

Growth regimes and strategies in Turkey and Egypt in the 21st Century

Dr. Ali Rıza Güngen, York University,

Dr. Ümit Akcay, IPE Berlin

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Frontiers in Growth Regimes Research: Theoretical Perspectives and Country Cases

outline



To go beyond demand components and sectoral financial balances

- Growth drivers
- Macroeconomic policy regimes
- Explicit focus on global South (still confined to major emerging economies)
- More room for hybrid models and dynamic narrative
 - To be enriched with an analysis of social blocs / power blocs

Analyzing the couplings between growth models and growth strategies

Dual determination of growth strategies:

- Global level:
 - Financial/commodity cycles,
 - Global financial and monetary hierarchy,
 - Crises and their repercussions
 - Global interplay among growth regimes
- National level:
 - Changing balance of power in capital groups, adaptations, adjustments
 - Political elite's and state managers' survival strategies
 - Subaltern classes' role in policymaking processes
 - Harmonization of interests → state economic policies (a proxy to uncover the growth strategy)

A new modality of state intervention (mid-to-late 2010s)?

- Turkey

Supporting labour-intensive sectors, using state capacity to bail out troubled corporations and small and medium scale enterprises, and maintaining the networks that feed on state capacity

- Egypt

expanded foreign borrowing and increased partnerships with multinational corporations. Reliance on mega infrastructure projects and extractivism

Relative contributions to GDP growth in Turkey and Egypt (2003-19)

	Turkey			Egypt		
	2003-2008	2009-2013	2014-2019	2003-2008	2009-2013	2014-2019
Private consumption	0.56	0.67	0.48	0.66	1.19	0.56
Public consumption	0.11	0.13	0.17	0.05	0.13	0.12
Investment	0.50	0.23	0.07	0.34	(-)0.10	0.45
Net exports	(-)0.17	(-)0.03	0.28	(-)0.15	(-)0.13	0.00

Growth model and power bloc in Turkey

Turkey	21st Century	post-2014
Growth regime	> Consumption-based, domestic-demand-oriented growth regime	> Gradual increase in exports in the last period, unsystematic attempts to move onto a new growth model
Power bloc	> Unity of the large-scale, internationalized capital and small and medium scale domestic oriented capital	> Labour-intensive and explicitly parasitic groups gaining ground
	> Changing global financial conditions, increased tensions due to frequent shocks and crises	> Crisis management and contradictory macroeconomic policies (intense struggle within the bloc)

Growth model and power bloc - Egypt

Egypt	2000s	late-2010s
Growth regime	> Consumption-based, domestic-demand-oriented growth regime	> Investment plans (military, supported by patrons), growing exports as a result of devaluation
Power bloc	> Unity of internationalizing capital, military and regime networks, under the former's hegemony	> Military predominance and IMF surveillance, subordination of the previously internationalizing capital
	> Economic collapse during the Eurozone crisis and 2011-13 interregnum	> Crisis management and austerity, credit-dependency brewing tensions

Path-dependent authoritarianisms

- New forms of authoritarianism
 - Deconstitutionalization in Turkey in the 2010s
 - Military-backed new regime in Egypt
- Growth model dynamism → reconfiguration of power blocs
- To be complemented with explaining the forms of reintegration into the global economy (Egypt), the impact of changing global financial conditions, and the uses of state financial capacity to navigate volatile capital flows (Turkey).

Shifts in the mid-to-late 2010s compared

- Turkey

- Changes in international conditions (2013 and the following years)

- Reconfiguration of power bloc (the mid-2010s)

- new growth strategy (roots in the mid-2010s, evident in post-2018)

- new macroeconomic policy regime (2021)

- new growth regime (export-led)

- Egypt

- The global financial crisis and political turmoil (2008 to 2013)

- Reconfiguration of power bloc (2013 and the following years)

- new growth strategy and macroeconomic regime (IMF program)

- new growth regime (toward investment and export-led)

Conclusion

- Demand-oriented growth models can maintain the authoritarian statecraft and ease tensions within power blocs depending on global financial circumstances, geostrategic struggles and the levels of social discontent: the temporality and accumulated impact of policy decisions matter.
- We need intermediary tools well-suited to portray dynamism within the growth regimes. Growth strategy is one of them, a relational power bloc analysis might provide similar tools.
- Domestic demand-led growth in Egypt and Turkey maintained, for a considerable period, their places despite the troubles following the international financial crisis.
- A new growth regime seems to be emerging in Turkey and is already visible in Egypt. Documenting the reconfigurations within the power blocs amid changing global financial circumstances, and state managers' ways of navigating the crises in both countries helps to grasp this dynamism. In other words, a critical GMP perspective should be based on an analysis in tandem with the global financial circumstances and the struggles within and against the power bloc.