



External Anchors of Growth Models: International Hierarchy, Goeconomic Change and Policy Space in Semi-Peripheral and Middle-Power Economies

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Growth Regime Working Group (GRWG) Workshop
«Demand and Growth Regimes: Structural and International Dimensions»
HWR Berlin, 18 – 19 May 2026

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1. Motivation:

Why Do The External Anchors Matter Now?

- The old external anchors of growth are no longer stable.
- Export markets, capital flows, production networks, technology regimes, institutional rules and geopolitical alignments are all being reorganized.

This creates a problem for growth model analysis:

How should we conceptualize growth models when their conditions of reproduction are increasingly external, hierarchical and politically contested?

1. RQs and Argument

Research Questions

- How do international structures and domestic coalitions jointly shape growth models?
- Which external anchors sustain, constrain or transform growth in semi-peripheral and middle-power economies?
- How do external anchors affect policy space and growth strategies?

Argument

- GMs are domestically organized but externally anchored. Their demand sources, financing conditions, productive structures depend on structured international linkages.
- External anchors operate through macroeconomic, structural and strategic-institutional mechanisms.
- They reshape DSBs, define feasible growth strategies, and produce policy space as a relational outcome.

Core Claim

- The international is not an external context of growth models.
- The international is constitutive of growth models' formation, stabilization, contestation and transformation.

2. Position in the Literature-1: From Growth Models to External Anchoring

Growth models

- How growth is generated, financed, stabilized and politically mediated.

External anchors

- International linkages that condition access to demand, finance, technology, inputs, labour, rules and security.

Political mediation

- DSBs, sectoral interests, state projects and growth strategies mediate how anchors become politically effective.

Policy space

- The room for manoeuvre produced by the interaction between anchors and domestic coalitions.

Transformation

- Changing anchors may trigger reproduction, adjustment or transformation of growth models.

2. Position in the Literature-2: Theorizing External Anchors

DGRs	<ul style="list-style-type: none">• DGR research identifies the macroeconomic core of growth: demand components, sectoral balances, autonomous demand, credit dynamics and public demand.• This paper builds on this insight but asks how these macroeconomic dynamics are externally anchored.
GMP	<ul style="list-style-type: none">• GMP links demand, policy regimes, production structures and coalitional foundations.• This paper extends GMP by treating external anchors as constitutive of growth models, not as background conditions.
IPE and International Hierarchy	<ul style="list-style-type: none">• <u>Dependency</u> theory foregrounds hierarchy and unequal insertion.• <u>GVC</u> research explains productive insertion, upgrading and supplier dependence.• <u>Currency hierarchy</u> shows how external finance, liquidity preference and foreign-currency constraints shape policy autonomy.
Geopolitical economy	<ul style="list-style-type: none">• Shows that finance, production, technology and security are politically articulated.• The framework uses this to analyse geoeconomic change and re-anchoring.

3. External Anchoring Mechanisms

Anchoring cluster	Subcategory	Core question	Brief explanation
Macroeconomic anchoring	External demand	Where does demand come from?	Dependence on externally generated autonomous demand, including goods exports, services exports, tourism, commodities, procurement, geopolitical demand channels and preferential market access.
	Import-dependence	How much demand leaks outward?	Dependence on imported inputs, energy, capital goods, technology or consumer goods. Shapes domestic value added and balance-of-payments constraints.
	Monetary and financial aspects	How is growth financed externally?	Dependence on external liquidity, capital inflows, foreign-currency debt, exchange-rate conditions, sovereign risk, currency hierarchy, global financial infrastructures and financial-market conventions.
Structural anchoring	Export-structure anchoring	What kind of exports sustain growth?	Technological content, sectoral composition, product structure, destination markets and economic complexity of exports.
	Production-network anchoring	Where is the economy located in global production?	Insertion into GVCs, dependence on external technologies, FDI structures, supplier hierarchies and cross-border production systems.
	Labour, skills and social reproduction anchoring	How is labour power reproduced transnationally?	Dependence on migration, remittances, foreign labour supply, vocational training transfer, skill formation and cross-border social reproduction.
Strategic-institutional anchoring	Institutional and regulatory anchoring	Which rules structure policy choices?	International policy regimes, conditionality, trade agreements, regional integration frameworks, standards, development institutions and investment treaties.
	Geopolitical and security anchoring	Which geopolitical relations condition the growth model?	Dependence on energy import, alliances, security guarantees, military cooperation, geopolitical alignment, sanctions regimes, strategic infrastructure and politically mediated access to markets or resources.

4. External Anchors as Internal Dynamics: DSBs and Growth Strategies

Core Claim

- External anchors become politically effective when they are internalized through DSBs, growth strategies, state projects, sectoral interests, financial practices and social coalitions.

DSBs as mediating mechanisms

- External anchors empower some actors and weaken others.
- They shape the interests and capacities of capital fractions, state institutions, political actors and selected labour groups.
- DSBs are often transnationally mediated rather than purely domestic.

Growth strategies

- DSBs translate external constraints and opportunities into growth strategies.
- Growth strategies seek to reproduce, adjust or transform growth models by prioritizing specific macroeconomic, industrial, social and external policy orientations.

5. IPE of Policy Space

Policy space is where external anchoring and domestic coalition politics meet.

External anchors do not only constrain the state from outside.

They enter domestic politics by empowering some actors, weakening others, and shaping which growth strategies appear feasible.

Different actors depend on different forms of external demand, finance, technology, and geopolitical alignment.

**Policy space is therefore not simply “more” or “less” autonomy.
It is a relational outcome of anchoring mechanisms, DSBs and growth strategies.**

6. Anchor Transformations

Causal Scenarios

• **Outside-in:** changing external anchors destabilize the existing growth model and reorganize DSBs and growth strategies.

• **Inside-out:** DSB restructuring produces a new growth strategy that seeks to reorient the growth model and recompose external anchors.



Anchor transformation

Potential Changes

• **Anchor weakening and destabilization:** When external supports erode without alternatives, growth models may face balance-of-payments pressure, fiscal stress, inflation, industrial stagnation or political crisis.

• **Anchor transformation and re-anchoring:** Re-anchoring does not necessarily create autonomy; it may replace one asymmetric dependence with another.

• **Contradictory anchoring:** Countries may rely on conflicting anchors, such as Western finance and security, Chinese demand, EU regulation, Russian energy or regional labor flows, creating strategic dilemmas.

7. Empirical Strategy

Step	Purpose	Main method	Output
1. Growth model	Identify phases of formation, crisis and adjustment.	Historical periodization, NIFA decomposition, macro indicators, crisis chronology.	Growth-model phases.
2. Macroeconomic anchors	Determine how growth is generated and financed externally.	NIFA, SSM, current account, external debt, reserves, capital flows, exchange-rate volatility, currency mismatch, policy-rate differentials.	Macroeconomic anchoring profile.
3. Structural anchors	Determine what kind of productive insertion sustains growth.	Export technology, ECI, GVC indicators, FDI data, domestic value added, import content, technology dependence, lead-firm analysis.	Structural anchoring profile.
4. Strategic-institutional anchors	Determine which rules, institutions and geopolitical relations condition policy choices.	WTO commitments, tariff bindings and applied rates, IFI conditionality, EU rules, trade agreements, sanctions, alliance and security mapping.	Strategic-institutional anchoring profile.
5. Mapping sectoral and firm exposure	Identify actors and vulnerabilities.	Sectoral export, import, FDI, technology, finance and sanctions exposure; firm strategies; MNE hedging or alignment.	Actor and exposure map.
6. Tracing political mediation	Explain how anchors are translated into growth strategies.	Process tracing, interviews, policy documents, business statements, speeches, parliamentary debates, central-bank reports, IMF/EU documents.	Growth strategy and DSB reconstruction.
7. Assessing policy space	Evaluate constraints, opportunities and re-anchoring possibilities.	Cross-cluster synthesis of formal, potential and actual policy space across monetary-financial, fiscal, industrial and geopolitical dimensions.	Transformation scenarios.

8. Conclusions

Theoretical contribution

- The framework rejects both external determinism and domestic voluntarism.
- External anchors shape constraints and opportunities, but they do not mechanically determine outcomes.

Analytical contribution

- Growth models are reproduced or transformed through the interaction of anchoring mechanisms, DSBs, growth strategies and policy space.

IPE contribution

- Policy space is not a fixed condition. It is produced through international hierarchy, external constraints and domestic political mediation.

Empirical implication

- The analysis should identify binding anchors, the actors empowered by those anchors, and the conditions under which growth strategies reproduce, adjust or transform the existing anchoring profile.



Key Takeaway

External anchors matter when they become necessary conditions for the reproduction of a growth model, when they empower particular actors, and when their weakening or reconfiguration generates pressures for adjustment, crisis or re-anchoring.

Thank you!

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