long-term, productivity-enhancing transformation.

As conceptualized in Section 3.5, the typology of state forms—developmental, neoliberal, and non-developmental—should be understood as a spectrum rather than fixed categories. From this perspective, the current trajectory is best characterized not as a move toward developmentalism, but as a drift further along the non-developmental axis. The AKP’s governance model, while increasingly authoritarian and interventionist, lacks the institutional coherence, productive orientation, and strategic discipline that define developmental states.

4.1 The Neoliberal DNA of the AKP

Since coming to power in 2002, the Justice and Development Party (AKP) has consistently positioned itself as a vehicle of modernization and economic renewal. From the outset, it embraced the neoliberal policy architecture instituted in the aftermath of the 2001 financial crisis, implementing IMF-backed reforms focused on market liberalization, attracting foreign capital, and depoliticizing economic governance through technocratic institutions.

This period—roughly corresponding to the AKP’s first decade in power (2002–2013)—can be conceptualized as the AKP’s era of regulatory neoliberalism, in which the state was reimagined not as a developmental agent but as a guarantor of macroeconomic stability and investor confidence. Core policy commitments included financial liberalization, fiscal discipline, and deepened integration into global markets—forming the structural backbone of the AKP’s political economy.

The regime’s model rested on foreign capital inflows, debt-fueled consumption, and speculative investments, eschewing production-oriented strategies. Orhangazi and Yeldan (2021) describe this as an accumulation regime centered on construction, credit, and external finance. Between 2002 and 2020, Turkey consistently ran current account deficits averaging

4–6% of GDP, with peaks over 7% in 2011 and 2013 (Soydan, 2016)—levels widely considered unsustainable for emerging markets. These deficits were not offset by export-led growth or industrial upgrading but financed through volatile portfolio inflows and short-term borrowing, particularly in real estate and finance. In textbook neoliberal fashion, external capital substituted for weak domestic accumulation, rendering the economy vulnerable to boom-bust cycles and external shocks.

Another hallmark of this model was the transformation of the state from a producer into a facilitator of markets. Extensive privatization—amounting to more than \$50 billion between 2002 and 2013 (Zaifer, 2020)—reduced the state’s direct role in production, as well as the level of direct leverage it exercised over the economy. Meanwhile, policies such as regulatory independence, inflation targeting, and fiscal austerity became central to macroeconomic management. Domestic growth was increasingly driven by credit expansion rather than wage growth or productivity gains. In particular, consumer credit surged during the 2010–2013 period, expanding over 30% annually, and played a key role in widening the current account deficit (Gacener Atış & Saygılı, 2014; Soydan, 2016).

This neoliberal orientation decoupled economic growth from structural transformation. While GDP grew rapidly throughout the 2000s, the gains were not directed toward technological upgrading, export diversification, or industrial deepening. Instead, they fueled real estate speculation, low-wage service employment, and large-scale infrastructure projects with limited productivity spillovers (Orhangazi & Yeldan, 2021). The logic of accumulation prioritized asset bubbles and consumption over long-term developmental goals.

The construction sector, in particular, became the centerpiece of AKP-era growth. Major infrastructure projects—such as the Istanbul Airport and Yavuz Sultan Selim Bridge—were central to this strategy, leveraging public-private partnerships and foreign capital. As Çarıkçı

(2025) notes, these initiatives not only spurred economic activity but also reinforced political power by channeling resources to loyal business actors and extending patronage networks. This approach facilitated both economic stimulus and regime consolidation through the strategic distribution of rents.

This turn toward construction was not without deeper structural consequences. Between 2001 and 2017, construction's share of GDP more than doubled—from 7.5% to 17.2%—while its share in employment rose from 4.5% to 7.4%. Over the same period, manufacturing employment stagnated between 15–18%, and the share of industrial jobs declined by three percentage points (Orhangazi & Yeldan, 2021). The reallocation of capital and labor away from industry toward speculative urban development entrenched structural vulnerabilities, undermining productivity growth and blocking opportunities for industrial upgrading.

In parallel, the AKP's approach to social policy reflected a broader neoliberal orientation: the state progressively withdrew from the provision of universal services, recasting its role as a facilitator of individualized market access. Social assistance was reshaped through conditional cash transfers, targeted benefits, and credit-based schemes (Gönenç, 2019)

With the declining profitability of government bonds, banks pivoted toward consumer lending, which rose to nearly 8% of GDP by 2007 (Güven, 2016). As Güven (2016) documents, the poverty decline in Turkey during the early 2000s—from 28% in 2003 to 17% in 2007—was largely driven by this credit availability, rather than structural redistribution. However, even these improvements came to a halt in the post-2008 period, as the per capita income stagnated and stabilized around \$10,000. Concurrently, labor productivity, which had averaged nearly 6% annually between 2002 and 2007, collapsed to under 0.3% thereafter, signaling Turkey's entry into a middle-income trap.

Turkey's early-2000s growth narrative, while initially successful in reducing poverty, failed to transition into structural upgrade. The stagnation in both per capita income and labor productivity after 2008 suggests that the gains were not transformative. Instead, they appear to reflect a growth model reliant on temporary boosts—like credit and construction—rather than on moving up the value chain in production.

4.2 Paradigm Shift: the increasingly visible hand of the state

In its second phase of governance—roughly beginning with the 2011 general elections and accelerating after the 2013 Gezi Park protests—the AKP initiated a sweeping transformation of the Turkish state. While its early years were marked by adherence to a regulatory neoliberal model grounded in technocratic governance and legal-institutional reforms, the post-2010 era saw the gradual dismantling of these liberal mechanisms.

An examination of this period clearly reveals that the primary objective of the changes was the consolidation of executive power, rather than the establishment of a robust developmental institutional framework. Despite the shift toward increased authoritarianism, there has been no substantive progress in building institutions that support long-term economic development. Notably, core features of neoliberal economic governance—such as a liberal trade regime, capital account openness, and a pro-privatization stance—persisted despite the centralization of executive control (Öniş, 2019, p. 7).

On the other hand, the institutional changes that did take place during this authoritarian consolidation phase were stark. Central banking independence was gradually curtailed; regulatory agencies were politicized; and economic decision-making was concentrated in the hands of the presidency, particularly following the 2017 constitutional referendum which gave Erdogan the authority to issue executive decrees, appoint senior officials and judges

without parliamentary approval, and unilaterally dissolve the legislature (Esen & Gümüşçü, 2018).

Aras (2022) contends that this transformation culminated in a full-blown state crisis. The AKP's shift toward authoritarianism led to a regime of deinstitutionalization, wherein public institutions lost their autonomy and were repurposed as instruments of executive control. Fundamental checks on power—including the judiciary, media, and independent regulatory bodies—were systematically eroded to ensure regime survival amid growing political and economic pressures (Aras, 2022). This institutional weakening during the second phase of AKP rule carries significant implications for developmental governance, as developmentalism—as outlined in the theoretical framework—relies on the presence of strong and effective institutions (Öniş, 2019).

In the realm of industrial governance, certain institutional shifts signaled a growing assertion of state control over economic direction. Notably, the Ministry of Economic Development emerged as a central actor, while the Banking Regulation and Supervision Agency (BDDK) experienced a decline in influence (Öniş, 2019). This centralization was accompanied by a reconfiguration of key economic institutions. The longstanding State Planning Organization was restructured into the Ministry of Development, and the Ministry of Industry and Trade was rebranded as the Ministry of Science, Industry and Technology (Güven, 2016). In line with this shift, the AKP introduced its first Industrial Strategy Document, a full decade into its rule, signaling a formal move toward a more directive industrial policy (Güven, 2016).

Although the state has adopted a more interventionist stance—marking a departure from the neoliberal economic governance principles outlined in Chapter 3—this shift does not necessarily signal the emergence of a coherent, coordinated agenda for technological and industrial upgrading. On the contrary, the simultaneous processes of deinstitutionalization and

executive centralization appear to have undermined the very institutional capacity needed to support such a transformation. Moreover, the outcomes achieved during this period have been largely underwhelming. Core structural issues within Turkey's industrial sector—such as stagnant productivity growth, a weak research and development base, and persistent import dependence in export-oriented industries—have remained unresolved. These limitations, as Güven (2016) argues, stemmed from the regime's reluctance to absorb the political and economic costs associated with implementing the kind of systemic overhaul that meaningful industrial upgrading would entail.

Concurrently, Turkey entered a period of acute macroeconomic instability. The combination of slowing growth and deteriorating investor confidence culminated in a severe currency shock by mid-2018, during which the lira lost over a third of its value against the US dollar. This depreciation rapidly translated into runaway inflation, corporate balance sheet stress, and a sharp spike in unemployment—particularly affecting younger and more educated cohorts (Orhangazi & Yeldan, 2021).

In sum, while there were tentative gestures toward a more assertive industrial policy, these efforts ultimately lack the coherence and institutional backing necessary to be seen as evidence of a substantive shift in developmental direction. They remain fragmented and largely symbolic when set against the broader backdrop of persistent neoliberal policy continuities, the failure to enact structural upgrading, and the deepening of executive centralization. As demonstrated, the concentration of power in this second phase of governance did not translate into institutional capacity but instead coincided with widespread deinstitutionalization. At the same time, the steadily worsening economic conditions—marked by currency volatility, inflation, and capital flight—suggest rather than

pursuing a forward-looking economic strategy, the regime appears to be pulling levers reactively in response to intensifying pressures.

5. State - Capital Relations

Developmentalism is not defined by state intervention alone, but by the strategic quality of that intervention—how political authority is used to coordinate, discipline, and direct capital toward long-term national transformation. According to Thurbon (2014), a key institutional feature of developmental states is their ability to build cohesive, purpose-driven relationships with capital. This kind of strategic coordination relies not just on policy tools or bureaucratic design, but on a guiding normative framework—a developmental ethos that shapes the nature and goals of state–capital interaction.

Approaching developmentalism through the lens of state–capital relations allows us to assess whether a regime’s economic activism is anchored in transformation or instrumentalized for regime maintenance. It compels us to examine how coordination is structured, how discipline is enforced, and how interests are aligned around long-term accumulation. The sections that follow trace the evolution of these relations under the AKP, setting the stage for a more critical assessment of whether Turkey’s recent trajectory aligns with developmentalist practice.

5.1 Politicised State–Capital Relations in Turkey

A critical obstacle to developmentalism in contemporary Turkey lies in the politicised configuration of state–capital relations. Rather than exhibiting the kind of embedded autonomy that characterizes developmental states—where the state is sufficiently autonomous to discipline capital, yet also embedded to coordinate with it (Evans, 1995)—the Turkish state under the AKP has evolved toward a model of symbiotic entanglement where

political and economic elites are interdependent through the reciprocal exchange of rents, loyalty, and insulation from competition.

The composition of Turkey's business elite—and its evolving relationship to state power—is central to this dynamic. In their earlier years, the party maintained a pragmatic, albeit somewhat distanced, relationship with TÜSİAD, the representative body of large, secular, export-oriented capital. During this phase, the AKP endorsed EU reforms and macroeconomic discipline, creating a stable climate for private investment and aligning itself with globalized capital interests, as discussed in Section 4.1. However, as Ali Burak Güven (2016) shows, the AKP gradually shifted its strategy away from technocratic liberalism toward a conservative coalition-building model.

At the heart of this emerging coalition was MÜSİAD, an association representing small- and medium-sized enterprises that were culturally conservative, domestically focused in their production, and closely aligned with the AKP's ideological orientation. These firms, while lacking the technological sophistication or global competitiveness of their TÜSİAD counterparts, gained privileged access to state support through public contracts (Güven, 2016). What distinguished MÜSİAD-aligned capital was not economic performance, but its proximity to power. In many cases this proximity was not merely ideological or strategic, but personal—built on networks of kinship, regional affiliation, and long standing social ties. As a result, state support increasingly flowed toward these firms which were often embedded in the same conservative and religious milieu as the AKP leadership, whose loyalty was assured, even if their capacity for technological upgrading or international competitiveness remained limited. As this alliance solidified, more globally integrated and autonomous capital factions associated with TÜSİAD were progressively sidelined (Güven, 2016).

The implications for developmentalism are profound. First, the tight entanglement between state institutions and politically loyal capital has created strong disincentives for firms to pursue technological upgrading. For those embedded within AKP-linked patronage networks, high-risk, long-term investment in industrial capacity is highly unattractive, and in fact, unnecessary. Far more reliable are the returns secured through domestic, state-supported sectors shielded from international competition (Güven, 2016). As Arslan Taç (2022) demonstrates, the state's active promotion of real estate as a vehicle for accumulation—through cheap credit, favorable regulation, and the mobilization of public financial institutions—has reinforced this dynamic, redirecting resources away from industrial upgrading and into speculative, non-tradable sectors.

Second, the weakening of institutional detachment has rendered the state incapable of exercising strategic discipline over capital. In developmental states, access to state support is typically conditional on performance metrics such as export growth, R&D, or productivity. In Turkey, however, access is primarily political, and performance standards are rarely enforced. This not only erodes the credibility of industrial policy, but also fosters a private sector geared toward state capture rather than innovation and global integration.

Taken together, these dynamics suggest that Turkey's state–capital relations under the AKP are not merely suboptimal for development—they are structurally incompatible with developmentalism. The political coalition underpinning the regime lacks both the organizational capacity and the strategic interest in supporting a transformation of the productive base. The state, far from acting as a planner or coordinator, functions as a gatekeeper of rents and a guarantor of regime loyalty. Capital, in turn, adapts to this context not through investment or upgrading, but through de-risking, speculation, and politicized accumulation.

5.2 Sectoral Orientation of AKP-Aligned Capital

Understanding the limits of developmentalism in Turkey also requires a close examination of sectoral orientation of the capital factions that have emerged under AKP rule. This matters because, as outlined in the theoretical framework, not all sectors contribute equally to long-term development. Industrial and technological sectors are uniquely positioned to drive sustained productivity growth and wage convergence, while rent-based or non-tradable sectors tend to entrench structural stagnation.

The coalition that the party has constructed is characterized not by an entrepreneurial drive toward technological upgrading or export competitiveness, but by a structural reliance on state-mediated rents, domestically protected sectors, and political proximity. This configuration reinforces the reproduction of a low-productivity, low-innovation economy.

A foundational aspect of this structure is the distinction between TÜSİAD and MÜSİAD, two associations that represent divergent segments of Turkish capital, which were also mentioned in the preceding section. As explained earlier, TÜSİAD, founded in 1971, comprises primarily large, secular firms engaged in high-value-added manufacturing with strong global integration. In contrast, MÜSİAD, established in 1990, reflects the emergence of conservative Anatolian business—consisting mostly of small- and medium-sized enterprises rooted in regional economies and focused on domestic, low-tech industries. As Babacan (2018) notes, these associations reflect a broader cleavage in the Turkish political economy: one between a relatively autonomous capitalist class integrated into global value chains, and a state-dependent capitalist bloc reliant on public procurement and discretionary regulatory treatment.

Under AKP governance, capital factions aligned with MÜSİAD have received a substantial boost through privileged access to public construction projects, municipal tenders, and

subsidized credit channels. The construction sector, in particular, has become a central vehicle for capital accumulation in this period. As Karatepe (2016) highlights, this shift involved an increasing entanglement between state institutions and politically connected firms, with public bodies such as TOKİ (Housing Development Administration of Turkey) playing a central role. State support—ranging from the allocation of public land and regulatory exemptions to the provision of financial guarantees—also helped effectively convert the real estate market into a mechanism for distributing political patronage (Karatepe, 2016).

This trend is further substantiated by Çarıkçı's (2025) study of Istanbul's megaprojects. Projects such as the Istanbul Airport have generated massive rents for connected firms, despite possessing little potential for productivity growth or export spillovers.

The AKP-era configuration of capital has thus been disproportionately weighted toward non-tradable sectors such as construction, real estate, and energy, characterized by lucrative returns and limited competitive pressure. In contrast, tradable sectors that rely on long-term investment in research, skills, and technological capacity have received comparatively little institutional or fiscal backing, revealing a clear preference for actors embedded in domestically sheltered markets (Atiyas & Bakis, 2013). For example, the regional investment incentive programs introduced during the 2009 stimulus which were formally designed to promote broad-based development, in practice ended up channelling a disproportionate share of support to low-technology, resource-heavy industries—such as basic manufacturing and extractives—rather than sectors with the potential for productivity gains or global competitiveness (Güven, 2016).

Even among the more established segments of the Turkish bourgeoisie, there has been a marked reorientation of investment priorities. Rather than pursuing capital-intensive,

innovation-led manufacturing, many have increasingly gravitated toward lower-risk avenues of accumulation—particularly those bolstered by state involvement—such as real estate, financial services, and public-private infrastructure projects (Güven, 2016).

In sum, the class coalition underpinning the AKP lacks the strategic orientation required for developmentalism. It is anchored in capital factions whose profitability hinges on preserving an institutional environment where a politically entangled state sustains non-productive forms of accumulation. The following section will analyze how this configuration interacts with Turkey's external vulnerabilities, particularly its dependence on short-term capital inflows and financial stability, which further constrain the possibilities for structural transformation.

5.3 Limits of Policy Autonomy, Industrial Policy and Deindustrialization

A central question, given industrial policy's foundational role in developmental state theory, is why Turkey failed to embark on a sustained industrial transformation. As noted earlier, the AKP made some initial gestures—most visibly through the launch of its first Industrial Strategy Document—which suggest a limited interest in upgrading the industrial base. Yet these efforts remained largely limited and ultimately fell short of catalyzing an ambitious industrial transformation.

Despite certain shifts toward a more interventionist state, the AKP continued to operate within a framework shaped by longstanding neoliberal commitments, which foreclosed the kind of policy space required for a more assertive industrial agenda. This section unpacks how, broader institutional and macroeconomic conditions that help explain this outcome.

At the heart of this constraint lies Turkey's structural dependence on foreign capital and a macro-financial regime oriented around consumption-led growth. As outlined in the preceding chapters, Turkey's post-2000 growth trajectory has been shaped by a deep reliance

on external finance and a macroeconomic framework centered on domestic consumption. Rather than fostering productive investment, capital inflows primarily fueled the expansion of real estate, services, and consumer demand, contributing to persistent current account deficits, as well as rising household and private sector debt. As noted by Orhangazi and Yeldan (2021), this reliance gradually constrained economic policymaking, tethering it to the imperatives of global capital markets and reinforcing the preferences of domestic business groups that profited from speculative growth.

A major outcome of this pattern has been the erosion of industrial capacity. Productivity gains in manufacturing were limited and heavily concentrated in medium-low-tech segments, with little progress toward high-value production (Dincer & Tekin-Koru, 2019). Labor flowed into low-productivity services, and export diversification stalled, as the industrial share of GDP steadily declined (Doğruel, 2013).

Although a series of policy frameworks—from the 2011–14 Industrial Strategy to the 2023 Industry and Technology Strategy—sought to reverse this trend, they have largely failed to deliver (Güven, 2016). Analysts point to weak institutional foundations, executive overreach, and policy inconsistency as core obstacles (Toksoz, Kutlay & Hale, 2023). Beyond defense manufacturing, where strategic concerns offer partial insulation, most industrial initiatives struggled to gain traction.

This hollowing out of industry has deepened Turkey’s structural dependence and reshaped state–capital relations. In the absence of a strong manufacturing sector to anchor developmental policy, dominant business actors—particularly in construction, finance, and real estate—have prioritized stability, regulatory flexibility, and access to state rents. As Kutlay et al. (2023) argue, industrial policy has become constrained by fragmented institutions and a short-termist political economy.

Ultimately, Turkey's macro-financial order has produced a closed circuit: external dependence narrows the scope for reform; industrial stagnation weakens demand for transformation; and the prevailing state–capital alliance reproduces itself through patronage.

6 AKP's ideological foundations

As mentioned earlier in the theoretical framework, the ideational core of developmental governance lies in the primacy of economic transformation as a national goal. Ideology fundamentally shapes how governance is imagined and practiced, and as such, it can be inferred from the actions of state actors—what they prioritize, and at what cost. When we examine the AKP's record of economic governance, as outlined in Chapters 4 and 5, there is little to suggest the presence of a coherent elite consensus around structural transformation. What we observe instead is a pattern of neoliberal continuity, punctuated by sporadic interventions geared towards the intensification of executive control. State–capital relations appear governed less by long-term coordination than by factional clientelism, with virtually no evidence of the state exercising any disciplining power over capital.

This raises a deeper question: are we simply looking at a failure of capacity or execution? Or is it possible that the AKP, despite its claims and the assumptions of some scholars, never meaningfully embraced developmentalism at an ideological level to begin with? That is, does the project of developmentalism actually occupy any serious space within the ideological matrix of AKP governance?

Of course, this is not a question easily answered. Ideology is not always explicit; political actors often have a vested interest in cultivating aspirational or strategic self-images. Private belief is inaccessible, and public statements can be misleading. Still, if we accept that political actors are, at least to some extent, rational and goal-oriented, then we can make inferences about ideological commitments based on patterns of behaviour—what is prioritized, what is sacrificed, and what remains consistent over time.

Applying this lens to the AKP reveals a notable divergence of ideational direction from what the developmentalist rhetoric suggests. While earlier chapters showed many continuities with

neoliberal policy, it would be inaccurate to frame the AKP as ideologically committed to neoliberalism in any deep or enduring sense. The policy pivots of the 2010s—marked by institutional restructuring and increased state intervention—suggest a gradual distancing from key neoliberal principles. On closer inspection, however, what remains ideologically consistent across shifting election cycles and economic conditions is the AKP’s long-term project of advancing Political Islam. Far from being a secondary or symbolic concern, this ideological priority intensifies over time. The following sections argue that this ideological orientation—rooted not in developmentalism, but in the construction of a moral-religious order—systematically displaced the kind of national vision, institutional discipline, and long-term planning that developmental governance requires.

This chapter examines two interlocking dimensions of this ideological regime: the primacy of political Islam and the emergence of the charity state. Section 6.1 begins by demonstrating that the AKP’s core ideological commitment is not developmentalism, but Islamism—a political theology that redefines the state’s mission in moral and religious terms. Section 6.2 analyzes how this ideology materializes in the form of welfare paternalism: the charity state, which replaces social rights with clientelistic redistribution and religious legitimacy. Taken together, these ideological formations do not merely hinder developmentalism, but they are structurally incompatible with it.

6.1 Political Islam

Developmentalism, as Bresser-Pereira (2018) contends, is a nationalist philosophy of statehood, which, at its core, constructs a unified subject: the nation as an economic agent, capable of collective sacrifice and mobilization in the name of structural transformation.

Political Islam, by contrast—particularly in the Turkish context where religion has long been a key axis of political identity and social division—organizes the state around moral

hierarchy, religious identity, and redistributive factionalism. Rather than cultivating a unified national subject, it constructs a morally stratified polity. This stratification produces a form of two-tier citizenship: one that privileges the religiously observant—both among ordinary citizens and within the capitalist class—while marginalizing secular or dissenting segments of society. Developmentalism, by necessity, requires the formation of a broad national coalition; it demands cohesion. Political Islam undermines this possibility at the level of subject formation. Its logic is not one of national elevation, but of partisan consolidation: the advancement of an Islamic clientele bound by shared identity rather than shared developmental purpose. Under the AKP, this ideological orientation has not simply constrained developmentalism but fragmented the political subjectivity that developmentalism requires, stripping the very project of a unified, transformative state of its subject.

This ideological orientation is not only visible across different periods of AKP rule but also deeply embedded in the party's DNA. Emerging from Turkey's Islamist political tradition, particularly the Millî Görüş (National Vision) movement, the AKP was led by figures previously active in explicitly Islamist parties such as the Welfare and Virtue parties. Although it initially rebranded as a conservative democratic force to expand its electoral appeal, the party has increasingly adopted overtly Islamist positions since consolidating power, particularly after 2011 (Uysal, 2019).

The AKP's Islamist orientation has been concretely embedded in state structures through a wide array of policies and institutions it has since put in place. One of the most visible shifts was the significant expansion of Imam Hatip schools—religious vocational institutions originally designed to train imams but increasingly used to provide general secondary education within a religious framework— for the purpose of raising a 'pious youth' (Diken,

2016). In parallel, the broader national curriculum was restructured to give greater emphasis to religious instruction (Coşkun & Şentürk, 2012; Gümüşçü, 2024). The Directorate of Religious Affairs (Diyanet) also gained substantial political prominence, evolving into a central institution within the governance apparatus. In the meantime, social policy increasingly promoted religiously framed family values, evident in tighter regulations on alcohol, public campaigns advocating early marriage and motherhood (Kaya, 2015). Collectively, these measures contributed to the displacement of secular and civic-oriented understandings of the state.

This religious orientation has profound implications for developmentalism. First, it constructs the government's clientele as not a national population in its entirety, but a conservative Islamic constituency, whose interests are guarded through culturally embedded redistribution (e.g., clientelistic welfare and charity, explored in further detail in 6.2) rather than through inclusive or transformative economic planning.

Additionally, the AKP's economic model has prioritized the rise of an Islamist business class, largely through the selective distribution of public contracts in protected, non-export sectors (see Chapter 5). As explained earlier, this configuration was not intended to steer capital toward innovation or productivity, but to enrich and empower a loyal economic elite whose interests are aligned with the party's continued dominance.

Thus, developmentalism—which centers the nation as the locus of economic transformation and commonwealth—is structurally incompatible with a regime grounded in factional, religiously-coded state-building. In displacing secular-national development goals with partisan redistribution, the AKP has intently foreclosed the ideological conditions under which developmentalism could emerge.

6.2 The Charity State: Moral Governance, Social Inclusion, and the Displacement of Development

The AKP's model of welfare provision—what Uysal (2019) terms the “charity state”—functions both as a reflection of the party's ideological foundations in political Islam and as a stabilizing mechanism that reinforces its broader regime. Within the AKP's ideational framework, the ‘charity state’ holds a particularly interesting position, as it can be read as a hybrid by-product of both neoliberal rationality and Islamic moral doctrine. The shift from universal, programmatic welfare to a system of discretionary, clientelistic charity is central to understanding this ideological fusion.

The notion of ‘charity’ is distinctly ideological. It assumes an inherent and normalized wealth disparity, which it seeks to address not through structural redistribution, but through ad hoc and discretionary measures. In doing so, it recasts welfare from a civic right into a benevolent favour. The state positions itself as a morally superior provider which fulfils religious obligations rather than guaranteeing social rights. This framing strips welfare of its universality and embeds it within a moral framework. At the same time, it fits neatly within the neoliberal logic of a retreating, inefficient state.

While aggregate welfare spending increased under the AKP (Szikra & Öktem, 2023), the nature of welfare provision in Turkey underwent a marked transformation in both form and distribution. Rather than maintaining a universal and programmatic structure, the welfare system increasingly shifted toward a particularistic and clientelistic model (Özdemir, 2020). As Uysal (2019) demonstrates, AKP-era welfare has largely operated through targeted assistance mechanisms, funneled not through rights-based institutions but through religious charities, AKP-affiliated municipalities, and the Social Assistance and Solidarity Promotion Fund.

Additionally, in a clear manifestation of the ideational hybrid previously discussed, a proliferation of state-aligned religious charities came to fill the void left by the retreating welfare state. The AKP rebranded religious brotherhoods (*cemaat*) as civil society actors, presenting them as grassroots solutions to rising social need in the context of state retreat. Supported by Islamist capital, state agencies, and municipalities, these groups distributed cash and in-kind aid and expanded into education through private schools and dormitories (Uysal, 2019).

The AKP's expansion of charity welfare unfolded alongside deepening neoliberal transformations that left large segments of society increasingly precarious (Bugra, 2017). While social assistance programs grew, they did so in a context of dismantled rural economies, shrinking union power, and a sharp rise in informal and insecure employment (Bugra, 2017; Bugra & Candas, 2011). Far from resolving the structural marginalization of unorganized and peripheral segments of the working class, the AKP's welfare strategy entrenched their dependence. Rather than incorporating these groups into formal labor protections or providing long-term socioeconomic mobility, the party extended targeted, charitable aid that cast it as a benevolent patron. This cultivated political loyalty while maintaining these populations in a state of precarity. At the same time, the neoliberal economic governance ensured that systemic solutions were never pursued. Instead, welfare became a tool for managing poverty without empowering its recipients, locking them into subservience rather than empowering them as rights-bearing citizens (Bugra, 2017).

Chapter 7 – Conclusion

Turkey's trajectory of declining industrial productivity, stagnating export sophistication, and increasing technological dependency stands in stark contrast to the AKP's aggressively proclaimed development ambitions. Despite its frequent invocation of developmentalist rhetoric—promising modernization, national renewal, and grandeur—the AKP has ultimately failed to deliver development.

The inquiry of this thesis began by probing what initially appeared to be an anomaly, and a wild contradiction: a regime that consistently framed itself in developmentalist terms, was even described by its critics as such, and yet seemed to preside over outcomes and actions diametrically opposed to development.

A joint examination of the AKP's developmentalist discourse and its policy preferences suggests that this narrative is less a statement of genuine intent or a concrete programme than a mechanism—*à la* Hirschman—for sustaining hope. It serves to keep alive the promise of eventual prosperity among a class of hopefuls suspended in the waiting room of history. In Turkey, this logic resonates powerfully: amid historically high income inequality, visible signs of wealth are more widespread than ever, offering constant reminders of what might one day be within reach. Can this continue into perpetuity? Does Erdogan's narrative of national grandeur around the corner still convince? Already we have signs that the play may have run its course and at the time of the writing of this thesis Turkey might be on the cusp of change — although it may well be the opposite.

As shown, the aggressive developmentalist narrative has been accompanied—less loudly, but perhaps more enduringly—by a consistent neoliberal continuity. Whether this stems from genuine ideological conviction is debatable. Nonetheless, what has followed structurally is a transformation of the Turkish economy in a direction almost antithetical to

developmentalism. There has been no industrial upgrading but rather, a premature de-industrialization has taken root. In terms of productive capacity—the very substance of development—Turkey may well have regressed. That this premature industrialization occurred precisely within the crucial catch up window, when Turkey *did* in fact momentarily seem to possess the resources to channel into an industrial upgrade is a particularly sad detail which points further to a lack of developmentally minded governance on the part of the AKP.

Against the background of the analysis provided, interpretations that frame increased state intervention as evidence of a developmental turn appear not only naive but analytically misguided. The common denominator of these approaches is their attempt to deduce a developmental re-orientation solely through the examination of limited government actions—such as increased economic intervention, ad hoc agencies, or isolated policy papers. All these analyses fail to address the *core* requirement of developmentalism: the ideational commitment. None appear to have asked whether the AKP can be categorized as a developmentally minded actor—whether it ever could or would prioritize developmental ambitions when doing so would so clearly come at the expense of dismantling the very patronage networks that sustain and reinforce its rule. As demonstrated, a genuine developmentalist program might well lead to the demise of the AKP-aligned capital class as once the politically distributed domestic rents dry up, these firms would likely collapse when exposed to international competition.

Additionally, would the full implementation of such a programme, with all the costs and risks it entails, be even desirable if the said actor also possesses different ideational priorities whose goals would be mutually exclusionary with those of developmentalism? For all intents and purposes, the AKP has shown a remarkable level of consistency in its steadfast commitment to the project of political Islam—perhaps far greater than in any other

ideological domain: its adherence to neoliberalism appears significantly weaker, and its engagement with developmentalism weaker still. While we have seen that political statements cannot always be taken at face value, Erdoğan has nonetheless repeatedly affirmed this ideological commitment to political islam—not only through his actions but also through innumerable proclamations.

If all the actions of a given actor point in a specific direction—and the actor himself repeatedly affirms that direction—it is reasonable to assume they may, in fact, be what they claim to be. The AKP's ideological priority clearly lies in the realization of political Islam: not only the construction of a religious society, but also the elevation of a devout 'underclass' whose interests Erdoğan claims to represent and champion. Embedded in his political Islam activism is a redemptive mission in which the once-disenfranchised are not merely restored, but avenged. He frames his rule as a rupture with the 'Old Turkey'—a period dominated by secular elites—whom he blames for the historical mistreatment, subjugation, and exclusion of the pious. In articulating this narrative, Erdoğan often positions himself as a representative of the historically wronged, drawing on the symbolic binary of 'White Turks' and 'Black Turks'—a shorthand for secular elite vs. religious underclass, likening the experience of pious Turks under the old regime to slavery.

As documented, a developmentalist path forward in Turkey would, among other things, necessitate strategic cooperation with the established secular industrial capital class—at the expense of the continued nurturing of a politically obedient and pious faction of capital. Given the established primacy of political Islam in the AKP's ideological universe, it becomes clear that when forced to choose between furthering the interests of a political class it perceives as existentially hostile, for the sake of developmental goals, and enriching

another class it actively seeks to elevate—albeit at the cost of those same goals—why the latter inevitably weighs heavier.

Unfortunately for Erdoğan, in an ironic side effect of the very modernization his party helped accelerate through its embrace of neoliberal globalization, polling consistently suggests that Turks—particularly younger generations—are moving away from religion (Aktan, 2019).

At the risk of invoking too many Turkish idioms, one more feels appropriate: “It’s easy for a bachelor to talk about divorce.” Perhaps it is precisely the lack of genuine developmental intent that fuels the loudness of the rhetoric. If it is never meant to be realized, it can be deployed freely. This is not to say that the abstract notion of development carries no appeal to the AKP but its invocation is meaningless when the actor lacks the ambition or willingness to fully commit to it. In this light, the AKP’s heavy use of developmentalist jargon appears flippant at best, and cynical at worst.

Ultimately, we are confronted with a regime which is ideationally unfit to pursue developmental ends due to its overriding ideological priorities. The institutional structure it has created—characterized by clientelism, politicised management of bureaucracy and economy, and deinstitutionalization— attests to, and is a product of this fact.

The AKP floats between categories, neither completely complying to the ideal of neoliberalism, nor displaying the ideational and material commitment a developmentalist agenda demands.² Its erratic and ad-hoc attempts at industrial policy or developmental institution-building ultimately appear random, misplaced and pointless in the absence of a wider developmental vision.

² This does not stand in contradiction to the fact that the industrial governance of AKP has been neoliberal in its broad orientation. Rather, the lack of ideational commitment to free market as exemplified by generous state intervention

In this sense, the AKP neatly fits into Thurbon's (2014) category of the non-developmental state: one defined by short-termism, weak state-business cooperation, and failed attempts at institutional coordination—adrift between paradigms, with no clear direction. Perhaps this is not surprising, as Thurbon herself confirms that indeed most countries would fall into this category.

Harrison (2020) states that development occurs where it is “not normatively attractive but existentially necessary”. For the AKP, that imperative has not yet materialized. The charity state it put in place cushions the impact of neoliberal displacement, and in doing so, further promotes religious ends while neutralizing the potential electoral backlash it could otherwise elicit. Simultaneously, the regime derives legitimacy through its claim of representing an underclass which was historically subjugated.

Should a genuine developmental imperative arise in Turkey, it is deeply uncertain—if not outright doubtful—that the AKP will be the actor capable of meeting it. *The Sultan has no development.*

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