

The London School of Economics and Political Science

Explaining Risk-Taking and Risk-Averse Behaviours in
Peacemaking: A Prospect Theory Reading of the AKP Leadership's
Behaviour vis-à-vis Cyprus and Armenia

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Abstract

It is not only war and conflict that can determine the political fate of a leader but also peace-making initiatives. Reversing long-standing national foreign policy choices that perpetuate animosity, friction and lack of diplomatic relations between states can put leaders in a precarious situation given domestic and external reactions. Accordingly, can foreign policy change of that respect be considered as risk-seeking or risk-averse behaviour on the part of leaders? Furthermore, if foreign policy change is considered as risk-seeking behaviour, then why do leaders and decision-makers spearhead and engage actively with these initiatives of peacemaking?

This study, the first of its kind in the literature of prospect theory, analyses peacemaking initiatives under conditions of risk and uncertainty by shedding light on the decisions undertaken by the leadership of the Justice and Development Party (AKP), focusing specifically on its foreign policy choices vis-à-vis Cyprus and Armenia in 2004 and 2009 respectively. In particular, it raises questions as to the extent to which Recep Tayyip Erdogan's and his inner circle's decision to promote the resolution of two long-standing diplomatic issues was risky and what induced them to actively engage with the cases at hand.

Using prospect theory's analytical tools, it is argued that the revisionary policies that the AKP leadership, in particular Recep Tayyip Erdogan, introduced and promoted were riskier choices compared to Turkey's long-standing policies vis-à-vis Cyprus and Armenia. This raises questions as to what induced Erdogan to push for a solution of the Cyprus issue during the Annan negotiations between 2002 and 2004, and the Annan Plan referendum in 2004, despite Turkish Cypriot leader's, Rauf Denktas's reactions and his support from the Turkish establishment at the time. Similarly, what induced Erdogan to seek the normalisation of Turkish-Armenian relations? This is a particularly puzzling question if one considers that Erdogan's government signed the Zurich Protocols on 10 October 2009, which provided for the normalisation of Turkish-Armenian relations without any reference to the Nagorno-Karabakh issue - the foremost security concern for Azerbaijan and one of Turkey's main prerequisites for normalising relations with Armenia – but then shortly after reversed the process. Towards that end, I have developed questions concerning the riskiness of these options, the risk propensity of Erdogan himself and the factors that affected this.

After a comprehensive empirical analysis on the basis of two new prospect theoretical models (a. prospect theory-diversionary peace theory model, b. prospect theory-external balancing theory model) that provide alternative hypotheses about what induces risk-seeking and risk-averse behaviour in cases of peacemaking through concessions, I argue that the prospect theory-diversionary peace model's main assumption about the effect of internal threats on decision-makers' risk propensity is validated. Accordingly, there is a direct causal link between, firstly, the internal strife that took place between the AKP leadership and the Turkish establishment at the time, particularly the Turkish Army; and, secondly, the risk-seeking propensity of Recep Tayyip Erdogan in revising Turkey's traditional foreign policy.

More specifically, Erdogan felt that he was in the domain of losses in terms of his political survivability and that of his government as well as in terms of the prospects for consolidating his power in the sphere of Turkish politics. In order to counterbalance the army's subversive policies against the AKP and its clout in Turkish politics, he attempted to revise Turkey's foreign policy vis-à-vis Cyprus and Armenia. It became clear to him that changing Turkey's foreign policy in these two cases could, potentially, boost his personal image and that of his government amongst Turkey's traditional allies, the EU and the US. In the case of Cyprus, EU member states directly connected the opening of accession negotiations with Turkey with its constructive role at the UN-sponsored negotiating table for a final settlement of the long-standing issue. In the case of Armenia, US institutions, particularly the US Congress and to some extent the US administrations had traditionally pressed for the normalisation of Turkey's relations with Armenia and the opening of the borders.

By revising, for the first time, Turkey's long-standing foreign policy vis-à-vis Cyprus and Armenia, Erdogan and his government exhibited a risk-seeking behaviour compared to the reproduction of Turkish foreign policy that had traditionally taken place. The AKP leadership's expectation was to increase its international popularity with Turkey's traditional allies, the EU and the US, as a means of remedying the internal threat that the Turkish establishment, and particularly the Turkish Army, posed at the time to the survival and consolidation of Erdogan's government. Parallel to that, the AKP's revisionary policies were an attempt to discredit the Turkish Army's international profile among Turkey's traditional allies for being intransigent, while a potential final solution of the two problems would weaken the powerful domestic narrative that the Army had used to depict itself as Turkey's guarantor of security against external threats. The frozen conflict on Cyprus and the enmity with Armenia had been important sources of legitimacy for the Turkish Army.

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Chapter 1

Introduction

1.1 The Puzzle, the gap in the Literature and the Prospect Theory arguments

During the period 2002-2010, Turkey developed an active regional foreign policy. This included, among others, an attempt to solve long-standing conflicts with neighbouring countries. Cyprus and Armenia are two cases that epitomise revisionary policies that challenged discourses, norms and practices of the past in the domain of Turkish foreign policy. The two successive governments of the Turkish Prime Minister at the time, Recep Tayyip Erdogan, were at the forefront of these initiatives. They conducted negotiations at international level and subsequently tried to deliver on the implementation of agreements within a very short period of time.

The empirical puzzle of this thesis concerns why Recep Tayyip Erdogan put forward revisionary policies vis-à-vis Cyprus and Armenia that differed markedly from the long-standing traditional Turkish foreign policies of the past. Its research objective is to open the black box of decision-making within the AKP leadership and especially that of Recep Tayyip Erdogan, in terms of peacemaking initiatives under conditions of risk and uncertainty. Towards that end, I am developing explanations that aim to answer why Recep Tayyip Erdogan was risk-seeking or risk-averse in his approach to peacemaking, vis-à-vis the two cases at hand.

More specifically, in the case of Cyprus, Recep Tayyip Erdogan and his government spearheaded the support for the Annan negotiations between 2002 and 2004 and publicly advocated a Yes vote for the 2004 Annan Plan referendum. The support for the Annan Plan deviated from the traditional Turkish foreign policy of demanding a solution that recognised *a priori* the results of the de facto partition of the island after the Turkish invasion of 1974, including the international recognition of the ‘Turkish Republic of Northern Cyprus’. The long-standing Turkish Cypriot leader, Rauf Denktas, publicly opposed the Annan negotiations and clashed with Recep Tayyip Erdogan, who supported the negotiations. During that period, the secular Turkish institutions, such as the Turkish military and the President of the Republic, Ahmet Sezer supported Rauf Denktas.

Similarly, in the case of Armenia, Recep Tayyip Erdogan and his government negotiated with Armenia on their bilateral disputes, such as the issue of the Turkish-Armenian border

recognition and the Armenian Genocide. Finally, they agreed on a process of normalisation that would allow for the opening of their common border and the establishment of diplomatic relations after Turkey had disrupted their relations in 1993, as result of Armenian's occupation of Nagorno-Karabakh. Towards that end, both sides signed the Zurich protocols on 10 October 2009 that provided a step-by-step process of normalisation. However, the two protocols made no reference to the issue of Nagorno-Karabakh. Formally delinking formally the Nagorno-Karabakh conflict as a precondition from the normalisation of Turkish-Armenian relations was a major deviation from Turkey's long-standing foreign policy. The Azeri leadership reacted in many instances during the negotiations and became threatening toward the AKP government, particularly in the aftermath of the Zurich Protocols. Finally, Erdogan reversed his revisionary policy within a few weeks' time after the signing of the Zurich Protocols.

Both peacemaking initiatives supported by Recep Tayyip Erdogan and his government took place under conditions of risk and uncertainty at the time. The existing explanations so far, such as the Europeanisation, democratisation/civilianisation, political economy arguments have not dealt with the issue of the riskiness that the AKP leadership's revisionary policies entailed, in comparison to what would have been the safer option of reproducing traditional foreign policies in Turkey. In other words, they ignore the 'inside story' of decision-making under conditions of risk and uncertainty for the AKP leadership. What mainly characterises these explanations, with the exception of explanations that focus on Ahmet Davutoglu's ideas, is that they have based their arguments on the basic assumption that utility maximizing decision-makers carried out cost/benefit calculations that convinced them for the necessity of major foreign policy change. Each explanation tries to argue that decision-makers opted for peacemaking because the rewards were higher than the losses. It is assumed post facto that these decisions were risk free, meaning that the good results demonstrate how easy it must have been for the AKP leadership to opt for the revisionary policies against the traditional foreign policy, such as in the case of Cyprus.

Other analysts have not even engaged with the dependent variable, i.e. trying to explain why the AKP leadership signed, for example, the Zurich Protocols in the first place. They resort to normative arguments. They argue that the Armenian case was a difficult case that the AKP should not have engaged with in the first place. Others talk about miscalculation or sloppy diplomacy on the part of the AKP. These accounts cannot explain the puzzling nature of the

AKP leadership's choices in the case of Armenia, precisely because they tend to make post facto assumptions about the failure of the revisionary policy.

Subsequently, in order to address this gap in the literature, I raise questions about the riskiness of the revisionary policies, the risk propensity of Recep Tayyip Erdogan and what affected his risk propensity. I employ theoretical predictions and analytical tools of prospect theory. Prospect theory, applied to Erdogan's revisionary policies, has the potential not only to give us another alternative explanation, among many others, but to assist us in making sense of the circumstances under which he made certain concessions in order to contribute to two different peace processes. These concessions entailed certain domestic and international risks. Prospect theory has the analytical capacity of describing the riskiness of policy choices and it has the analytical capacity to explain risk-seeking and risk-averse behaviours of policy-makers.

By moving down the ladder of generality, the objective is to come up with empirically informed arguments that reveal more about the 'inside' story of foreign policy decision-making output in Turkey, namely by focusing on the behaviour of the main protagonist and his inner circle. Since prospect theory focuses on situational factors and the context or setting and how these are perceived by decision-makers through the prism of their reference point, it can assist us in understanding how policy entrepreneurs made sense of complex, overlapping but also conflicting dynamics. Only in this way will it be possible to understand, for example, how Turkey's EU candidacy, civil-military relations and business elites have played a role in the calculations and what actually made Recep Tayyip Erdogan, the Prime Minister of Turkey at the time, undertake bigger or smaller risks in his foreign policy choices vis-à-vis the case of Cyprus and Armenia.

For the first time, a study applies prospect theory in terms of peacemaking under conditions of risk. Towards that end, I operationalised prospect theory for the needs of my study by building two composite models of prospect theory, i.e. the prospect theory-diversionary peace theory model and the prospect theory-balance of threat theory (external balancing) model. Drawing on these two different models, I developed different hypotheses about explanations regarding Recep Tayyip Erdogan's risk propensity.

After meticulous empirical analysis, the study verified the following hypotheses regarding Recep Tayyip Erdogan's risk propensity:

- a. In relation to the AKP leadership's support for the Annan Plan: *When the AKP leadership feels that its government is insecure due to internal threats, then it becomes located in the domain of losses and, therefore, will engage in risk-seeking policies of peacemaking that could potentially help it counteract the domestic sources of its government's insecurity.*
- b. In relation to the signing of the Zurich Protocols: *When the AKP leadership feels its government is insecure due to internal threats, then it becomes located in the domain of losses and, therefore, will engage with risk-seeking policies of peacemaking that could potentially help it counteract domestic sources of its government's insecurity.*
- c. In relation to the reversal of the normalisation process with Armenia: *When the AKP leadership is in the domain of losses because of domestic insecurity but at the same time the prospect of incurring further losses due to peacemaking initiatives is certain, then it will pursue risk-averse policies in the field of peacemaking.*

I also compared Recep Tayyip Erdogan's behaviour toward Cyprus and Armenia from a prospect theory perspective that helped me refine my conclusions.

In terms of similarities, I identified a pattern of risk-seeking behaviour that was instigated by internal threats against Erdogan and his government between 2002 and 2010. Specifically, Recep Tayyip Erdogan developed strong willingness and risk-seeking behaviour in solving long-standing foreign policy problems that no other government or any other institution in Turkey dared to do in the past. The reason was his constant public but also underground clash with the secular establishment and in particular the Turkish army. Between 2002 and 2010 he was in the domain of losses and in fear that his government was being undermined or that it could be ousted. His answer to these challenges was to engage temporarily with the international community and more specifically with the EU and the US on two cases that had topped the agenda of Turkey's international relations for a long time. Accordingly, I observe two main similarities. The first one is that he felt internally threatened and the second is that he sought support and alliances within the international environment and, more specifically, with Turkey's traditional allies: the EU and the US. These similarities between Erdogan's behaviour vis-à-vis Cyprus and Armenia led me to conclude the following:

What explains Recep Tayyip Erdogan's risk seeking behaviour in terms of peacemaking is the combination of internal threats with a possible countermeasure to these threats coming from

international recognition that he is a reliable partner and leader, in particular from Turkey's traditional allies, the EU and US.

Differences between the two cases helped me refine my conclusions in terms of what conditioned Recep Tayyip Erdogan's risk propensity. The major difference between the two cases were that, whilst in the case of Cyprus Erdogan remained committed to solving the problems until the end, supporting openly a Yes vote in the referendum, in the case of Armenia he changed course and reversed the policy of normalisation within a few weeks' time. More specifically, his risk propensity was transformed from risk-seeking into risk-averse in a short period of time. Discussing the importance of Azerbaijan and the Turkish Cypriots for Turkey but also the heavy involvement of the EU in the Cyprus case, and that of the US in the Armenian case, I concluded that

Hence, it is not only the huge importance of Azerbaijan for Turkish politics and Turkish interests that influenced Erdogan's decision to reverse his Armenian policy in 2009, but it is also the multiplicity of interests that were at stake in the case of EU-Turkish relations that played a role in keeping Erdogan in line with his initial decision to support the UN initiative for solving the Cyprus issue.

1.2 Case Selection: The AKP Leadership's Policy vis-à-vis Cyprus and Armenia

Cyprus and Armenia were selected as case studies for two reasons. The first is that each of the two cases has an intrinsic value in terms of its dependent variable, i.e. a major foreign policy change that needs to be explained. These were two of the most astonishing changes in terms of making peace through certain concessions that were unimaginable before. No other Turkish government had gone as far as dropping its preconditions of an international recognition of the 'Turkish Republic of Cyprus' or bilateralising disputes with Armenia by disregarding the national interests of Azerbaijan. Risk was certainly part of the peacemaking processes and the question was whether the risk was greater than the risk of reproducing the traditional Turkish foreign policy stance. If the risk of revisionary policy was greater, why then did the AKP government try to solve the problems? What induced the AKP leadership to assume risks when previous government abstained from doing so?

Therefore, each of the two cases is an interesting empirical case. The case of the AKP leadership's decision to bilateralise its negotiations with Armenia is, in particular, still a

major puzzle for scholars that focus on Turkish foreign policy. There are no studies that try to explain the puzzle in a systematic way. First, they do not define the dependent variable and, secondly they develop very loose explanations about the independent variable. In the case of Cyprus, there are systematic studies using theories and that build hypotheses but they have not opened the black box of riskiness (Aydin & Acikmese, 2007). Other studies also disregard the ‘inside’ story of the AKP leadership’s decision-making behaviour (Müftüler-Baç, 2008; Terzi, 2010).

The second reason is that the two cases make an excellent match for two different comparisons; one in terms of their similarities in outcomes and the other in terms of differences in outcomes.

The similar outcomes can help me identify an emerging pattern as to what induces Recep Tayyip Erdogan to become risk-seeking. So for example, what explains the risk-seeking behaviour in the case of support for the Annan negotiations and the Yes vote in the referendum and what explains the risk-seeking behaviour in terms of the bilateralisation of the Armenian issue? In the event the causes are similar, one can then talk about an emerging pattern. It also helps that in both cases my unit of analysis is the risk propensity of the same decision-maker, Recep Tayyip Erdogan.

At the same time, a comparative approach to the different outcomes help me refine even further the conclusions of the standalone cases and go one step further by identifying what conditions risk propensity. More specifically, the comparative method I am using is the method of difference (Alexander L. George & Bennett, 2005: 151-160). This method is used in cases where the outcomes (dependent variable) are different and researchers use the logic of elimination to “exclude as a candidate cause (independent variable) any condition that is present in both cases” (Ibid.:156). For example, in the case of Cyprus, Recep Tayyip Erdogan’s risk propensity remained the same throughout the period of the Annan negotiations and during the referendum. However, in the case of Armenia, Erdogan’s risk-seeking behaviour was transformed into risk-averse. In that sense, what explains the difference between the two cases? Thus, it will be possible to identify factors that kept the risk propensity constant in the case of Cyprus and factors that changed the risk propensity in the case of Armenia.

1.3 Primary and Secondary Sources: The Great Importance of US Diplomatic Documents

The basis of any explanation of risk propensity in prospect theory is based on the reference point of decision-makers. The reference point defines the domain of decision-makers. However, the only way researchers can define the real reference point of decision-makers is by approximation. It is the approximation of decision-makers' perceptions, concerns and hopes that can help us build, step-by-step, their reference point. Therefore, in this endeavour to approximate, two things are crucial.

The first is to have different sources of information that can help to triangulate. For the sake of my study, I have a number of different primary and secondary sources. In terms of my primary sources I have used 41 classified US diplomatic documents and 8 interviews with high level Turkish decision makers and academics. I have also used a number of different Turkish newspapers. In terms of my secondary sources, I draw on edited volumes, as well peer reviewed articles.

The second is to have relevant micro-information that can help the researcher understand as much as possible perceptions, thoughts and feelings of decision-makers. In other words, researchers need to have an understanding of what decisions makers do and say publicly but they also need to have an understanding of what they do and say behind closed doors. For example, McDermott uses Carter's memoirs in her chapter on Carter's decision to admit the Shah (McDermott, 2004b: 77-105). The latter is not always possible.

For the purposes of my study, the 41 US diplomatic documents (Source: WikiLeaks) constitute the main source of information for my empirical analysis for two reasons. The first reason is that they constitute a mass body of information that are rich in details in terms of what the protagonists say and do, not only publicly but also behind closed doors. The documents have an abundance of micro details about the language actors used in meetings, which extensively reveals their perceptions and feelings. A whole new range of information about the 'inside story' of decision-making in Turkey and the activities and thoughts of many other actors, including AKP officials, Turkish army officials, US officials and Azeri officials are revealed.

The second reason is that the 41 US cables are classified documents of the US administration. They constitute the first best option of primary sources exactly because they were supposed

to remain secret for the foreseeable future (Source: WikiLeaks). Therefore, one can assume that the degree of political expediency that one can find in these analytical documents is much less than in an interview. Precisely because these cases of peacemaking are contemporary and have not been resolved, it is possible that interviewees as a source of information develop their analysis based on their political expediencies. The possibility is even higher because Turkish interviewees are also subject to the pressure that emanates from the currently marked polarisation in Turkish politics. Thus, it is plausible to argue that the US cables are the first best option for my research but also for other studies in terms of getting the ‘inside’ story.

1.4 Thesis Outline

In chapter two, I present my empirical puzzle in full detail. I mainly demonstrate through historical but also contemporary analysis that the AKP leadership’s revisionary policy was markedly different from traditional Turkish foreign policy.

In the case of Cyprus, I mainly focus on explaining what has been the long-standing view of the Turkish establishment and that of the Turkish Cypriot leader, Rauf Denktas. I then discuss the positions of Erdogan, Denktas and the Turkish establishment during the Annan negotiations in order to demonstrate the major differences between the two approaches. I even discuss the position of the AKP’s predecessor, the Welfare party, in order to argue that the traditional Turkish foreign policy was underpinned by a wider consensus transgressing party lines on the right-left axis and on the secular-religious axis. The conclusion is that the AKP leadership undertook a huge responsibility by negotiating internationally and bearing the burden of arguing in favour of the agreement domestically.

In the case of Armenia, I present a detailed historical account of Turkish-Armenian relations and their negotiations as they developed throughout the 1990s and 2000s. In this way, I argue that the Nagorno-Karabakh conflict has diachronically topped the agenda of Turkish governments during negotiations with Armenia. There has never been any government, not even that of the AKP, that did not discuss the issue of normalisation in the context of Azerbaijan’s interests in Nagorno-Karabakh. It was clearly one of the main preconditions for Turkey to start the normalisation process with Armenia. The AKP government’s signature on the Zurich protocols of 2009 constituted a major revisionary policy. The AKP leadership

would have then had to convince the Turkish parliament as well as Azerbaijan about the necessity of implementing the protocols. Finally, I discuss the details surrounding Erdogan's reversal of the normalisation process.

In chapter 3, I critically review previous explanations of Turkey's foreign policy change vis-à-vis Cyprus and Armenia. In the case of Cyprus, I discuss the Europeanisation argument and other complementary explanations, such as the effect of democratisation and business elites. I also review Davutoglu's ideas about Turkey's foreign policy and its relevance to Cyprus. In the case of Armenia, I discuss the Europeanisation argument and other ad hoc explanations, such as the effect of Russia's invasion of Georgia in 2008 or the effect of the US Congress's push for recognition of the Armenian Genocide and the Obama administration's stated intention to recognise the Armenian Genocide. I also review the political economy arguments concerning the reasons behind Turkey's push to open its border with Armenia. I also discuss the possible effect that Davutoglu's analysis might have had on the AKP leadership's revisionary policy. Finally, I introduce a mini comparison between the two cases in terms of Europeanisation since Europeanisation has been cited in many works of the Turkish studies' literature as the main relevant explanatory theoretical framework for these changes. Using a comparative methodology, I attempt to assess the plausibility of the Europeanisation argument in both cases.

By and large, my main argument is that the existing explanations so far ignore the 'inside story' of decision-making under conditions of risk and uncertainty for the AKP leadership. What mainly characterises these explanations, with the exception of explanations that focus on Davutoglu (constructivist accounts), is that they have based their arguments on the idea that utility maximizing decision-makers, such as Recep Tayyip Erdogan and his inner circle at the time, engaged in a cost/benefit calculation that led to certain foreign policy results. However, these explanations do not engage with the notion of risk and how it played in the minds of Erdogan at the time he was making certain decisions. Their reference to cost/benefit calculations of utility maximizing decision-makers is based on post facto analysis of successful or failed outcomes of the decisions and not on what the political, economic and social circumstances were before and during the decision-making.

In chapter 4, I discuss the theoretical and analytical properties of prospect theory. I also discuss the challenges in transposing the theory in the field of IR and how these challenges may be addressed. My main focus is on how one can approximate the reference and the

domain of decision-makers, given the plethora of domestic and international developments. I also discuss how the domain of gains or losses of decision-makers connects with decisions of peacemaking through concessions. Towards that end, I constructed two composite models of prospect theory, that of prospect theory-diversionary peace theory model and the prospect theory-balance of threat (external balancing) theory model. These two models provide two different possible responses as to what defines the reference point of decision-makers that engage with risky peacemaking through concessions. Finally, in the last section of the chapter I explain why I use prospect theory in the case of the AKP leadership's peacemaking initiatives.

In chapter 5, I analyse the AKP leadership's revisionary policy vis-à-vis Cyprus from a prospect theory perspective. Firstly, I define the degree of riskiness associated with the revisionary policy, in comparison to Turkey's traditional foreign policy. My argument is that the variance of possible negative and positive outcomes of the revisionary policy is wider, which makes it riskier. I then discuss issues related to the process of decision-making, such as the framing of options and the perceived domain of the AKP leadership. The conclusion is that the AKP leadership was in the domain of losses due to internal threats and engaged with risky peacemaking initiatives in order to counteract the domestic sources of its government's insecurity.

In chapter 6, I explain the support of the AKP leadership for the normalisation process with Armenia and its reversal from a prospect theory perspective. First, I define the degree of riskiness of the revisionary policy in comparison to the traditional foreign policy position. I found that the variance of possible positive and negative outcomes is wider in the case of the revisionary policy. Hence, it is a riskier option. I then discuss the process of decision-making, such as the framing of options and the perceived domain of Erdogan. Similar to the case of Cyprus, the AKP leadership was in the domain of losses due to internal threats and demonstrated risk-seeking behaviour in terms of peacemaking through concessions. Erdogan and his inner circle tried to counteract the domestic sources of his government's insecurity.

Finally, in chapter 7, I summarise my arguments for each of my cases and then proceed to comparing the results in terms of prospect theory. The comparison helps me refine aspects of my prospect theory argument, especially with regard to why the AKP leadership chose to become risk-seeking in the field of making peace through concessions. Internal threats for the AKP's governability and consolidation of power built the incentive for Turkish decision-

makers to proceed with policy changes that could possibly create a favourable image of the AKP among Turkey's traditional allies, the EU and the US, while weakening sources of legitimacy for the Turkish army, the main source of internal threat for the AKP. The comparison also assists in identifying conditions under which risk propensity can change. Thus, it is not only the vitality of Azerbaijan to Turkish interests and the language and cultural affinity of the Turkish people that forced Erdogan to go from risk-seeking to becoming risk-averse but also the multiplicity of interests that were at stake in case the peacemaking initiative failed. This is conspicuous in the case of Cyprus.

I then discuss my theoretical, analytical and empirical contribution to the academic literature. I contribute to the prospect theory and, by extension, to Foreign Policy Analysis, and in particular the aspect that deals with the impact of leadership on foreign policy output. I also contribute to the literature analytically because I present a new way for analysing significant foreign policy change in the area of peacemaking. I developed new models of prospect theory that can be used in other cases as well. Furthermore, I discuss my empirical contribution to the literature of Turkish studies by developing new comprehensive arguments that explain Turkish foreign policy output vis-à-vis Cyprus and Armenia. I have also introduced new empirical evidence to the discussion. Finally, I debate the application of prospect theory beyond Cyprus and Armenia. Thus, I discuss the limitations of the theory in terms of explaining aggregate foreign policy output and in terms of gathering enough reliable data that can be used to develop a strong prospect theory account. I then briefly discuss two other cases of peacemaking in which prospect theory can be used in order to explain decisions undertaken by leaders.

Chapter 2: The AKP Leadership's Revisionary Policy vis-à-vis Cyprus and Armenia: Changing Turkey's Traditional Foreign Policy

2.1 Introduction

In this chapter, I lay down the inductive empirical puzzle that draws on the AKP's pro-settlement behaviour vis-à-vis Cyprus and Armenia in 2004 and 2009. Its behaviour differed markedly from that of previous Turkish governments, even after Turkey was designated as an EU candidate country in 1999. More specifically, the AKP negotiated internationally for the resolution of the Cyprus problem, while preparing the ground in Turkey and amongst the Turkish Cypriot community for a type of federal state that did not seek any previous international recognition for the so-called 'Turkish Republic of Northern Cyprus'. Secondly, it signed the Zurich Protocols in 2009 that provided for the complete normalisation of its relations with Armenia without making any reference to the Nagorno-Karabakh dispute that had topped the agenda of Turkish-Armenian relations for more than 15 years. Therefore, it is possible to talk of two revisionary policies that were markedly different from Turkey's traditional foreign policy, as it had been crystallised through many years of practice by successive Turkish governments with the support of non-elected but influential institutions, such as the Turkish army.

Opening the black box of decision-making, it becomes possible to locate the agents of this change. The AKP leadership, and in particular Recep Tayyip Erdogan and other members of the AKP government, such as Abdullah Gul and Ahmet Davutoglu, spearheaded the process of negotiations and finally contributed to agreements of peacemaking through concessions. In this chapter I touch upon the differences between the pro-settlement behaviour of the AKP leadership on the one hand and the long-standing positions of the Turkish establishment in the case of Cyprus and Armenia. In the case of Cyprus I also discuss the positions of the pro-Islamic Welfare Party. Furthermore, I describe the internal and external pressures that the AKP leadership had to overcome in order for their initiatives to be reflected in Turkey's foreign policy output.

The comparative analysis indicates that AKP's stance in both cases was diametrically opposed to what was considered a long-standing state policy served by all previous governments. Despite that and despite the fact that between 2002 and 2010 the AKP was not the hegemon of Turkish politics, its leadership pushed for revisionary policies. Naturally, the whole process of negotiations at the international level and then attempts to push for

acceptance domestically raises questions about the riskiness of the pro-settlement behaviour. Can one argue that it was riskier for the AKP leadership to put forward and attempt to implement these revisionary policies than reproducing Turkey's long-standing foreign policy? If so, does this mean that Recep Tayyip Erdogan was risk-seeking and, if he was, what induced him to demonstrate risk-seeking behaviour? Finally, why did Erdogan decide to overturn his revisionary policy in a short-period of time in the case of Armenia, whereas this did not happen in the case of Cyprus? These puzzling questions about the riskiness of the endeavours, the risk propensity of the AKP leadership and its explanations are provided in this chapter and are addressed in chapters 4, 5 and 6.

CYPRUS

2.2 Between Revisionism and Status Quo: The Cyprus Issue from the perspective of the Turkish Establishment, the AKP Policy Entrepreneurs and the Welfare Party

In July 1974 the Turkish army invaded the northern part of Cyprus and captured around 40% of the Republic's land in the aftermath of a coup organised on the island by the military regime in Greece against the legitimate President of the Republic of Cyprus, Archbishop Makarios III. This de facto division that has split the country and its capital into two, and which created thousands of internally displaced people on both sides, is by and large what is known as the Cyprus issue.¹ During the period following the invasion, both communities sat on the negotiating table under the auspices of the UN but to no avail. Since the proclamation of the Turkish Republic of Northern Cyprus (TRNC) in 1983, Turkey and its successive governments consistently tried to convince the international community to accept the realities on the ground by recognising the TRNC as a sovereign state. They failed repeatedly but this policy was deeply ingrained in the policy-makers' discourse and acts.

After many years of failed negotiations between the two communities, on 24 April 2004, the Greek Cypriots and the Turkish Cypriots were asked to ratify a plan that foresaw the peaceful reunification of the two communities under "the constitution of the Greek Cypriot/Turkish Cypriot State" and the eventual participation of Cyprus in the European Union as a united country and a full member.² This was the first such effort since the de facto division of the island in 1974. The final Annan Plan was the result of intensive negotiations between the two communities.³ Although it failed to materialise into a comprehensive political settlement,⁴ it signified an important change in Turkish foreign policy on the issue at hand.

The Justice and Development party (AKP) that came into power in November 2002 pushed for a solution despite the opposition of Rauf Denktaş, the long-standing leader of the Turkish-

¹ For a conclusive account of the Cyprus Problem, including the international diplomatic activity related to the reunification, see Ker-Lindsay, 2011 and Ker-Lindsay, 2005.

² The ballot paper asked the Greek Cypriots and the Turkish Cypriots to address the following question with a 'yes' or 'no': "Do you approve the Foundation Agreement with all its Annexes as well as the constitution of the Greek Cypriot/Turkish Cypriot State and the provisions as to the laws to be in force, to bring into being a new state of affairs in which Cyprus joins the European Union united?" (Dodd, 2010: 252).

³ The plan was named after the Secretary-General of the UN, Kofi Annan, who was involved in all the initiatives that followed the UN call for negotiations with no preconditions in 1999 (Ibid.: 201). Until the final Annan Plan V was to a referendum there were four earlier drafts that were negotiated by all parties involved. In addition, all the initiatives before the call for negotiations in 1999, including UN and American missions, had failed to make a breakthrough (Ibid.: 131-201; Tocci, 2007: 34-38).

⁴ The Greek Cypriots rejected the plan by 76 per cent while the Turkish Cypriots agreed by 65 per cent (Dodd, 2010: 253).

Cypriot community (Selim Yenel, 2011) and segments of the Turkish bureaucracy and the Turkish army (Dr. Fatih Tayfur, 2011; Prof. Attila Eralp, 2011; Temel İşkit, 2010; US Embassy to Turkey, 19/12/2002, 23/05/2003).⁵ Recep Tayyip Erdogan's AKP government proved to be adept. He and his inner circle, including Abdullah Gul, who served as his Foreign Minister at the time, managed to deliver a positive stance on the part of Turkey in 2004 after successive failures of previous Turkish governments to make a breakthrough. The secular establishment, but also political Islam as it had been represented by Necmettin Erbakan in the years before identified themselves with the attempts of the long-standing Turkish Cypriot leader, Rauf Denktas, to gain international recognition for the de facto partition of the island. Rauf Denktaş had been successful in blocking all previous attempts for a solution, even after Turkey had been designated as an EU candidate country in 1999.⁶

While in office, the AKP leadership's strong public support for the Annan negotiations between 2002 and 2004 and their final support for a Yes vote in the referendum of 24th April 2004, against the wishes of the Turkish Cypriot leader and the secular establishment in Turkey, was a transformative event for Turkish foreign policy. This fact raises certain questions about their incentives to engage with peacemaking through concessions that no other government in the past considered pushing through, including staunch supporters of Turkey's EU membership, such as the Turkish foreign minister Ismail Cem. In addition, the political predecessor of the AKP party, the Welfare party and its revered leader, Necmettin Erbakan, were against any sort of solution that did not recognise the results of the de facto partition of the island, after the Turkish invasion in 1974. Turkey's long-standing policy on the Cyprus issue was cutting across left-right and secular-Islamic party lines. It was an established state policy.

More specifically, the term “Turkish establishment” for the period of 1999-2004 refers primarily to the Turkish army, the Turkish bureaucracy, including the diplomats and the judiciary, as well as the old secular parties regardless of their position on the left-right axis, such as the Democratic Left Party or Nationalist Movement Party.⁷ Of course there were

⁵ The Deputy U/S Selim Yenel referred only to the opposition of Rauf Denktaş (Selim Yenel, 2011). The other sources refer to Denktaş and the Turkish establishment that consists primarily of the Turkish army and the Turkish bureaucracy.

⁶ Denktaş withdrew from the talks and declined the Annan plans on three different occasions after 1999. He declined to participate in the fifth round of the UN-sponsored negotiations in 2001, refused to participate in the Copenhagen talks in 2002 and refused to put to a referendum the Annan Plan III during the Hague talks in 2003 (Dodd, 2010: 208-211, 222, 232).

⁷ Temel İşkit, a former diplomat, argued that the Turkish diplomats were very powerful in the 1990s and that they could easily influence decision-makers (Temel İşkit, 2010).

conflicting rhetoric and agendas from these parties but there was a generic consensus over the secular character of the Turkish state (especially after the ascendancy to power of the pro-Islamist Welfare party in the 1990s) and over foreign policy issues, such as Cyprus. The coalition government that was formed in 1999 between the Democratic Left Party of Bülent Ecevit (DLP), the Nationalist Movement Party (NAP) of Devlet Bahçeli and the Motherland Party (MP) was an unlikely one, considering the ideological gap between the DLP and the ultra-right NAP. However, as Zurcher notes both parties were “fiercely nationalistic and believed in a strong state” (2004: 303).

In addition, the former Turkish Ambassador, Temel İskit, noticed that the Ministry of Foreign Affairs (MFA) and the Turkish army shared the same views on foreign policy issues until 2003 (Temel İskit, 2010). The consensus in foreign policy is well reflected in MFA’s public declaration after the AKP came into power, namely that “governments come and go, while “State policy” -- on Cyprus and in other areas -- endures and is not subject to change” is indicative (US Embassy to Turkey, 19/12/2002). “State policies” were constants that were employed as points of reference for inter-institutional cooperation by all parties of the political spectrum in the parliament and institutions. In other words, these were the lowest common denominator of inter-institutional cooperation. Any change would require not only a decision by a Turkish government but agreement and support from the Turkish army and bureaucracy. Cyprus is stated to be one of these constants of Turkish politics that governments cannot change, without the consensus of other institutions, including the Turkish Army.

During the negotiations that took place after 1999, and before the AKP came into power in November 2002, each time the Turkish Cypriot side was under pressure by the international community to accept reunification under some kind of federal system, Turkish government officials seemed to return to their traditional rhetoric on the existence of two separate states. The Turkish Prime Minister, Bülent Ecevit, expressed this traditional view in 2002 by supporting publicly “the solution of the Czech-Slovak ‘velvet divorce’” (Dodd, 2010: 215).

Academics have underlined that, given the personal involvement of Bülent Ecevit as Turkish Prime Minister in the military invasion on the island in 1974, his coalition government’s constructive cooperation with the international community was highly unlikely in the early 2000s, despite the EU efforts. As it has been characteristically argued, “As the man who ordered the 1974 invasion, it seems unlikely that anything would have persuaded Ecevit to

relinquish Turkey's hold on the island...Under Ecevit, official Turkish support for the TRNC was at its apogee" (Ker-Lindsay, 2005: 122).

Even Ismail Cem who was considered a staunch supporter of Turkey's EU candidacy⁸ and served as Turkish foreign minister from 1997 until 2002, did not introduce any changes to Turkey's stance. Like his predecessors, he tried "to persuade other leaders of the need for a solution that recognized the reality of the Turkish Cypriot state and argued for confederal solution" (Dodd, 2010: 217). During the Annan negotiations he "published a commentary article in a leading newspaper that challenged the whole basis of the Cyprus talks" reflecting his commitment to the traditional Turkish foreign policy vis-à-vis the Cyprus issue (Ker-Lindsay, 2005: 28). Hence, the pro-EU Ismail Cem did not seem either willing or able to change the position of the establishment in Turkey and the Turkish Cypriot leadership at the time. Publicly, he seemed to accept the hard-line strategy of Denktas, regardless of the fact that it was not leading anywhere in terms of the commencement of Turkey's EU accession negotiations.

When the AKP came into power the complacency that existed in the previous governments, vis-à-vis the Cyprus issue disappeared but at the same time friction and controversy started to characterise the relationship between the AKP leadership and the other Turkish domestic actors and the Turkish Cypriot leader, Rauf Denktas.

It is indicative that, after the collapse of the 2003 negotiations in the Hague, which was due to Rauf Denktas's intransigence, Recep Tayyip Erdogan started to push again for the commencement of negotiations as soon as possible and he asked Denktas to change his advisors (Dodd, 2010: 240). The public reaction of the Turkish President, Ahmet Sezer, although unclear to some extent, seemed to be supportive of Rauf Denktas's positions. He argued that "We think that a comprehensive solution in Cyprus could be achieved on the basis of the existing realities on the island, and also by benefiting from the steps taken by the Turkish Cypriot side" (Ibid.: 240). Dodd's interpretation of this quote is that the Turkish President's reference to the 'basic realities', a phrase used by Denktas himself, meant that he

⁸ He contributed significantly to the successful designation of Turkey as an EU candidate country in the Helsinki Summit in 1999 as he had managed to mend fences with the Greek government of PASOK before and had built cordial relations with the Greek foreign minister, George Papandreou. His pro-European inclination is articulated in one of his published articles in 2002 when he was still Foreign Minister (Cem, 2002). In addition see Örmeci, 2011.

was supportive of his general position, namely that “a solution had to be based on the recognition of two separate states” (Ibid.).

The UN Secretary-General, Kofi Annan, highlighted Rauf Denktas’s maximalist positions in his report about Cyprus reflecting the negotiating tactic of the Turkish Cypriot leader against the EU Acquis Communautaire and the UN peace-making mandate.

As to the substance of these [Turkish Cypriot] proposals, the Turkish side sought recognition of the ‘TRNC’ in devious ways, demanded massive EU derogations and transitional arrangements, insisted on the right of all settlers to remain, and sought to diminish the scope of any UN peace-keeping forces’ mandate (Ibid.: 246).

As a result, regardless of the gains of the Annan Plans for the Turkish Cypriot community and regardless of the concessions that the Greek Cypriots had to equally make, they could not meet the maximalist positions of Rauf Denktas and his supporters in Ankara. It was not a surprise that after the last round of negotiations in Nicosia between 19 February and 22 March 2004, Rauf Denktas refused to attend the final session in Burgenstock. He argued that he did not want to give the impression that he was supportive of the plan (Ibid.: 244).⁹

Before that, the National Security Council’s public declaration of allegiance to Rauf Denktas’s leadership on 18 December 2002 constitutes strong evidence that the Turkish secular establishment was reluctant to overturn its policy towards the TRNC and challenge its leader (Dodd, 2010: 227).¹⁰ Crucially, what had preceded was Denktas’s refusal to endorse the Annan Plan at the Copenhagen Summit in 2002 (Ibid.). Without entering a detailed discussion about what the pros and cons of the Annan Plan were for Turkey, and the Turkish Community at the time, it is conspicuous that the Turkish establishment, by supporting the leadership of Rauf Denktas, was adopting maximalist proposals over the Cyprus issue that were out of tune with the rest of the international community and most importantly with the EU.¹¹

⁹ For a detailed account of the concerns of the Turkish Cypriot community regarding the Annan Plans see Dodd, 2010: 223-252

¹⁰ The National Security Council, a hybrid institution consisting of military and civil representatives, was the most powerful institution at the time in terms of foreign policy decision-making. Its existence goes back to 1960 after the first military coup in the Turkish Republic but its power grew bigger when the Turkish Constitution of 1982 that was drafted by the Turkish military came into force one year later.

¹¹ In its 2002 report, the EU Commission mentions four times Turkey’s progress towards accession that “The EU repeatedly emphasised the need for Turkey to encourage the Turkish Cypriot leadership to work towards reaching a settlement on the Cyprus issue before the end of accession negotiations” (Commission of the European Communities, 2002: 44,46,138,144).

Examining different sources of empirical evidence, it can be argued that despite its challenges and risks the AKP leadership was testing the waters for a revisionary policy over the Cyprus issue immediately after coming into office. For such purposes they started to deploy a discourse that, however contradictory to some extent initially, contained the seeds of change. For example, only a few weeks after the AKP came into power in 2002 “AK Leader Tayyip Erdogan publicly noted that AK and the “TRNC” share the same views on Cyprus, but emphasized that there is “no overlap” at all between the AK position and the Turkish State’s traditionalist approach. Foreign Minister Yakis later observed publicly that if a solution is not found on Cyprus, the Turkish military would be regarded as “an occupying power” on EU territory” (US Embassy to Turkey, 19/12/2002).

In addition, the AKP leadership did not shy away from criticising the Turkish Cypriot leader for his choices on the negotiating table. A few weeks after Rauf Denktas rejected the Annan Plan at Copenhagen in December 2002, Tayyip Erdogan criticised him publicly by arguing that the Cyprus issue ““was not a personal matter for Denktas. It was no-one’s personal problem. Denktas says he does not trust the other side, but let us put on one side whether we trust them”” (Dodd, 2010: 227).¹² The public disagreement between the Turkish Prime Minister, Recep Tayyip Erdogan, and the leader of the Turkish Cypriot community, Rauf Denktas, continued unfettered with the latter arguing that “Ankara should show its support in a more clear way” and Erdogan responding that “rejecting the UN Plan constantly does not constitute a solution” (Radikal, 22/10/2003). Behind the scenes, US officials, such as the US Ambassador to Turkey, followed the developments closely and argued, in the aftermath of Denktas’s rejection of the Annan Plan, that:

Those without strong emotional, political, or pecuniary ties to Denktas and the current GOT-“TRNC” machinery, e.g., Erdogan and Gul, have demonstrated that they want to make a breakthrough. At the same time, those who rigidly adhere to traditional Turkish State policy -- and those who recognize the tactical problems associated with appearing opposed to change but continue nevertheless to hew to the Establishment line -- have the upper hand, discouraging the kind of comprehensive risk-taking that might pave the way for a solution on Cyprus. Consequently, Turkish flexibility on Cyprus may only be possible as an outcome of AK’s ongoing effort to crack the Establishment’s policymaking dominance (US Embassy to Turkey, 23/05/2003).

¹² By and large, this is what characterised the relations at the time. However, there were instances where Recep Tayyip Erdogan tried to placate the concerns of the Turkish establishment regarding his role in the Cyprus issue. One of these examples is Erdogan’s visit to the “TRNC” in the aftermath of Denktas’s rejection of the Annan Plan in Copenhagen. The language he used was ambiguous supporting both the Annan Plan and a ““sovereign TRNC”” (US Embassy to Turkey, 23/05/2003).

For US officials a “comprehensive risk-taking” was what was needed to create favourable conditions for a solution and Erdogan and Gul demonstrated the will to do so.

The risks on the part of the AKP government to endorse the negotiations and proceed with the support of the Annan Plan has been acknowledged not only by US officials (Ibid.) and academics (Prof. Meliha Altunışık, 2011), but also AKP officials, such as Dr. Ibrahim Kalin, the successor of Ahmet Davutoglu in his post as Chief Advisor to Prime Minister Erdogan (Dr. Ibrahim Kalin, 2011). Responding to my question of why the AKP leadership decided to proceed with this major shift in 2004, given Denktas’s extremely negative position and the army’s lukewarm approval of the UN plans,¹³ Dr. Ibrahim Kalin noted that:

You know the government at the time believed that the status quo in the Cyprus issue cannot remain like that for ever, some sort of a change has to take place there. And it was under the UN that really provided a nice framework for a solution that would be acceptable to all sides including Americans, Europeans, Turkey, Greece and people on the island obviously and this was a big test because the government was in government [sic] for only a year and a half at the time and it could backfire. It was a big domestic risk. It was something that the government felt that it had to try (2011).

Therefore, there is some degree of consensus about the risks that the AKP initiative entailed at the time but it is not defined what these risks were and if this endeavour was riskier than committing to the traditional foreign policy.

Hence, the AKP leadership’s behaviour raises questions about their incentives to support the Annan plan, despite great domestic resistance from political institutions across the political spectrum and powerful non-political institutions, such as the Turkish Army. Precisely because of this internal resistance, the question over the incentives for Recep Tayyip Erdogan’s government can take not simply the form of what induced their decision to put forward a revisionary policy, but what specifically induced a possibly risk-seeking behaviour. The risk-seeking behaviour can be identified with a revisionary agenda in terms of peacemaking that he aspired to reflect in Turkey’s foreign policy output despite the powerful reaction by Rauf Denktas and the Turkish establishment. Another question that emerges relates to the extent to which the choice of revising a long-standing foreign policy, by making peace through certain concessions, was actually riskier for the AKP leadership than the

¹³ In a revealing dialogue between Yaşar Büyükanıt, the then First Army Commander General and later the Chief of the Turkish General of Staff, and the US Ambassador at the time, Büyükanıt expressed his concerns about a solution: ““What will happen if (there is a solution and) Turkey does not join the EU?,” he asked. As for the ongoing talks, Büyükanıt urged caution to ensure that “today’s solutions not become tomorrow’s problems.” With a few “necessary modifications” (nfi), the plan could work” (US General Consulate to Turkey, 26/02/2004).

choice of reproducing the traditional foreign policy. These are important questions that emerge from this chapter but which will be answered in chapters 5 and 6 with the employment of prospect theory.

An additional question that arises at this point is whether this revisionary and potentially risky policy on the part of the AKP leadership had its roots in the AKP party itself. In other words, were Tayyip Erdogan and Abdullah Gul taking forward personal calculations based on contextual circumstances they had to deal with as decision-makers or did these choices reflect policy preferences that were in place long time before the AKP came into power, and more importantly long before it was even created? If the latter is true, then one will have to assume that there is some kind of path dependency and there is nothing more one can look into other than describing the evolution of path dependent choices, regardless of whether they were risky or not.

However, when examining the stance of the Welfare party (WP), the party from which the founding members of the AKP, such as Erdogan and Gul, emerged from it becomes conspicuous that this was not the case. On the contrary, the AKP leadership was innovative in challenging one of the very few foreign policy matters where political Islam, as represented by the WP and the Turkish establishment, seemed to be in agreement. In fact when the WP-led coalition government came to power in mid-1996, Turkish Cypriot officials thought that his appointment as Prime Minister would ensure a hard-line position against a federal solution (Robins, 1997: 87-88). It was known to everyone that the long-standing leader of the WP, Necmettin Erbakan, and a historical figure of Turkish political Islam, was involved in the 1974 Turkish invasion of the island as Deputy Prime Minister. He even claimed “...- without any apparent evidence - that it was he who had made the decision to send in the troops while Ecevit vacillated. Indeed, Erbakan was even reported in 1974 as favouring annexing the Turkish-occupied part of the island” (Ibid.: 87). This proves the point that by supporting some kind of federal solution, the AKP leadership fundamentally distanced themselves from the deeds and rhetoric of their predecessor party and its leader Necmettin Erbakan.

So far, I have illustrated the fact that the AKP government held a very different position during the Cyprus negotiations between 2002 and 2004 from what was previously considered as “State policy”. The Turkish Ministry of Foreign Affairs, just after AKP came into power, stated that Cyprus is a “State Policy” that was not subject to change, even when governments

change (US Embassy to Turkey, 19/12/2002). The AKP defied this announcement. I then described the inductive question that draws on the aforementioned domestic discord. More specifically, one has to explain not simply what the incentives of the AKP government were for engaging with the peace negotiations but to explain whether the AKP government's revisionary policy was riskier than committing to the traditional foreign policy. If this is the case, then the incentives have to be stipulated in the context of a risk-seeking behaviour. Accordingly, what were the causes of a risk-seeking behaviour on the part of the AKP?

An additional question that arises is what or who constitutes the unit of analysis? In other words, who is the main agent of this revisionary policy? So far, the empirics show that Recep Tayyip Erdogan, as Prime Minister, was the powerful individual within the party and the government that spearheaded the revisionary policy.

The US Ambassador to Turkey, Edelman, argued that Erdogan was the man calling the shots in the AKP and that he was willing to spend enormous political capital to convince them into supporting a settlement.

8. (C) AKP vice chairman for policy Dengir Firat told us April 2 that AKP will not adopt a group decision requiring parliamentarians to vote in favor. PM Erdogan remains personally opposed to that approach and will instead seek to "convince" parliamentarians. In this regard Erdogan is in firm control of the party and is willing to expend enormous political capital to secure a settlement. Most AKP parliamentarians know little about the details of the agreement and look to Erdogan for leadership (US Embassy to Turkey, 07/04/2004).

Thus, Erdogan was considered to be the central political figure and decision-maker in the AKP government that could lead the whole process of convincing the parliamentarians to accept the Annan plan.

In addition, in the same document, it was acknowledged that "despite AKP's big win in the March 28 municipal elections, Erdogan faces the tough political challenge of gaining Turkish acceptance of the draft Cyprus settlement. This is a challenge with immediate ramifications for the strength of his premiership and leadership of the party. He has undertaken – and was unambiguously stuck with full responsibility by the military in the April 5 NSC meeting – to sell the settlement to his AKP parliamentary group and to work for acceptance by the Turkish Cypriots" (Ibid.). This is another example illustrating clearly that he was considered the man calling the shots in the party. Hence, analysing both public statements delivered by the AKP leadership and the internal assessment of high-ranking US officials, one can reach the conclusion that Erdogan was the decision-maker behind the AKP's revisionary policy.

Obviously, he was debating the issue internally with his cabinet, his advisors and his parliamentarians but this does not change the fact that he was leading the public debate in Turkey like a policy entrepreneur.¹⁴ In addition, there was no indication that there was any major dissent or friction within the ranks of the AKP regarding this issue. Abdullah Gul was, as Foreign Minister at the time, supportive of the whole process.

To conclude, Recep Tayyip Erdogan developed a revisionary policy over the Cyprus issue when the AKP government had just assumed power. The argument of some analysts, such as the former Turkish Ambassador to the US, that the Annan plan was “conclusive and balanced” and that Turkey would have supported it by all means is not plausible, given that no government before the AKP government, particularly the coalition government between 1999 and 2002, attempted to revise Turkey’s foreign policy (Faruk Osman Loğoglu, 2011). One can argue that there was a traditionalist view that was represented by the Turkish establishment, which was either advocating the continuation of the status quo, i.e. the de facto partition, or a solution that would be closer to a confederation.

The revisionist view certainly challenged the continuation of the de facto partition that was not acknowledged internationally and that promoted a solution on the basis of the bizonal and bicommunal principle which had been agreed with the ‘high level agreements’ of 1977 and 1979 between the two communities (Ker-Lindsay, 2011: 49-51). This had formed the basis upon which future UN plans were discussed thereafter. The AKP leadership belonged to the revisionist camp. The innovation on the part of the AKP is that, while in government, they broke ranks with the Turkish establishment and the long-standing Turkish Cypriot leader. They gradually prepared the ground for the acceptance of the Annan initiatives. Finally, in 2004 the revisionary policy was translated into foreign policy output with support from the European Union and the US as well as from important segments of the Turkish and Turkish Cypriot society, such as the Turkish Association of Industrialists and Businessmen (TÜSIAD) (Radikal, 10/12/2003).¹⁵ However, the revisionary policy of the AKP entailed making concessions, in terms of acknowledging the need for a federal system.

¹⁴ What defines a policy entrepreneur “...much as in the case of a business entrepreneur is their willingness to invest their resources – time, energy, reputation, and sometimes money – in the hope of future return” (Kingdon, 2003: 122-123).

¹⁵ While the Turkish Association of Industrialists and Businessmen (TÜSIAD) were against Rauf Denktas’s intransigence and very much in favour of a solution that would open the way to Turkey’s accession to the EU, the Union of Chambers and Commodity Exchange of Turkey (TOBB), the biggest institution in the private sector, was advocating his leadership (Radikal, 07/10/2003). Also for pro-solution statements by the president of TÜSIAD see Hürriyet, 09/12/2003.

It is difficult to imagine how this would have occurred if the AKP leadership had not shown zeal; first to strike an international agreement together with the other parts of the equation, Greece and the Greek Cypriots, and secondly to promote it domestically. Explaining what made the AKP leadership become so active and risk-seeking vis-à-vis the Cyprus case also explains what induced Turkish foreign policy change in 2004. The foreign policy output of 2004 was the result of the AKP leadership's policy choices. As already discussed in the previous analysis, the AKP leadership had two options, either to support the status quo or challenge it substantially. It chose to do the latter.

ARMENIA

2.3 The establishment of Turkey's Traditional Foreign Policy towards Armenia: The “Multilateralisation” of Turkish-Armenian Relations

Turkish-Armenian formal bilateral diplomatic relations have virtually been non-existent for more than 20 years. The enmity and distrust between the two countries come from their conflicting approach to three main issues, two of which preceded the establishment of the two Republics. The first issue is related to the Armenian Genocide, whereby Armenia asks for the “Armenian massacres” to be recognised as genocide by Turkey; the second is the recognition of the Turkish-Armenian border and the third is the Nagorno-Karabakh conflict between Armenia and Azerbaijan.¹⁶ The latter is more recent in comparison to the other two, and has complicated and aggravated the Turkish-Armenian animosity to a significant extent.

The traditional stance of Turkey, which was formed mainly in the 1990s, is that the two countries had to find a solution to all these three issues in order to normalise their relations. Turkey never accepted that the Armenian Genocide during World War One was the result of a centrally organised and executed plan against the Armenian population of the Ottoman Empire and that, therefore, does not justify the use of the term “Genocide”. The argument has been that massacres took place within the context of a bitter war between the two sides during which they committed war crimes against each other. The second issue is that of the Turkish-Armenian borders. Turkey has been blaming Armenia for irredentism as the Declaration of Independence of Armenia does not make any reference to the treaty of Kars (1921), signed between the Ottomans and Russia and which has been the only treaty to demarcate the common border (The Supreme Council of the Armenian Soviet Socialist Republic, 1990). Therefore, Turkey was asking for a formal Armenian recognition of the border. However,

¹⁶ It is not possible to employ a terminology that will be considered as “neutral” by both sides since the scholarship of the two countries is divided on this issue supporting mainly their respective countries’ official narrative. The Armenian side uses the term “Armenian genocide”. See for example, Sargsyan, 2009. The Turkish official reference to the events had been “sözde Ermeni soykırımı” (pseudo-Armenian Genocide) before 2007, but after 2007 this terminology was prohibited by state institutions. The new terminology that has been used since then is “1915 olayları” (the events of 1915) and “1915 olaylarına ilişkin Ermeni iddiaları” (the Armenian allegations regarding the events of 1915) (Özdal, 2010: 303). The view of historian and Turcologist, Erik Zürcher, over the issue was somewhere in the middle. He argued that “we have to conclude that even if the Ottoman *government* as such was not involved in genocide, an inner circle within the Committee of Union and Progress under the direction of Talat wanted to ‘solve’ the Eastern Question by the extermination of the Armenians and that it used the relocation as a cloak for this policy. A number of provincial party chiefs assisted in this extermination...” (Zürcher, 2004: 116). The term that the historian employed after making certain deliberations over what constitutes “Genocide” is “Armenian massacres”. More in Ibid.: 114-117. In a more recent publication, however, he argued for the need of recognising the “Genocide” (Zürcher, 2015). Increasingly Turkish scholars are conducting research on the conditions under which the Genocide took place contributing to arguments in favour of the recognition (see for example Akçam, 2012).

historical research on how their relationship evolved before the AKP came to power shows that the Nagorno-Karabakh dispute gradually became the main sticking point for normalising their relations.

More specifically, Turkey's reaction to Armenia's independence was characterised by duality. It recognised Armenia's independence on 16 December 1991, along with all the other former Soviet Republics, with the exception of Azerbaijan, which had already been recognised a month earlier on 9 November (Görgülü, 2008b: 125; Mirzoyan, 2010, op. cit.: 67). It refrained from establishing diplomatic relations but it initiated contacts on the matter through its Ambassador to Moscow, Volkan Vural, to explore the possibility of doing so. During the Ambassador's visit to Yerevan, the President of Armenia Levon Ter-Petrossian gave his consent to "a draft accord on the establishment of good neighbourly relations" and subsequently an Armenian delegation visited Ankara to discuss the prospect of developing trade relations (Görgülü, 2008b: 125). In the context of these positive diplomatic exchanges between the two countries, Turkey invited Armenia to the founding session of the Black Sea Economic Cooperation Organisation (BSEC) in June 1992. The expectations were high on the part of Turkey, given the general perception that economic cooperation could be a strong factor for the resolution of interstate disputes (Mirzoyan, 2010, op. cit.: 71-72). Gerard Libaridian, the national security adviser to President Ter-Petrosyan, wrote around the same period that "with the increasing realization by Turkish officials that Armenia's position was not opportunistic or based on isolated thinking, goodwill prevailed on both sides" (Mirzoyan, 2010: 69).

However, a few months before, in January 1992, the Nagorno-Karabakh region, part of Azerbaijan but mainly populated by ethnic Armenians, declared its independence.¹⁷ By the spring of 1992, the Nagorno-Karabakh dispute had escalated into a military conflict while Turkey, the closest ally of Azerbaijan, announced that it would ban humanitarian flights to Armenia over Turkish airspace, including U.S. military aircrafts (Mirzoyan, 2010: op. cit.: 68). Further, in December 1992, Irdal İnönü, the Deputy Prime Minister of Turkey, announced during his visit to Baku that the agreement to provide Armenia with electricity

¹⁷ According to the 1989 census, 75% of Nagorno-Karabakh's population were ethnic Armenians (145.000) and the rest of it ethnic Azeris (40.688). The conundrum started when demonstrators in both Nagorno-Karabakh and Armenia asked for the secession of the region from Azerbaijan and its accession to Armenia. See Görgülü, 2008b: 127.

would be annulled (Görgülü, 2008b: 126).¹⁸ In November 1992, along with the energy agreement, Turkey had agreed to deliver 100.000 tons of wheat to Armenia for humanitarian purposes (*Ibid.*). The Azerbaijani reaction, such as the annulment of economic agreements with Turkey, introduction of visa restrictions for Turkish nationals and the dismissal of 1600 Turkish military experts serving in the country had started to have an impact on Turkey's stance towards Armenia, diminishing any possibility for retaining some positive aspects of the relationship between the two countries.

The relationship deteriorated markedly after the military success of Armenia in the Kelbajar region. This success prompted Turkey to close its borders in April 1993 and stop grain transportation to Armenia (Görgülü, 2008a: 11-12; Mirzoyan, 2010, *op. cit.*: 73). The relationship reached its nadir and Turkey's participation in the war was looming large (Mirzoyan, 2010, *op. cit.*: 74). In the diplomatic meetings following the closure of the borders, Turkish officials topped the agenda of Turkish-Armenian relations with the Nagorno-Karabakh dispute by linking the normalisation of relations with Armenia's resolution to solve its dispute with Azerbaijan. The Turkish foreign minister, Mumtaz Soysal, argued for a solution to the Nagorno-Karabakh conflict in his meeting with the Armenian president in New York, in return for economic help (Mirzoyan, 2010, *op. cit.*: 75). The Armenian President maintained that he could not deliver, as the Armenian forces in Nagorno-Karabakh were not under his control (*Ibid.*). More diplomatic meetings followed but they did not produce better results than previous efforts. Some changes in Turkey's attitude towards Armenia did occur in 1995, including its lifting of the air embargo but the impasse continued.

A new opportunity for settling the disputes between the two countries emerged with the Baku-Ceyhan pipeline that would transfer Azerbaijani oil through Armenia to Turkey. According to Mirzoyan,

rushing to secure Armenia's participation in the pipeline deal, Libaridian [security advisor] and Ter-Petrosyan [president of Armenia] offered to sideline the genocide issue as part of a "non-preconditional agreement" but Ankara continued to insist on the Armenian withdrawal from the Azerbaijani territories (2010: 82).

The linkage between a solution to the Nagorno-Karabakh conflict and the energy deals for Baku-Ceyhan is a good example of how the Turkey-Armenia-Azerbaijan complex started to seriously affect the Turkish foreign policy agenda, despite the economic interests that were at

¹⁸ According to some sources, the agreement to provide Armenia with 300 million kilowatts per year would have assisted it to counteract the effects of the Azerbaijani fuel blockade. See more in Mirzoyan, 2010: 71.

stake. An unsuccessful Armenian diplomatic effort to break the impasse in 1996 confirmed once again Turkey's staunch opposition to any rapprochement between the two countries before "a preliminary memorandum on reconciliation between Armenia and Azerbaijan" (Mirzoyan, 2010, op. cit.: 84). Furthermore, in April 1996, Turkey was keen to suggest its own plan on the issue at hand based on the principles of "territorial integrity of both Armenia and Azerbaijan; wide autonomy for Nagorno-Karabakh; withdrawal of the Armenian forces from the occupied territories; and return of the refugees" (Ibid.). The plan did not deliver on security guarantees, according to the Armenian side, while the continuation of the closed border policy was an additional burden (Ibid.).

The atmosphere in the bilateral relations did not change significantly, even when segments of the business community on both countries started to develop contacts during Necmettin Erbakan's premiership. Specifically, Mirzoyan argued that "this period witnessed an unusual activation of economic exchanges sprung from the previously established informal contacts between Turkish and Armenian businessmen" (Ibid.). As a result, in May 1997, the Turkish-Armenian Business Development Council was established in Istanbul and Yerevan and it was at the time "the only Turkish-Armenian joint institution in the world" (Cited in Mirzoyan, 2010: 85). The participants of this institution decided for a closer cooperation in various areas of the economy, such as banking and textile production (Ibid.). In addition, 100.000 people in Turkey signed a petition to the Prime Minister for the opening of the border, voicing the concerns of their impoverished areas bordering Armenia while local associations, such as the Industrialists' and Businessmen's Association of Kars, visited the neighbouring country to promote dialogue (Görgülü, 2008a: 28). However, economic cooperation, either in the form of NGOs or in the form of potential interstate cooperation, such as in the case of oil transfers from Azerbaijan through Armenia to Turkey, did not make any difference in resolving the Azerbaijan-Armenia-Turkey complex. All sides were intransigent.

Adding to this complexity, major changes occurred in the political arena of Armenia that would make it harder for the two sides to break the impasse. The resignation of Ter-Petrosyan from the Presidency of the Republic in February 1998 and the ascendance of Robert Kocharyan heralded Armenia's hardening position towards Turkey, not only over the issue of Nagorno-Karabakh but also over the issue of the genocide by actively pursuing its international recognition. Ter-Petrosyan described what 'normalcy' meant for the nascent Republic as "transcending historical dependencies and stereotypes" and he argued that Turkey's threat was overstated (Mirzoyan, 2010, op. cit.: 17). Instead, Robert Kocharyan,

former president of the self-proclaimed Nagorno-Karabakh Republic and Ter-Petrosyan's successor, perceived "normalcy" as Armenia's capacity "to withstand international pressure and safeguard its physical survival through preserving Nagorno-Karabakh's independence" (Ibid.). This, however, meant that Armenia would have to depend heavily on diplomatic support from Russia and its relations with the Armenian diaspora. Whilst it is not self-evident that Russia would actively seek to block the normalisation of Turkish-Armenian relations, it becomes obvious that it could potentially play the role of an external veto player for Armenia's relations with Turkey. The Armenian diaspora, in turn, has traditionally been a staunch supporter of the recognition of the Armenian Genocide and, therefore, was putting pressure not only on foreign governments to do so but also on Armenia to pursue the goal of recognition by Turkey and other countries. When Ter-Petrosyan supported the OSCE peace plan with Azerbaijan on 4 October 1997, despite domestic institutions' stance, such as that of the Defence Ministry and the Interior Ministry, it was the diaspora that called the plan "blackmail" and demanded his resignation (Mirzoyan, 2010:86).

The ascendance of Kocharyan to power came at a time when Turkey had already decided a few months earlier, in September 1997, to jointly declare with Azerbaijan that the normalisation of Turkish-Armenian relations would be possible only after the settlement of the Nagorno-Karabakh issue (Mirzoyan, 2010, op. cit.: 89). Thus, the Nagorno-Karabakh issue became a formal precondition that successive Turkish governments would have to take into account, in their dealings with Armenian governments. The new president of Armenia, Robert Kocharyan, would not address the issue of Nagorno-Karabakh by linking it to the Armenian-Turkish relations, under any circumstances.

More specifically, Kocharyan suggested to Turkey that it "strictly concentrates on bilateral relations in the direction of more aggressive economic and trade cooperation and eventual opening of the borders" (Ibid.). Subsequently, in his meeting with the Turkish President, Demirel, under the initiative of Ukrainian President Kuchma, he stated that Turkey's position to link the Nagorno-Karabakh conflict to the normalisation of Armenian-Turkish relations could provoke a similar response from his side by adding "numerous problems" on their agenda (Ibid.). In turn, the new Foreign Minister of Armenia, Vartan Oskanian, had stated in an interview that "we will pay greater attention to this problem and we expect justice from the world community...Armenia will put the recognition of the genocide on the agenda of a future dialogue with Turkey" (Cited in Mirzoyan, 2010: 90). However, Kocharyan did not go as far as excluding the possibility of future negotiations with Turkey, namely by expressing a

spirit of reconciliation in his interview to Turkish newspaper, *Milliyet*. More specifically he stated that

if there is a problem between us, we shall discuss it. We say ‘genocide’, Turkey thinks in a different way...if we sit around a table perhaps we could persuade Turkey and perhaps Turkey could persuade us. We could understand each other in some way; we could find a common language. Turkey and Armenia could even become allies... (Çivaoğlu, 11.06.1998).

However, in the same interview he criticised Turkey for setting preconditions by stating that “[Turkey] in order to open the border, lift the embargo, establish diplomatic relations advocates the precondition of Nagorno-Karabakh to be given to Azerbaijan” (Ibid.). Kocharyan, on the one hand, rejected Turkey’s decision to include the Nagorno-Karabakh issue in the agenda of bilateral relations but on the other hand sounded more open to discussing the issue of Genocide. To a certain extent, this stance was reminiscent of his predecessor’s stance.

Nevertheless, activities aimed at attaining recognition of the Armenian genocide sponsored by the Armenian diaspora continued irrespective of the full backing of the Armenian government. As a result, in the summer of 2000, Resolution 296 regarding the Armenian genocide was introduced to the U.S. Congress (Mirzoyan, 2010: 92). This created a backlash in Turkey, where the National Security Council – the institution of primary importance in Turkey on security matters at the time – decided that Turkey should persist in its refusal to normalise relations with Armenia, intensify its anti-recognition campaign of the Armenian Genocide, support academic research on the issue and try to counteract the Armenian lobby’s activities in the U.S. (Ibid.).

The failure of the Key West meeting to reconcile the differences between Azerbaijan and Armenia in April 2001, after two years of talks, consolidated the view that normalisation was not about to come. Therefore, Turkey and Armenia started to focus on other issues related to their bilateral relations, with the assistance of civil society/track-two diplomacy.

One such example is the Turkish-Armenian Reconciliation Commission (TARC), which was established with the tacit approval of the two governments on 9 July 2001 (Görgülü, 2008a: 24). Its primary role was “to investigate the issues causing the conflict and to formulate strategies that may help to overcome them” and consisted of academics and former diplomats from both sides (Görgülü, 2008a: 24-25). However, when they were entangled in discussions about the genocide dispute, both sides proved that they had already reached the limits of their

understanding of the other side's position. The Turkish side suggested that the issue should be addressed by "historians, archivists and psychologists" who can conduct joint research while the Armenian side argued that there was no legitimate basis for analysing events that showed nothing else but genocide and which the international community accepts as such (Görgülü, 2008a: 25). There was an attempt to bridge the differences on this matter by referring it to the International Center for Transitional Justice (ICTJ), in order for it to give a legally non-binding opinion. The report was published in 2003 but it was heavily criticised in Armenia, along with the activity of TARC. Subsequently, the Armenian members of the commission resigned and TARC announced its dissolution in April 2004 (Görgülü, 2008a; Mirzoyan, 2010, op. cit.: 26). One of the most important track-two diplomacy activities had failed and it was proved once again that members of the civil society who had come together from both countries could not transcend the official discourse of their respective governments.

Domestic political developments in both countries did not leave much space for optimism. The coalition government that was formed in 1999 in Turkey consisted of three parties, one of which was the ultra-nationalist Nationalist Movement Party (MHP), which came second in the elections and, therefore, had a powerful role. At the same time, Kocharyan remained a powerful figure in Armenian politics, which was confirmed by his re-election in 2003 and second-term in office.

Although it seems that the domestic environment was not conducive to normalisation, there were parallel external processes that might initially have created some hope for Turkish-Armenian relations but this was soon ended. This included Turkey's designation as an EU candidate country in 1999. As will be described in greater detail, this intensified the EU's interest in the issue at hand.

However, the results of the negotiations between the two sides after Turkey became an EU candidate country, and a few months before AKP had come to power, clearly showed that once again the Turkish government of the time was not willing to revise the main parameters of its traditional foreign policy, vis-à-vis Armenia, retaining the negotiating position of its predecessors.

More specifically, in May 2002, Ismail Cem, Vartan Oskanian and Vilayet Guliyev, the Foreign Ministers of Turkey, Armenia and Azerbaijan respectively, came together for talks in Reykjavik as part of a NATO meeting (Ergan, 2002). According to Mirzoyan, the Foreign

Minister of Turkey asserted four preconditions (2010: 97).¹⁹ It seems that the recognition of the Genocide topped the agenda of the discussions. However, the Nagorno-Karabakh issue was raised again as the most important bilateral problem in a subsequent meeting between the two Foreign Ministers in Istanbul (Ibid.). There was no sign of change and, up until the 2002 elections in Turkey, the impasse in the relations of the two countries remained.

2.4 AKP's Foreign Policy vis-à-vis Armenia: From Multilateralisation to Bilateralisation and back to Multilateralisation

In December 2002, the Justice and Development Party (AKP), after its landslide victory on 3 November, took power and formed a single government after a long period of coalition governments in Turkey.²⁰ Very quickly the new government showed interest in the subject at hand. They basically reiterated what previous governments had advocated with regard to the Nagorno-Karabakh issue but they also referred to the necessity of considering economic interests as well. In December 2002, the Turkish Foreign Minister, Yaşar Yakış, stated that “We will take Azerbaijan’s concerns into account when we decide to establish ties with Armenia. But if our economic interests demand that we establish relations with Armenia, we must do so” (Cited in Mirzoyan, 2010: 96).²¹

A few months later, the new Turkish Foreign Minister, Abdullah Gül, engaged in discussions with his Armenian counterpart, Oskanian, on the occasion of the NATO Foreign Ministers’ meeting in Madrid. They agreed to change the existing “routine approach” in an “accelerated action” (Cited in Mirzoyan, 2010: 98). Trade and economics also informed their talks, while second-track diplomacy between members of the diaspora and Turkish officials took place (Ibid.). Indicative of the new momentum that was building gradually from the moment the AKP came to power was Turkish Prime Minister, Recep Tayyip Erdoğan’s tacit support for

¹⁹ There was no public statement on the part of Turkey about the preconditions. However, according to the reportage at the time the four preconditions were related to Armenian claims over the genocide, territorial claims that were enshrined in the Armenian Constitution over Turkish soil, the withdrawal of Armenian forces from the Nagorno-Karabakh region and security swaps similar to the ones that the President of Azerbaijan was asking for (Katik, 2002).

²⁰ Virtually all the governments that were formed throughout the 1990s were coalition governments. The few exceptions did not last for more than a few months or days (caretaker governments) (Kütüphane ve Arşiv Hizmetleri Başkanlığı, 2012).

²¹ The date that Mirzoyan gives for this statement is December 2003. However, Yaşar Yakış was the Foreign Minister of Turkey from 19.11.2002 until 14.03.2003. His successor was Abdullah Gül. Therefore, it is not 2003 but 2002 when he made this statement (Türkiye Cumhuriyeti Dışişleri Bakanlığı [Foreign Ministry of the Turkish Republic], 2012).

the re-opening of the Armenian-Turkish border “if the friendly initiatives of Turkey were reciprocated” (Tocci, Gültekin-Punsmann, Simão, & Tavitian, 2007, op. cit.: 18).

Subsequently, this statement, made during his official visit to the U.S. in January 2004, infuriated officials in Baku who made acrimonious statements. More specifically, Azerbaijan’s President Ilham Aliyev stated that “if Turkey were to open its doors to Armenia, Azerbaijan will lose an important lever in finding a solution to the conflict. (...) Turkey is a great and powerful nation and I am sure that Turkey will withstand the pressures...The Turkish-Azerbaijani brotherhood is above everything” (Ibid.). In a harsh tone, the Azeri Parliament Speaker, Murtuz Alasgarov, voiced his criticism, namely that “if Turkey opens the border with Armenia, it will deal a blow not only to Azerbaijani-Turkish friendship but also to the entire Turkic world” (Ibid.).

However, the Azerbaijani interpretation of Erdoğan’s remarks was rejected in Ankara and the Turkish ambassador to Baku talked about a “misunderstanding” (Mirzoyan, 2010: 99). The double-edged language that was used from time to time by the AKP leadership did not mean necessarily that Turkish foreign policy was about to change immediately. It could have been an attempt to keep all sides engaged in negotiations and to ensure Turkey’s position was not taken for granted. In December 2004, the paper of the National Security Council (MGK) of Turkey stated that “Turkey does not have an important problem with Armenia; the problem stems more from the Armenian Diaspora...the closing of the border gates does not result from Turkish-Armenian relations but from Armenian’s policy towards Azerbaijan” (Küçükşahin, 27/12/2004).²² The MGK, the only institution in which civil and military views were debated, reiterated Turkey’s firm position on the subject at hand. The Armenian Foreign Minister, Vartan Oskanian, summarises in one of his interviews in 2004 the volatile attitudes of AKP officials during the talks:

The start of our relations with the new Turkish government was good. Since last year, I have had three meetings with Turkish foreign minister Abdullah Gul. The first meeting was good, the second less good, and the third was bad. First, we concentrated on bilateral issues. During the second meeting, we discussed the Nagorno-Karabakh issue as well, and during the third one the Karabakh issue became a precondition for normalizing relations. Thus, we remained on the same positions we were during the former Turkish government (Cited in Mirzoyan, 2010: 100).

²² The National Security Council (MGK) had been the main institutional body through which the army played an important role in shaping Turkey’s foreign policy. It was established in 1961 and its legal remit varied. The period from 1982 to 2001 was its most influential in both domestic and foreign policy activities. However, the reforms that took place in 2001 and 2003 weakened its power to a large extent and increased civilian control over the institution. For more details see Sarigil, 2007: 45-46.

Although the differences seemed irreconcilable, the AKP government continued to be active on the diplomatic front. In April 2005, the Turkish Prime Minister, Tayyip Erdoğan, sent a letter to his counterpart – which was also supported by the leader of the main opposition, Deniz Baykal – to formally propose the creation of a joint commission for the study of “the 1915 events” (Özdal, 2010: 308). In the letter, Erdoğan stated that

The Turkish and Armenian peoples not only shared a common history and geography in a sensitive region of the world, but also lived together over a long period of time. However, it is not a secret that we have diverging interpretations of events that took place during a particular period of our common history...Within this framework, we are extending an invitation to your country to establish a joint group consisting of historians and other experts from our two countries to study the developments and events of 1915 not only in the archives of Turkey and Armenia but also in the archives of all relevant third countries and to share their findings with the international community (Görgülü, 2008a: Appendix 1, 43).

In the same letter it was further stated that “I believe that such an initiative would shed light on a disputed period of history and also constitute [sic] a step towards contributing to the normalization of relations between our countries...If we receive a favorable response from your side to our proposal of forming such a group, we will be ready to discuss the details of this proposal with your country” (Ibid.). It is worth noting that in this formal, amicable letter to the Armenian side, the Prime Minister of Turkey was not making any references to the Nagorno-Karabakh issue and he alluded that the acceptance of his proposal would contribute to the normalisation of their relations.

In his response on 25 April, the President of Armenia, Kocharyan, rejected the proposal to establish a joint research commission that consists of historians and instead suggested an “intergovernmental commission” to discuss “any and all outstanding issues between our two nations” (Görgülü, 2008a: Appendix 2, 44). Previously, in his letter he had underlined that

in order to engage in a useful dialog, we need to create the appropriate and conducive environment. It is the responsibility of governments to develop bilateral relations and we do not have the right to delegate that responsibility to historians. That is why we have proposed and propose again that, without pre-conditions, we establish normal relations between our two countries (Ibid.).

Kocharyan’s reply did not deviate at all from its fixed position about the need to open the border and establish diplomatic relations without preconditions. Erdoğan’s letter, in turn, seems to refocus Turkish foreign policy on bilateral issues, such as the issue of the Armenian Genocide. The rejection of the Turkish proposal by the Armenian President did not seem to discourage the AKP government, which initiated a policy to win the hearts and minds of the

Armenian public but also perhaps reconstruct the way the Turkish public had perceived the Armenians during the last years of the ailing Ottoman Empire, particularly by way of highly symbolic gestures. For example, the Akdamar church in the Van lake, which was closely related with the Armenian cultural heritage in this part of Turkey, was restored and in March 2007 the inauguration ceremony took place in the presence of Armenian officials, such as the Minister of Culture and a number of bureaucrats (Özdal, 2010: 309). Furthermore, in the same year direct flights between Yerevan and Antalya were established, while the year after, the “Cheese Diplomacy”²³ and “Football Diplomacy” was put forward. The “Football Diplomacy” in particular attracted the attention of international and national media as well as the public of both countries in 2008, since for the first time in history the Presidents of both countries, Abdullah Gül and Serzh Sargsyan,²⁴ visited each other’s country on the occasion of the 2010 World Cup qualifiers (Özdal, 2010).

These symbolic gestures were surpassed by far when the secret diplomatic negotiations between the two countries, under Switzerland’s mediation, came to a positive conclusion in the form of a roadmap to normalise their relations. On 23 April 2009, the Turkish Foreign Ministry announced that

Turkey and Armenia, together with Switzerland as mediator, have been working intensively with a view to normalising their bilateral relations and developing them in a spirit of good neighbourliness and mutual respect...The two parties have achieved tangible progress and mutual understanding in this process. They have agreed on a comprehensive framework for the normalisation of their bilateral relations in a mutually satisfactory manner (Harding, 2009).

However, the period that started with the 23 April announcement and ended with the signing of the Zurich Protocols on 10 October 2009 was very rich and intense in terms of consultations and negotiations that took place behind closed doors between different decision-makers from Turkey, Azerbaijan, Armenia, the US and Russia.

In a nutshell, Recep Tayyip Erdogan was treading a tight rope. On the one hand, he agreed to bilateralise Turkey’s differences with Armenian but at the same time he tried to reassure

²³ The “Cheese Diplomacy” refers to the decision of cheese producers from Turkey, Armenia and Georgia to join hands in the Caucasus Economic Forum taking place in Kars for the production of a common etiquette cheese under the name “Caucausus” (Radikal, 01/07/2008).

²⁴ Serzh Sargsyan having served as Interior Minister in Kocharyan’s government towards the end of 1990s became new president of the Republic of Armenia in February 2008. For his previous role in Mirzoyan, 2010: 86. More details on the “Football Diplomacy” in Özdal, 2010: 309.

Azerbaijani officials and the public that the process of bilateral negotiations with Armenia would not harm the national interests of Azerbaijan in the case of Nagorno-Karabakh.

In his speech addressing the Azeri Parliament on 13 May 2009 he stated that

My dear brothers, first and foremost, for us it is a great shame to even pronounce matters such as Turkey's abandonment of Karabakh. I deny this slandering once again in your presence. We have made some statements about this fake news. I myself [have made them openly] in the parliament, in our group discussions, these have been made openly towards all media. When I went to England for the G-20, in a speech that I gave in a civil society association there in the presence of international media I made these statements (Hürriyet, 13.05.2009).

Even after the August 31 2009 announcement of a six-week period of political consultations, leading up to the signing of the two protocols, Erdogan himself continued to reassure the Azerbaijani President, Ilham Aliyev, that Turkey takes into account the interests of Azerbaijan. US cables are very revealing about this fact. One excerpt reveals how positive the Azerbaijani Foreign Minister was about Erdogan's personal initiatives.

Mammadyarov [Azerbaijan's Foreign Minister] also pointed to several differences in Turkey's approach this time that pleased the GOAJ. He assessed PM Erdogan's phone call to Aliyev positively, and also praised FM Davutoglu. "In Eastern countries, personal relationships are very important," the Turkish poloff noted, relaying Mammadyarov's opinion that "(former FM Ali) Babacan did not take this factor sufficiently into account (US Embassy to Azerbaijan, 02/09/2009).

In another part of the cable, it is stated that

Azerbaijan's more confident, less confrontational response to the August 31 announcement seems to reflect a higher level of trust in the GOT's assurances that the protocols' ratification will go along with progress on Karabakh. This may be attributable to Turkey's more comprehensive diplomacy this time around. While there is no reason to believe that Azerbaijan has abandoned the redline that it would consider anathema an opening of the border without serious moves on N-K, Turkey's extra efforts to reassure its longtime ally clearly haven't hurt (Ibid.).

A few weeks later and closer to the signing of the Zurich Protocols with Armenia, another cable revealed a coordinated attempt from the Turkish side to keep Azerbaijan's reactions in check. This attempt included initiatives by Recep Tayyip Erdogan, Abdullah Gul and Ahmet Davutoglu.

Turkey has apparently attempted to do the same in recent days, with Erdogan balancing his disclosure of the planned October 10 signing with statements that Turkey would never act in a way contrary to Azerbaijan's interests. The Speaker of the Turkish Parliament and former AKP minister Mehmet Ali Shahin amplified the message in Baku last week for the Pan-Turkic parliamentary assembly, assuring President Aliyev and the

Azerbaijani Milli Majlis that Turkey would not ratify the protocols without a solution to the NK conflict. President Gul and FM Davutoglu traveled to the Azerbaijani exclave of Nakhchivan this week for the pan-Turkic summit for what will be the last round of high-level, face-to-face Turkish-Azerbaijani contact before the signing (US Embassy to Azerbaijan, 02/10/2009).

The US supported the Turkish initiative at the highest possible level, describing the period after April and up until the implementation of the Turkish-Armenian agreement as an opportunity to push all sides to “negotiate constructively” on the Nagorno-Karabakh issue. More specifically,

A Turkey-Armenia agreement should lead to an eventual opening of the border, but no one expects Turkey to open its border with Armenia immediately. Rather, there is a process in place for implementation, which could last several months. During this period, all sides will strongly encourage Armenia to negotiate constructively on Nagorno-Karabakh and the Basic (Madrid) Principles. The Minsk Group will be active on this front. In the United States, President Obama and Secretary Clinton will be involved, as they see the larger process as a high priority (US Embassy to Azerbaijan, 24/04/2009).

Azerbaijan's officials, in turn, were worried that the whole process was weakening Azerbaijan's position at the negotiating table over Nagorno-Karabakh. Their argument was that Armenia was becoming more intransigent as Turkey was giving in to their demands. In addition, it seems that Erdogan and Gul created a lot of resentment on the part of Aliyev himself:

The Azerbaijanis do not buy our message that progress in the Turkey-Armenia process will encourage progress in the NK peace process. Aliyev claimed to the Ambassador (reftel a) that Sargsian's toughness at the negotiating table at recent meetings has varied directly with the extent to which Turkey appears to predicate a final agreement on a resolution of NK. The Foreign Minister has repeatedly reiterated this (reftel c). The President's staff have noted that domestic controversy over the Turkey-Armenia reconciliation process is evidence that the current regime is not stable enough to sell an NK settlement to its own people. Azerbaijan's negative reactions to Turkey are fuelled by Erdogan and Gul's unfriendly treatment of Aliyev. Aliyev believes the Turks would have sold Azerbaijan out months ago without even the courtesy of a consultation (US Embassy to Azerbaijan, 02/07/2009).

Armenia and Russia, in turn, were adamant that normalisation could not be linked to the Nagorno-Karabakh issue. In fact, Vladimir Putin discussed the issue with Recep Tayyip Erdogan during their meeting at Sochi on 13 May 2009. According to US cables,

During the short period dedicated to regional issues, Putin encouraged Turkey to play a constructive role in resolving the territorial dispute between Armenia and Azerbaijan, adding that Turkey should not link Nagorno-Karabakh to Ankara's rapprochement with Yerevan. The two leaders will continue their conversation during

Putin's pending visit to Turkey in June in connection with the Joint Economic Commission meeting (US Embassy to Turkey, 22/05/2009).

Finally, few months later, on 10 October 2009, the Foreign Ministers of Turkey and Armenia, Ahmet Davutoğlu and Edward Nalbandian respectively, would sign “the Protocol on the Establishment of Diplomatic Relations between the Republic of Turkey and the Republic of Armenia” and “the Protocol on Development of Relations between the Republic of Turkey and the Republic of Armenia” during a high level signing ceremony in Zurich. The US Secretary of State, Hillary Clinton, as well as Russian Foreign Minister Sergei Lavrov and the EU's High Representative for the Common Foreign and Security Policy, Javier Solana, attended the ceremony (BBC, 10/10/2009). Recep Tayyip Erdogan had pressed the button for normalisation but Azerbaijan was not formally part of the deal.

However, in a striking manner, Recep Tayyip Erdogan and his government overturned their policy in a few weeks' time, effectively killing the normalisation process provided in the protocols. The government “demanded for “progress” in NK [Nagorno-Karabakh] that Armenia is unable to deliver...” (US Embassy to Armenia, 18/11/2009). The whole process of ratification froze in Turkey for an indefinite period or until Armenia and Azerbaijan reached a mutual agreement on the Nagorno-Karabakh conflict. In a meeting with the US Special Envoy for Eurasian Energy, Morningstar, on 2 December 2009, Recep Tayyip Erdogan linked the Nagorno-Karabakh issue with the process of normalisation.

4. (C) Erdogan raised the issue of Nagorno-Karabakh (NK) with Morningstar [US Special Envoy for Eurasian Energy]. He said the Minsk Group needed to work harder to find a solution. He had done what he could by signing the protocols to normalize relations with Armenia but it was politically impossible to go ahead without major breakthroughs on NK (US Embassy to Turkey, 17/12/2009).

Given the historical importance of the Nagorno-Karabakh conflict in shaping the discourse and deeds of consecutive Turkish governments from 1993 onwards, in terms of Turkey's relations with Armenia, it is plausible to argue that it was an issue that can be characterised as “state policy”, like the Cyprus issue. No government or party or any other non-elected Turkish institution had thought to formally delink normalisation for the sake of a bilateral agreement with Armenia. There was general consensus that Turkey had to support Azerbaijan's interests in the Nagorno-Karabakh through the multilateralisation of its dispute with Armenia. In other words, for Turkey to normalise relations with Armenia, the Nagorno-Karabakh issue had to be solved together with the Turkish-Armenian bilateral issues. It had been a precondition for Turkey. Even the AKP leadership and its government, including

Recep Tayyip Erdogan and Abdullah Gul, did not challenge the “state policy” during their first years in office.

Everything changed in 2008-2009 when the AKP leadership decided to engage in secret negotiations with Armenia and then announced publicly on 23 April 2008 that the two sides “have agreed on a comprehensive framework for the normalisation of their bilateral relations in a mutually satisfactory manner” (Harding, 2009). This was a moment of transformation for Turkish-Armenian relations. At the same time, Erdogan and Gul tried to convince Azerbaijani officials and the public that their peacemaking initiative took into consideration their national interests in Nagorno-Karabakh. The Azeri officials did not trust the AKP leadership. The developing crisis in their relationship escalated in the aftermath of the signing of the protocols.

The questions that one can raise are the following: What induced the AKP leadership, and particularly Recep Tayyip Erdogan and Abdullah Gul, to change Turkey’s long-standing stance vis-à-vis Armenia on the issue of normalisation. In other words, why did Erdogan proceed with such a major concession, given the developing external and domestic reactions to such a decision? Was his government’s decision to sign the Zurich Protocols riskier than committing to Turkey’s traditional foreign policy? If so, what are the causes of his risk-taking behaviour? The questions will be conclusively answered in chapter 6, where I discuss the riskiness of his decision, his risk-propensity during the negotiations, and the explanations behind the risk propensity.

Similar questions arise about Erdogan’s decision to overturn his revisionary policy and return to Turkey’s traditional foreign policy within the space of a few weeks. What induced him to change course?

In the next section, I will give a more detailed account of what the Zurich Protocols provided.

2.5 The Zurich Protocols: Provisions, Gains and Concessions

The protocols were signed on 10 October 2009 by the Foreign Minister of Turkey, Ahmet Davutoğlu, and the Foreign Minister of Armenia, Edward Nalbandian in Zurich. The US Secretary of State Hillary Clinton, as well as Russian Foreign Minister Sergei Lavrov and the EU's High Representative for the Common Foreign and Security Policy, Javier Solana attended the ceremony (BBC, 10/10/2009). The first protocol under the title “Protocol on the Establishment of Diplomatic Relations between the Republic of Turkey and the Republic of Armenia” was aimed at stipulating the conditions under which the establishment of diplomatic relations between the two countries would take place. The provisions were not simply a declaration of diplomatic formalities for the exchange of ambassadors. There were provisions that addressed political issues that had negatively affected their relations, such as the indisputability of their borders. However, the protocol did not make any reference to the Nagorno-Karabakh issue, which had topped the agenda of negotiations of successive Turkish governments in the past, including that of the AKP. A characteristic excerpt from the protocol is the following:

The Republic of Turkey and the Republic of Armenia...confirming the mutual recognition of the existing border between the two countries as defined by the relevant treaties of international law, emphasizing their decision to open the common border, reiterating their commitment to refrain from pursuing any policy incompatible with the spirit of good neighbourly relations...agree to establish diplomatic relations as of the date of the entry into force of this Protocol in accordance with the Vienna Convention on Diplomatic Relations of 1961 and to exchange Diplomatic Missions (Appendix 1).

In this excerpt, one can see the official and categorical recognition of the existing borders by both sides. This was Turkey’s permanent demand for Armenia to officially accept the current boundaries between the two countries, as they had been delineated in the Treaty of Kars in 1921 (Görgülü, 2008a: 17). Armenia refrained from doing so. What had further intensified Turkey’s suspicions was that Yerevan was nurturing territorial claims which the Declaration of Independence (1990) provided. For example, it made references to the Eastern part of Turkey as “Western Armenia” while Article 13, paragraph 2 of the Constitution of Armenia depicted Mount Ağrı which is located in Turkey as a part of the coat of arms of Armenia (Görgülü, 2008b: 129).

In addition, they decided to open their common border, which had been effectively closed since 1993 when the war between Azerbaijan and Armenia escalated, and establish diplomatic ties.

The opening of the border was extremely significant for Armenia. So far, it has been locked between Turkey in the West and Azerbaijan in the East. As a result, Armenia has been suffering from lack of vital land and sea communication routes to European and North American markets. In addition, it cannot take advantage of its geographical position in the Caucasus for becoming a transit route for trade, by becoming a connector between Russia-Iran-Turkey (North-South Axis) and between Turkey-Azerbaijan-Central Asia (East-West Axis). Furthermore, Turkey's embargo has deprived Armenia from Foreign Direct Investments (FDI) that could come from Turkey, which has over 40 times the GDP of Armenia. The instability in the region has also discouraged other countries from investing (More details in Tocci et al., 2007: 10-15). Analysts argue that it would be difficult to forecast the overall effects of the opening of the border and the establishment of diplomatic ties but they argue that long term contributions would be "far higher" than in the short term (Ibid.: 14). Briefly, the opening of the border and the establishment of diplomatic ties seems to be less beneficial for the Turkish economy as a whole with only the Eastern provinces, such as Kars and the port of Trabzon, benefitting the most from this process.²⁵ Furthermore, Armenia could assist Turkey's trade with Azerbaijan and Central Asian countries. However, without the simultaneous solution of the Nagorno-Karabakh conflict, amicable relations with Azerbaijan were at stake, as were vital Turkish economic interests.

The second protocol that was signed on the same day came under the title "Protocol on Development of Relations between the Republic of Turkey and the Republic of Armenia". The protocol not only stipulated how Turkey and Armenia could enhance their relations through cooperation in different sectors but it also provided for the commencement of dialogue between the two sides on the Armenian massacres and the establishment of an intergovernmental bilateral commission for the implementation of the protocols. Among others it stipulated that

The Republic of Turkey and the Republic of Armenia...Determining to develop and enhance their bilateral relations, in the political, economic, energy, transport, scientific, technical, cultural issues and other fields, based on common interest of both countries...1. Agree to open the common border within 2 months after the entry into force of the Protocol, 2. Agree to...implement a dialogue on the historical dimension with the aim to restore mutual confidence between the two nations, including an impartial scientific examination of the historical records and archives to define existing problems and formulate recommendation...3. Agree on the establishment

²⁵ The economic aspect arising from the opening of the Armenian-Turkish border will be discussed in more detail below when reviewing possible explanations behind the Turkish government's decision to sign the Zurich Protocols.

of an intergovernmental bilateral commission which shall comprise separate sub-commissions for the prompt implementation of the commitments mentioned...This Protocol and the Protocol on the Establishment of Diplomatic Relations between the Republic of Turkey and the Republic of Armenia shall enter into force on the same day, i.e. on the first day of the first month following the exchange of instruments of ratification" (Appendix 2).

This not only stipulated the concrete steps for the enhancement of Turkish-Armenian relations but it also gave answers as to how the two sides should try to address the major issue of reconciling their diverging understanding on the historical events of 1915. The agreement provided the establishment of a

sub-commission on the historical dimension to implement a dialogue with the aim to restore mutual confidence between the two nations, including an impartial scientific examination of the historical records and archives to define existing problems and formulate recommendations, in which Turkish, Armenian as well as Swiss and other international experts shall take part (Appendix 2).

In a sense, this was in accordance with the proposals outlined in Erdoğan's letter in 2005 to the President of Armenia, Kocharyan. The proposals had been rejected at the time on the basis that it was irrelevant to their negotiations for normalising relations. For the Armenian side, the Armenian Genocide was not an issue to be re-examined by scholars. The historiography had concluded that it was genocide and thus governments around the world should recognise the events as such and that Turkey should do the same. As one can understand, this was a major concession on the part of Armenia, considering also that Paragraph 11 of the 1990 Declaration of Independence stipulates "the Republic of Armenia stands in support of the task of achieving international recognition of the 1915 Genocide in Ottoman Turkey and Western Armenia" (The Government of the Republic of Armenia, 1990). The Constitutional Court of Armenia attempted at a later stage to ameliorate this concession, and perhaps respond to the Turkish government's reversal of the normalisation process, by stating in its decision on 12 January 2010 that

the RA Constitutional Court also finds that the provisions of the Protocol on Development of Relations between the Republic of Armenia and the Republic of Turkey cannot be interpreted or applied in the legislative process and application practice of the Republic of Armenia as well as in the interstate relations in a way that would contradict the provisions of the Preamble to the RA Constitution and the requirements of Paragraph 11 of the Declaration of Independence of Armenia (Constitutional Court of the Republic of Armenia, 2010).

Subsequently, the Court decided that

the obligations stipulated by the Protocol on the Establishment of Diplomatic Relations between the Republic of Armenia and the Republic of Turkey and by the Protocol on Development of Relations between the Republic of Armenia and the Republic of Turkey are in conformity with the Constitution of the Republic of Armenia (Constitutional Court of the Republic of Armenia, 2010).

The Court's response to the protocol was an attempt to pre-empt the sub-commission's conclusions or to draw a line between its recommendations and Armenia's constant policy of promoting international recognition of the Genocide. In other words, the recommendations would not necessarily become part of Armenia's state policy.

Lastly, what is missing from these detailed diplomatic documents is a formal reference to the Nagorno-Karabakh issue. By signing these protocols, the AKP government changed in the most formal and fundamental way possible what had been one of the major preconditions for the process of normalisation, namely the link between the resolution of the Nagorno-Karabakh issue and the normalisation of Turkish-Armenian relations.

Chapter 3: A Critical Review of Previous Explanations of Turkish Foreign Policy Change vis-à-vis Cyprus and Armenia

3.1 Introduction

In this chapter, I will be reviewing the strengths and weaknesses of previous explanations put forward for each of the two cases of Turkish foreign policy change. Drawing on systematic approaches to Turkey's foreign policy that are built on Europeanisation, political economy and ideational accounts, but also drawing on descriptive ad hoc explanations, I create four different types of explanations for each of the two cases.

For the case of Cyprus, I primarily review the explanatory strength of Europeanisation and also ad hoc arguments that can be complimentary to it, such as the effects of the democratisation process on, and the role of business elites in Turkey's foreign policy-making. I am also discussing an alternative explanation that touches upon the relevance of Ahmet Davutoglu's concepts and ideas to Turkey's pro-settlement approach, such as "strategic depth" and "zero problems with neighbours." In the case of Armenia, I am reviewing explanations that relate to the influence of external factors. In that context, I am debating the role of the EU, US and Russia separately. I am also discussing the AKP's approach to Armenia in the context of political economy explanations. I then analyse the validity of the civilianisation/democratisation approach and finally the Ahmet Davutoglu effect. In addition, I introduce a mini-comparison between Cyprus and Armenia because the Europeanisation argument has featured as a plausible explanation in both cases. It is only then possible to consider its explanatory strength from a comparative perspective.

A general observation is that all these explanations, with the exception of Davutoglu's ideas and concepts, are based on the premise that utility maximizing decision-makers make decisions on the basis of cost/benefit calculations. It is assumed that potential rewards were of higher value than potential losses. Therefore, it is the net gains that made decision-makers opt for peacemaking through concessions (rewards minus losses= net gains). Although I will later introduce prospect theory and criticise the basis of these explanations, I am critically discussing these explanations on the basis of their own line of argumentation in relation to their specific rewards and losses, but at the same time it has to be acknowledged that there is an analytical and empirical weakness in that these explanations do not take into account the

concept of risk. It is assumed post facto that peacemaking through concessions was risk free, meaning that positive outcomes demonstrate how easy it must have been for the AKP to opt for revisionary policies against the traditional foreign policy, such as in the case of Cyprus. Alternatively, some of the analysts do not engage with explanations of AKP's foreign policy discussing the subject at hand from a normative point of view, namely that the AKP could not engage or should not have engaged with it in the first place. They talk about "misguided calculation" (Göksel, 2012: 11) or "sloppy diplomacy" (Welt, 2012: 57). This is a normative rather than explanatory argument. It does not explain what induced Recep Tayyip Erdogan to engage in this type of diplomacy. This is something that will be discussed in greater detail in the chapters concerning prospect theory.

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3.2 Reviewing the explanations of Turkish foreign policy change vis-à-vis Cyprus: Europeanisation and other Complementary and Alternative Explanations

The bulk of the academic writing on the subject seems to agree that the EU had a decisive influence over Turkey's decision to support the Annan Plan in 2004 (Aydin & Acikmese, 2007; Keyman & Önış, 2007; Müftüler-Baç & Gürsoy, 2009; Müftüler-Baç, 2008; Nas, 2011; Önış & Yilmaz, 2005; Önış & Yilmaz, 2009; Ovalı, 2012; Tocci, 2004, 2007; Kivanc Ulusoy, 2008; Kivanç Ulusoy, 2009). Some of the studies refer to EU influence as the "EU's catalytic effect" or as "the power of the EU anchor". Accordingly, they try to explain EU influence by resorting to a thick description of the dynamics of EU-candidate countries' relationship (Keyman & Önış, 2007: 43; Tocci, 2004: 94-98). Other studies talk about the Europeanisation of Turkish foreign policy as a process that bears EU influence on Turkey (Aydin & Acikmese, 2007; Müftüler-Baç & Gürsoy, 2009; Müftüler-Baç, 2008; Önış & Yilmaz, 2009; Ovalı, 2012; Kivanc Ulusoy, 2008; Kivanç Ulusoy, 2009).

A first observation is that EU influence might be present but what is of utmost importance is how it is defined. Furthermore, it is important that the transmission belt of EU influence into candidate countries is identified. It is also important to stipulate the conditions under which EU influence is effective. I would add the necessity of specifying what the dependent variable is, i.e. what specifically is to be explained. Can the EU influence explain the foreign policy outcome in its entirety or can it explain preferences of specific institutions and actors whose preferences feed into the final foreign policy output? In other words, can it explain foreign policy output fully or partially? These questions provide an idea of why one should prefer to discuss EU influence as part of a systematic research programme, such as that of Europeanisation, and not solely as a generic observable phenomenon. Thus, it makes sense to review EU influence in the context of the Europeanisation literature.

Apart from the Europeanisation argument, I will be reviewing additional explanations the literature has put forward. The democratisation and business elite argument is complimentary to the Europeanisation argument, while Ahmet Davutoglu's concepts and ideas can be an alternative explanation of why Turkey changed its stance during the first years of AKP rule.

3.3 Turkish foreign policy change vis-à-vis Cyprus: What Europeanisation explains (and what it does not)

My main argument is that, at first glance, the literature seems to provide a plausible explanation of how EU influence played a role in Turkish foreign policy changes over the Cyprus issue. EU conditionality forms the basis of the explanation. The evidence behind the argument is not only that EU conditionality exists and that facilitating factors of EU influence had high values such as the credibility of conditionality, clarity of the EU demand, sizeable rewards and power asymmetry – but also that the timing of EU conditionality and Turkey's foreign policy change coincided.²⁶ Therefore, some scholars argue that Cyprus is a major case of Europeanisation (Terzi, 2010: 95-106).

The main criticism that one can make concerns the way it has been applied in studies over Turkish foreign policy change. More specifically, the literature lacks focus on explicating how the two main possible strategies of EU influence, namely conditionality or socialisation, could possibly feed into Turkey's foreign policy decision-mechanism and how it could then transform its foreign policy output vis-à-vis Cyprus. This problem is intertwined with the issue of stating clearly what the empirical puzzle is. Is it an empirical puzzle on its independent variable or dependent variable? In other words, is it a puzzle of what explains a phenomenon or a puzzle of what is to be explained?

For example, in my study I start with my dependent variable: what is to be explained. As I argued in my second chapter, the empirical analysis over how divergent the AKP's revisionary policies were from the Turkish establishment's traditional foreign policy raises questions about their riskiness and subsequently over the risk propensity of the protagonists and what finally explains their risk propensity. In the case of the Europeanisation literature, in so far as it has been applied to the Turkish case, there is a certain output that scholars try to explain without suggesting who the agent of this output is. They then make numerous assumptions as to how conditionality reflected preferences of a number of actors, some of whom might or might not be of relevance to Turkey's foreign policy output and, in some cases, it is directly assumed that, since the output of foreign policy change vis-à-vis Cyprus appears to coincide with the expectations of the European Union, then, regardless of what the process of decision-making entails and whoever was involved, the 'magic spell' of the

²⁶ For a complete theoretical framework on the two main EU strategies that influence new members and candidate countries see Sedelmeier, 2006. This framework is used to conduct a controlled comparison between Cyprus and Armenia in terms of the Europeanisation argument.

European Union was powerful enough to convince them to comply and deliver the expected outcome (e.g. Müftüler-Baç, 2008: 75-76; Terzi, 2010). Thus, they lack nuance in actually determining the conditions under which this influence takes place. These accounts assume that leaders, governments and non-elected institutions are utility maximizing individuals who would naturally opt for EU friendly policies as long as the facilitating factors, such as clarity of the EU demand, sizeable rewards and power asymmetry and credibility of conditionality are present. In other words, harmonising foreign policy with that of the EU is instantly a risk free choice that will grant decision-makers great gains.

What is missing from these accounts is the ‘inside story’ of decision-making; they ignore the actual preferences and overall calculations of institutions or individual decision-makers. Lastly, they are ignorant to the degree of riskiness that one policy option entails in comparison to another. They instantly assume that the riskiest of all options for decision-makers is that of non-harmonisation with the EU.

In analyses that advocate the catalytic effect of Europeanisation on Turkish foreign policy, it has been argued that “no government in Turkey would dare to change the decades-long policy on Cyprus without the EU carrot at the end” (Terzi, 2010: 18). By the same token, no government in Turkey would have dared to change the decades-long policy on Armenia, considering the domestic sensitivities but also the implications it could have on its relations with Azerbaijan, a country with whom Turkey shares strong economic, historical and cultural ties. However, it did temporarily change its foreign policy during a period when EU-Turkish relations were at their lowest point.

This brings me to another point that relates to the application of Europeanisation in Turkish foreign policy. The main criticism here can be that there has not been a systematic comparison of different cases of conflict resolution. For example, Cyprus and Armenia are similar in their independent variable, i.e. the EU’s interest in conflict resolution in both cases, but different in their intermediate variables, i.e. the values of facilitating factors of EU conditionality. At the same time, they are similar to some extent in one instance of their dependent variable, i.e. Turkey tried to solve both issues despite the differentiated results. Therefore, the two can be a good comparison that can help the Europeanisation argument develop further with the use of comparisons.

Comparing the two cases can help build a before-after model in terms of strong EU presence and weak EU presence through high and low values of facilitating factors of Europeanisation

and ask the question of whether this affected Turkey's foreign policy, vis-à-vis Cyprus and Armenia. This is something I will discuss in more detail in the comparative section about Europeanisation.

At this point, I would like to focus on three studies of Turkish foreign policy that employ the framework of Europeanisation and look into the specifics of their argument (Aydin & Acikmese, 2007; Terzi, 2010; Kivanc Ulusoy, 2008). To begin with, there is no single definition of Europeanisation in the literature and this is reflected in the different definitions that the authors cite.²⁷ Terzi adopts a generic definition, explaining Europeanisation “as the process of downloading EU regulations and institutional structures to the domestic level, which mainly signifies a downloading process but can also be coupled with a bottom-up process of uploading national policies and preferences to the EU level” (2010: 11). Then she explains that for the purposes of studying a candidate country, “the downloading dimension of the Europeanisation process is more relevant” (Ibid.). Aydin and Acikmese adopt Tonra's definition of Europeanization in foreign policy as a “transformation in the way in which national foreign policies are constructed, in the way in which professional roles are defined and pursued and in the consequent internalisation of norms and expectations arising from a complex system of collective European policy making” (2007: 265). Ulusoy adopts Radaelli's definition of Europeanisation as “processes of (a) construction, (b) diffusion, and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’, and shared beliefs and norms which are first defined and consolidated in the making of EU public policy and politics and then incorporated in the logic of domestic discourse, identities, political structures, and public policies” (2008: 310). A common theme that runs through these different definitions is Europeanisation as a process that can potentially leave its imprint in many different aspects of member and candidate countries' political life. The question then is how Europeanisation is considered to have affected Turkish foreign policy in the case of Cyprus.

²⁷ Amongst the plethora of definitions, Radaelli and Pasquier argue that “Europeanization is not an objective entity to be pigeonholed into one aseptic definition.... Europeanization is ‘what political actors make of it’ and researchers may well wish to engage in the debate with their own account, but they must acknowledge that their definitions are only a component of a wider political discourse” (Caporaso, 2008: 35-36).

Starting with the study of Terzi, the author argues for a strong link between the 1999 Helsinki conclusions and Turkey's positive stance in relation to the Annan Plan in 2004 (2010: 99).²⁸ She notes that "the major incident to demonstrate Europeanisation in Turkish foreign policy is the acceptance of the Annan Plan as a solution to the Cyprus dispute by Turkey in early 2004" (Ibid.: 100). Before that she explains that the "AKP government succeeded in convincing the other actors in the state mechanisms of the need for a final settlement of the Cyprus issue" (Ibid.: 99). She also mentions that the AKP election campaign manifesto of 2002 shows that the party was in favour of a resolution to the Cyprus issue that was based on a bi-communal solution (Ibid.). Her explanation of Turkish foreign policy change comes down to sustained EU pressure on Turkey from 1999 onwards based on the carrot of EU membership. In other words, EU conditionality is the key element of Europeanisation.

The analysis remains vague in many parts. More specifically, her analysis does not account for the timing of Turkey's positive stance: why was it in 2004 that Turkey agreed to resolve the Cyprus issue, rather than in 2002 or 2003. There is a very short reference to the Turkish government that was in power between 1999 and 2002 and it is implied that this government was also in favour of a solution based on the bi-zonal, bi-communal formula. However, as the empirical evidence shows this was not the case and certainly not to the extent that they would consider clashing with Rauf Denktas, the main opposing figure. If the argument is that the difference between 2004 on the one hand and 2002 or 2003 on the other was that in 2004 the accession of the Republic of Cyprus was imminent and, therefore, the pressure on all different Turkish institutions mounted exponentially, one should consider the fact that the most important dates for a successful diplomatic activity was not in fact 2004, but 2002 and 2003 instead. Why is that?

Before the Republic of Cyprus had signed the accession treaty with the European Union on 16 April 2003, the EU pre-accession condition of showing good will to resolve the dispute was equally implemented on both sides, according to the Helsinki Summit conclusions (European Council, 1999). However, after consecutive failures on the part of Rauf Denktas to engage in productive negotiations with the international community and the Greek Cypriots, the Republic of Cyprus was allowed to sign the accession treaty with the European Union, along with another nine candidate countries (Dodd, 2010: 236). The EU put the blame on

²⁸ In the Helsinki Summit of 1999, Turkey was endorsed as an EU candidate country. It was stressed that Turkey among others had to fulfil the political criteria, including "the peaceful settlement of disputes" and there was a specific reference to the support of the EU to a "conclusive settlement" of the Cyprus issue under the auspices of the UN (European Council, 1999).

Turkey and the Turkish Cypriot leadership. Crucially, it was then that conditionality was lifted for the Greek Cypriots, with regard to their commitment to endorse a future Annan Plan. All parties, including Turkey, had to base their hopes on the good-will of the Greek-Cypriot leaders, which in fact disappeared by 2004. Thus, the conclusion is that the pressure on Bülent Ecevit and his coalition government, as well as the Turkish Foreign Minister, Ismail Cem, was immense, given the period between 1999 and 2002 was the right time for a solution since conditionality was implemented for all sides, including the Greek Cypriots. Terzi correctly notes that the AKP government was the crucial actor that pushed things forward but she does not explain if, and why, their preferences were shaped by Europeanisation (2010: 99). Perhaps she considers AKP's activity as a continuation of the Turkish state's policy after 1999 but this does not seem to be the case as the AKP leadership pushed for a solution

In terms of Europeanisation process mechanisms of transmission, she makes reference to four different types of impact deriving from EU integration, but the analysis does not build a direct link with the foreign policy output (*Ibid.*: 95-97). She discusses the 'compulsory impact', 'the enabling impact', 'the connective impact' and 'the constructive impact' of the EU.

The 'compulsory impact' refers to EU pressure on institutions to change their policies through rewards, including membership. This is essentially conditionality. But this does not explain the timing of the solution, nor does it say much about its ineffective impact on the coalition government of Turkey between 1999 and 2002 or how it may have influenced the AKP government. She argues that "the change of government in Turkey, from Ecevit's coalition government to the AKP, made it easier for the single party government to make its preferences clear" (2010: 96). This describes conditions that made it easier for the AKP to promote a solution but not why the AKP decided to invest so much in it.

The 'enabling impact' concerns the pro-solution forces justified the need for a solution. Again, this explains why it became easier for the AKP leadership to promote its solution but it does not say much about why Recep Tayyip Erdogan, as Prime Minister, systematically pushed for a change of the status quo on Cyprus. The 'connective impact' refers to a generic pro-solution context that was created because of the EU's financial support to civil society organisations. It is not mentioned which civil society organisations and how they managed to convince the Turkish government or how their activity was feeding into the AKP's pro-

solution policy. It is again part of the context. Lastly, the ‘constructive impact’ of the EU “would be through a transformation in which conflicting parties change their identities and sustain a peaceful relation” (*Ibid.*). The author provides no evidence of identity transformation on the Turkish side.

However, one should not fail to observe that the most convincing part of this analysis is that the EU did indeed create some political space for the expression of revisionary discourse over the Cyprus issue but one should not forget also that the traditional view was equally well-represented in the Turkish society. What Terzi mainly achieves to plausibly argue for is that Europeanisation started creating an enabling context for the AKP leadership. This could actually be a useful observation if it is to be considered in tandem with Recep Tayyip Erdogan’s decision to engage with a potentially risky revisionary policy, *vis-à-vis* Cyprus. The importance of the EU factor from a prospect theory perspective will be discussed in more detail in the conclusions of the thesis.

In his analysis about the impact of Europeanisation on the Cyprus problem, Ulusoy describes how the EU-induced democratisation of Turkey is closely related to the transformation of its foreign policy. He writes “Here the likelihood that candidate states follow EU-oriented foreign policies would be dependent on the successful implementation of the democratization along the EU accession process. The more this process proceeds smoothly which greatly depends on the EU’s way of involvement and the existence of membership as an attainable outcome—particularly true for Turkey—the more easily they would follow EU-friendly foreign policies” (2008: 313). Thus, the EU-induced democratisation process provided a way through which the EU could affect national foreign policy. The process of democratisation was to proceed for as long as the EU membership was credible. Conversely, if the credibility of the EU membership is weak, and as a result the process of democratisation falters, then the expectation would be that Turkey would not engage with revisionary policies. Although this seems to explain Cyprus, a comparative model is needed to test this hypothesis in a rigorous way. For example, if this proposition is plausible, why then does this not seem to be relevant to Turkey’s signature of the Zurich protocols in 2009, its normalisation of relations with Armenia or rapprochement with the Kurdistan Region of Iraq after 2007, both of which started to take place after the impasse in EU-Turkish relations and the slow-down of the EU induced democratisation process?

In terms of the actors, Ulusoy includes a hypothesis on why the AKP supported the Annan Plan. He argues that “the JDP was not late in conceiving the fact that the Europeanization of Turkey’s politics would provide itself a comfortable place in the Turkish political agenda with a new conservative Muslim political identity. It saw how crucial slight deviations in the traditional foreign policy priorities would consolidate its new politics” (2008: 323). In this excerpt, the author implies that Europeanisation was not only a process but also a choice on the part of the AKP to support its “Muslim political identity”. This is why the AKP was so keen in revising the Turkish foreign policy. What is missing from his analysis is two things. The first is an evaluation of the extent to which one should consider revisionary foreign policy in terms of AKP choices and why. The second and most important question is which ‘Muslim political identity’ would the EU assist? Would it be the identity that the AKP identifies with and, if so, how would the EU do that?²⁹

The difference between Ulusoy and Terzi is that in Ulusoy’s analysis the AKP has preferences and these preferences are important in shaping the final foreign policy output. Europeanisation is not perceived as a ubiquitous process. He acknowledges that the AKP has its own way of perceiving international and domestic developments and acting upon them. Having said that, this part of his analysis is significantly underdeveloped and it is more like an empirical observation coming from an intuitive researcher, rather than an operationalized hypothesis that is tested and validated.

Lastly, Aydin and Acikmese argue that the transformation in Turkey’s foreign policy vis-à-vis Cyprus is “due to vigorously applied conditionality, non-adherence to which would have blocked negotiations” (2007: 270). In this study the discussion about Europeanisation mechanisms is more conclusive as they discuss the relevance of conditionality and elite socialisation in the case of member and candidate countries. The authors explain why conditionality is the only mechanism that should be considered as relevant in the case of would-be members (2007: 266- 267). Subsequently, they argue that the EU applies three types of EU conditionality in the case of Turkey. The first is “*conditionality through CFSP*

²⁹ For example, although there is a clear institutional distinction between the EU and the European Court of Human Rights, the court is part of the legal system of the European continent. In one of the main subjects of controversy in Turkey, the ban of the headscarf in public places such universities, the court decided to turn down a case pleaded by a Turkish student of medicine in 2005. It “ruled that the ban on headscarves doesn’t violate the European Convention on Human Rights. The Strasbourg judges went even further, expressing support for Turkey’s “legitimate goal” of protecting the liberties of citizens who have other beliefs or are not religious. By upholding the principle of secularism, Turkey protects its democratic system, the judges found.” (Grossbongardt, 20/09/2007). How does this decision bode with Erdogan’s support for “Muslim political identity”?

acquis” (2007: 268-269). The second is about “*conditionality through political criteria*” and the third “*conditionality through de facto political criteria*”. They argue that the conditionality that derives from political criteria is the most powerful because non-compliance with them can lead to suspension of the accession negotiations. The conditionality that was implemented in the case of Cyprus draws on de facto political criteria which have gradually acquired the same status as the political criteria (2007: 269). Specifically, they refer to “the principle of peaceful dispute settlement” which was included in the Helsinki Summit conclusions in 1999 (Ibid.). Therefore, failure on the part of Turkey to push for a solution on the Cyprus issue would mean suspension of the negotiations. They give the example of what happened in 2006 when the EU suspended 8 out of 35 chapters because the Turkish government failed to comply with the Ankara agreement by not opening its airports and seaports to the Republic of Cyprus. This is “a clear indication of the power and use of the EU conditionality” (2007: 272).

I would dispute this last point by saying that this might be a strong indication of conditionality’s credibility in terms of the punishment aspect but it is not necessarily an indication of its power. After the suspension of the eight chapters one can argue that the prospect of membership was weakened for Turkey and, subsequently, EU conditionality, which is based partly on the long-term rewards of membership. In other words, the implementation of conditionality can defeat the very purpose of it, namely to make candidate countries comply on a first level and not discourage them from making further reforms.

The authors express their scepticism about explanations that adopt the framework of Europeanisation, regardless of whether it is employed for member or candidate countries. Accordingly, they argue that “it is hard to differentiate the EU impact on this transformation from domestic and international factors. Foreign policy change might result from endogenous inputs (e.g. national reform projects, party politics, political events, public pressure or pressure groups) or exogenous influences (e.g. global politics, other institutions or regimes, developments in the target area or systemic changes) at a time when the dynamics of Europeanization are also to the fore” (2007: 267). This is a strong argument, considering that in most studies of Europeanisation the arguments are supported by way of process tracing. The focus is on building a link between EU strategies and policy output in terms of the timing and sequence of events. In other words, it is mostly considered legitimate to argue that when the EU pushes for certain policies in member and candidate countries and this happens within a reasonable time span from the moment the EU started to implement its conditionality, then

policy changes can be attributed to the EU. However, this remains a highly speculative hypothesis that leaves many questions unanswered. That is why controlled comparisons between different cases could close many analytical gaps. Aydin's and Acikmese's work is suffering from these gaps. It is also clear that their study does not give us the 'inside story' of how Europeanisation had an impact on AKP preferences and how it affected their risk propensity.

Again the main focus, as was the case in Terzi's study, is on how the EU developed strategies that supposedly affected Turkish foreign policy output and not so much on how it is actually reflect to the decision-making of crucial actors, such as the AKP leadership. They explain this gap by referring to the fact that Turkey overturned a long-standing policy in a dramatic way when the EU was exerting pressure on Turkey. This, however, does not lift the spectre of a spurious argument. It is through the comparison with Armenia that one can build some additional arguments about the effects of EU influence. However, the need to focus on the decision-making behaviour of the AKP leadership and its risk propensity remains.

A last point to make is that in all three studies conditionality is considered the principal EU strategy that delivers Europeanisation in the case of Turkish foreign policy, *vis-à-vis* Cyprus. Socialisation does not seem to attract the attention of scholars as it is argued that the asymmetry of relations between the EU and candidate countries does not allow for elite socialisation as much as it does in the case of member states. This is a plausible argument, considering the way pre-accession and accession negotiations are conducted by setting aims for candidate countries and evaluating their progress through progress reports on a yearly basis. Deputy U/S of the Turkish foreign ministry, Selim Yenel confirmed this, arguing that the EU negotiates with candidate countries on the basis of "take it or leave it" behaviour (2011). This is an important observation because when comparing Cyprus and Armenia in terms of the Europeanisation framework, the main focus will be on the aspect of conditionality. Furthermore, all three studies stressed the importance of the reward aspect of conditionality, i.e. Turkey's prospect of becoming an EU member state, and the clarity of EU demands. One can imagine that without the credibility of EU membership, conditionality can have little effect on Turkey. Did this, however, avert AKP from revising Turkey's foreign policy towards Armenia, for example?

3.4 Complementary and Alternative Explanations: Democratisation, Business Elites, and Innovative Concepts

Along the Europeanisation argument, there are additional explanations in the academic literature that are either complementary to the principal argument of Europeanisation, or independent of it. More specifically, the democratisation and the pro-EU business elite accounts belong to the first category and the “strategic depth” and “zero problems with neighbours” to the second category.

In this part, the argument about the effect of democratisation and the pro-EU business elites on Turkish foreign policy is discussed as a continuation from the previous analysis on Europeanisation. It is clear from the literature that the nature and effectiveness of the two cannot be separated from the process of Europeanisation (Oğuzlu, 2004; Kivanc Ulusoy, 2008). It has been argued that the democratisation process per se does not lead to pro-EU foreign policy output. It is only “*democratization as taking place within the context of Turkey’s Europeanization process*” that has a pro-EU effect on foreign policy (Oğuzlu, 2004: 94-95). Oğuzlu comes to this conclusion by comparing the results of the democratisation process that took place in Turkey in the 1990s and the results of democratisation after Turkey became a candidate country. In the case of Turkish foreign policy towards Cyprus, he observes that “whenever bilateral EU–Turkey relations have turned sour, Turkey has not hesitated to stall the inter-communal talks by depriving the leader of the TRNC, Rauf Denktas, of the support and encouragement he needed” (Oğuzlu, 2004: 108). This observation illustrates that democratisation alone does not have an independent role in Turkish foreign policy.

The democratisation process is instead a condition, an amplifier through which Europeanisation becomes more influential. The reason is that the process of democratisation opens up the space for public debate over foreign policy issues that were previously considered taboo. Business elites have the prerogative of actively participating in the political life of Turkey through their business associations, such as Turkish Association of Industrialists and Businessmen (TÜSİAD). This gives them preferential access to the Turkish media and, through that, to Turkish parliamentary politics.

However, Turkish foreign policy officials maintain that their direct impact on Turkish foreign policy is insignificant (Selim Yenel, 2011). Whatever their degree of impact, both democratisation and business elites cannot be considered independently of the

Europeanisation process. It is the validity of Europeanisation that defines to a great extent the plausibility of the complimentary arguments.

In terms of innovative ideas, Ahmet Davutoglu, the Chief Advisor to Prime Minister Erdogan when the Annan Plan in 2004 was supported, puts forward two main propositions. The first is the “strategic depth” (Stratejik Derinklik) and the second is the “zero problems with neighbours”.

In his infamous book “Statejik Derinlik” (Strategic Depth), Davutoğlu explicates the way Turkey could become influential by being active at the regional level. He argues that inward-looking foreign policy is not compatible with Turkey’s geography and history and that Turkey cannot be compared to the successful inward-looking policy of the U.S. after the civil war and that of Japan after the colonisation period (Davutoğlu, 2009: 555). He writes in his book that was first published in 2001:

However, the geographical location and historical experience of some societies certainly does not allow that. Societies that are located in intersecting areas of geostrategic basins or in the centre of global mainland, or they have been constantly living in their very multicultural paradigm, it is not possible [societies] to react to external factors by becoming introvert. Even if it is possible for a short period of time, this cannot produce solutions. Under these circumstances, societies that become introvert start to dissolve from inside...Turkey belongs to the second group of countries and it is not introvert. It can transform the elements of crisis into elements of power by opening up with confidence and assertiveness. Turkey which finds itself on the central route of the most strategic zone that extends globally from the north to the south and from the east to the west is not possible to be introvert (Ibid., 555-556).

From a geopolitical point of view, Davutoğlu perceives Turkey’s geography and history not as liabilities but as assets for solving its problems and enhancing its power. In his understanding, Turkey should bear the maximum activism in all surrounding regions in order for it to occupy its natural position in global politics as a “central country”. He considers that Turkey in that respect is similar to Russia and Germany. He then turns into developing specific operational propositions/principles of how Turkish foreign policy could realise the objectives of his geopolitical analysis. The notion of “zero problems with neighbouring countries” epitomises his understanding of how Turkey should conduct its regional relations.

With regard to Cyprus, he notes that a war on the island could negatively affect the strategic importance of the Baku-Ceyhan pipeline that was competing with a Russian pipeline that could transfer Caspian oil to Novorossisk. Therefore, he argues that “in this context Cyprus is neither an ordinary Turkish-Rum [Greek Cypriot] ethnic problem or simply a continuous

“Turkish-Greek tension” (Davutoğlu, 2009: 178). At the same time, he argues for the protection of the Turkish Cypriots as an example for the future of the remaining Ottoman societies in the Balkans (Davutoğlu, 2009: 179). However, he mentions that “even if there was not even one Muslim Turk, there would have to be a Cyprus issue for Turkey” (*Ibid.*). It is clear that he places high strategic importance on the island of Cyprus, to the point that he compares it to Cuba’s importance to the U.S. This normative strategic analysis gives a sense of what Cyprus signifies in his thoughts, in terms of global politics, but it does not tell us much about the kind of solution he would like to see over Cyprus, as well as the timing of this solution.

ARMENIA

3.5 Reviewing Explanations for Turkey's foreign policy change vis-à-vis Armenia

By and large, the literature has not analysed Turkey's foreign policy change vis-à-vis Armenia, and its reversal, in a systematic way. Usually, the description of the changes is along the lines of thick description of "Turkey's foreign policy activism" (Evin et al., 2010; Önış & Yilmaz, 2009; Tocci, 2011-2012) or "benign regional power" (İşeri, 2011; Önış, 2009). These are general accounts of Turkish foreign policy that present Armenia as an example that justifies the use of the above terminology. General concepts still have to be connected to the specifics of this particular case, such as actors/decision-makers' preferences and their interaction with the international and domestic context in which they were operating. This means, among others, that the level of analysis should also be stipulated. Do they refer to decisions undertaken or those by policy entrepreneurs' representing certain institutions, such as Recep Tayyip Erdogan?

In addition, I observed that explanations drawing on general trends are sometimes based on factors that could have had a negative impact on particular cases, including that of Armenia. As will be discussed further below, there are domestic structural factors, such as democratisation and, more specifically, civilianisation of foreign policy that is cited as one of the explanations for Turkey's benign neighbourhood policies, including Armenia (Kirişçi, Tocci, & Walker, 2010; Önış, 2009: 9; Önış & Yilmaz, 2009: 20). Engagement of the public, either in the form of civil society, business associations or even through party politics in foreign policy decision-making, may have positive effects on conflict resolution by creating vital political space for debate but the pro-solution result is not always the case. As I will argue further below, when discussing the reversal of the AKP government's policy, the opposition as well as important segments of Turkish society, including the media, would not give Erdogan much political space to proceed with the implementation of the protocols. The domestic reaction played a big part in Erdogan's decision to backtrack. Explaining foreign policy change based on generic assumptions can produce paradoxical explanations that developments on the ground do not confirm, such as in the case of Armenia.

In the case of Armenia, I have attempted to review the plethora of different explanatory factors that explain Turkey's 'benign neighbourhood policy' in a systematic way. I would argue that there are four main approaches/effects that include all the explanatory variables discussed in the literature in a rather fuzzy and fragmented way. There is a. the external

actors approach b. the political economy approach c. the civilianisation/democratisation of foreign policy approach and d. the Ahmet Davutoglu effect. These approaches have been employed either as independent explanations or in a way that complement one another.

3.6 The External Actors Approach

The argument drawing on external actors is that international actors, such as countries or international organisations, have engaged directly or indirectly with Turkish governments in the process of normalisation. These external actors have distinct influence in the arena of international politics as well as in Turkey's neighbourhood. The EU, the US and Russia are the main external actors that are cited as bearing influence on the signing of the protocols in 2009.

To begin with, the EU has shown interest in the closed border between the two countries, even if it has not been strictly binding for Turkey to proceed with normalisation within a specific time frame, as was the case for Cyprus. It is indicative that since 2000, the EU commission's regular progress reports make reference to the issue of closed borders between the two countries as well as to the Nagorno-Karabakh issue (Commission of the European Communities, 2000). Before that, the European Parliament had recognised the Armenian genocide but did not hold Turkey accountable (European Parliament, 1987). Having said that, the EU was in favour of normalization given the general principles of the European Commission's report of 1998, which was endorsed by the Helsinki Summit and provided, among others, that "...Turkey must make a constructive contribution to the settlement of all disputes with various neighbouring countries by peaceful means in accordance with international law" (Commission of European Communities, 1998: 53). This was also stated in the Negotiating Framework of Luxembourg in 2005, along with other particular requirements that included "Turkey's unequivocal commitment to good neighbourly relations and its undertaking to resolve any outstanding border disputes in conformity with the principle of peaceful settlement of disputes in accordance with the United Nations Charter, including if necessary jurisdiction of the International Court of Justice" (Council of the European Union, 2005: 8). Therefore, it is plausible to argue that the EU was interested in this relationship even more so because Turkey became an EU candidate country in 1999 and Armenia started to build close relations with the EU with the signing of the EU-Armenia Partnership and

Cooperation Agreement in the same year. Finally, Armenia enhanced its relations with the EU by participating in the European Neighborhood policy framework in 2004.

In terms of the actual influence of the EU had on Turkey, it is within the parameters of the Europeanisation literature that EU influence can be discussed in a more systematic manner. By and large, the literature argues that the EU can potentially impact the policies of candidate countries' through EU conditionality and/or EU socialisation/persuasion. Schimmelfennig and Sedelmeier observe in their study on Central Eastern European countries that "the dominant logic underpinning EU conditionality is a bargaining strategy of reinforcement by reward, under which the EU provides external incentives for a target government to comply with its conditions" (2004: 670). The alternative or complimentary strategy of EU influence refers to the socialization/persuasion process of elites and the broader public of candidate countries. The argument is that "if a candidate country – both elites and publics – positively identifies with the EU, or holds it in high regard, the government is more likely to be open to persuasion and to consider the rules" (Sedelmeier, 2006: 13). Based on these two strategies, Sedelmeier has developed a conceptual framework that defines international and domestic facilitating factors, drawing on the experience of Central Eastern European countries (Ibid.: 11).

In the case of Turkey, after its refusal to open its ports to the Republic of Cyprus as well as the skepticism that ran deep in the governments of France and Germany over whether Turkey should become a full EU member, EU-Turkish negotiations reached an impasse. As a consequence, the "sizeable rewards" facilitating factor that underpinned the impact of conditionality was significantly weakened. It would not be an exaggeration to argue that after 2006 the debate over Turkey's candidacy in the EU became obsolete. The AKP government no longer cited the EU as a reason for reform. Characteristically, Recep Tayyip Erdogan stated unexpectedly in 2002 that "To repeat the political will and determination of my party: we certainly wish to enter the EU, however whether the EU accepts us or not, we are determined to transform the Copenhagen criteria into the Ankara criteria. AK party is the "label" and the "address" of the meeting of the highest democracy standards" (Recep Tayyip Erdogan, 2002). The "Ankara criteria" would be his motto in the aftermath of 2006. The AKP tried to convince the public that they had their own plan to implement reforms, regardless of the EU's willingness to accept Turkey. The AKP did not seem very energetic in reviving the accession negotiations. The same was true for some of the EU member states, such as France and Germany.

Analysts have pointed out that, although ‘external incentives’ are not credible anymore, there is still the possibility that “the recent change in Turkish foreign policy towards her neighboring countries including Armenia and Cyprus in adopting a soft power based and dialogue oriented approach may be regarded as a learning process and a change in decision-making procedures in foreign policy making” (Börzel & Diğdem, 2012: 12). Previous studies on Turkish foreign policy have rejected this possibility and they accept conditionality as the primary tool of Europeanisation for candidate countries and particularly that of Turkey (Aydin & Acikmese, 2007: 267). Empirical evidence seems to suggest that elite and public socialisation is not present in the case of Turkey, especially when it comes to foreign policy issues. The interaction between Foreign Ministers and diplomats, between member and candidate countries does not entail an uploading element for the candidate country. This means that the asymmetry of relations was blocking any formal process for exchanging ideas that could influence each other. This is something that policy-makers themselves acknowledge. According to the Deputy Undersecretary of the Turkish Foreign Ministry, Selim Yenel, the EU has always asked Turkey to support their foreign policy positions on a “take it or leave it” basis (2011).

In addition, in terms of the public’s socialisation, there is no evidence to prove that it was attached to the EU. On the contrary, looking at the results of the Eurobarometer the conclusion can be that socialisation – if it took place at all – did not have any impact on the Turkish public. Since 2006, the results have diachronically showed a decrease in support for Turkey’s EU membership amongst the Turkish citizens. They have also demonstrated that more Turkish citizens than before disagree with the EU’s choices on foreign policy matters that are related to Turkey.

More specifically, answering the question, “do you think that Turkey’s membership of the European Community is a good thing, a bad thing or neither good or bad?”, 62% of the respondents acknowledged that EU membership was good for Turkey in 2004, while in 2008 this decreased to 42% (Appendix 3). In terms of the question, “do you think that the European Union plays a positive role, negative or neither positive nor negative in Turkey’s foreign policy” (Appendix 4), the positive role was acknowledged by 57% of citizens in 2004 and by 34% in 2006. Thus, there was a significant drop in the percentage of citizens that could associate themselves with the EU. Not citing evidence about the socialisation process before 2006 while citing evidence after 2006 would definitely be a paradox.

Two more external actors that have been cited as relevant to Turkey's normalisation policy are the U.S. and Russia. The main issue with the use of these two factors is that the causality link between U.S. and Russian influence on the AKP leadership's decision to normalise relations with Armenia and put Azerbaijan's interests aside has not been established.³⁰ Both are used in a loose explanatory narrative that presents them as contributing to Turkey's opening towards Armenia (Dr. Mustafa Aydin, 2010) or as independent from each other's effects (For Russia's impact see İşeri, 2011: 117-120; For U.S. pressure see Terzi, 2010: 92). The US is cited because the US legislature and the executive were considering recognising the Armenian Genocide. In the case of Russia, its role in the Caucasus is underlined and especially Russia's military intervention in the Georgian crisis of 2008 that potentially created a sense of insecurity on the part of the Turkey.

In terms of the details, the literature has not developed theoretically informed hypotheses with regard to US pressure. Rather, the argument is supported on the basis of a loose application of process tracing that regards the Obama administration's timely public pledge to proceed with the recognition of the Armenian Genocide as the key development that led to the AKP government's opening (Today's Zaman, 22.01.2008). However, what this does not substantiate is how it affected the AKP government's calculations or perceptions on the matter at hand.

In addition to that, there are certain developments that seem to weaken the argument. More specifically, on 4 March 2010, after the AKP government decided to reverse its policy of bilateralisation and, therefore, effectively abandon normalisation that was drawing on the provisions of the Zurich Protocols, the House of Representatives of Foreign Affairs Committee of the US Congress passed a non-binding resolution designating the events that occurred during World War I as genocide (İşeri, 2011: 120). Instead of considering changing its decision to withdraw from the Zurich Protocols, the AKP government decided to recall its ambassador to Washington for consultations. Neither US President's, Barack Obama's, pledge to recognise the Armenian Genocide, nor the resolution of the Foreign Affairs Committee of the US Congress, made any difference in pushing the AKP leadership back in

³⁰ The U.S. started to play more active role in the Caucasus region in the aftermath of 9/11. In 2002, the U.S. attempting to improve relations with Azerbaijan, lifted legislation that placed restrictions on U.S. assistance to the country since 1992 (Mirzoyan, 2010: 96-97).

line with their international commitment to normalise relations with Armenia, on the basis of the Zurich Protocols.

The US factor alone cannot be cited as the reason behind AKP's policy of normalisation or reversal. If the US was directly linked to the AKP government's choices on the matter at hand, then one should not have expected any dramatic fluctuations in the AKP leadership's behaviour, as US support for a solution was constant. In addition, from a theoretical and empirical point of view, the argument that external pressure exerted by the US induced the AKP policy of normalisation through bilateralisation lacks the specification of policy transfer mechanisms. In other words, if US pressure was efficient, its impact on the perceptions and calculations of the AKP leadership is not clarified in the literature.

The case of Russia is different in the sense that it is part of the Caucasus security complex, as it borders the region and is Armenia's most important ally. The argument in this case has been that "as an emerging autonomous power Turkey considered this clash as an opportunity to secure a new place for itself in regional politics" after Russia's military offensive against Georgia in 2008 (İşeri, 2011: 120). Other analysts argue that "recent reassertion of Russian power may also have the unintended consequence of revitalizing Turkey's Europeanization agenda" (Öniş & Yilmaz, 2009: 18) and others argue that normalising relations with Armenia draws on Turkey's concerns about growing Russian influence in the Caucasus (Dr. Mustafa Aydin, 2010). It seems that there are two main understandings of the way the AKP government was influenced by Russia's attack, either directly as it is described in Iseri's analysis or indirectly as it is described in Onis's & Yilmaz's analysis, as well as that of Mustafa Aydin.

The argument that Turkey wanted to reposition itself after Russia's attack and play a regional role in the Caucasus through its relations with Armenia is unfounded. It is difficult to assume that normalisation of relations between Turkey and Armenia, without solving the Nagorno-Karabakh issue at the same time, would persuade the Armenian leadership to consider other strategic partnerships beyond the one with Russia. It must have been clear to Turkish officials that normalisation with Armenia could not affect Russia's influence over the latter. Historical relations of amity between Russia and Armenia, as well as Armenia's need for military procurement in order to retain a considerable military deterrence against Azerbaijan, would not allow Armenia to consider any other potential strategic partnership, especially when Turkey could not match Russia's capacity to produce state of the art arms.

As for the argument that Russia pushed Turkey to revitalise its Europeanisation agenda, this also does not seem plausible. In terms of Russian-Turkish relations, although there might have been some competition in some foreign policy matters in the Caucasus, such as the energy routes, it cannot be claimed that the AKP government perceived Russia's foreign policy, and in particular its attack on Georgia, as a major security threat for Turkey itself. On the contrary, Putin's Russia has been one of Turkey's major economic partners and Recep Tayyip Erdogan has pressed ahead with bolstering ties. One US cable is very revealing about the excellent relationship and collaboration between Recep Tayyip Erdogan and Vladimir Putin, in the aftermath of the Georgian crisis. The cable coming from the US Embassy in Turkey notes:

The meeting between Erdogan and Putin was the leaders' eighth since 2004, according to MFA Russia Desk Officer Ayca Osafoglu. Erdogan's visit, she noted, was the first since his trip to Moscow during the August Georgia crisis. Osafoglu characterized Turkish relations with Russia as "perfect," with no significant bilateral political problems. The relationship has grown dynamically over the last decade, driven primarily by trade. Accordingly, economic issues dominated the leaders' discussion. Russian Embassy Political Officer Konstantin Ryzhak told us Erdogan and Putin dedicated one hour to trade during their tete-a-tete. The leaders also touched briefly on regional issues before joining the larger delegation for lunch. Erdogan later told the press that Turkey and Russia both have responsibilities in the region including Nagorno-Karabakh, the Middle East, and Cyprus (US Embassy to Turkey, 22/05/2009).

At a different part of the cable it is also noted that

The economic discussion focused primarily on energy. Ryzhak reported that Erdogan told Putin he was pleased with the bilateral relationship on gas and called Russia a "reliable partner." Putin agreed to establish a bilateral commission to discuss the possibility of a second Blue Stream pipeline. During a joint press conference, Putin said that construction of Blue Stream II is a priority for both countries. The leaders agreed to explore talks on extending the 1986 gas agreement set to expire in 2012. Regarding the Russian company Atomstroyexport's bid to build a nuclear power plant in Turkey (the sole bid received for the project), Erdogan assured Putin that the Turkish courts would soon issue a decision and that the GOT would make its announcement shortly afterward (US Embassy to Turkey, 22/05/2009).

This cable demonstrates precisely that relations were not affected by the Georgian crisis but also that the two leaders discussed deepening even further their trade and energy cooperation. Hence, it is debatable how Russia revitalised the Europeanisation agenda, when Turkey was actually cooperating harmoniously with Russia, even after its invasion against Georgia. In addition, the EU was asking Turkey to make certain concessions with regard to Cyprus, such as opening its airports and ports. Russia equally did not attach any conditions to developing

economic relations with Turkey. Thus, it is not clear how the Russian policy in Georgia is connected to the revitalisation.

Even if Russia posed a major threat to Turkey that Turkish officials did not want to admit by any means, it is not clear how the Europeanisation agenda or building relations with Armenia, while alienating Azerbaijan, would provide a solution for this. What of the role that NATO played in security matters? Was Turkey's NATO membership not sufficient as a safety net against Russian aggression? I would argue that it is plausible to argue Russia's attack against Georgian territories did not change the AKP government's perception toward its close relationship with Russia. The fact that Erdogan developed Turkey's economic relations with Putin's Russia further, even after its invasion of Georgia, makes a strong case for refuting the argument that Russia was perceived as a threat.

Both the US and Russia, important players in international and regional politics, seem not to have played a role in the AKP leadership's decision to engage in a potentially risky game of peacemaking through concessions. In chapters 6 and 7, I will be discussing the role of the US and Russia from a prospect theory perspective.

3.7 The Political Economy Approach

The second approach is that of political economy, which tries to bring to the fore the impact of economy and trade on Turkey's 'benign neighbourhood policy' regarding Armenia. I would argue that there are two main subcategories which, although overlap to some extent, are different in describing the independent variable. These are the 'trading state' subcategory and the transnational actors' subcategory.

The 'trading state' subcategory draws on the work of Rosecrance, "the rise of the trading state: Commerce and Conquest in the Modern", and represented by the work of Kemal Kirişci in the case of Turkish foreign policy, suggests that "a new trading world was emerging, one that was increasingly replacing a world characterized by a "military-political and territorial system'" (Cited in Kirişci, 2009: 40). Accordingly, growing volumes of international trade make it less appealing for states to engage in wars and encourages them to instead seek cooperation with other countries. Kirişci takes a step further and tries to integrate subnational elements from Turkey's case, such as business elites and civil society, into this statist approach. He points out that Rosecrance acknowledges that states would not formulate

their foreign policy activity neglecting security issues (Ibid.: 41). Kirişci argues for the usefulness of employing Putnam's notion of two-level games, namely that "recognizes that central decision-makers strive to reconcile domestic and international imperatives simultaneously" (Putnam, 1988: 460). In his analysis, agreements between decision-makers on an international level have to be endorsed at the same time by subnational actors, such as civil society (Kirişci, 2009: 41). The government becomes a mediator between international actors and domestic actors. He then mentions that Foreign Minister Davutoğlu acknowledged in one interview "the growing significance of economic interdependence in shaping Turkey's relations with most of the neighbouring countries" (Cited in Kirişci, 2009: 42). He continued by stating that "activities of civil society, business organizations and numerous other organizations" are part of Turkey's foreign policy (Ibid.). Subsequently, interdependence for Kirişci has two functions, "first, interdependence is seen as a functionalist tool for conflict resolution and peace building; second, interdependence provides markets for Turkish exports and businesses" (Ibid.: 42). He argues that Turkey sought rapprochement with Armenia and other countries in this context (Ibid.: 40).

At this point, one can draw some conclusions about the qualities of his approach. First of all, it is structuralist because it gives prominence to the changing nature of the international system, i.e its transformation from a "military-political and territorial" to a "new trading world". His argument is that this explains, by and large, countries' activism in terms of benign foreign policy activism. Accordingly, this metamorphosis makes states around the world, including Turkey, seek greater cooperation on the economic and diplomatic front. At the same time, he acknowledges the role of civil society and business elites in a democratic state, not as independent actors but perhaps as the medium through which foreign policy is implemented. Providing markets for Turkish businesses comes not as a direct request from business elites but as a result of state policies that promote conflict resolution and peace building. The incentive for states can be summarised in their need for support of their choices in the arena of international politics. In a sense, this is a top-down approach that challenges the idea that business elites, such as the so-called 'Anatolian Tigers', have been the vanguards of Turkey's benign regional activism. Accordingly, they are a tool for the state's foreign policy. Economic cooperation is induced by governmental initiatives.

The then Turkish Foreign Minister Davutoğlu seems to endorse this approach by perceiving business elites not as sources of input for foreign policy but as tools that can contribute to his vision of foreign policy. He writes that "Turkey's aim is to intervene consistently in global

issues using international platforms, which signifies a transformation for Turkey from a central country to a global power. It should also be underlined that this transformation is the result of the performance of all actors involved in foreign policy. Turkey's success is not only the result of state policies, but also the activities of civil society, business organizations, and numerous other organizations, all operating under the guidance of the new vision" (Davutoğlu, 2008: 83).

Kirişçi argues that the "trading state" explanation is relevant to the Armenian case but his analysis falls short of testing his hypothesis by taking into account the specifics of the case at hand. He refers to Turkey's benign neighbourhood policy and he includes, as examples, Armenia, Syria and Israel (Kirişçi, 2009: 40). He then tries to explain this behaviour by looking, for example, at the aggregate economic performance of the country from 1975 to 2007 or trade volumes from 1995 to 2007 (Ibid.: 48-49). Although such data can be employed to build arguments about general trends in Turkey's neighbourhood policy, they do not sufficiently explain the puzzle of normalisation in the case of Armenia. This is because one has to bear in mind that pursuing normalisation for expanding trade links with new markets cannot explain why countries, such as Turkey, would opt for this when it could put in danger economic and diplomatic ties with neighbouring countries that already offer an important market. In other words, expansion of trade with one country should be considered for its impact on trade with another country.

The aggregate trade volume between Turkey and Azerbaijan in 1995 was USD 183 million and increased to USD 1.376 in 2007 (Kirişçi, 2009: 49). This is almost a ten fold increase in trade between the two countries within around a ten year period, which in fact illustrates how vibrant economic relations have been, not to mention political, societal and cultural relations. In addition to that, over time Turkish governments, including the AKP, have invested important diplomatic capital in positioning Turkey as an energy transit hub in order to elevate its geopolitical importance. Azerbaijan's role has been key to this. The current Turkish Prime Minister Ahmet Davutoğlu, who back then was Ambassador and Chief Advisor to Turkish Prime Minister, Recep Tayyip Erdoğan, observed

Thanks to the geographical position Turkey enjoys, part of its national strategy involves facilitating the transit of energy across its territory, which is central to the East-West energy corridor. The most significant oil pipeline project in this regard, the Baku-Tbilisi-Ceyhan, initially travels to the West and later descends to the south. It connects the trans-Caspian to Turkey and enables Turkish access to Central Asia. Among Turkey's mid-term targets is to link Kazakh oil to this route. Secondly, "Şah Deniz", a natural gas project that will connect the

energy routes of Azerbaijan, Georgia and Turkey with Greece, will create a new East-West belt. With the Nabucco gas pipeline project, the Turkish energy corridor stretching from East to West will be expanded (Davutoğlu, 2008: 91).

At the same time, direct trade with Armenia has been non-existent since 1993 and its potential benefits to the Turkish economy are relevant to only small segments of the Turkish territory Turkey, such as Kars, İğdir and Trabzon (For more details see Tocci et al., 2007: 15-20). A thorough analysis of the direct economic impact on Turkey, in the event relations between the two countries were to normalise, suggests that

Turkey's size and economic dynamism often induce observers to downplay the economic, social and wider political costs to Turkey of Ankara's closure policy towards Armenia. Indeed in PPP terms, Turkey's GDP is over 40 times that of Armenia, and even with the opening of the border, Armenia would continue to represent a low percentage of Turkey's total foreign trade. Yet Armenia could also become a critical economic partner and market for Eastern Anatolia, by far the least developed region of Turkey. The share in the GDP of the Eastern Anatolian region is 4.14% and GDP per capita is TRY 841 while national GDP per capita is TRY 1837 (Tocci et al., 2007: 15).

Thus, it should be noted that the economic benefits for Turkey would be limited to a certain geographic area. Furthermore, since the Armenia-Azerbaijan relationship was a zero-sum game, because of their conflict vis-a-vis Nagorno-Karabakh, it is not possible to imagine how an opening of the Turkish-Armenian borders, without taking into consideration Azerbaijan's interests in Nagorno-Karabakh, would not harm Turkey's economic, trade and energy relations with Azerbaijan. The bilateralisation of Turkish-Armenian relations meant precisely that Turkey, among other things, risked vital economic interests. As a result, for example, Azerbaijan delayed important energy agreements with Turkey after the signing of the protocols (Winrow, 2011: 83).³¹ Turkey was an important transit state in the region and it could potentially become an energy hub. Winrow argued that "Officials in Ankara intend to make the Turkish Mediterranean port of Ceyhan a new Rotterdam" (Ibid.: 81). This was put into question in the way negotiations with Armenia were developing.

Therefore, the general observation that Turkey was affected by the "new trading world" that was emerging does not sound plausible in the case of Armenia at all. The Caucasus is in many respects a conflict zone well entrenched in the military-political and territorial system

³¹ The Baku-Ceyhan-Tbilisi pipeline which started its operations in May 2006, was the first to deliver crude oil to European markets bypassing both Russia and the Bosphorus in the region (G. M. Winrow, 2008: 169). Its capacity was expected to reach 1 million bpd by 2009 (Ibid.).

of world politics. In that sense, conducting trade depends on the military-political relations of the countries of the region.

The transnational actors subcategory by and large pays no heed to the preferences of governments and gives more prominence to interdependence explained by neofunctionalism. Kutlay has elaborated on this hypothesis (Kutlay, 2011). Initially, he argues that “security-based explanations” do not take into account economic developments while “identity-based explanations” fail to explain Turkey’s benign foreign policy toward non-Muslim countries, such as Armenia, Greece and Russia (Ibid.: 68). He argues that a political economy related explanation should be developed to explain the aforementioned cases. The theoretical underpinning of his hypothesis lies with Haas’s neofunctionalism, namely that integration from low politics, such as economic integration, creates functional pressures on high politics, i.e. political integration (Ibid.: 69). He then elaborates on the three stages that create a new political community. The first stage entails the integration of key strategic economic sectors. The second refers to interest groups that participate in these sectors and which push for more integration in other economic sectors to “benefit from decreasing transaction costs and increasing economies of scale” (Ibid.: 70). This would create a “functional spill-over” effect at governmental level. Subsequently, the end result of it would be the shift of subnational groups’ loyalty from a national level to a more regional level, reflecting economic and political integration. Lastly, interstate conflicts would be rendered irrelevant in the new environment of integration and eventually solved.

Kutlay also makes reference to the work of Keohane and Nye in the field of international relations, who also talk about the importance of interdependence and emphasise the role of non-state actors, such as business elites as opposed to state centric theories (Ibid.: 71). Then Kutlay observes that the three main channels of interdependence such as “*multiple channels of communication, an absence of hierarchy among the issues* (the rejection of high politics vs. low politics dichotomy), and *the diminished role for military power*” apply in the case of Turkey (Ibid.). He then argues that “the transformation of Turkish industrial and financial capital in the post-2001 period enables the functionalist and interdependence theories to become relevant in the recent context” (Ibid.). Subsequently, in his paper he elaborates on what this transformation was about and elaborates on the issue of business associations such as TÜSİAD and MUSIAD. Finally he defines mechanisms through which business elites are able to influence Turkish foreign policy, namely “material interests, multiple dialogue channels, and perceptions” (Ibid.: 77).

As mentioned above, Kutlay regards Armenia an unresolved puzzle for “identity-based explanations” and he assumes that the transnational actors’ theorisation sheds light onto the case. However, his hypothesis is not tested against the empirics of the case itself. Rapprochement with Armenia is perceived as part of “Turkish foreign policy activism” and, therefore, what applies to other cases by extrapolation applies to this case as well. Having said that, once one looks into the empirics his hypothesis is refuted.

The first point that one can make is that since 1993 the closed border has rendered direct economic relations between the two countries virtually non-existent. In addition, the absence of diplomatic and consular relations was an additional impediment for business circles in Turkey to invest in Armenia due to the lack of support in case there was a commercial dispute (Tocci et al., 2007: 12). Thus, integration of key economic sectors between the two countries could not be and was not the case. It is obvious, therefore, that the neofunctionalist argument for explaining the transformation of the dispute between the two countries is not applicable. Frozen relations between the two countries could not, in the first place, allow transnational actors to start the process of integration that would transform the understanding of the conflict. The necessary conditions for neofunctionalism to acquire some explanatory relevance were absent. The closed borders and the lack of diplomatic ties constitute structural barriers to any transnational cooperation between business circles.

Lastly, even if we assume that there were regional business circles that attempted to push the government towards normalisation, such as those in Kars, they were far too weak to present a challenge to thriving Turkish interests in Azerbaijan. Therefore, the mechanisms that business elites had at their disposal to influence Turkish foreign policy, such as material interests, multiple dialogue channels and perceptions, would not be effective in any case.

3.8 The Civilianisation/Democratisation Approach

The third approach that can be regarded as complimentary to the subcategory of transnational actors is that of the civilianisation/democratisation of Turkish foreign policy. The idea is that reforms in the political system of Turkey, induced by the EU in the aftermath of the country’s designation as a candidate country in 1999, opened the political space for new actors to engage in foreign policy-making, such as business associations and civil society groups. The main reforms are related to the weakening of the Turkish army’s institutionalised monopoly

of the foreign policy agenda and its capacity to set the parameters within which Turkish governments exercised their remit. This was carried out with constitutional and legislative changes in 2001, 2003 and 2004 (For more details see Bilgiç, 2009; Sarigil, 2007: 45-46). Subsequently, the reforms enhanced the role of the executive and, by extension, elevated the role of their domestic constituencies, such as the electorate, business elites and civil society groups. Drawing on this, the argument is that foreign policy issues for the first time were open to public debate. Thus, previously securitised issues or well-entrenched ideas in the political-military circles were subject to criticism. Analysts cite Cyprus, relations with Armenia and Iraqi Kurdistan as examples of cases that were now open to criticism, (Kirişçi et al., 2010: 11; Öniş & Yilmaz, 2009: 20).

The civilianisation/democratisation approach is still at embryonic stage, although it has the potential to integrate the role of new actors in explaining Turkish foreign policy activism, such as media and other non-state actors. Crucially, it lacks theoretical underpinnings and the operationalization of the specific pathways through which influence takes place on a governmental level. Rather, the literature that employs it treats this approach as complimentary to other explanatory factors that belong to other approaches, such as transnational actors. Discussing the role of business elites in foreign policy, one has to assume first that civilianisation/democratisation is an existing structural condition for Turkey's political system. In addition, the potential influence that other domestic actors exercise over Turkish governments, such as civil society groups and the media, need to be theorised and operationalised. For the time being, some analysts, as mentioned above, assume that desecuritisation of foreign policy issues contribute to Turkey's benign regional policies in a rather deterministic way.

However, examining the case of Armenia from an empirical point of view, one can see that civilianisation/democratisation of foreign policy would have the opposite effect if it were to have any effect at all on decision-makers. It might have been the case that the majority of mainstream media and the public were generally in favour of an opening towards Armenia at the time but were not, in any way, in favour of disregarding the national interests of Azerbaijan in Nagorno-Karabakh (US Embassy to Turkey, 04/09/2008, 10/09/2009, 27/04/2008). Any process of normalisation would have to take this into account. A very characteristic example was what Mustafa Unal wrote at the time in the pro-AKP Zaman newspaper: "As I listened to Foreign Minister Babacan's remarks during his travel to Yerevan, I realized that we are at a critical point in our normalizing process with Armenia

and the Azerbaijan factor in this process will never be neglected" (US Embassy to Turkey, 17/04/2009).

One should not forget that the motto "one nation, two states", popular in the early 1990s (İşeri, 2011: 127), was still alive in the minds of important segments of the society. Therefore, it would have been paradoxical to argue that the media and the public pushed the government for that type of agreement however pro-solution they might have been at the time. Indeed, there was receptiveness toward normalisation but under no circumstances was this support unconditional and, in any case, it did not support disregarding Azerbaijan's vital interests.

3.9 The Ahmet Davutoglu Effect

Ahmet Davutoğlu's "structured foreign policy" has been cited as one of the factors that can explain Turkey's enthusiasm for normalising relations with Armenia, as was the case with Turkey's relations with Cyprus (Dr. Mustafa Aydin, 2010). The difference, however, is that when Turkey signed the Zurich protocols Davutoglu was already Foreign Minister and represented Turkey at the signing ceremony. Therefore, his role was much more significant than it was at the time the Annan plan negotiations took place. Again, the key concept behind Turkey's "structured" foreign policy is "strategic depth". This concept was underpinned by auxiliary policies such as "zero problems with neighbours". As explained in more detail in the chapter on Cyprus, Ahmet Davutoglu framed Turkey's geography as an asset and, accordingly, he suggested that the country should be open to its neighbours. A characteristic excerpt is the following:

Turkey's diverse regional composition lends it the capability of maneuvering in several regions simultaneously; in this sense, it controls an area of influence in its immediate environs...Taking a broader, global view, Turkey holds an optimal place in the sense that it is both an Asian and European country and is also close to Africa through the Eastern Mediterranean. A central country with such an optimal geographic location cannot define itself in a defensive manner. It should be seen neither as a bridge country which only connects two points, nor a frontier country, nor indeed as an ordinary country, which sits at the edge of the Muslim world or the West (Davutoğlu, 2008: 78).

However, it should be highlighted that Davutoglu is not the only contemporary politician that advocated activism on a regional level. A comparative analysis of the worldviews of leaders in the case of the Middle East region, conducted by Meliha Altunışık, illustrates that activism

characterised the foreign policy of other political figures as well (2009). The comparison is between perspectives that have been designated as alternative and others that are designated as opposing the traditional and neo-traditional perspectives. The three representatives of these alternative perspectives are Turgut Özal (Prime Minister: 1983-1989, President: 1989-1993), Ismail Cem (Foreign Minister: 1997-2002) and Ahmet Davutoğlu. After analysing some of their policies in the Middle East as well as their discourse, she concludes that activism in the region has been a basic feature of all three against previous traditionalist and neo-traditionalist perspectives. Furthermore, she argues that the importance of history and culture, involvement in regional conflicts and compatibility with the West are areas that all three adopt, but it is the degree of adoption that fluctuates between them. Davutoğlu appears to attach the greatest importance to history and culture and involvement in regional conflicts, whereas the other two decision-makers attach importance to compatibility with the West. However, the point at which there seems to be significant divergence between the three is in the civilisational aspect. Özal sees Turkey as a bridge between civilisations, Cem believes Turkey has multiple civilisational identities, whereas Davutoğlu favours an Islamic civilizational identity.

In light of this analysis, it sounds paradoxical how his Islamic civilizational identity can explain the decision to normalise relations with Armenia, even more when one considers what Ahmet Davutoglu wrote a few years ago when criticising Huntington's Clash of Civilizations.

The purported cultural and civilisational clashes are very minor reasons for this chaotic atmosphere because this region is an integral part of the same civilisation, namely the Islamic civilisation, with the exceptions of Armenia and the Christian parts of Georgia. The issue of Karabakh and the invasion of Azeri lands by Armenian forces is the only real cultural/civilisational clash in this region (Davutoğlu, 1997-1998).

If the issue of Karabakh is perceived as "cultural/civilisational clash" by Davutoglu and Armenia was the "Christian aggressor" against an Islamic country, then bilateralisation cannot be explained from the point of view of the civilisational aspect of foreign policy activism, as represented by Davutoğlu.

It seems that the AKP government and their Foreign Minister at the time had to make an exception in that particular case. The question, therefore, is what made the AKP leadership ignore the interests of a fellow Muslim country, such as Azerbaijan, against its Foreign Minister's Islamic civilizational identity? It is obvious that Davutoglu's Islamic civilizational

identity did not play any role in AKP's dealings with Armenia when efforts to bilateralise their relationship were being undertaken. Therefore, the role of Davutoglu has to be analysed not in the context of his pre-existing Islamic civilizational identity but in the context of contemporary perceptions and calculations during his time in office.

3.10 Comparing Cyprus and Armenia: Giving perspective to the Europeanisation argument

Since the Europeanisation argument has featured as a plausible explanation in both cases and the literature of Turkish politics and Turkish foreign policy have attributed significant explanatory strength to it, it is necessary to introduce a mini-comparison between the two cases that would help us assess its explanatory strength from a comparative perspective. However, it falls beyond the scope of this study to deal with the full body of the Europeanisation literature or the empirics of EU-Turkish relations. Its purpose is to undertake a methodological exercise that tries to place the Europeanisation argument into a comparative perspective and that raises some questions about its explanatory strength in the cases at hand.

As mentioned earlier, Cyprus and Armenia are not the same but similar in their independent variable, i.e. the EU's interest in conflict resolution in both cases. They are different in their intermediate variables, i.e. the values of the facilitating factors of EU conditionality. We have high values in the facilitating factors in the case of Turkey's change vis-a-vis Cyprus but low in the case of Armenia. Lastly, there is one similarity in respect of their dependent variable, namely that Turkey tried to solve the Cyprus issue in 2004 and the Armenian issue in 2009.³²

Given this schema of variables, one can argue that the Europeanisation argument could not have anticipated the AKP leadership's willingness to solve the Armenian issue, which raises a red flag on the issue of causality between Europeanisation and Turkish foreign policy in terms of conflict resolution. The main reason is that, despite the fact that the EU interest

³² In terms of the facilitating factors, I am drawing on the literature review and analysis of Sedelmeier who talks about two main types of facilitating factors that enhance the impact of the two EU strategies of influence, i.e. conditionality and socialisation, on the EU candidate countries (Sedelmeier, 2006). In the case of Cyprus and Armenia, I am focusing on the international facilitating factors, such as clarity of EU demand, credibility of conditionality, sizeable rewards, power asymmetry and monitoring capacity. Credibility of conditionality, sizeable rewards and power asymmetry have been cited in the literature as reasons behind the strength of EU's conditionality on Turkey (Aydin & Acikmese, 2007; Terzi, 2010).

(independent variable) in the Armenian issue was not as strong as in the case of Cyprus³³ – Cyprus was about to become a member state –and despite the fact that the post-2006 EU-Turkey impasse had affected negatively the international facilitating factors, such as credibility of EU conditionality and sizeable rewards (intermediate variable), the AKP leadership nevertheless supported a peacemaking initiative with Armenia that resulted in specific agreements for the normalisation of their bilateral relationship (dependent variable).³⁴ In addition, it has to be noted that this foreign policy change took place in the context of Turkey’s long-standing policy of connecting normalisation with resolution of the Nagorno-Karabakh issue, and Azerbaijan’s strong opposition for any deal between Turkey and Armenia. Hence, the stakes were very high for the AKP government.

Regardless of whether Recep Tayyip Erdogan failed to deliver on its implementation at a later stage, it is a fact that Turkey committed to a normalisation process that entailed risks, given the uncertainties surrounding Azerbaijan’s reaction and the reaction from the Turkish public and the media. The Europeanisation literature could not have anticipated this development in the case of Armenia because in 2008-2009 EU-Turkish relations were experiencing their lowest point. If the Europeanisation argument is valid for the case of Cyprus – as it has been argued that EU influence was effective because of the credibility of

³³ On the one hand, Turkey was designated as an EU candidate country in the Helsinki Summit in 1999 which meant that it would have to adapt itself to the *acquis* of the European Union. The European Commission’s report in 1998 which was endorsed by the Helsinki Summit provided among others in its conclusions that “...Turkey must make a constructive contribution to the settlement of all disputes with various neighbouring countries by peaceful means in accordance with international law” (Commission of the European Communities, 1998: 53). This was also stated in the Negotiating Framework of Luxembourg in 2005 among other particular requirements, namely that “Turkey’s unequivocal commitment to good neighbourly relations and its undertaking to resolve any outstanding border disputes in conformity with the principle of peaceful settlement of disputes in accordance with the United Nations Charter, including if necessary jurisdiction of the International Court of Justice” (Council of the European Union, 2005: 8) (Council of the European Union, 2005: 8). In addition, the Negotiating Framework stipulates that the *acquis* that Turkey has to adopt includes among others “other acts, legally binding or not, adopted within the Union framework, such as interinstitutional (sic) agreements, resolutions, statements, recommendations, guidelines” (Council of the European Union, 2005: 9) (Council of the European Union, op. cit., 9). By extrapolation, this also includes the European Parliament’s resolution that recognizes the Armenian genocide but does not hold Turkey accountable for the 1915 events (European Parliament, 1987). However, the case of Armenia is not cited in the 1998 report or in the Negotiating Framework as it is the case with Cyprus and Greece. One can assume that generic references on the part of the Commission to good neighborly relations and the need for the adoption of the *acquis* as requested by the European Council constitute a political and legal framework for Turkey to consider when it conducts relations with Armenia. At the same time, Armenia started building close relations with the EU by committing itself to the “implementation of the Partnership and Cooperation Agreement with the European Union which entered into force in July 1999...Based on the Partnership and Cooperation Agreement (PCA), the EU’s cooperation objectives are to build a relationship with Armenia in which the respect of democratic principles, the rule of law and human rights, as well as the consolidation of a market economy are fostered and supported. The enlargement process will bring the EU frontier closer to Armenia and the southern Caucasus” (Commission of the European Communities, 2001: 3-4).

³⁴ For the international facilitating factors of the EU’s influence on candidate countries see footnote 32.

conditionality, sizeable rewards, asymmetry of relations and the clarity of EU demands in the period leading to 2004 – then the same cannot be argued for the case of Armenia. The intermediate variables that were cited as the reason behind the EU's effective influence, such as credibility of conditionality and sizeable rewards had negative values after the deadlock in the EU-Turkey relations between 2006 and 2009 and after. Hence, it would be anticipated from the Europeanisation literature that a candidate country would not align its foreign policy with EU choices. However, the AKP leadership's peacemaking initiative that focused on providing concessions, such as in the case of Armenia, still constitutes a puzzle for the Europeanisation literature.

Furthermore, since the expected covariation in the two cases between different intervening variables and the dependent variables (the dependent variables remained the same in both cases momentarily, i.e. the AKP leadership opted for peacemaking through concessions despite differing relations with the EU over time), it raises a red flag about the extent to which these particular intervening variables actually mattered or it raises questions about the relevance of Europeanisation as a whole, including the Cyprus case.

However, I have to also highlight that the comparison between Cyprus and Armenia does not conclusively exclude the possibility that the Cyprus case was a case of Europeanisation of Turkish foreign policy. Had Cyprus been a case which the AKP government did not want to resolve in 2004 and Armenia the only case it did want to resolve in 2009, then indeed this outcome would have utterly discredit the Europeanisation argument altogether for the Turkish case. The reason is that Armenia was less likely to be solved than the Cyprus issue, according to the Europeanisation argument. Hence, any development that challenged this Europeanisation assumption would be against the validation of the Europeanisation argument.

Nevertheless, Turkey did try to resolve the Cyprus issue in 2004 which makes it possible to argue that it was perhaps the timely EU conditionality that changed the preferences of the AKP. Therefore, the comparison raises only a red flag for the importance of the intervening and independent variable in the case of Cyprus and it does not exclude the possibility that, in the case of Cyprus at least, EU conditionality played a major role in influencing Turkish decision-makers.

However, the Europeanisation literature does not distinguish between AKP preference for revising Turkey's foreign policy and actual foreign policy outcomes. This is a major

analytical problem. As in the case of Armenia it is obvious that the AKP pushed for normalisation in the most formal way possible by signing the Zurich Protocols but it failed to deliver. Regardless of this failure, the Europeanisation argument could not have anticipated AKP's revisionary policy in the case of Armenia in the first place. Of course, why this revisionary policy failed is a different question that can potentially be answered by considering the absence of strong EU presence in Turkish politics after 2006. The significance of the EU factor and how it affected the end result is something that is being discussed further in the comparative section of the concluding remarks of this thesis.

To compliment my previous criticism, I would argue that the Europeanisation literature does not pay attention to the 'inner story' of riskiness of AKP choices and does not stipulate the incentives that encouraged the AKP government to harmonise their foreign policy preferences with those of the EU. Thus, it is important for scholars to explain why the AKP would push for normalisation in the first place. This is a point that I raised earlier discussing Ulusoy's work about the missing link between EU preferences and policies and AKP preferences and policies. Why would the AKP leadership, for example, think that the EU would support their version of "Muslim political identity"? Therefore, it is not clear from the Europeanisation literature how the EU could affect the AKP's policy of trying to normalise relations with Armenia and at the same time disregard Azerbaijan's vital interests. The stakes were high for the AKP leadership and their risk propensity cannot be explained by the theoretical and analytical properties of Europeanisation.

Chapter 4: Prospect Theory and International Relations: Theoretical Properties, Limitations, Intrinsic Value and Operationalisation

4.1 Introduction

In this study, prospect theory is employed to explain the riskiness of different foreign policy options regarding long-standing conflicts, the risk propensity of decision-makers and the causes behind it. Towards that end, I am discussing the theoretical properties and predictions of prospect theory. I review its explanatory strength in the field of International Relations and I operationalise the theory by building falsifiable and testable hypotheses for the needs of my study, namely explaining the risk propensity of Recep Tayyip Erdogan and his inner circle in terms of peacemaking through concessions. Finally, I explicate the intrinsic value of prospect theory in analysing the AKP leadership's peacemaking initiatives.

By and large, prospect theory is a behavioural theory of decision-making under conditions of risk and uncertainty that draws on laboratory experiments in social psychology and experimental economics (J. Levy, 2003: 215-216).³⁵ The experiments were conducted by Tversky and Kahneman who tried to probe into human decision-making (McDermott, 2004b: 18). The results have been used in empirical studies of finance, insurance, consumer economics (J. Levy, 2003: 215) and welfare state reforms (Vis & Kersbergen, 2007). The theory has also been employed in empirical studies of international relations and more specifically in studies of foreign policy that focus on security (He & Feng, 2013) and decision-making under conditions of crisis (Haas, 2001; McDermott, 2004b; Sezgin, 2002). As to the behaviour of decision-makers, the theory essentially argues that "...individuals tend to be risk averse in the domain of gains, or when things are going well, and relatively risk seeking in a domain of losses, as when a leader is in the midst of a crisis" (McDermott, 2004b: 18).

It is the first time that prospect theory is used to explain why leaders and governments could possibly take risks in peacemaking through concessions. Risks are usually discussed in the field of security, including cases where leaders resort to war.

³⁵ For more detailed analysis on the results of laboratory experiments see (Berejikian, 2002: 761-763; Kahneman & Tversky, 1979; J. S. Levy, 1992: 174-179; McDermott, 2004a; Mercer, 2005: 1-3)

In terms of Cyprus and Armenia, as discussed in chapter 2, the AKP leadership's revised Turkish foreign policy diverged to a great extent from what it was before. Hence, this raises questions over the riskiness of the revisionary policy in comparison to the traditional foreign policy. Subsequently, questions emerge over the risk propensity of the AKP leadership that led to these changes and the factors that induced such behaviour.

Prospect theory, with its analytical tools and its experimentally validated theoretical assumptions, makes it possible to examine the AKP's revisionary foreign policy in the context of its pro-settlement activities vis-à-vis Cyprus and Armenia through significant concessions. Since it is the first time that prospect theory is used in cases of peacemaking, I have had to operationalise their reference point and their domain on the basis of my dependent variable, i.e. peacemaking through concessions. Hence, I produced hypotheses drawing on two alternative composite models of prospect theory that integrate two different theories of IR and which potentially approximate the reference point and the domain of policy entrepreneurs, such as Recep Tayyip Erdogan. The first model is that of prospect theory-diversionary peace theory model and the second is that of prospect theory-external balancing theory model (Tables 1&2). I then test these falsifiable hypotheses in chapters 5 and 6.

4.2 An Overview of the Prospect Theory

Prospect theory is an inductive theory drawing on laboratory observations over individual decision-making developed by Amos Tversky and Daniel Kahneman (Kahneman & Tversky, 1979). As mentioned above, this behavioural theory of decision-making has been employed widely in the social sciences, such as in international relations, economics and public policy. Its theoretical contribution has been to challenge basic axioms of the subjective expected-utility model upon which rational choice has built many of its assumptions over decision-making. From an empirical point of view, it has been successful in decoding decisions which otherwise would have been considered as examples of 'irrationality'. It is an alternative way of understanding decision-making of rational individuals by introducing the results of observations that draw on psychological experiments regarding the individual decision-making process. Prospect theory looks closer at how individuals frame a particular problem or a situation and explains how this affects choices.

However, it should not be confused with the work that has been conducted in foreign policy analysis on the personality traits of leaders, such as the work of Hermann on personality “orientations” (Hudson, 2007: 54-62).³⁶ Prospect theory tries to explain ‘deviations’ from the subjective expected-utility model by questioning the relevance of this model in accurately describing human behaviour. On the contrary, studies on leaders’ personality traits have been an attempt to defend the model of subjective expected-utility by explaining ‘deviations’ in terms of personality traits and not general human behavioural patterns that affect decision-making. Therefore, these are two very different approaches as to how psychological observations can help political scientists explain decision-makers’ choices.

While the study of personality traits complements expected-utility assumptions over individual choices by trying to attribute the effect of ‘deviations’ to personal traits, prospect theory challenges the explanatory power of expected-utility and argues that it is a normative theory. As Levy observes in a succinct manner “while cultural and constructivist critics of rational choice question its choice-theoretic foundations, behavioral decision theorists accept those basic foundations but question whether expected utility provides an adequate descriptive theory of how people actually make choices under conditions of risk and uncertainty” (J. Levy, 2003: 215). Accordingly, what are the most important aspects of prospect theory and how does it differ from the subjective expected-utility theory?

Prospect theory has been developed around its experimental conclusions regarding the value function and the weighting function. “Prospect theory’s central assertion, which is in clear contrast to the core claim of theories based on the maximization of expected value, is that the value of a possible outcome is not determined by multiplying the utility of this outcome by its estimated probability of occurrence. Instead, the expected value of a policy is a product of the probability of occurrence *adjusted by a probability weighting function* and the utility of this outcome *filtered through a value function*” (Haas, 2001: 247). The question that arises is what constitutes the value function and the weighting function in prospect theory.

In terms of the value function, there are three points that one can make. The first is that “people are more sensitive to changes in assets than to net asset levels, to *gains* and *losses* from a *reference point* rather than to levels of wealth and welfare. This *reference dependence* runs contrary to the postulate of a utility function defined over levels of assets, and it

³⁶ Hermann created eight different personality profiles for leaders, such as expansionistic, evangelistic, incremental, charismatic, directive, consultative, reactive and accommodative. See more in (Hudson, 2007: 60)

constitutes the central analytic assumption of prospect theory” (J. Levy, 2003: 216). In other words, decision-makers perceive outcomes in relative terms and always in relation to what their reference point is each time, contrary to the expected-utility’s focus on net asset levels.³⁷ The second is that individuals tend to illustrate variation in their risk propensity/orientation. They tend to be risk-seeking when they feel that they are in the domain of losses and risk-averse when they feel that they operate within the domain of gains.³⁸ This occurs because the value function is “generally concave in the domain of gains and convex in the domain of losses” (Haas, 2001: 248).³⁹

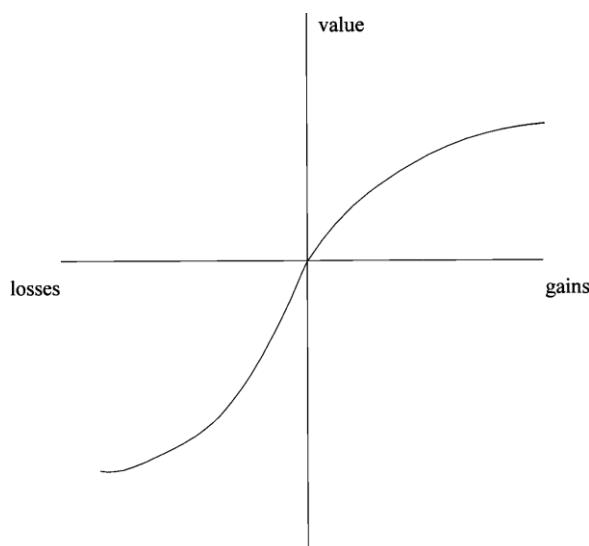


Figure 1: Value Function Curve

Source: Levy, Jack S. (2003). Applications of Prospect Theory to Political Science. *Synthese*, 135(2), 220.

The third dimension of value function relates to the tendency of individuals to focus more on losses rather than gains, in the sense that they are more vigilant to ensure they do not incur losses in relation to the reference point they perceive as acceptable. This derives from the fact that “the value function described by prospect theory is...steeper for losses than for gains”

³⁷ According to Levy, “the expected-utility principle posits that actors try to maximize their expected utility by weighting the utility of each possible outcome of a given course of action by the probability of its occurrence, summing over all possible outcomes for each strategy, and selecting that strategy with the highest expected utility. Expected- utility theory assumes that an actor’s utility for a particular good is a function of net asset levels of that good and that preferences over outcomes do not depend upon current assets. Current assets affect marginal utilities and preferences over strategies, not preferences over outcomes or terminal states” (J. S. Levy, 1997: 88).

³⁸ Domain is the perceived realm of gains or of losses according to McDermott (McDermott, 2004b: 37).

³⁹ Depicted in figure 1, p. 83.

(Ibid.). This dimension is referred as loss aversion and it is connected to the endowment effect. The endowment effect illustrates that individuals seem to attach more value to what they possess, rather than to the prospect of gaining. Both loss aversion and the endowment effect prove that individuals are behaviourally against any losses that would undermine their position in relation to their reference point and that they, therefore, take steps towards protecting it.

However, this does not mean that the reference point does not change. The literature of prospect theory discusses this issue by referring to the instant endowment effect concept, which draws on experimental evidence as well (J. Levy, 2003: 218). Accordingly, it has been shown that individuals change their reference point by drawing on their experience from policies or events that indicate gains or losses. It seems that they tend to “renormalize” or accept much easier the ‘new’ reference point when they achieve gains, rather than when they incur losses (Ibid.). This is consistent to prospect theory’s main prediction about the behaviour of individuals when they feel that the reference point is violated, namely that they are willing to take risks. Once individual decision-makers change their reference point, having been influenced by a series of gains, they resume the behavioural pattern predicted by prospect theory. If they then incur a series of losses they will try to return to “the status quo ex ante” as their reference point (Ibid.). Therefore, they will continue engaging in risk-seeking behaviour “to eliminate the loss and return to the reference point” (Ibid.). Hence, the expectation according to prospect theory is that individuals will persist with similar policies of high risk, just for the sake of recouping their losses. This explains why the sunk costs phenomenon affects decision-makers.⁴⁰

One could infer that loss aversion and the instant endowment effect illustrate why individuals are willing to take greater risks when they feel that they operate below their reference point, with the aim of recovering from losses and regaining their previous status. The endowment effect explains that they would be risk-averse in cases where they feel that they operate along their reference point. Accordingly, it has been argued that loss aversion and the endowment effect highlight why decision-makers are more prone to status quo choices than expected-utility theory would have predicted (J. Levy, 2003: 222). While this could be the case, does it also mean that the reference point – according to which decision-makers cognitively place themselves in the domain of gains or in the domain of losses – is identical with the status quo

⁴⁰ Sunk costs are defined as “any costs that decision-makers have incurred in the past, which decision-makers cannot change by any current or future action” (Taliaferro, 2004: 189).

each time? I will return to this point when analysing in more detail the three main concepts of prospect theory; that is, risk, reference point and domain.

Furthermore, risk propensity is not the result of the value function only. It is a combination of the value function as described above and the probability weighting function.⁴¹ Usually, the probability weighting function amplifies the effects of the value function on risk propensity, which depends on the domain decision-makers find themselves in, save for rare occasions when the probability weighting function is at odds. By and large, it has been observed that “people tend to demonstrate a non-linear response to probabilities” (Haas, 2001: 248). In a nutshell, it has been argued that decision-makers underweight the effects of medium to high probabilities on the value function, while they overweight them when the probability estimates are reaching a point of certainty (certainty effect) or when estimates are treated as if they were certain when they are not (the pseudocertainty effect) (Haas, 2001: 248-249; McDermott, 2004b: 29-33).

In the first case, the effects of the value function, as described by prospect theory, are amplified. In the latter, the results of risk propensity, as they derive from the value function, are reversed. The explanation is that when decision-makers underweight medium to high probabilities, they tend to find positive gambles unattractive, relative to certain gains. Therefore, when decision-makers operate in the domain of gains, they tend to be risk-averse. Similarly, they tend to be risk-seeking when they operate in the domain of losses because they tend to downplay the risky negative prospects of their attempt to recoup their losses. Thus, underestimating medium to high probabilities tend to enhance the value function, as described by prospect theory.

However, in the case of certainty or pseudocertainty, individuals tend to overweight the probabilities. They tend to be risk-seeking in the domain of gains, feeling confident enough that they can succeed in making more gains and they tend to be risk-averse in the domain of losses, feeling that they can lose more than they are losing at the moment they exercise their decision.

To make this case clearer, there is the prominent example of the Cuban crisis in 1962 (Haas, 2001). At the beginning of the crisis both leaders were operating in the domain of losses and their probability weighting function was medium to high, meaning that they were

⁴¹ Depicted in figure 2, p. 85.

underweighting the prospect of incurring greater losses than the ones they had already incurred. However, when it became clear to Khrushchev that an American attack on Cuba was imminent and, therefore, the degree of incurring losses from a risky game became certain, he then transformed his position from risk-seeking into risk-averse. He started engaging in negotiations with Kennedy for the withdrawal of ballistic missiles from the Cuba. In the first case, one can observe that leaders conducting risky behaviour can be characterised as “non-value maximizing behaviour” (Ibid.: 266), which is compatible to the value function of prospect theory. Later, Khrushchev reached a point of certainty that overturned the mainstream value function predicted by prospect theory and acted in a more cautious way, despite operating in the domain of losses.

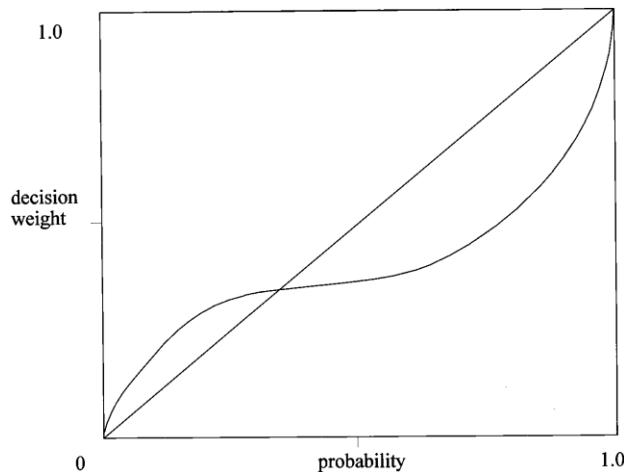


Figure 2: Probability Weighting Function

Source: Levy, Jack S. (2003). Applications of Prospect Theory to Political Science. *Synthese*, 135(2), 221.

The way the probability weighting function can affect risk-seeking and risk-averse behaviours in both domains (i.e. gains and losses) raises the issue of the falsifiability of the theory itself, meaning empirical evidence could ultimately prove that the theory is not applicable or invalid in certain cases. This is a possible pitfall and for that reason I would suggest that there should be sound empirical evidence for one to argue that the certainty effect or the pseudocertainty effect is present and, therefore, the value function and the probability weighting function are at odds.⁴² In most foreign policy cases, foreign policy decision-makers base their decisions on a medium to high probability weighting function. It

⁴² Haas draws his empirical evidence from the kind of words leaders might be using to assert certainty, such as “certain, guaranteed, inevitable, that is almost or virtually so” (2001: 249).

is rarely argued that they operate near the endpoints of certainty or pseudocertainty. Therefore, researchers have to support their argument about certainty or pseudocertainty in the probability weighting function by citing indisputable facts. One should make sure that they present strong evidence about the idea of certainty or pseudocertainty rather than manipulating evidence or selectively choosing evidence in a way that fits with their argument.

The analysis has so far argued that individuals can develop risk-seeking and risk-averse behaviours that affect choice. While according to the expected-utility theory of rational choice the expectation is that “logically identical situations should produce similar results” (Haas, 2001: 250), prospect theory defies this axiom. Instead, it argues that individuals make their choices on the basis of whether they operate in a domain of perceived gains or losses, in relation to what their reference point is each time, contrary to the expected-utility’s focus on net asset levels. The perceived domain can change either because the external circumstances to the reference point have changed or the reference point itself has changed because of, for example, the instant endowment effect⁴³ or because individual decision-makers start framing the situation in a different way and that in turn changes the context of the reference point. While change in external circumstances would not challenge the expected-utility theory’s axiom, given that the circumstances would have to be identical, change in the reference point or in the way individuals frame a situation is not anticipated by the expected-utility theory to affect human choice. In that respect, expected-utility and even rational choice more generally⁴⁴ pay no attention to the phenomenon of preference reversal, according to which people can change their initial choices, even if subjective utilities or probabilities remain the same. Levy cites a good analogy that illustrates how expected-utility disregards framing and reference point: “It should not make a difference whether the glass is half empty or half full” (J. Levy, 2003: 218). For prospect theory, the glass half empty or half full analogy very much captures the importance of framing and reference point for individuals.

I would summarise this overview of prospect theory by referring to three main issues that will also help the analysis and discussion that follows. Firstly, prospect theory is a theory that essentially looks at human behaviour under conditions of risk and uncertainty. It was initially

⁴³ See pages 83-84 on what the instant endowment effect stands for.

⁴⁴ Levy argues that “one of the most basic principles of rational choice is that of invariance, which assumes that logically identical choice problems should yield identical results” (J. Levy, 2003: 218). At the same time he notes that invariance is not indirectly and not directly a formal axiom of expected-utility theory (Ibid.: 235, note 5).

developed by drawing on laboratory experiments that indicated why people do not act in ways that expected-utility theory would predict. Therefore, it is an inductive descriptive theory of human behaviour and not a normative one. Secondly, prospect theory frames individual choices as risk-seeking or risk-averse. How individuals choose to select between the two depends on the domain they operate in. They are mainly risk-seeking in the domain of losses and risk-averse in domain of gains. This pattern can be overturned in cases where the certainty or pseudocertainty effect in the probability weighting function is present. In any other case of medium to high probability, the weighting function enhances the effects of the value function. Thirdly, drawing on the two previous points, prospect theory allows for the formulation of concrete hypotheses about the risk propensity of decision-makers, depending on how factors exogenous to decision-makers reflect on their reference point.

Accordingly, it is a theory that, in principle, fits well with the aims of the study, namely by shedding light on the risk propensity of Turkish policy entrepreneurs in solving long-standing disputes, such as that of Cyprus and Armenia, through activities that include compromises and concessions. It is within the scope of the theory to explain why certain policy-makers, such as Prime Minister Erdogan, made certain choices that from a traditional rationalist point of view would be rendered as ‘irrational’ and that, therefore, would require personal traits to be considered.

However, describing personal traits of leaders needs to draw on minute details of different historical accounts. This is not possible at the moment because the issues at hand are related to contemporary politics. It will take years for historians to collect these data. In addition, describing personal traits of leaders cannot actually explain variety in risk propensity. Personal traits are less flexible in describing risk-taking behaviour in a subject matter and their subsequent reversal or a risk-averse behaviour and their subsequent reversal. Constructivist approaches, in turn, cannot sufficiently explain timing.

What remains to be discussed is the process of decision-making in terms of prospect theory, prospect theory’s applicability in IR and foreign policy and its operationalisation for the needs of my study. I will be developing testable hypotheses over the risk propensity of Erdogan and his inner circle in terms of peacemaking and the justification for prospect theory’s employment for the case of the AKP leadership’s peacemaking initiatives through concessions.

4.3 Prospect Theory and the Process of Decision-Making

After analysing the main properties of prospect theory, the next step is to focus on the connection between these properties and the actual decision-making process of individuals. When does framing of a situation take place or at which stage of decision-making does the reference point become relevant? The objective is not to describe the cognitive process of decision-making in every detail but to give an idea of what the process entails and in that way describe how and when framing or value and weighting function play a role in the decision-making process.

More specifically, prospect theory describes two stages of decision making. The first stage refers to the editing or framing phase and the second to the evaluation phase. The editing or framing phase refers to the framing of a situation in a way that simplifies and provides context for choices (McDermott, 2004b: 20). “The purpose behind framing, or editing, various options, is to simplify the evaluation of choices that are available to a decision maker” (Ibid.: 22). Experiments have shown that the manipulation of framing can have effects on human decision-making.⁴⁵

While the effect of framing on human decision-making seems to be confirmed in these experiments, what they show is some kind of correlation but not causality. In any case, the conditions in which framing plays an important role are not discussed. There might be a percentage of participants who changed their initial position based on a different framing of the options available. However, it is not disclosed, for example, how much time the participants had at their disposal and, more importantly, these experiments do not account for changing complex situational factors or for complex circumstances.

In McDermott’s application of the framing effects in American foreign policy, there is an ambiguity as to whether framing has a direct impact on US Presidents’ foreign policy or whether it has an indirect effect by limiting the choice that can be considered as viable. It

⁴⁵ One of the two laboratory experiments that McDermott cites to prove the significance of framing in the decision-making process is the following: “...physicians were asked whether they would treat lung cancer with radiation or surgery. In one condition, doctors were told that surgery carried a 90 percent immediate survival rate, and a 34 percent 5-year survival rate. In this experiment, subjects were told that all patients survived radiation, and that 22 percent remained alive after 5 years. In a second condition, respondents were told that 10 percent of patients die during surgery and 66 percent die by the end of 5 years. With radiation, no one dies during the therapy, but 78 percent dies within 5 years. Once again, the two choice sets differ only in the way the problem is presented, or framed to decision makers. Again the results are strikingly different across options. In the first, “survival,” frame, 18 percent chose radiation; in the second, “mortality,” frame, 49 percent chose radiation.” (McDermott, 2004b: 21-22).

seems from her analysis that the latter is closer to the reality of US foreign policy (McDermott, 2004b). Accordingly, she provides a number of examples that can be illustrative of the function of framing effects.

A very indicative case is the decisions surrounding the admittance of the Iranian Shah, Mohammad Reza Pahlavi, into the United States after he was deposed and especially during the period that he was seriously ill and seeking treatment in the US (McDermott, 2004b: 77-105). When the Shah requested his entrance to the United States, there were two main views about what the US should do that constituted the framing phase. This framing phase was expressed by the opposing views of the Secretary of State, Cyrus Vance, and the Security advisor to President Carter, Zbigniew Brzezinski. In short, “Vance framed the problems in terms of lives and diplomacy; Brzezinski framed it in terms of reputation and alliances” (McDermott, 2004b: 89). The first was against the admission of the Shah while the latter was in favour. Carter in turn took a stance that went against the Shah’s admission after Iranian students ransacked and took control of the American Embassy in Tehran but then he overturned his decision and became more receptive to his admission. During this period, Vance and Brzezinski generally supported their respective framing.⁴⁶ Both had developed their own framing based on coherent propositions on the pros and cons of the admission. However, it is the US President that oscillated between the two views, adopting each of the two at different points in time. The answer as to why this happened is not that the framing changed but that the domain shifted each time, causing an alteration in Carter’s decision to admit him.

This example illustrates that framing has an indirect effect on foreign policy choices by, crucially, simplifying and contextualising an issue and, therefore, defining viable choices for action. However, it does not affect directly decisions taken by foreign policy decision-makers. In this phase, limiting choices and not deciding is what is important. Carter was informed by his inner circle of advisors about the crisis and the feasible choices, with their pros and cons but this did not lead him toward any final conclusion. During the evaluation phase, he decided which of the two prescriptions he should follow. One could perhaps argue in terms of conditions that enhance or weaken the framing effects. However, the existence of competitive and opposing framings in the inner circle of decision-makers means that it is the

⁴⁶ Vance seems to have been more favourable to the prospect of admitting the Shah when it was revealed that he was seriously ill on the basis of humanitarian concerns but this did not change his view about the political implications that this move would bear on the interests of the US (McDermott, 2004b: 95-96).

evaluating phase, namely how actual situational factors are evaluated against the reference point that defines the actual risk propensity of decision-makers.

The domain, in turn, consists of the cognitive process that involves the value function and the probability weighting function which have already been analysed in depth above. In a nutshell, this is the phase during which decision-makers assess the context against their reference point and subsequently define their domain, as well as the probability of further gains and losses. Ultimately, both define the risk propensity outcome in terms of risk-seeking or risk-averse behaviour. What is perhaps of some added value to note is that the evaluation phase refers solely to the cognitive process that takes place in the mind of the decision-maker(s) that are under scrutiny according to the prospect theory properties. This means that in the evaluation phase the reference point is revealed, the domain is defined and, subsequently, the choice is made. This implies that there is a question of whether and how prospect theory could be applied in cases of foreign policy where on most occasions there is group decision-making that takes place or a number of institutions that are involved. This has been one of the main debates when it comes to the applicability of prospect theory in international relations and foreign policy in particular.

In the following sections, I will be discussing prospect theory's applicability in IR and foreign policy. I will operationalize it for the needs of my study by developing testable hypotheses over the risk propensity of Recep Tayyip Erdogan and his inner circle in terms of peacemaking and in the last part I will justify prospect theory's employment for the case of the AKP leadership's peacemaking initiatives through concessions.

4.4 Transposing Prospect Theory in IR: Challenges, Limitations and Relevance

Prospect theory has been applied in the discipline of International Relations and more specifically in foreign policy decision-making in terms of security and crisis management. Its usage in empirical cases – contrary to theoretical discussions about its properties and its applicability⁴⁷ – has not yet been widespread but there are a number of studies that have illustrated its potential as an alternative explanation to rationalist accounts of the subjective expected utility variant. Mercer argues that prospect theory in the field of political science

⁴⁷ For theoretical discussions on prospect theory's applicability in political science and IR see J.S. Levy, 1992b, 1996, 1997; J. Levy; McDermott, 2004a, b.

has been mostly influential among international relations theorists who focus on international security (Mercer, 2005: 2). However, in the most recent study on prospect theory, it was suggested that scholars should expand the applicability of prospect theory to “non-security-related domains, such as international cooperation, political economy, and human rights regimes” (He & Feng, 2013: 17). The current study falls into the peacemaking and conflict resolution literature whereby prospect theory is employed to understand risk-seeking and risk-averse behaviours in peacemaking. Peacemaking, like initiating wars, carries certain risks. In some cases the risks that decision-makers take in order to change the status-quo are higher and in some others less so. This study aspires to open the black box of risk-taking and/or risk-averse leaders that decided to make concessions in order to achieve peace. Prospect theory, combined with two theories of international relations, such as diversionary peace and balance of threat, will produce two sets of hypotheses that will be tested against empirical data. First, however, I will be discussing the current literature on prospect theory, in order to illustrate how it has been used (stand-alone model of prospect theory vs. composite models of prospect theory) and what the challenges, the limitations and its relevance for the domain of IR is.

To begin with, apart from the systematic work of McDermott on American foreign policy, which employs prospect theory (2004b), there is the extensive study of He and Feng on Asian security matters that makes use of a composite model of prospect theory named as the “political legitimacy-prospect model” (2013). In addition, there are the works of McInerney on Soviet Union policy on Syria in the 1960s (1992), Haas on the Cuban Missile Crisis (2001), Sezgin on Turkish-Syrian relations during the 1998 crisis (2002), Cha on North Korean behaviour (Cha, 2002) and Taliaferro on Great Power intervention in the periphery (2004).

It falls beyond the scope of the current study to review these works in detail. However, it is important to have a sense of its applicability across the empirical cases that it has been used for. This will assist, among others, in the operationalization of the theory for the purposes of the current study. More specifically, prospect theory’s behavioural insights have not been used in a uniform way in the studies mentioned above, in terms of theorising, while the theory accounts either for individual decision-making or aggregated state behaviour.

Generally speaking, there are two different ways of how prospect theory has been applied. Some of the studies employ it as a stand-alone theoretical framework (Cha, 2002; Haas,

2001; McDermott, 2004b; McInerney, 1992; Sezgin, 2002) and others combine it with IR theories, such as that of neoclassical realism and defensive realism (He & Feng, 2013; Taliaferro, 2004). Juxtaposing them, one cannot fail but to observe that the studies that use composite models where prospect theory is integrated are more ‘ambitious’ as to what they aim to explain (He & Feng, 2013; Taliaferro, 2004).⁴⁸ They account not only for specific decisions of individuals but they focus on aggregated, state-level behaviour over time (He & Feng, 2013; Taliaferro, 2004). The studies that solely employ prospect theory look into specific cases of decisions and tend to focus more on presenting a more rigorous empirical analysis along the main parameters of prospect theory.⁴⁹ For example, McDermott’s seminal study focuses on decisions taken by US Presidents in foreign policy matters and, accordingly, focuses on providing detailed evidence as to what the framing options and the domain were at the time decisions were taken (McDermott, 2004b). She also focuses on describing the riskiness of chosen options. The duality of its use in terms of its theoretical properties and its explanation scope is indicative of a lively and necessary debate about the different challenges and aspirations in the usage of the theory among scholars in IR.

At this point, the questions that arise relate to the challenges in transposing prospect theory in IR, its limitations in accounting for foreign policy events and the benefits of utilising it. For the purposes of my study, this will form the basis upon which choices over the use of prospect theory will be made. It will also help in clarifying why prospect theory fits well in explaining foreign policy choices in the case of policy entrepreneurs that could otherwise be rendered as ‘irrational’ or as inexplicable by existing theories or approaches.

In terms of the challenges, it has correctly been highlighted that prospect theory’s theoretical properties about decision-making derive from “experiments in highly structured settings” (Taliaferro, 2004: 191). This automatically means that there can potentially be some pitfalls in the application of prospect theory to foreign policy events, because this is the field where par excellence the domestic meets the international and vice versa and where human agency

⁴⁸ One of the book chapters in He’s and Feng’s study under the title “China’s Policy toward Taiwan under Risk: Between Military Coercion and Political Pressure” (He and Feng, 2013), had been previously published as an article under the title “Leadership, regime security, and China’s policy towards Taiwan: Prospect Theory and Taiwan Crisis” (He and Feng, 2009). In this first publication (2009), they employ only prospect theory whereas later they revised their approach and adopted a composite model of explanation integrating “the political legitimacy-prospect model” with neoclassical realism (2013).

⁴⁹ Cha’s study is an exception. He uses prospect theory to build specific hypotheses about the pre-emptive/preventive behaviour of North Korea. He goes beyond explaining specific decisions by trying to explain patterns of state behaviour (2002). The idea has been that North Korean leaders account fully for North Korea’s foreign policy over time.

plays an important role. The complexity is infinite and the need for simplification is pivotal. Simplifying through a context oriented theory is not straightforward.

In the experiments conducted for prospect theory, the reference point was identified with an ‘objective’ status quo (*Ibid.*). As already mentioned above, according to prospect theory, decision-makers consider whether they are acting in a domain of perceived gains or losses in relation to their reference point. Therefore, describing the reference point of foreign policy decision-makers as an ‘objective’ status quo may not correspond to the realities on the ground. Given the complexity in foreign policy affairs, political scientists should perceive the reference point of their analysis (analytical reference point) as an approximation of what decision-makers would have considered as their reference point, at the time of their decision (real reference point). What did decision-makers identify as their ‘red line’ at the time: the current state of affairs or perhaps changing the state of affairs for a better one? In other words, is the reference point identified only as a status quo or can it be also considered as aspirations for example?

He and Feng observe that “One major problem for political scientists in applying prospect theory to real-life, political events is how to set the reference point that defines the domains of gains and losses in case studies. Since there is no theory of framing or setting the reference point, IR scholars have introduced different techniques pragmatically to set a reference point for determining an actor’s domain of gains or losses” (He & Feng, 2010: 234).

Along these lines, Taliaferro argues that political scientists often tend to refer to the domain of gains and losses as if it were “some objective ‘state of the world’” and he notes that “an ‘objective’ domain of gains or losses ignores the reality that most aspects of foreign policy are future oriented (Taliaferro, 2004: 192). In addition, Mercer has argued that political psychologists have defined the reference point as a status quo, as aspiration, as heuristics, as analogies and as emotion (Mercer, 2005: 3-11). This illustrates that an ‘objective’ approach to defining the reference point does not exist. Therefore, as Taliaferro argues, it is not possible to use, ‘objective’ quantitative data of material capabilities or public opinion as indicators of how decision-makers assess relative gains (Taliaferro, 2004: 192).

Expanding his meta-theoretical criticism, Taliaferro makes an additional point, which is of great significance, given that foreign policy can represent domestic and international dynamics. He argues that “another problem involves the tendency of international relations and comparative politics scholars to aggregate the costs and benefits associated with different

policy arenas into a single domain of gains or losses. Decision-makers may not perceive gains or losses in one dimension (for example, domestic politics) as determining values in another dimension (for example, foreign policy). Unless the theory specifies, *a priori*, which policy dimension the decision-maker values more, the determination of “objective” gain or loss becomes *post hoc* and potentially circular’ (Taliaferro, 2004: 192-193).⁵⁰ Taliaferro continues by arguing that “the theory-driven researcher may inadvertently explain any risk-taking behaviour with reference to leaders’ desire to avoid objective losses in a completely unrelated area. The decision-maker, however, may not view the potential losses in another area as salient to the area of interest” (2004: 193). In other words, how certain is it that researchers and decision-makers attach salience to the same issues? The salience issue touches upon what is observed or thought by researchers as being important for decision-makers and what is actually close to what decision-makers themselves value as important. How is it possible to approximate the reference point of a decision-maker without being irrelevant?

As Taliaferro explains, his study’s aim is to construct and test a theory and, therefore, he assumes that leaders focus on the international dimension, drawing on the properties of defensive realism. His arguments about the challenge of approximating the reference point that determines the domain of a decision-maker is plausible. Even more plausible is the need to build a hypothesis about the reference point of a decision-maker and test it for its validity.

However, what I would add is that building a single hypothesis over the reference point might not be sufficient. As it is known, foreign policy has an international and a domestic dimension. Therefore, the researcher should be able to build at least two different hypotheses that reflect international and domestic sources of foreign policy-making. His work theorised around the properties of defensive realism that pays attention mainly to international sources of foreign policy. Nevertheless, at least one more hypothesis that highlights domestic sources of foreign policy should have been put to the test as an alternative.

I will be theorising the reference point of policy entrepreneurs along these lines, which provides the opportunity to test international and domestic sources of peacemaking through concessions that might have affected the domain of Recep Tayyip Erdogan and his inner circle. This will be analysed in every detail in the operationalisation section of my thesis.

⁵⁰ According to Taliaferro, specifying *a priori* which policy dimension decision-makers value as important has been brought up by Boettcher and McDermott (Taliaferro, 2004: 193).

In terms of its limitations, the literature of prospect theory coincides on two main issues. The first refers to the ‘editing’ or framing phase and the second to the aggregation problem (J. S. Levy, 1997: 100-104; J. Levy, 2003: 233-235; McDermott, 2004a: 304-306). More specifically, it has been argued that despite the fact that the ‘editing’ or framing phase is part of the decision-making as described by prospect theory, this stage is not theorised by prospect theory like the evaluation phase is, to the extent that it includes the concepts of loss aversion, reference point and domain. As Levy puts it, “in its current form prospect theory is a theory of the evaluation of prospects, not a theory of the editing of choices” (J. Levy, 2003: 233). McDermott agrees with this point but she also mentions that equally rational choice models lack a theory of the origins of preferences (McDermott, 2004a: 297; 2004b: 304). To that end, she is an advocate of carrying out more experimental work and she suggests possible ways in conducting it. She also discusses how historical analogies could potentially explain framing choices of leaders. This could be part of an analysis that focuses on the heuristics.⁵¹

However good these propositions may sound, the gap is not yet filled since experimental work has not been carried out. What can be done for now is to approach this stage in an empirical way by looking at the possible influence from advisors to decision-makers or how previous events might have affected the process of framing choices. It is clear that the strongest part of prospect theory lies with the evaluation of choices by decision-makers.

In terms of the aggregation problem as Levy refers to it (J. S. Levy, 1997: 102-104) or the lack of applicability to a group behaviour as McDermott names it (McDermott, 2004a: 305-306), prospect theory seems to suffer from limited scope. It has been argued that the unit of analysis of studies examining international politics, including foreign policy, is states and their interaction (J. S. Levy, 1997: 102). However, as mentioned above, prospect theory is an inductive behavioural theory that focuses on individual decision-making under conditions of risk.

The question that arises then is how the theoretical properties that address individual decision-making can address state behaviour. This question is legitimate considering that countries’ decision-making mechanism, especially that of liberal democracies, is a collective decision-making apparatus consisting of different organisations that strive for influence in the process of decision-making. The concepts of loss aversion, framing, reference point and

⁵¹ “Heuristics are rules people use to test the propositions embedded in their schema, and may be thought of as convenient short-cuts or rules-of-thumb for processing information” (Stein, 2008: 294).

domain draw their properties from their application to individual decision-making and not aggregate or group decision-making. Levy argues that “the idea of a collective frame around which a collective value function and collective probability weighting function are constructed to generate a collective risk orientation involves a reification of individual-level concepts that is troubling” (J. Levy, 2003: 233). He continues his deliberation by arguing that, instead of configuring individual-level concepts for the case of collective decision-making, it would be more useful instead to concentrate on explaining “how individual frames and probability transformations shape the political and social dynamics of group decision-making” (*Ibid.*). This is a sensible proposition which recognises explanatory limitations of prospect theory in terms of the foreign policy decision-making mechanism but also it suggests how this could in some way be overcome and make the theory useful.

Empirical works that have used prospect theory to account for state-level behaviour, such as that of He and Feng acknowledge the limitation and they overcome the problem by assuming that decision-makers represent national interests (2013: 6). However, whether the political choices of leaders can be identified with foreign policy actions is an empirical question that should receive an empirical answer and not just assumptions. To what extent, for example, can the choice of a leader in China, US and North Korea be identified with national foreign policy behaviour? The question is whether these choices are filtered through different institutions beforehand or in the aftermath.

In the case of my study, the unit of analysis is Turkish Prime Minister Recep Tayyip Erdogan and his inner circle’s willingness to support certain changes in Turkish foreign policy, vis-à-vis Cyprus and Armenia. Their policy of solving long-standing conflicts through certain concessions has been innovative for Turkey. The initiatives that were taken by the Turkish Prime Minister and that subsequently delivered certain results on two different diplomatic fronts, such as Turkey’s support for the Annan Plan in 2004 and the signing of the Zurich Protocols in 2009, prove that there is direct a link between individual decision-making and foreign policy output. Therefore, explaining these initiatives and behaviours is by extension an explanation of aggregate Turkish foreign policy output vis-à-vis these particular cases. It is on this basis that the application of prospect theory to the specific cases can explain more than could be assumed.

After addressing challenges to, and limitations on utilising prospect theory in IR, I will turn now to the strong aspects of using prospect theory. McDermott gives the most comprehensive

account regarding this issue (McDermott, 2004a: 290-304). She develops eight “gains”. Some of them have already been discussed, such as the fact that prospect theory’s properties are underpinned by experimental work but also empirical evidence about its validity from many different fields in political science.

More specifically, prospect theory is an individual choice theory that provides analytical tools, including the concepts of reference point and domain, which can assist us in understanding risk propensity by drawing on the interaction between human agency and its political, social, economic milieu and international environment. McDermott discusses prospect theory’s focus on situational factors and the context.⁵² What one can draw from it is that, instead of focusing on personality traits as traditional personality theories would do, prospect theory opens the black box of why leaders are risk-seeking or risk-averse by attaching importance to the environment they operate in. Prospect theory has managed to show that what seems to be ‘irrational’ from a rationalist perspective of the subjective expected-utility variance makes sense if it is considered from the point of view of an actor’s calculations over gains and losses, in relation to their personal reference point and, subsequently, their perceived domain. Precisely because the theory does not attach importance to personality traits, but to the effects of the international and domestic environment on decision-makers’ perceptions, it can be used to systematically explain fluctuations in risk propensity across cases and over time, regardless of what personality traits characterise decision-makers.

In addition, considering decisions as the result of either risk-seeking or risk-averse behaviours under conditions of uncertainty, the theory seems to be very close to the realities of decision-making in the domain of foreign policy. The theory has been systematically used in security studies where conditions of risk are prominent.

However, prospect theory can also be used in studies of peacemaking and conflict resolution. It is not only the choice for war that bears risk on leaders’ decisions but also promoting peace, enhancing stronger ties with former foes and in general decisions that challenge domestic and international equilibria that are also carried out under conditions of risk and uncertainty. As discussed in chapter 2, the deeds and discourse of the Turkish Prime Minister and his inner circle challenged the traditional Turkish foreign policy vis-à-vis Cyprus and

⁵² Situation is defined as “the circumstance of the moment” whereas context “includes also the history of the event, the actors and the trajectory” (McDermott, 2004a: 300).

Armenia. He embarked on a foreign policy route that would potentially resolve long-standing conflicts and restore relations through certain concessions that carried certain international and domestic risks. Prospect theory can reveal more about the reference point of the policy entrepreneur and the domain in which he was acting. Finally, it can systematically analyse the factors that drove this new approach towards Cyprus and Armenia.

Lastly, prospect theory can account for dynamic change in actions or preferences of leaders. This is because it is sensitive to changes that take place in the milieu of decision-makers and traces how they feed into their perceived domain and how the perceived domain, in turn, can affect their risk propensity. McDermott has illustrated through a series of cases how changes in the environment of US foreign policy-making can cause a shift from a domain of gains to a domain of losses and how this then altered the behaviour of US Presidents from risk-averse to risk-seeking, and vice versa (McDermott, 2004b). Therefore, prospect theory is ideal not only for examining specific foreign policy decisions but also their evolution over time. In the case of my study, in the example of Armenia, one can observe change in foreign policy and then a reversal. Recep Tayyip Erdogan took certain risks to bilateralise Turkish-Armenia relations and sign the Zurich protocols in 2009 but he then reversed his policy.

4.5 Why is Prospect Theory used in the Case of the AKP Leadership's Peacemaking Initiatives?

In chapter 3, I meticulously discussed theoretical and empirical weaknesses of previous explanations of Turkish foreign policy, vis-à-vis Cyprus and Armenia. To summarise: firstly, not all of them develop causal mechanisms that make a strong case for the effects of the independent variable when it is present, especially the ad hoc explanations. Secondly, they do not explicate the dependent variable. What is it that they are trying to explain? Is it AKP preferences or is it aggregate foreign policy outcomes? Some of the explanations are not tested against a rigorous empirical analysis of the cases employed each time. Finally, there is a lack of a comparative approach, such as in the Europeanisation literature.

Taking a more holistic view of whether the different theories and approaches compensate for each other's deficiencies, including that of Europeanisation, democratisation, political economy and Davutoglu effect arguments, one can argue that even if this could be the case, there are no analytical bridges built between them. It seems that the literature is still

considering these approaches separately with the exception of Europeanisation and democratisation arguments.

The result is that there are different arguments highlighting different dynamics that fail to give us a more conclusive picture of what actually explains the AKP leadership's foreign policy activity with regard to Cyprus (before and during 2004) and Armenia (before and during 2009). In addition, some of these approaches, with the exception of Davutoglu's concepts, sound more normative and speculative than analytical, failing to integrate to an extent the 'inside' story of decision-making in Turkey.

In addition, ad hoc atheoretical explanations that engage with a rigorous thick description of why Turkey took a certain stance, vis-à-vis the two cases under AKP rule, do not assign values to international and domestic dynamics. All the developments seem to do exactly the same thing, i.e. verify a certain choice. In order for analysts to get a grasp of the values of different dynamics, it is necessary to be able to examine their importance in cases where they are present or absent over time. Also, in these studies the level of analysis remains opaque. In some instances the impact of international politics on Turkish foreign policy is discussed, in others the impact of interaction between domestic actors is considered or the ideas of particular individuals, such as those of Turkish Foreign Minister, Ahmet Davutoglu. In that way, the analysis can become fuzzy since it is not clear where the agency lies and what sort of interaction takes place between agents and structure.

Instead, employing prospect theory, it is possible to examine how situation ("the circumstance of the moment") and context ("the history of the event, the actors and the trajectory") reflect on the cognition of key decision makers (McDermott, 2004a: 300). Prospect theory, applied to Turkish policy entrepreneurs, has the potential not only to give us another alternative explanation, among many others, but also to assist us in making sense of the circumstances in which Turkish policy-makers made certain concessions in order to contribute to two different pro-settlement processes. These concessions entailed certain domestic and international risks. Prospect theory has the analytical capacity of describing the riskiness of policy choices and it has the analytical capacity to explain risk-seeking and risk-averse behaviours of policy-makers like Recep Tayyip Erdogan.

By moving down the ladder of generality, the objective is to come up with empirically informed arguments that reveal more about the 'inside' story of foreign policy decision-making output in Turkey, namely by focusing on the behaviour of the protagonist of two

successive AKP governments. As a result of prospect theory's focus on situational factors and the context or setting and how these are perceived by decision-makers through the prism of their reference point, it can assist us in understanding how policy entrepreneurs made sense of complex, overlapping but also conflicting dynamics. Only in this way will it be possible to understand, for example, how Turkey's EU candidacy, civil-military relations and business elites have played a role in the calculations and what actually made Recep Tayyip Erdogan undertake bigger or smaller risks in his foreign policy choices regarding Cyprus and Armenia.⁵³

As for the empirical aspect of my study, one cannot fail to observe that, considering the decisions that were taken during AKP's two successive governments (2002-2007, 2007-2011), the decision-making activity on neighbourhood policies was extraordinary. Turkish foreign policy had not been involved in diplomacy in its neighbourhood to that extent since the era of Mustafa Kemal Ataturk.⁵⁴ McDermott observes that "in fact, difficult decisions are difficult precisely because they incorporate some element of risk" (McDermott, 2004b: 3). In the case of diplomatic activity, vis-à-vis the two issues, the risk that the AKP governments undertook fluctuated over time but it was still an integral component of its foreign policy choices. Prospect theory is the only theory that tries to define the degree of riskiness of foreign policy choices and subsequently tries to explain why decision-makers would make either risk-averse or risk-seeking choices. Therefore, the theory is compatible with the realities of Turkish foreign policy decision-making and, at the same time, can give us an alternative perspective of foreign policy-making, vis-à-vis conflict resolution, by way of explaining the risk factor of these choices.

Prospect theory is important to be employed for one additional reason. By explaining the risk propensity of Turkish policy entrepreneurs, prospect theory can actually explain aggregated, state-level behaviour in the cases of Cyprus and Armenia. Chapter 2 shows clearly that the

⁵³ Two years before the AKP was created, Recep Tayyip Erdogan was the most popular politician among the Virtue party voters. When they were asked, "if the deputies of the closed-down Virtue Party were to establish a single party, who should be the chairman?", 63.8 replied Tayyip Erdogan, 12.4% Abdullah Gul, 12.4% Bülent Arinc and only 6.4% Necmettin Erbakan, the founder of the National Order Movement (Aydın & Dalmış, 2008: 201-203). Erdogan continued to be the most central figure in the AKP party even during the time that Abdullah Gul was serving as the AKP Prime Minister. Erdogan had been banned from politics in 1998 but when the ban was lifted in 2003, he replaced Abdullah Gul who then became the Turkish foreign minister.

⁵⁴ After the Turkish Republic was established in 1923, Turkey soon developed a very active Balkan policy. Turkey signed the Turkish-Greek Treaty of Friendship, Neutrality and Conciliation in 1930 and participated in the Balkan Pact in 1934 signed by another three Balkan countries, including Greece, Yugoslavia and Romania. Turkey's activity in the Balkans is pretty much reflected in Turkish Foreign Minister's motto in 1926, Tevfik Rüştü Aras, "The Balkans for the Balkan people" (Barlas, 2004: 235).

deeds and discourse of Recep Tayyip Erdogan and his inner circle were gradually reflected in the aggregated Turkish foreign policy output. Turkey's support for the Annan Plan in 2004, the signing of the Zurich Protocols with Armenia and their reversal is exactly what Recep Tayyip Erdogan, as a policy entrepreneur, promoted actively within his inner circle in the AKP government, including Abdullah Gul and Ahmet Davutoglu. Erdogan was the main actor during the course of these activities and, as Prime Minister, was the main figure within the AKP government.⁵⁵

Empirics also show that there were no conflicts of interests or any major difference or disparity between Erdogan and members of his inner circle. On the contrary, what the US cables and the press at the time show is that they all acted in collaboration with each other. The US, Azerbaijan and EU officials did not reveal or refer to any friction.⁵⁶ Therefore, Abdullah Gul and Ahmet Davutoglu's deeds and discourse can help us gather more information about the framing of choices and to some extent the reference point, domain and the risk propensity of Recep Tayyip Erdogan. Both worked closely with Erdogan at the time over foreign policy matters and seem to have enjoyed his trust. Gul was designated as the AKP presidential candidate in 2007 after serving as Foreign Minister, which went against the Turkish army's wishes, whilst Ahmet Davutoglu designed important aspects of Turkish foreign policy and conducted interstate negotiations.

⁵⁵ Recep Tayyip Erdogan became the chairman of AKP when the party was established. His primacy in the party was confirmed when he was re-elected as an AKP chairman in the first general convention on 12 October 2003. He was the only candidate in the convention and he received 100% of the valid votes that were 1358 (Hürriyet, 12/10/2003).

⁵⁶ I discuss in detail in chapter 5 and 6 why there was no friction or deviating policies between the different actors. I also reveal the central role that Recep Tayyip Erdogan played in terms of the peacemaking initiatives vis-à-vis Cyprus and Armenia.

4.6 Operationalisation of Prospect Theory for the AKP Leadership's Peacemaking Output: Defining Riskiness and Building Hypotheses of the Reference Point and Domain

4.6.1 Riskiness of Policy Options: Opening the black box of Peacemaking Risks

Thus far, I have analysed in depth the theoretical properties of prospect theory, challenges, limitations, and analytical usefulness that its employment in the field of IR entails. I have also explained why it is relevant for the case of Recep Tayyip Erdogan. In this part, I will be engaging with its operationalisation for the needs of my study. First, I will discuss the idea of riskiness of policy options, including peacemaking. Secondly, I will operationalise the reference point and domain by creating testable hypotheses about the AKP leadership's propensity, i.e. risk-seeking and risk-averse behaviours in peacemaking.

Addressing the question of how riskiness can be operationalised in the case of peacemaking initiatives, one has to first pay attention to a key methodological observation provided by McDermott. She argued that risk “cannot be determined by domain, on the one hand, or by outcome, on the other” (McDermott, 2004b: 38). The riskiness of a policy initiative, including that of peacemaking, has to be defined independently from the analysis of a leader’s risk propensity, i.e. risk-seeking or risk-averse behaviours, or from a later outcome of a certain policy choice. The reason is that, in the first instance, the researcher should avoid circular definitions of riskiness of a policy choice. Policy choices should be evaluated for their riskiness on the basis of their own merits. It should be possible for riskiness of policy choices and leaders’ risk propensity to be analysed separately from one another, so that they can be juxtaposed and validated simultaneously.

In the second instance, the researcher should avoid post hoc definitions of risk by looking at the result of certain choices. Taliaferro argued that “risk-acceptant behaviour is not synonymous with policy failure, and risk-averse behaviour is not synonymous with policy successes. It is entirely possible for a national leader to pursue a risk-averse foreign policy strategy that, through the actions of other actors and systemic variables, produces a suboptimal or even disastrous outcome. Likewise, the pursuit of a risk-acceptant foreign policy strategy may result, through the actions of other actors and systemic forces, in a desirable international outcome” (Taliaferro, 2004: 183-184). By the same token, riskiness of a policy choice cannot be defined by looking at its later success or failure and subsequently define riskiness of a policy choice retrospectively as its success or failure depends on many

other factors. The researcher should make an attempt at defining the riskiness of a choice by contrasting it with other policy options available at the time.

The question that arises, therefore, is how one can define riskiness, particularly in cases of peacemaking initiatives. Riskiness has been identified in the literature of prospect theory mostly with initiatives of competition, friction and conflict (He & Feng, 2013; McDermott, 2004b). There are no studies in the prospect theory literature that are actually dealing with the idea of risk in peacemaking. It should be noted, however, that Taliaferro tacitly opens the way to consider peacemaking as a risk-seeking option as much as a risk-averse option. He argued that “Risk acceptance is not necessarily synonymous with the threat or use of force. Under many circumstances, military force may entail greater risks than other options under consideration. However, one can easily imagine a scenario where the use of force entails fewer and less divergent outcomes than the other available strategies” (2004: 184). By the same token, one can argue that peacemaking is not necessarily a risk-averse option. It depends on the variance of possible outcomes for each of the available options for decision-makers, including peacemaking policy options. Accordingly, the degree of riskiness in a peacemaking initiative can be high or low, depending on the relative variance of outcomes of all available options at the time.

What does relative variance of outcomes of policy options specifically mean? McDermott was the first to operationalise risk in terms of the relative variance in outcome (McDermott, 2004b: 39). It means that the riskiest option presents the greatest variance of positive and negative possible outcomes. If a researcher is to decide on the riskiness of two options, the riskier option will be the one with the possible best and worst outcomes. Therefore, according to McDermott, the definition of risk depends on the available options. There is no ‘ideal’ risky option for any case. For McDermott, foreign policy decisions are relatively risky in comparison to the other available options at the time of decision-making.

The riskiness of a choice can be considered in the case of multiple choices as well. What McDermott suggests as a way to compare “across policies that offer different “expected” values across issue areas is through the use of ordinal comparisons” (Ibid.). Within this context, she gives the example of a comparison between policy A and policy B. Policy A is much riskier because it can deliver the best outcome if it works but at the same time it can deliver the worst if it does not (Ibid.). In other words, the variance is greater in policy A than in policy B and, therefore, policy A is riskier. As McDermott puts it, “the best of B is not as

good as the best of A, but the worst of B is not as bad as the worst of A” (Ibid.). She then gives another example where policy A “is clearly the risk-averse and obviously better, more “rational” choice” (Ibid.).⁵⁷ The reason is that all possible outcomes of policy A, positive and negative, are better than the possible outcomes of policy B. The depiction of the different expected values in hierarchical form is as follows:

Expected values in each group of dual policy options

A	B
Best-A	Best-A
Best-B	Worst-A
Worst-B	Best-B
Worst-A	Worst-B

Source: Adapted from McDermott, Rose. (2004b). *Risk-taking in International Politics : Prospect Theory in American Foreign Policy*. Ann Arbor: University of Michigan Press, pp. 39-40.

McDermott concludes that it is then possible to compare policy options “in terms of variance in outcome values without having to precisely determine a decision maker’s subjective probabilities, and without having to risk definition tautology in the definition of risk” (McDermott, 2004b: 40). What she means is that the researcher does not have to stipulate the probability decision-makers assign to a potential policy outcome, in terms of whether this outcome will emerge or not.

She had argued before that “political decision makers *never* present their options in cardinal form, with concrete subjective probability assessments attached to each choice as decision analyst would prefer” (McDermott, 2004b: 39). Furthermore, risky options are solely defined by what their “expected” value is, independently of the domain within which decision-makers find themselves in. From the two categories that represent “expected” values of policy outcomes, it is only in the first that decision-makers potentially bear the burden of a risky choice A with the worst possible outcome, in order to achieve the best possible outcome. In this context, if he/she chooses policy A, he/she opts for a risk-seeking policy whereas policy B is a risk-averse policy.

⁵⁷ For reasons of simplification and comparability, while McDermott writes policy W and policy B, I prefer to use the letters of the first example, i.e. policy A and B.

In the second category of dual policies, prospect theory cannot provide “additional insight over standard political analysis” (McDermott, 2004b: 40). This is because neither policy A nor policy B exhibit greater variance in outcome. As a result, policy A provides possible outcomes that are superior from policy B, in its best and worst forms. Hence, one can assume that policy A is the optimum choice whatever the conditions are and a rational policy-maker would, consequently, opt for it.

However, it should be noted at the same time that Taliaferro argues that “central decision-makers must perceive that negative outcomes are at least possible (and often highly probable)” (Taliaferro, 2004: 183). McDermott, who also looks at the Carter administration’s consideration of whether or not to accept the Shah into the US, discusses US officials’ awareness of the possibility that US lives would be in danger, in the event the US decided to admit him (McDermott, 2004b: 91). They both seem to recognise that riskiness cannot be defined fully externally without some kind of clarification of the awareness on the part of decision-makers.

However, I should also underline that stipulating decision-makers’ awareness of risky policies might be problematic to some extent. The main reasons are twofold. The first is that researchers might not have in their possession memoirs of decision-makers that discuss in a generic or detailed manner the issue of riskiness.

The second and most important is that even if researchers have memoirs, public statements or other relevant archival documents in their possession, the information coming from these primary sources cannot be taken at face value. The possibility that decision-makers are biased or do not present what they were actually thinking at the time, whilst they were making decisions, is very high. It is usually the case that policy-makers try to convey to the public the sense that they were making the ‘most rational’ choice, given the conditions they were under. In other words, they avoid discussing the riskiness of their policy choice against other policy options. This means that ‘perceived’ riskiness is very difficult to define accurately, based on what the protagonists want to convey. Therefore, inferring the riskiness of options for decision-makers should be the main analytical strategy for researchers.

Towards that end, I am suggesting that Putnam’s perspective of the “logic of two-level games” is very useful in stipulating ‘real’ risks that have to do with signing and implementing interstate diplomatic agreements (1988). In a nutshell, his perspective is built on the logic of two-level negotiations: Level I (international) and Level II (domestic). After negotiations and

agreement on Level I, policy-makers should be able to convey the results of Level I negotiations to Level II and persuade their domestic constituencies for an implementable agreement. If there is different input from Level II, then the negotiator should renegotiate the agreement over Level I in order for it to be implementable. Putnam notes that “in fact, expectations of rejection at Level II may abort negotiations at Level I without any formal action at Level II” (Putnam, 1988: 436).

Although decision-makers might not have knowledge of this perspective, I would still agree with Putnam’s point that it reflects to a great extent how negotiations for international agreements usually take place (1988: 434). Therefore, decision-makers should have a sense of the difficulties they may face. For example, if there is strong or potentially strong domestic criticism against an international agreement, it can be easily inferred that leaders were aware of possible negative outcomes beforehand. Hence, the high probability of the collapse of international agreements as well as the ensuing weakening of decision-makers at both the domestic and international level informs them of the riskiness of their policy choice.

4.6.2 Hypotheses on the Risk-Propensity of Decision-Makers: Prospect Theory-Diversionary Peace Theory Hypothesis vs. Prospect Theory-Balance of Threat Theory Hypothesis

As analysed above, prospect theory is reference dependent. Levy observes that “people are more sensitive to changes in assets than to net asset levels, to *gains* and *losses* from a *reference point* rather than to levels of wealth and welfare.” (2003: 216). Thereby, the reference point is the starting point from, or the basis upon which, decision-makers determine their domain. However, there is no general theory that can assist us in determining what the reference point of individual decision-makers is. As Levy said, “It [prospect theory] is a reference-dependent theory without a theory of the reference point” (1997: 100).

McDermott suggests that ideally “the relevant reference point will have to be determined on a case-by-case basis; the reference point will have to be defined independently for each actor at each decision point...” (McDermott, 2004b: 42). She describes the reference point as “the current steady state, or status quo, to which a person has become accustomed” (McDermott, 2004b: 40). She further argues that it can be affected “by a number of different factors, including cultural norms and expectations” and that “it might be affected by such variables as

personal levels of aspirations” (McDermott, 2004b). All these are possibilities but there is no specific suggestion as to where an analyst should focus their endeavour to approximate decision-makers’ reference point.

Taliaferro argued that political scientists often tend to refer to the domain of gains and losses as if it were “some objective ‘state of the world’” and he notes that “an “objective” domain of gains or losses ignores the reality that most aspects of foreign policy are future oriented (Taliaferro, 2004: 192). Mercer in turn argued that political psychologists have at times defined the reference point as a status quo, as aspiration, as heuristics, as analogies and as emotion (Mercer, 2005: 3-11). This means that one has to state if the reference point is considered as status quo, the most common definition, or whether more definitions are attributed to it.

Precisely because foreign policy is “future oriented” as Taliaferro argued but also because policy entrepreneurs, my unit of analysis, are extremely active in governmental and societal settings, one has to add the aspiration aspect to the definition of the reference point as well. Kingdon has stressed that policy entrepreneurs are motivated by “future returns” (Kingdon, 2003: 122-123). This is a plausible argument, for otherwise it would be difficult to imagine decision-makers investing political capital and time in change and innovation if they were not motivated by future returns as well. Hence, status quo and aspirations are definitions that characterise leaders who act as policy entrepreneurs in the domain of foreign policy. Other definitions, such as heuristics, analogies and emotions can also be useful additions that can be explored in future studies about the specific cases at hand or other cases. Their results could then be juxtaposed with that of the present analysis.

The implementation of the reference point as status quo and aspirations is not an easy task. The reason is that aspirations refer to the fulfilment or threat of long-term expectations, whereas status quo to the fulfilment or threat of short-term expectations. The question that arises is what the interplay between the two is and if one outweighs the other in the definition of leaders’ reference point. This is an important question as it can affect my analysis of the domain of the leader under scrutiny. If it was found, for example, that a leader’s reference point is crucially identified with their aspirations about a certain issue, then one could assume that the leader would be sensitive not only to developments that threaten short-term expectations with regard to the issue at hand but also to developments that threaten future prospects regarding it. The literature of prospect theory does not answer this question.

One could perhaps develop hypotheses based on political systems of countries, for example, and argue that in democracies leaders pay more attention to short-term goals and expectations because of their short-term tenure in power. However, this does not mean that one can develop a general pattern of answers to the question. There are other factors that can affect the expectations of a leader, such as state institutions or the expectations of other powerful individuals within the party and/or governmental structures. Therefore, for the sake of this study, I will treat this question as an empirical rather than a theoretical one. Therefore, in my analysis about the reference point of Recep Tayyip Erdogan, I will attempt to clarify this part by shedding light on his short-term and long-term expectations, vis-à-vis issues of concern and interest.

However, this alone does not solve the challenge of determining the domain of gains or losses. Taliaferro made a very significant observation that I have already raised, namely that “another problem involves the tendency of international relations and comparative politics scholars to aggregate the costs and benefits associated with different policy arenas into a single domain of gains or losses. Decision-makers may not perceive gains or losses in one dimension (for example, domestic politics) as determining values in another dimension (for example, foreign policy). Unless the theory specifies, *a priori*, which policy dimension the decision-maker values more, the determination of “objective” gain or loss becomes post hoc and potentially circular” (Taliaferro, 2004: 192-193). Boettcher and McDermott had brought up the importance of specifying *a priori* which policy dimension decision-makers value as important (Taliaferro, 2004: 193). This touches upon the salience issue, namely what is observed or thought by researchers as being important should similarly be important for decision-makers. This brings us again to the issue of how a researcher can build an analysis that is a good approximation of what decision-makers actually value as important.

Accordingly, Taliaferro embeds defensive realism’s assumptions about states’ behaviour in an anarchic environment in prospect theory in order to build hypotheses addressing two main questions; a. “why do great powers initiate risky diplomatic or military commitments in the periphery?”, b. “why do great powers persist in peripheral conflicts despite the diminishing prospects of victory and increasing political, military, and economic costs?” (Ibid.: 178). Examples of this behaviour are those of the US in Vietnam and the Soviet Union in Afghanistan. Defensive realism’s usage helped him give direction as to what leaders are possibly concerned with when it comes to international politics. Subsequently, he formulates testable hypotheses based on the salience of the relative distribution of power and prestige,

assuming that leaders pay attention to these two factors. Thereby, he argues that US and Soviet Union leaders decided to take risky initiatives in regions that are not a direct threat to the security of their homeland because they tried to avert “losses in their states’ relative power, international status, or prestige” (Ibid.: 177).

Another good example of a study that uses prospect theory, in combination with IR theory, is the work of He and Feng on the US alliance strategies (He & Feng, 2010). In this work, the scholars embed prospect theory in Walt’s balance of threat theory in order to explain “how states balance through alliances” (Ibid.: 233). Previously, scholars like Waltz could not explain, through the balance of power theory, why the US formed alliances with weak states whose capacity to play a meaningful role in the bipolar competition was negligible and which at the same time could be a burden for the US. This included Japan in the aftermath of the Second World War (Ibid.: 233-234). Instead, the balance of threat theory could explain these alliances but it could not explain the different types of alliances or, in other words, the logic behind “how states balance threats, that is, how states form different alliances to cope with threats” (Ibid.: 233). As He and Feng plausibly argued “an alliance is a double-edged sword for a state in the international system” (Ibid.: 234).

Although the scholars in this particular study use prospect theory to enrich and add nuance to initial hypotheses that draw on balance of threat theory, it does not change the fact that balance of threat theory is one of the possible theories that can explain the formation of alliances. There are other alternatives, such as the theory of balance of power⁵⁸ or the theory of omnibalance.⁵⁹ Therefore, it can be assumed that the balance of threat is used here not only as a theory that offers an explanation for the dependent variable but also as a theory that guides the researchers’ study regarding the content of the reference point. In other words, the theory explicates, through its theoretical properties, the dimension and subjects that are salient for leaders. The reference point is built upon these assumptions. However, this is not necessarily a good approximation of the reference point of the leaders under scrutiny. Either alternative IR theories have to be used to produce testable hypotheses about the reference point or empirical data that shows, beyond doubt, the importance that leaders attach to the theoretical properties of a theory (or both).

⁵⁸ The balance of threat theory developed by Walt differs from the balance of power as to what states balance against. Walt argued that states balance against threats and not against power alone, as traditional balance of power theorists had argued (1987: 5). Therefore, balance of threat makes the researcher focus on threats as his guide to define the reference point of leaders, whereas the balance of power focuses on power.

⁵⁹ For a description of what ‘omnibalance’ refers to see footnote 61.

Drawing on the above analysis, I combine the properties of prospect theory with two other theories, independently of each other. I am employing prospect theory and diversionary peace and prospect theory and the balance of threat theory (external balancing) in order to give my analysis direction in terms of Recep Tayyip Erdogan's reference point. This will assist me in building testable hypothesis on his domain and his risk propensity. Subsequently, by testing the hypotheses against the empirics of my two cases it will be possible to then explicate the domestic and international conditions, under which he became risk-seeking or risk-averse during a period of pro-settlement concessions. This will then explain the empirical puzzle presented in chapter 2, namely why the AKP governments engaged with the Cyprus and Armenian issue at the time by making certain compromises that no other previous Turkish government made in the past.

The literature of IR provides two main competing theories as to why countries compromise on territorial disputes, which represent the hardest cases of bilateral differences to be solved between countries. Since territorial disputes are the hardest to solve in the international system (least-likely cases), theories providing explanations of why they are solved through concessions cover any other type of bilateral disputes that touch upon national interests and that are finally solved, including the cases that have been described with regard to Cyprus and Armenia.

The first theory is that of 'diversionary peace' and the second is 'the balance of threat' (external balancing) (Fravel, 2005; Wolf & Fravel, 2006: 202-205). These two theories develop competing hypotheses about why countries might resort to peacemaking through diplomacy and concessions. I will be first focusing on the properties, predictions and hypotheses drawing on diversionary peace and will then proceed in a similar way with regard to the balance of threat.

Diversionary peace is a theory that has been developed by Taylor Fravel when trying to explain China's compromise in eight separate disputes from 1960s onwards (2005). Fravel developed this theory as opposed to the theory of diversionary war. The crux of his argument is that:

Diversionary war theory asserts that leaders facing domestic strife provoke conflicts with other states just to improve their position at home. By contrast, I argue that internal conflict often creates conditions for cooperation, producing a "diversionary peace" instead of war. Embattled leaders are willing to cooperate with other states in exchange for assistance in countering their domestic sources of insecurity. In territorial disputes,

leaders are more likely to compromise when confronting internal threats to regime security, including rebellions and legitimacy crises. Facing these types of internal threats, leaders are more likely to trade territorial concessions for assistance from neighbouring states, such as suppressing rebels or increasing bilateral trade (Ibid.: 49-50).⁶⁰

The difference between diversionary war theory and diversionary peace theory is that, although their independent variable is the same (i.e. a weak or weakening leadership facing the possibility of losing power) they develop different arguments for its impact on the dependent variable, such as the reaction of leaders. More specifically, diversionary war theory argues that, as the risk of losing office increases, leaders become more likely to engage in diversionary wars, whereas diversionary peace argues that leaders become more likely to engage in peace processes that entail diplomatic compromises, in order to address internal threats.

The nascent literature of diversionary peace has been developed to cover those empirical cases that diversionary war cannot possibly explain. Previous critical accounts of diversionary war argued that “as the risk of losing office increases, leaders become less likely to initiate a crisis” (Chiozza & Goemans, 2003: 445). Bueno de Mesquita and Siverson argued in 1995 that the risk of losing office and conflict initiation are inversely correlated (negative relationship) (Ibid.: 448). Their argument was that “because war can affect time in office, leaders are likely to initiate wars when the associated risk of losing office is the lowest possible either because they have broad support and expect to win or because they have enough credit with their constituents to survive a defeat. Leaders who are secure in office, they argue, are more likely to survive a defeat in war” (Ibid.: 447). Chiozza and Goemans, in turn, conducted quantitative research that included 1,505 leaders from 162 countries in the period from January 1, 1919, through December 31, 1992 in order to test “three hypotheses central to the literature on the relationship between tenure and international conflict, the diversionary use-of-force hypothesis, the rally-around-the-flag hypothesis, and the gambling-for-resurrection hypothesis” (Ibid.: 448-449). They found out that “as the risk of crisis increases, a leader’s probability of losing office also increases, and as a leader’s risk of losing office increases, the leader becomes less likely to initiate international conflict” (Ibid.: 461).

⁶⁰ The logic of diversionary peace is supported by previous works as well. For example, in the work of Michael N. Barnett and Jack S. Levy about Nasser’s alignment with the Soviet Union, they illustrate by employing a within-case comparison that high values in Egypt’s external alignment with the Soviet Union are caused by high values in the degree of perceived threat to domestic stability. Two other independent variables, i.e. the external threat and the condition of domestic economy, did not have a similar effect on Egypt’s external alignment with the Soviet Union. See more in Barnett & Levy, 1991.

In other words, weak leaders reflect on the possibility that conflicts negatively impact on their tenure. Therefore, their weakness in office increases the possibility that they will not engage with conflicts that would precipitate their fall. This analysis asks for more nuances in the way diversionary war theory builds the link between weak leadership and the initiation of a crisis/war.

Following this criticism on diversionary war theory, diversionary peace theory takes one step further to assume that not only would embattled state leaders avoid acts of war but they would instead engage in negotiations, even with external foes, in order to balance domestic threats. Diversionary peace is based on the concept of ‘omnibalence’.⁶¹ Accordingly, Fravel argues that for “many state leaders, especially in authoritarian regimes and new democracies, the most pressing threats to their political survival emanate from political challenges, such as rebellions and coups. To maximize their tenure in office, leaders form alliances, even with external adversaries, to balance against more immediate internal foes” (Fravel, 2005: 51-52). For Fravel “regime insecurity”⁶² is the critical domestic independent variable that possibly explains territorial compromises. As he puts it “regime insecurity represents one pathway toward territorial compromise” (Ibid.: 53).⁶³ Fravel concludes that “regime insecurity best explains China’s pattern of cooperation and delay in its territorial disputes” (Ibid.: 81).⁶⁴ His

⁶¹ The concept of omnibalence has been used to explain why Third World countries align as an alternative to the balance of power that has weak explanatory power in these particular cases (David, 1991). The difference between balance of power and omnibalence is that the latter opens the black box of domestic politics and it assumes that decision-makers reflect on how one policy affects their political strength and their chance to survive in power, whereas balance of power does not differentiate power between states and decision-makers. The state is considered as a unitary actor in the case of balance of power (Ibid.: 237). In terms of alliance building, omnibalancing argues that “the decision-maker asks, “Which outside power is most likely to protect me from the internal and external threats (as well as combinations of both) that I face ”, whereas balance of power argues that decision-makers wonder “Which outside power is most likely to protect my state from the threats posed by other states (Ibid.).

⁶² “Regime insecurity” is not a concept that refers to a particular type of regime, such as the Chinese regime. It is rather used as a generic term to signify who is in power, including democratic and non-democratic governments/leaderships.

⁶³ The other pathway is that of external balancing that will be analysed further below as an alternative explanation of why decision-makers engage in peacemaking through diplomacy and concessions.

⁶⁴ Fravel argues that leaders deal with active territorial disputes using three strategies; delaying, escalation and cooperation (2005: 52). Delaying is similar to sticking to the traditional state policy. Escalation is identified with the threat or use of war and cooperation strategy with diplomacy and concessions. Then he proceeds to make some normative evaluations of what the risk is in each of the three strategies. His evaluation is analytically weak because it does not take into account that defining risks for one strategy should be considered in relation to defining risks for another strategy. So, Fravel does not present a way for considering how the analyst will decide if escalation or cooperation for a specific case at hand and at a specific moment in time is a riskier option. He makes a generic normative assessments, namely that “escalation contains many risks, including the hostility or domestic political punishment for military defeat in addition to the costs of war...Cooperation is risky because concessions over territory can carry a high domestic political price, which may weaken a leader’s position or even result in political death” (Ibid.: 53). He also assumes that a delaying strategy is the least risky option for a leader (Ibid.). Prospect theory helps to define riskier options as opposed to less risky. McDermott

argument is based on process tracing and in particular he focuses on the timing of the efforts for compromise. However, it should be noted that his argument is conditioned by the salience of disputed territories. He argues that “the greater the importance of the territory at stake, the larger magnitude of the internal threat necessary to make compromise more attractive than delay” (Ibid.: 54).⁶⁵

Accordingly, he defines three possible incentives for embattled leaders to engage with diversionary peace, based on the regime insecurity argument; “(1) to gain direct assistance in countering internal threats, such as denying material support to opposition groups; (2) to marshal resources for domestic priorities, not defense; or (3) bolster international recognition of their regime, leveraging the status quo bias of the international system to delegitimise domestic challengers” (Ibid.: 52). All three incentives are three possible different ways of addressing the issue of regime insecurity or government insecurity. Each incentive can be stand-alone or all three can co-exist, depending on what leaders can gain from diversionary peace. If the hypothesis of diversionary peace approximates to a large extent well the reference point of Recep Tayyip Erdogan, then it should be possible to illustrate potential gains for Recep Tayyip Erdogan and his government, along the lines of one of the three incentives at least.

Hence, applying prospect theory with diversionary peace, I assume that Erdogan’s reference point is defined by short-term and long-term expectations about the AKP government’s survival in the domestic arena of Turkish politics (security of government). Accordingly, the following main testable hypotheses derive from this combination:

H1 When the AKP leadership feels that its government is insecure due to internal threats, then it is located in the domain of losses and, therefore, will engage in risk-seeking policies of peacemaking that could potentially help it to counteract the domestic sources of its government’s insecurity.

H2 When the AKP leadership feels that its government is secure, then it is located in the domain of gains and, therefore, will engage in risk-averse policies of peacemaking.

operationalises risk in terms of the relative variance in outcome (McDermott, 2004b: 39). This means that the riskiest option presents the greatest variance of outcomes.

⁶⁵ Fravel examined three types of territorial disputes; homeland disputes, such as Taiwan, Hong Kong and Macao, frontier disputes with Burma, Nepal and India for example, and offshore island disputes, such as that of White Dragon Tail, Paracel, Spratly and Senkaku island groups (2005). He found that China would not compromise over disputes that related to the homeland.

There are two clarifications that I should make regarding the two main hypotheses. The first is that risk propensity is not only the result of the value function. The probability weighting function plays some role as well. In the case of medium to high probabilities of the value function or incurring further losses or making more gains, the aforementioned hypotheses are amplified. In other words, the AKP leadership will be risk-seeking while it is in the domain of losses precisely because it considers the probability of incurring further losses is medium to high. Therefore, it thinks that there is still a chance to recoup its losses by taking certain risks. Contrary to that, the AKP leadership will be risk-averse if it is in the domain of gains and it considers the probability of making more gains is medium to high. This is because, according to prospect theory, decision-makers are more sensitive to losses, rather than to gains (loss aversion effect).

However, on the rare occasion when the AKP leadership's probability estimates reach the point of certainty (certainty effect) or when estimates are treated as if they were certain when this is not the case (the pseudocertainty effect), then the risk propensity is reversed according to prospect theory.

In that case, the following two testable hypotheses should be considered:

H1 When the AKP leadership is in the domain of losses because of domestic insecurity but at the same time the prospect of incurring further losses due to peacemaking initiatives is certain, then it will pursue risk-averse policies in the field of peacemaking.

H2 When the AKP leadership is in the domain of gains because it feels secure enough and at the same time the prospect of making more gains due to peacemaking initiatives is certain, then it will pursue risk-seeking policies in the field peacemaking.

Table 1: *Summary of properties and predictions of the Prospect Theory-Diversionary Peace Theory Model's Hypotheses*

Reference Point (Diversionary Peace)	Domain	Probability	Expected
		Weighting Function	Risk Propensity
Security of the government from internal threat(s)	Domain of Losses: The AKP Leadership feels insecure because of internal threats	Medium to High Probability of Incurring Further Losses if the AKP leadership engages with peacemaking	Risk-Seeking Behaviour in Peacemaking
Security of the government from internal threat(s)	Domain of Gains: The AKP Leadership feels secure	Medium to High Probability of making gains if the AKP leadership engages with peacemaking	Risk-Averse Behaviour in Peacemaking
Security of the government from internal threat(s)	Domain of Losses: The AKP Leadership feels insecure because of internal threat(s)	Certainty in Incurring Further Losses if the AKP leadership engages with peacemaking	Risk-Averse Behaviour in Peacemaking
Security of the government from internal threat(s)	Domain of Gains: The AKP Leadership feels secure	Certainty in making gains if the AKP leadership engages with peacemaking	Risk-Seeking Behaviour in Peacemaking

An alternative theory to that of diversionary peace for setting the reference point of the AKP leadership is external balancing (balance of threat theory). The reason is that external balancing defines possible areas of concern for leaders that can potentially force them to reconsider their position vis-à-vis territorial disputes. Balancing has been used to explain the formation of alliances as a reaction of a state against a major threat that another state poses to it.

Fravel tested this explanation as an alternative to diversionary peace and he argued that it was not plausible. His analysis is mainly based on process tracing (Fravel, 2005; Wolf & Fravel, 2006). More specifically, he examined the hypothesis of China showing willingness to compromise in the case of Tibet after its revolt in 1959, as a result of its balancing strategy against the Soviet Union (Fravel, 2005: 68-69). He argued that external balancing was not the main objective and that China made attempts to compromise with other countries as well, including Burma, Nepal and India even before the Chinese-Soviet Union relations entered a period of serious crisis, following the withdrawal of the remaining Soviet experts from Chinese territory (Fravel, 2005: 69). He also argued that China was not balancing against India in the case of Burma and Nepal because otherwise it would have adopted a “much more assertive policy” in the area (Ibid.).

Additionally, Fravel touched on the possibility that China was again balancing against the Soviet Union when it compromised with North Korea, Mongolia, Pakistan and Afghanistan in the early 1960s. His argument was that balancing cannot explain the timing of the concessions because they were carried out 2-3 years after the Chinese-Soviet Union relations received a blow in 1960 and that China had better ways to balance against the Soviet Union, such as militarising its borders (Ibid.: 71-74). Actually, China militarised the border in 1964 after hostility and antagonism between the two became overt (Ibid.: 74). In addition, Fravel discussed China’s later concessions to the Soviet Union in 1991, Laos in 1991 and Vietnam in 1993. He refutes the argument that this was balancing against the US. His main argument was that Chinese security policy at the time does not confirm this argument as China did not increase its military spending and training or strengthen military ties (Ibid.: 77). He also argued that the negotiations took place before the collapse of the Soviet Union and after the Tiananmen upheaval. Therefore, it was the regime’s insecurity that supports the diversionary peace argument due to the 1989 Tiananmen incident that forced Chinese leaders into concessions and not the cataclysmic event of the Soviet Union collapse that would support the external balancing against the US.

Balancing is an alternative to diversionary peace in that it brings to the fore the aspect of major external threats as a possible explanation of why countries could make concessions in territorial disputes with countries that are less threatening to their interests. Similarly to diversionary peace, balancing can be used to frame the reference point of Recep Tayyip Erdogan and accordingly formulate testable hypotheses about his domain and risk propensity in peacemaking.

Balancing is part of the balance of threat theory as it was developed by Stephen Walt in *the Origins of Alliances* (1987). In his meta-theoretical account, Walt revised Kenneth Waltz's balance of power theory arguing that "states tend to ally with or against the foreign power that poses the greatest threat" (Ibid.: 21). The concept of balancing refers the tendency of states to ally against the foreign power that poses the greatest threat and the concept of bandwagoning to the tendency of states to ally with the country that poses the greatest threat to them (Ibid.: 17).

In the case of my study, bandwagoning is not relevant because the Republic of Cyprus and Armenia cannot be considered as major threats to Turkey by any political, economic and military standard. It is the balancing aspect of the balance of threat theory, such as in the case of China, that is potentially relevant to the two cases. The case of the AKP leadership's peacemaking initiative, vis-à-vis Armenia, has to be considered along these lines, for example, precisely because Russia invaded Georgia in 2008, creating new dynamics in the Caucasus. This analytical argument fits to Walt's empirical observation over Middle Eastern countries, namely that states prefer balancing to bandwagoning and that "bandwagoning is more often the response of weak states" (Ibid.: 29, 148, 178-179). Therefore, I will concentrate on the properties and predictions of balancing.

The level of the external threat that explains balancing depends on aggregate power, geographic proximity, offensive power and aggressive intentions (See more in Walt, 1987: 21-26). Aggregate power refers, for example, to a state's resources in terms of population, industrial and military capability and technological prowess. The more abundant in resources a threatening state, the greater the threat it is to other states. Geographic proximity refers to how close a threatening state is. The closer it is, the more threatened states feel. Offensive power refers to the means that a threatening state has at its disposal to threaten the sovereignty of other states at an acceptable cost and aggressive intentions refer to how a threatening state is perceived by other states in terms of its expansionist agenda. The more

expansionist it appears to be, the more likely this is to encourage balancing. Walt argues that the significance for each of the different sources of threat should be determined on a case-by-case basis (Ibid.: 26).

The way external balancing informs our approximation of the reference point of decision-makers that engage with pro-settlement activities through concessions is the assumption that they would be focusing on international and regional politics in terms of threatening countries. This means that the domain of gains or losses is defined by how a leader feels about his country's security or insecurity vis-à-vis threatening states. Applying prospect theory with external balancing, I assume that Erdogan's reference point is defined by short-term and long-term expectations in terms of Turkey's international and regional security. A major perceived international or regional threat to Turkey's security would instantly mean that Recep Tayyip Erdogan is in the domain of losses, whereas the lack of it would mean that Recep Tayyip Erdogan is in the domain of gains.

Accordingly, the following main testable hypotheses derive from this combination:

H1 When the AKP leadership feels that the country is insecure due to major external threats, it is located in the domain of losses and, therefore, will engage in risk-seeking policies of peacemaking that could potentially help it balance against the main external threat.

H2 When the AKP leadership feels that the country is secure from major external threats, then it is located in the domain of gains and, therefore, will not engage with risk-seeking policies of peacemaking.

However, if the AKP leadership's probability estimates turn from medium/high into certainty (certainty effect) or when estimates are treated as if they were certain when this is not the case (the pseudocertainty effect), then the risk propensity is reversed according to prospect theory.

In that case, the following two testable hypotheses should be considered:

H1 When the AKP leadership is in the domain of losses because of major external threats, but at the same time the prospect of incurring further losses to its peacemaking initiative is certain, then it will pursue risk-averse policies of peacemaking.

H2 When the AKP leadership is in the domain of gains because it feels that the country is secure from external threats and at the same time the prospect of making further gains for its

security due to its peacemaking initiative is certain, then it will pursue risk-averse policies of peacemaking.

Table 2: *Summary of properties and predictions of the Prospect Theory-Balance of Threat (External Balancing) Theory Model's Hypotheses*

Reference Point (External Balancing)	Domain	Probability	Expected
		Weighting Function	Risk Propensity
Security of the country from major external threats	Domain of Losses: The AKP Leadership feels that the country is insecure because of external threat(s)	Medium to High Probability of Incurring further Losses if the AKP leadership engages with peacemaking	Risk-Seeking Behaviour in Peacemaking
Security of the country from major external threats	Domain of Gains: The AKP Leadership feels that the country is secure from external threat(s)	Medium to High Probability of making gains if the AKP leadership engages with peacemaking	Risk-Averse Behaviour in Peacemaking
Security of the country from major external threats	Domain of Losses: The AKP Leadership feels that the country is insecure because of external threat(s)	Certainty in Incurring further Losses if the AKP leadership engages with peacemaking	Risk-Averse Behaviour in Peacemaking
Security of the country from major external threats	Domain of Gains: The AKP Leadership feels that the country is secure from external threat(s)	Certainty in making gains if the AKP leadership engages with peacemaking	Risk-Seeking Behaviour in Peacemaking

In seeking to apply prospect theory and test the different hypotheses that were developed in chapter 4, I will be discussing the empirics in terms of defining the riskiness of the peacemaking policies and the conditions and developments that affected the reference point and the domain of the AKP leadership. Accordingly, it will be decided which of the hypotheses applies in each case.

Chapter 5: Analysing the AKP Leadership's Peacemaking Stance in the case of Cyprus from a Prospect Theory Perspective

5.1 A Prospect Theory Reading of the AKP Leadership's Revisionary Policy in Cyprus

So far, the empirical evidence suggests that the AKP leadership represented by Tayyip Erdogan and Abdullah Gul, who both worked in tandem with one another without any obvious frictions between them, promoted the idea of a solution to the Cyprus issue on the basis of the bi-zonal, bi-communal principle. Their pro-solution foreign policy stance in 2004 constituted a direct challenge to the long-standing domestic consensus over Cyprus between different institutions and political parties, including the pro-Islamist Welfare Party. Previous explanations, most notably those based on the Europeanisation framework have argued that EU conditionality played a crucial role in Turkey's decision to overturn its Cyprus policy. More specifically, the argument goes that the reward aspect and the clarity of the EU demand left no other choice to rational decision-makers but to support a comprehensive solution. The conclusion was that the effect of Europeanisation through conditionality was overwhelming.

While the EU's influence on the process of domestic reforms, including the process of democratisation, is well-founded, the impact on foreign policy from the Europeanisation perspective raises questions. In the review of the three most important studies on Turkey's 2004 policy in chapter 3, I draw attention to empirical and methodological issues. In addition, I have also shown, through the comparison between Cyprus and Armenia, the high possibility that the Europeanisation argument cannot be necessarily valid, simply because changes in Turkish foreign policy vis-à-vis Cyprus occurred in timely fashion when the facilitating factors of EU influence were most effective before 2006. It was proven that the Europeanisation argument did not anticipate the signing of the Zurich Protocols, despite Armenia being a harder case for change. Therefore, the case of Armenia raises a red flag about the validity of the Europeanisation argument in the case of Cyprus.

Prospect theory, in turn, provides us with analytical tools to consider the actual risk of policy choices, such as peacemaking, against other options that were on the table at the time. The explanations that the literature developed before, especially the literature of Europeanisation, is built on the idea of a positive cost-benefit calculation on the part of the Turkish decision-makers. However, interviews with policy makers (Dr. Ibrahim Kalın, 2011) and academics (Prof. Meliha Altunışık, 2011) seem to support that there was a degree of riskiness that needs

to be discussed. Prospect theory is used in the case of Cyprus as a behavioural individual choice theory that can analyse policy choices that entail risks.

Accordingly, I will focus on the political context within which decision-makers decided to press ahead with the Annan Plan, under conditions of risk and uncertainty and during the period beginning with the AKP's formation of a single government in 2002 to the delivery of Turkish foreign policy in 2004. Drawing on public statements but also on US cables that were presented in Chapter 2, it has become apparent that the Turkish Prime Minister at the time, Recep Tayyip Erdogan and the then Turkish Foreign Minister, Abdullah Gul, spearheaded the revisionary policy.

The aim of using prospect theory is to clarify the riskiness of the Prime Minister's policy choice and explicate international and domestic factors and developments that reveal his reference point and domain and that, subsequently, explain his risk propensity. It will then be possible to decide which of the hypotheses are validated.

5.2 Riskiness of the AKP Leadership's revisionary policy over the Cyprus Issue

The AKP government had the choice of two main paths when considering the Cyprus problem. One path was to support the traditional view of all predecessor governments since 1974, including that of the pro-Islamic Welfare Party that Recep Tayyip Erdogan was a member of in the 1990s, and that of the pro-secular Republican People's Party (CHP), which was the only opposition party in the parliament between 2002 and 2007.⁶⁶

The traditional view can be summarised in Turkey's demand that the international community had to first recognise the de facto division of the island between North and South before any meaningful negotiations took place. Subsequently, Turkey's traditional argument was that the 'TRNC' would have to be recognised as the state representing the legitimate rights of Turkish Cypriots for self-determination. This garnered political support along the political spectrum of left-right and pro-secular and pro-Islamic as well as powerful state institutions, such as the Turkish army. Further, the historical leader of the Turkish Cypriot community, Rauf Denktas, was a staunch supporter of the status quo.

⁶⁶ For a detailed account of CHP's Cyprus policy during the Annan plan negotiations see Gülmез, 2007.

The other path was that of revising the status quo, which had emerged from the military success of Turkey in 1974 and the decision to find a solution on the basis of the ‘high level agreements’ between the two communities in 1977 and 1979 as well as UN resolutions. Negotiations at the time of the Annan plan were primarily advocated by the European Union, the US and mainly by business circles in Turkey, such as the Turkish Association of Industrialists and Businessmen (TÜSİAD). Finally, the new elected single government of AKP decided to stick to their pre-election pledge in 2002 to advocate a change in the status quo of Cyprus. Mottos such as “no solution is the solution for Cyprus” and “status quo in Cyprus is the solution” were not acceptable for the AKP (Sözen, 2010: 117).⁶⁷

Spearheading the revisionary policy was a riskier choice at the time for the AKP government than supporting the status quo, based on the operationalization of risk by McDermott.⁶⁸ The decision of the AKP leadership to invest politically in the solution of the Cyprus problem posed wider variance in possible outcome values than the status quo choice. The best and the worst outcomes of this policy choice represented the highest values in comparison to the best and worst outcomes of a status quo policy, respectively.

More specifically, if the AKP leadership succeeded in changing Turkey’s behaviour on the Cyprus issue and as a result deliver backing to a UN-brokered plan for a comprehensive solution, then the country would be able to get a date for the opening of accession negotiations with the EU and continue the EU-instigated democratic reforms that allowed AKP to challenge the Turkish army’s superiority over civilian governments.⁶⁹ This would have removed a thorny issue from its international relations with countries such as the US and Russia, and finally end the isolation of the Turkish Cypriots.⁷⁰ On this basis, the AKP government and its leadership could have also become the champions of Turkey’s changing image in the European Union and in the wider world; a country that would actively pursue

⁶⁷ In addition, Tayyip Erdogan stated that his strategy on Cyprus is a “win-win” strategy and that the “Turkish side will always be one step ahead” (Sözen, 2010: 117).

⁶⁸ For more information see pp. 103-105.

⁶⁹ The AKP government passed a number of reform packages that would transform Turkey’s laws including the constitutional reforms of 2004. This was a process that had started with the previous government of Bülent Ecevit and continued with that of the AKP as part of Turkey’s EU candidacy. It should be highlighted that the most important reforms over civil-military relations took place with the democratic package of July 2003 that was adopted by the AKP. More on the details of the package see Cizre, 2008: 137-138.

⁷⁰ From the US cables becomes very clear that the Cyprus issue was very high in the agenda of meetings between US officials and the Turkish Prime Minister, Tayyip Erdogan, as well as the Deputy Chief of Staff, General Basbug (US Embassy to Turkey, 02/01/2004, 12/03/2004). In addition, Russia has been consistently in favour of the Greek Cypriots supporting them through the UN Security Council and giving them the opportunity to buy high-tech military hardware that could challenge to some extent Turkey’s military advantage on the island, such as the long range surface-to-air S-300 missiles (Dodd, 2010: 195).

the resolution of conflicts through diplomacy. This would have enhanced the international image of the AKP government and its leadership, particularly among the traditional allies of Turkey, including EU member states and the US, which were very much in favour of some kind of comprehensive solution of the Cyprus issue. At the same time, Recep Tayyip Erdogan could prove to different international and domestic institutions as well as decision-makers and the Turkish public, that a pro-Islamic government could effectively run the country in all domains of public politics, including foreign policy, as elected governments would normally do in functioning democracies. Overall, the success of delivering a solution in this protracted dispute would benefit Turkey directly and indirectly, politically and economically. Therefore, this could be translated into increased support for the AKP leadership on the part of Turkish business elites as well as wider segments of the Turkish society, including secular and centre-leftist sections.

On the other hand, Recep Tayyip Erdogan “did not omit to note that it would be wrong to assume that discussions for a solution would come to a successful end 100 percent” (Radikal, 17/10/2003). Erdogan knew very well that as long as Denktas and his party controlled politics in Northern Cyprus nothing could be taken for granted, as the failure of previous negotiations under the auspices of the UN and the EU pressure had illustrated.⁷¹ This is why he placed his hopes on a solution to the emerging opposition of Mehmet Ali Talat in Northern Cyprus. Characteristically, he stated that “the new government that will emerge after the elections in December [2003] in the TRNC with its profile can make the difference” (Özalp, 18/10/2003). This was interpreted as support to the opposition at the time. Ümit Cizre, an expert on civil-military relations in Turkey, notes that “the prime minister and his team are known to have given in to the establishment’s concerns and withdrew from the negotiations at the end of 2002. However, when the talks were restarted between Greek and Turkish Cypriot leaders on 13 February 2004, in order to boost Turkey’s chances of receiving a date to start accession talks with the EU, the military expressed its ‘serious concerns’. On both occasions, the prime minister repeatedly denied the open secret that there was a substantial rift between his government and the nationalist hard-liner stance of the secular establishment. Instead, he emphasized complete harmony and cooperation between both sides over Cyprus” (Cizre, 2008: 136).

⁷¹ See Chapter 2.

Cizre's observation about the Turkish Army's denial to support a diplomatic solution is confirmed by two US cables and partly by the ambiguous public discourse that the Chief of General Staff, Hilmi Ozkok, employed in what was the most important briefing to the press ever made on the issue by the leadership of the Turkish Army on 13 April 2004. This was just days before the referenda on Cyprus took place on 24 April 2004.

More specifically, one of the US cables mentions that, according to information the US Embassy to Turkey acquired from a number of Turkish contacts, despite the fact that the Turkish General Staff (TGS) was "both riven by factionalism and projecting a heightened sense of suspicion toward the U.S. to degrees not previously seen...there are, of course, certain institutional instincts which bind the TGS..." (US Embassy to Turkey, 18/04/2003). The "resistance to any practical Cyprus settlement" is among the "institutional instincts" that keeps the Turkish Army together (Ibid.).

On another US cable written close to the final hours of the negotiations, the US Ambassador to Turkey, Eric S. Edelman, informed the US Undersecretary Grossman about the latest development regarding Cyprus just before his visit on 8-9 December 2004. He wrote:

(C) Cyprus: Ankara understands that the period following the northern Cypriot elections and prior to Cyprus's May 1 accession to the EU will see intense efforts to reach a Cyprus settlement. The Turks are preparing a new proposal to that end, although there are conflicting views within the GOT. TGS and conservative elements in the bureaucracy remain loyal to Denktash and opposed to the Annan plan, so we are skeptical about how helpful the proposal will be. You might probe for a preview of the initiative while underscoring the need to reach a settlement for Turkey to realize its EU ambitions (US Embassy to Turkey, 04/12/2003).

Furthermore, in his public statements, the Chief of General Staff, Hilmi Ozkok was lukewarm. "It is a 9000 pages plan. The biggest part of it consists of federal laws and international agreements. It concerns everyone, it touches upon joint (successive) decision-mechanisms. It is not relevant for me to say either yes or no to this" (Hürriyet, 13/04/2004). He continued using ambiguous language by stating that "If you look at the [Annan] plan as a whole, we can say that together with positive aspects it did not meet some of our requests and there is also the possibility that serious problems can emerge in its implementation" (Ibid.). He argued that the negotiations in New York deviated from what the National Security Council (NSC) had agreed to on 23 January 2004 (Ibid.). The following day, the President of the Turkish Republic, Ahmet Necdet Sezer, echoed Ozkok's concerns arguing that "in the [NSC] meeting, it had not been endorsed (adopted) that the gaps that would emerge from the disagreement between the two parts would be filled in by the UN General Secretary and that

the agreement would be presented as such in order to be approved by the two societies” (Hürriyet, 14/04/2004).⁷² Along the same lines was the criticism of the main opposition party, CHP, regarding the Cyprus negotiations (Gülmez, 2007: 131-132). The CHP and especially its leader, Deniz Baykal, criticised AKP for not supporting Denktas enough and for deviating from Turkey’s traditional foreign policy. In addition, the CHP blamed the AKP for not consulting the other political actors.

From the evidence cited above, one can infer with certainty that Erdogan was aware of the real challenges that his government had to face in order to deliver Turkey’s support to a UN plan, given the domestic resistance from various powerful institutions, including that of the leader of the Turkish Cypriot community, Rauf Denktas. Erdogan is also likely to have been aware because the AKP government was making its first steps in the corridors of power between 2003 and 2004. Despite the fact that Erdogan could not guarantee Turkey’s final support to a UN brokered plan, he continued fervently to advocate a solution along the UN and EU guidelines. From the perspective of ‘the logic of two-level games’ (Putnam, 1988), it was not certain that an international agreement that disregarded the Turkish and Turkish Cypriot traditional approach to the Cyprus issue would be endorsed by Turkish institutions, despite the AKP leadership’s attempts to argue in its favour. The Prime Minister, Recep Tayyip Erdogan, was very well aware of this fact, given the public reactions of Rauf Denktas and the Turkish establishment.

One should also not forget Recep Tayyip Erdogan’s personal defeat in the parliament on 1 March 2003, when he tried to pass a motion that allowed US troops to use Turkish territory for the purposes of invading Iraq. Ninety nine members of the AKP government’s deputies voted against the motion and effectively blocked it from passing. This proved to everyone, including the AKP leadership, that there were certain limitations, even for the powerful AKP leader, in terms of garnering support from his deputies on sensitive foreign policy issues to the extent his deputies could carry his decisions through the parliament (Cagaptay, 2003).

The case of Cyprus was different, in the sense that it was the Turkish Cypriots that would bear the responsibility of accepting or rejecting the final plan for a referendum. Having said that, the Turkish Prime Minister had to sit together with the other actors involved, including the Greek-Cypriots, the Turkish-Cypriots and Greece, and he had to accept or reject the final

⁷² For an account about the symbolic and real function of the President of the Turkish Republic see Cizre, 2008: 149.

UN plan that was to put to a referendum before the two communities. At the end, he would have to convince the Turkish and Turkish Cypriot political elites and both societies overall about the advantages of the Annan Plan. This put him in a collision course with the long-standing Turkish Cypriot leader, Rauf Denktas, and it created friction between his government and the main Turkish opposition, CHP, as well as the Turkish Army. Therefore, it would be plausible to argue that the end result of this two-level game carried some degree of uncertainty on its domestic aspect.

If the result was that Erdogan could not deliver on his continuous pledge for a solution, this would discredit himself and his government in the eyes of international actors, such as the EU and the US as well as in the eyes of pro-EU domestic forces. It would illustrate that the country cannot be governed under a pro-Islamic government. This perception, in combination with real issues that would emerge, such as the failure of the AKP government to get a date for the beginning of the accession negotiations, could open the way for either the slow but steady demise of his government or a direct blow to the government from the Turkish army, who feared that AKP had a ‘secret’ Islamic agenda. An important segment of the Turkish society was sceptical if not directly opposed to the AKP government. The AKP’s failure to open accession negotiations with the EU would make the AKP even more unpopular providing the pretext the Turkish army required to intervene directly in Turkish politics, as it had done with AKP’s predecessor in 1997.

However, there was also the fear that, despite Turkey’s attempt to resolve the Cyprus issue, the EU could backtrack from their pledge to provide a date for the commencement of accession negotiations. In the words of the Turkish Foreign Minister, Abdullah Gul, this would be a “disaster” [felaket] from AKP’s point of view (Ergin, 09/11/2003). Tayyip Erdogan had also made similar statements, asking the EU to provide a date (Hürriyet, 31/10/2003). This proves that Recep Tayyip Erdogan and his inner circle felt that the stakes were too high for the Turkish government.

If the AKP leadership had followed the policy of the previous governments on the issue, they could hope, in the best case scenario that the domestic consensus over Cyprus would help AKP to build some kind of common ground with the Turkish establishment, as Necmettin Erbakan did. However, the question would then be whether consensus over Cyprus would be enough for the purposes of having a working relationship with the Turkish Army. Certainly, the AKP’s international image, especially amongst EU member states, would be very weak.

The government could not expect much from the EU in terms of political and financial support. In the worst case scenario, the AKP could see the complete freeze of Turkey's candidacy but then at least the leadership would not have invested all its political capital into an uncertain cause, while at the same time adding another issue of tensions in its relations with the Turkish establishment at the time.

To summarise, defining riskiness in terms of the relative variance in possible outcomes, I argue that the option of supporting a solution, on the part of AKP, bore more risk than playing along the lines of the Turkish establishment or adopting a policy of 'wait and see'. Regardless of the AKP leadership's belated success to overturn Turkish foreign policy in 2004, the policy that Recep Tayyip Erdogan pursued between 2002 and 2004 presents a greater variance because his inexperienced government was in constant friction with well-established actors of Turkish and Turkish Cypriot politics.

The AKP leadership's insistence on changing the course of Turkish foreign policy on the issue at hand was adding more pressure on their strained relations with the Turkish establishment, in particular the Turkish Army. Therefore, it is crucial now to answer the question of whether the riskiness of overturning Turkey's traditional foreign policy was actually accompanied by a similar risk propensity on the part of Recep Tayyip Erdogan and, most importantly, explain why this was the case. I will now turn my attention to the actual process of decision-making on the part of the Turkish Prime Minister and his inner circle. The question I address will be: What was the framing of options as well as the domain within which the AKP government was operating?

5.3 The Process of Decision-Making within the AKP Leadership: The Framing of Options and the Perceived Domain

5.3.1 The Framing of Options

As discussed in the theoretical chapter, drawing on the empirical work of McDermott, framing seems to have an indirect effect on foreign policy choices by simplifying and contextualising an issue, thereby defining the choices for action. However, it does not induce directly the policy choices of foreign policy-makers. In the Turkish case, framing can assist us in understanding and approximating more effectively the reference point of the Turkish Prime Minister that affected the domain within which he and his government acted. The framing illustrates that the status quo was important but even more important was the point the AKP actors aspired for, i.e. to start accession negotiations with the EU and continue with the reforms that would enhance their domestic influence.

There are different sources from which I draw information to analyse his framing. There are public statements as well as information derived from US cables as to how the Turkish Prime Minister at the time framed the need for a solution. In addition, Abdullah Gul was supportive as well. Although Ahmet Davutoglu, the then Chief advisor to the Turkish Prime Minister – who is currently serving as the Turkish Prime Minister – did not express himself through public statements, his academic work reveals a ‘geostrategic’ framing which could also have affected Erdogan. However different the focus of his framing was, the end result was the same. A solution to the Cyprus issue would benefit the geostrategic interests of Turkey, according to Davutoglu.

More specifically, Recep Tayyip Erdogan faced two major options. The first was supporting a comprehensive solution of the Cyprus issue based on a UN plan with no preconditions attached to it over the recognition of the ‘TRNC’. The second was to advocate the traditional view that entailed no substantial negotiations without the international community first recognising the TRNC. He was aware of the traditional view but he chose not to discuss any of its aspects in his public speeches, focusing instead on his pro-solution stance and what it meant for Turkey and the Turkish Cypriots. His framing of the pro-solution stance was mainly linked to Turkey’s candidacy to the EU. In one of his public statements he argued that:

Here everyone should be aware of one more reality. It is also our aim Turkey to become member of the EU by all means. Each of the two issues [Cyprus and EU candidacy] should be considered on its own realities and sensitivities, and associate one to each other...Cyprus which is our national case should not have been projected as opposite to the aim of Turkey becoming a full EU member which has become a basic part of our national politics. In this issue, our Government exhibits the necessary understanding. Similarly, I explain one more time that should the international community exhibit the necessary understanding, it will help both, reaching a just permanent peace on Cyprus and Turkey becoming a full EU member (Hürriyet, 18/11/2003).

In addition, US officials noted behind closed doors that “Erdogan has reaffirmed his intention to use the Annan III Plan as the basis for finding a solution, both for domestic political reasons and his interest in promoting Turkey’s EU candidacy” (US Embassy to Turkey, 14/11/2003). Abdullah Gul stated along the same lines that “if the Cyprus issue is solved, this situation will help Turkey during its candidacy” (Hürriyet, 15/12/2003). He also argued that their vision was a just and permanent solution that would protect the rights and security of the Turkish Cypriots (Hürriyet, 12/12/2003).

It is also mentioned in the US cables that in the first AKP Congress in 2003, “on foreign policy, Erdogan concentrated on Iraq, Cyprus, and a nebulous concept that Erdogan described as “strategic depth” -- although he did not elaborate on the latter” (US Embassy to Turkey, 15/10/2003). This is exactly the concept his Chief Advisor developed in his academic work on geopolitics and Turkey’s interests. As earlier mentioned, Davutoglu underlined the pros of Turkey’s geography and history in solving its problems and enhancing its power. In his own words, Turkey could become a “central country”, similar to Russia and Germany. In the case of Cyprus, his specific point was that war can hurt the strategic importance of the Baku-Ceyhan pipeline in favour of the alternative Russian pipeline of Novorossiisk.⁷³

What this framing can tell us is that from a geopolitical perspective, as Davutoglu perceived it, it would be better for Turkey to diffuse tension on the island. He was aware that Russia was very influential as far as the Greek Cypriots were concerned. The S-300 incident was a reminder that Russia could provoke a Turkish military reaction if weapons that threatened the Turkish army’s advantage in the East Mediterranean were delivered to the ‘hostile’ Greek Cypriots.⁷⁴ However, after the failure of the Republic of Cyprus to install the missiles, there

⁷³ See pp. 57-58.

⁷⁴ The S-300 was a Russian long-range surface-to-air missile system that could hit targets in the distance of 140 km. The crisis started when the Republic of Cyprus ordered the system to Russia on 5 January 1997. The immediate reaction by Turkish officials was to threaten the Republic of Cyprus with military response in case the missiles were finally based on Cyprus. The crisis ended when Greece and the Republic of Cyprus agreed to place the missiles on Crete instead (See more in Fırat, 2006: 471-472).

were no other attempts at making major military procurements. The Greek Cypriots focused their foreign policy on promoting their EU candidacy.

It is not known exactly which of the two framings weighted mostly in the decision-making process of the AKP leadership but what is important is that both ways of thinking converge to the same result, even if for different reasons. The AKP leadership framed it as an issue with severe implications for Turkey's EU aspirations. For traditionalists, Cyprus was a zero-sum game between two peoples. It was a securitised issue whose reverse could not be discussed openly. Turkey had gained military presence on the island and this had to be defended by all means. Erdogan instead highlighted the need to consider attempts for a solution as part of a wider strategy that would strengthen Turkey's candidacy, as well as its geopolitical position. If the AKP leadership's framing was an alternative to the traditional view of powerful institutions, what was the perceived domain that made Erdogan undertake a risky endeavour?

Framing is one issue but engaging in international negotiations and delivering a plan that could be supported domestically is another. The question that arises at this point is whether Erdogan was in the domain of losses or in the domain of gains. Does the analysis over the domain validate any of the prospect theory hypotheses in terms of the risk propensity? It has already been argued that supporting a resolution of the Cyprus issue that disregarded the traditionalist view in Turkey and in the Turkish Cypriot community was of greater risk than supporting the status quo.

5.3.2 The perceived domain of the AKP Leadership

The perceived domain of the AKP leadership at the time was a complex one. It depends on the type of reference point one pays attention to. I would argue that if their reference point is analysed from the perspective of status quo or, more specifically, what the AKP leadership considered as their state of affairs between 2002 and 2004, then they were in a domain of gains on the making. However, considering their reference point as aspirations, then one can argue that they were in the domain of losses and, therefore, pursued a risk-seeking policy over Cyprus. In this section, I will analyse the reference point of the AKP leadership, mainly that of the Turkish Prime Minister, Recep Tayyip Erdogan. I will also look for additional clues in his Foreign Minister's perception in order to explain the AKP leadership's perceived

domain and I will explain why aspirations played a bigger role in the way they acted in the Cyprus case.

The main prospect theory prediction is that when decision-makers are in the domain of gains, they are risk-averse and when they are in the domain of losses, they are risk-seeking. However, the risk propensity depends on his reference point at the time. Was Recep Tayyip Erdogan and his inner circle at the time focusing on the security of his government from internal threats (prospect theory-diversionary peace hypotheses) or was the AKP leadership focusing on the security of the country from major external threats (prospect theory-balance of threat theory hypotheses) that induced him to embark on a risky peacemaking initiative? In addition, what was the probability weighting function in terms of their peacemaking activities? Was there a medium to high probability of incurring further losses or gains or was there certainty with regard to any of the two possibilities?

When the AKP party was established in 2001, AKP leaders were uncertain what the future would hold for this new enterprise, whereby they attempted to “forge a new understanding of politics, free from the politicization of religion and advocating secularism” (Çınar & Duran, 2008: 31). What preceded the creation of AKP was a split in the ranks of political Islam, which had previously appeared to be united under the leadership of a revered figure of political Islam, Necmettin Erbakan, the founder of the National Outlook Movement (Milli Görüs Hareketi-NOM).⁷⁵ The AKP tried to distance itself from its predecessor parties by excluding “the essentialist and dogmatic aspects of Turkish Islamism” and introducing a new discourse on “conservative democracy” (Ibid.: 31-32). It has been argued that the AKP, especially its discourse, has been the result of a series of transformations in Turkish political Islam in the 1990s. The main factors cited have been the “newly rising Anatolian bourgeoisie” and “the culmination of transformations in the various Islamic sectors in Turkey from religious orders and communities to intellectuals” (Ibid.: 32). At the same time, analysts highlight the impact of the so-called “28 February Process” on the AKP leadership.⁷⁶ It was this historical event that affected the way the AKP conducted politics under the Turkish

⁷⁵ The National Outlook Movement was the organisation that established five parties from the 1970s until the 2000s with the exception of AKP. The first political party was the National Order Party (Milli Nizam Partisi), the second was the National Salvation Party (Milli Selamet Partisi), the third was the Welfare Party (Refah Partisi), the fourth was the Virtue Party (Fazilet Partisi) and fifth was the Felicity Party (Saadet Partisi). Each of these five parties with the exception of the Felicity Party were closed down either by the Turkish military or the judiciary (Çınar & Duran, 2008: 28-30).

⁷⁶ On 28 February 1997, the Turkish military presented the cabinet of Necmettin Erbakan, Prime Minister at the time, a long list with demands. Erbakan did not deliver and few months later was forced to resign. For a detailed account about of the events at the time see Zürcher, 2004: 300-301.

military's superiority, institutional and public. Çınar argues that the AKP founders, under the leadership of Recep Tayyip Erdogan, drew two main conclusions:

First, a WP-like party [Welfare Party], which equates itself with Islam and employs a rhetorical discourse on Islamic motifs cannot represent a conservative Islamic identity in the political sphere, deliver on its promises, or manage to ride the wave of tension generated by the secular establishment and survive in power. Second, the far-reaching scope of the crackdown on Islamic politics...has demonstrated that the rule of law as the life-line of a political movement/party to physically survive has yet to be fully established in Turkey (Çınar, 2008: 110-111).

Not only did these conclusions have their roots in the history of an acrimonious relationship between political Islam and the secular elites, including the Turkish military and the judiciary, which goes back to the 1990s but they were also reproduced in AKP's contemporary experience during its first years in power. The political differences were solidified by a psychological barrier of mistrust that was feeding into both the AKP government and the Turkish military. As Çınar argues "the secular establishment condemned the JDP [AKP] for being born with 'the original sin of Islamism' and categorically denied the possibility of change within Islamist politics, which in turn, rendered the JDP's hopes for being tolerated by the establishment redundant" (Ibid.: 111). The so-called 28 February Process was different from previous military interventions in two crucial respects. First, the Turkish army held accountable "the whole political class and even ordinary citizens responsible for the growth of Islamist reactionism. The political class, the upper echelons of the bureaucracy, the judiciary, the media and ordinary citizens were assigned the duty of protecting secularism (as defined by the military) and joining the crackdown campaign on Islamic politics" (Ibid.). The second was that the relationship between "Islam and secularism-cum-democracy was conceived in zero-sum terms" contrary to the policies of 1980 coup that supported Islam (Ibid.).

When the AKP came into power in 2002 with 34% of the vote and two thirds (367 of 550) of the parliamentarian seats, it had achieved two major victories within just a year of its existence.⁷⁷ The first was to marginalise the Felicity Party of Necmettin Erbakan and the second was its ability to formulate a single government, the first since 1987. These two victories, in combination with Turkey's EU candidacy, provided the AKP with a great

⁷⁷ In 2002, AKP won the biggest number of seats that a party had won since 1960 (Çınar, 2008: 112). This was not only the result of its own performance but most crucially of the 10% threshold which has been favouring the first party at the expense of smaller parties, usually pro-Kurdish that could not pass the threshold. In the 2002 elections, it was only the AKP and CHP that passed the threshold and this exactly explains why AKP achieved such a big number of seats.

opportunity to change the rules of the civil-military relations. However, according to US contacts, the Chief of General Staff, Hilmi Ozkok, was under pressure from within the army to persuade Erdogan “via his working relationship” with him to “dilute these measures to the point that the military hard-liners would be satisfied”. The US cables that Abdullah Gul, the Foreign Minister at the time, “assured Ambassador [US] that the Government is committed to transforming the NSC into a “real” advisory vice governing body (ref B) (US Embassy to Turkey, 21/07/2003).

Although the Turkish army was suspicious of its activity and greatly resisted reforms, especially ones that would challenge their position in the state apparatus, the party succeeded by utilising the EU’s backing to the implementation of wide-spread state reforms (Çınar, 2008: 121). The culmination of these reforms was the democratic package of July 2003, which effectively weakened the participation of the Turkish Army in Turkish politics (More details in Cizre, 2008: 137-140). Gul stated in 2003 that a number of reforms, which ranged from basic rights and freedom to the civil-military relations, were harmonising Turkish law with the EU *acquis* (Hürriyet, 12/12/2003). This was a major victory for the AKP leadership, firstly because they were able to change the civil-military balance in the civilian government’s favour and, secondly, because they sent a clear message to the EU that the AKP was ready to deliver on the crucial reforms that were expected of Turkey.

As a result, the AKP leadership was slowly expanding the party’s political and institutional influence domestically, while projecting the image of a reliable interlocutor to the EU member states, the traditional allies of Turkey. It also projected itself as a government that could perform its executive responsibility in cooperation with the Turkish parliament. The AKP leadership seemed at that point to be in a better political and institutional position than its predecessors. Its domestic legitimacy seemed to increase and the AKP leadership had every reason to be hopeful for the party’s survival. In a sense, one could argue that the AKP leadership must have been in the domain of gains and, therefore, would not risk a direct confrontation with the Turkish establishment in the case of Cyprus, at least not before they had enough time to consolidate their power.

However, I would argue based on solid empirical evidence that Erdogan and his inner circle were at the time in constant fear that the Turkish army was attempting to undermine their government in every possible way. At the same time, there was a high probability that Cyprus could derail Turkey’s candidacy and subsequently weaken the environment that allowed for

reforms and, therefore, the strengthening of the AKP's position. The focus of AKP's framing was on the link between the solution of the Cyprus problem and Turkey's commencement of accession negotiations. The AKP leadership was not evaluating its position in terms of what the situation was at the time but what the situation would be at a later stage if their government did not fervently support the solution. Considering their reference point as aspirations, it becomes clear that, as long as the Turkish army perceived the AKP government as an anomaly within the political system, the AKP's attempts to capitalise on a positive international and domestic environment that was created during the first two years of its rule – largely because of its pro-EU credentials – was the only way to survive and cement its political influence in the Turkish society. Therefore, the AKP leadership was in a domain of losses and this made them become risk-seeking in the case of Cyprus.

Closing this section, I will give some examples that epitomise the AKP leadership's worry that the Turkish Army was attempting to undermine the party by any means necessary. Some analysts have argued that the conflict between the two sections was “a controlled conflict” at the time (Hale & Özbudun, 2011: 82-89). The General of Staff, Hilmi Ozkok, seems to have tried to build a working relationship with the AKP leadership. “During his period as a CGS, between August 2002 and August 2006, General Hilmi Özkök was reluctant to engage in open confrontations with the government” (Hale & Özbudun, 2011: 82). Perhaps external observers, such as the above mentioned academics, thought that this is “a controlled conflict” based on their information about the role of the General of Staff at the time.

However, Ozgok seems not to have been in tune with other high echelons in the Turkish Army, including Yasar Buyukanit, his successor. Özkök was subjected to pressure from within the Army to become more assertive, especially from two out of the three main rival groups, the “Nationalists” and the “Eurasianists” (US Embassy to Turkey, 06/06/2003, 18/04/2003, 21/07/2003). This shows that the Turkish army was not just one man's institution but it relied heavily on the views and perceptions of other high ranking officers who did not necessarily agree with the views of the General of Staff at the time. In addition, even if we assumed that the analysis of outsiders concerning the Army's approach to the AKP government was accurate, the focal point for defining the domain in prospect theory is the perception of the AKP protagonists themselves.

The US cables contain substantial information about Recep Tayyip Erdogan and his inner circle's perceptions. More specifically, it is revealed in the US cables that

P.M. Erdogan has publicly admonished those who would seek to foment AK-military tensions and privately acknowledged that it is essential to support Ozkok, although he told Cengiz Candar he is at a loss how to do so. AK deputy party chairman Firat affirmed to us May 30 that Erdogan is searching for a modus vivendi. At the same time, Justice Minister Cicek; Firat; and other AK M.P.s such as former Erdogan chief of staff Comez, deputy parliamentary group chairmen Ipek and Ergin, and human rights committee deputy chairman Torun, have each reiterated to us in the past few days that the party will press ahead with its new EU harmonization reform packages. Ipek emphasized that the NSC is merely an advisory body and the fiery Torun asserted that the party is ready “to go down like Menderes” (the P.M. removed in the 1960 coup and hanged in 1961) to defend its reforms against the military (US Embassy to Turkey, 06/06/2003).

This type of discourse from Erdogan and high level members of the AKP, behind closed doors, clearly illustrates that there was great anxiety within the AKP government toward the Army’s activities and their position vis-à-vis AKP policies. At the same, there was great determination to proceed with the necessary EU-induced reforms.

In addition, the AKP leadership believed that the case of the US war in Iraq was used by the Army to weaken the government in the eyes of the Turkish public. According to US cables, a number of important sources with contacts to the Turkish army “underscored the determination of the Turkish State – in the form of the General Staff and Presidency – to use the Iraq question to shatter AKP party’s ability to govern by insisting that the AK government shoulder all the responsibility for the decision while they (the representatives of the State) drag their feet and refuse to give AK advice” (US Embassy to Turkey, 20/02/2003). The American officials also stated that “we have heard the same from many AK party reps – e.g., deputy chairman for policy Firat, Erdogan foreign policy advisors Bagis and Celik, and parliamentary foreign policy committee deputy chairman Sirin, who stated bluntly, “The Army is making us wear the jacket”” (Ibid.). A few months later, Firat, the AKP Vice Chairman, told American officials that “TGS is attempting to use the controversy surrounding the July 4 brief detention of Turkish Special Forces (TSF) by U.S. troops in Iraq to fan nationalist flames and undercut the reform drive” (US Embassy to Turkey, 21/07/2003). Finally, it seems that the Army was attempting to block any meaningful negotiations in the case of Cyprus. American officials noted only a few months before the Republic of Cyprus became officially an EU member that “TGS only cautiously agreed to the government’s wish to move Turkish Cypriot leader Denktas and the Turkish Cypriots back to the bargaining table and it appears TGS insisted on only a narrow field of maneuver on the part of the government” (US Embassy to Turkey, 12/03/2004).

The AKP leadership was in a domain of losses but was hopeful that, because of the EU conditionality, the possibility for further losses due to their peacemaking initiative was medium to high. According to prospect theory, individuals tend to downplay the possibility of further losses if the probability weighting function is medium to high. It is only when there is certainty or pseudocertainty that individuals tend to exaggerate the possibility of further losses and subsequently become loss-averse. The AKP leadership was hopeful that their reformist agenda would not falter against the heavy hand of the army, as a result of the positive outcome of its support for a comprehensive solution in Cyprus. Their perception, correctly so, was that the Turkish establishment would be neutralised by the EU's influence. Apart from the short-term benefits of enhancing AKP's international and domestic profile, the long-term benefits would be the weakening of particular sources of nationalism, such as the Cyprus conflict. It was very well tied to the legitimacy and influence of parts of the secular establishment and in particular the Turkish army in the Turkish society and the power structures in Turkey.

Finally, between 2002 and 2004, process tracing does not reveal any case of major external security threats coming from another country, including Greece and the Republic of Cyprus, threats that could actually be connected to the AKP leadership's peacemaking initiative vis-à-vis Cyprus.⁷⁸ Even the Iraq war in 2003, which might have been a case of concern for the Turkish government, especially after its failure to pass the motion for US troops to operate from Turkish soil, cannot be connected with the peacemaking initiatives in the case of Cyprus for two reasons. First of all, the Iraq war was not considered a major threat to Turkey's interests as long as the PKK's status as a "terrorist organisation" did not change in the US and the EU. It was clear that the US and EU countries did not have such an intention in any case. Furthermore, it is not clear how the solution of the Cyprus problem would help the AKP leadership address its concerns with regard to the Kurdish question. The most relevant answer to its concerns was to engage politically with the problem and try to weaken the PKK's presence in Iraqi Kurdistan by engaging more with the Iraqi Kurds and their major parties, such as the Kurdistan Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK). In fact, the AKP started to move toward this direction after 2007. What also suggests Iraq

⁷⁸ Especially since the Greek Prime Minister, Costas Simitis (1996-2004), had pursued for a long time the communisation of the Greek-Turkish differences, including the Cyprus issue, shifting away from the traditional policy of his predecessors, namely vetoing Turkey's progress towards becoming an EU candidate country unless it caved in to Greek demands about the Aegean dispute and the Cyprus issue. (See more in Mounoutzis, 2009: 24-27). All the more, Simitis's did not believe that militarising Greek-Turkish relations would offer good service to the national interests of Greece.

was not considered a major threat to Turkey's interests is the fact that Recep Tayyip Erdogan was pushing for an overturn of Turkey's traditional foreign policy, vis-à-vis Cyprus, months before the war in Iraq actually started and certainly before his failure to pass the motion concerning Turkish involvement in the war. Therefore, I am considering the risk-seeking behaviour of Recep Tayyip Erdogan and his inner circle along the lines of the prospect theory-diversionary peace hypotheses and not along the prospect theory-balance of threat hypotheses.

5.4 Conclusions: What explains the AKP Leadership's Peacemaking Initiatives in the Case of Cyprus?

A number of conclusions follow from the above detailed analysis of the riskiness of the policy choice of the AKP leadership and its risk-seeking behaviour. First of all, the AKP leadership's decision to invest politically in the solution of the Cyprus problem, by effectively supporting the UN process against what was the traditional Turkish position, posed wider variance in outcome values than the status quo choice. The best and the worst possible outcomes of this policy choice represented the highest values in comparison to the best and worst outcomes of a status quo policy respectively. This meant that, irrespective of AKP's risk propensity, the degree of riskiness for the revisionary choice was higher than for the traditional stance.

At the same time, after examining the domestic and international environment in which Turkey functioned at the time, including an examination of Recep Tayyip Erdogan's public and private statements, it becomes obvious that the following prospect theory-diversionary peace hypothesis is validated:

When the AKP leadership feels that its government is insecure due to internal threats, then it is located in the domain of losses and, therefore, will engage with the risk-seeking policies of peacemaking that could potentially help it counteract the domestic sources of its government's insecurity.

I have presented solid empirical evidence that Erdogan and his AKP inner circle were at the time constantly fearful of the Turkish army. The perception was that the Army was trying to undermine their government in every possible way. Confidential US cables support this argument. Simultaneously, there was a high probability that Cyprus could derail Turkey's

candidacy and, subsequently, weaken the enabling environment for reforms that would strengthen civilian governments' executive power. The focus of the AKP's framing was on the link between the solution of the Cyprus problem and Turkey's commencement of accession negotiations. The AKP leadership was not evaluating its position in terms of what the situation was at the time only but what the situation would be at a later stage if their government did not fervently support the solution. A non-solution of the Cyprus problem was placing Erdogan deep in the domain of losses. Considering their reference point as aspirations, it becomes clear that as long as the AKP leadership perceived the Turkish army's stance toward it as threatening, then the AKP government would do anything in its capacity to survive and secure its survival. The AKP government had a big advantage in comparison to the Welfare Party in the 1990s. It formed a single-party government and it could, therefore, take the initiative on a number of issues, depending on the AKP leadership's analysis and understanding. This was not the case with the Welfare Party, however, as it was in a coalition government.

Finally, the prospect theory-diversionary peace theory hypothesis is validated for one additional reason. The empirical evidence can illustrate potential gains for Recep Tayyip Erdogan's risky game of concessions. Fravel, in his analysis of why leaders pursue peacemaking initiatives through concessions, located three possible incentives for the embattled leaders: "(1) to gain direct assistance in countering internal threats, such as denying material support to opposition groups; (2) to marshal resources for domestic priorities, not defense; or (3) bolster international recognition of their regime, leveraging the status quo bias of the international system to delegitimise domestic challengers" (2005: 52).

In the case of Cyprus, it was the third set of incentives that convinced Erdogan to engage so fervently with the Cyprus issue. Successful overturn of the traditional Turkish foreign policy would bolster international recognition for his government and himself. At the same time, precisely because the EU choice was popular with the business elites, but also with the Turkish media and the public, his efforts in this respect exponentially raised the stakes for domestic challengers that sought his removal, including the Turkish army and the judiciary. Therefore, the competition between the AKP government and the Turkish army is of primary significance when explaining why the AKP leadership engaged in a risky revisionary policy of concessions, vis-à-vis the Cyprus issue.

Chapter 6: Analysing the AKP Leadership's Peacemaking Stance and its Reversal of Turkey's Armenia policy from a Prospect Theory Perspective

6.1 A Prospect Theory Reading of the AKP Leadership's biliteralisation initiative vis-à-vis Armenia

On 10 October 2009, the Republic of Turkey and the Republic of Armenia, represented by their Foreign Ministers, Ahmet Davutoglu and Edward Nalbandian respectively, signed the Zurich protocols. This moment was historical for the relations of the two countries and signified a temporal but still dramatic change in Turkey's policy towards Armenia. The Protocols sought to address a number of pending political and historical issues for the establishment of diplomatic relations after decades of animosity between the two neighbouring countries. What has been a sea change in Turkey's stance towards Armenia is the AKP government's agreement to drop one of its long-standing preconditions, namely the solution of the Nagorno-Karabakh issue between Armenia and Azerbaijan. In fact, the military success of Armenia over Azerbaijan in this area prompted Turkey to close its borders back in April 1993 (Görgülü, 2008a: 11-12; Mirzoyan, 2010: 73). Turkey's participation in the war was looming large at the time (Mirzoyan, 2010: 74). In the years that followed, Turkish politicians would always raise the issue of Nagorno-Karabakh.

In chapter 3, I examined different approaches, including that of external actors, political economy, democratisation, Europeanisation and the Davutoglu factor and I argued that none of these can plausibly explain the AKP government's decision to make major concessions during its negotiations with Armenia, such as the delinking of the Nagorno-Karabakh conflict from other aspects of the Turkish-Armenian relations. By disregarding Azerbaijan's vital national interests in the first place, the AKP leadership put Turkey's well-established political, cultural and historical ties at risk as well as its major economic and energy interests. As a result, for example, Azerbaijan delayed important energy agreements with Turkey after the signing of the protocols (Winrow, 2011: 83).⁷⁹ Turkey was an important transit state in the region and it could potentially become an energy hub. Winrow argued that "Officials in Ankara intend to make the Turkish Mediterranean port of Ceyhan a new Rotterdam" (Ibid.: 81). This was put into question in the way negotiations with Armenia were developing. The

⁷⁹ The Baku-Ceyhan-Tbilisi pipeline which started its operations in May 2006 was the first to deliver crude oil to European markets bypassing both Russia and the Bosphorus in the region (G. M. Winrow, 2008: 169). Its capacity was expected to reach 1 million bpd by 2009 (Ibid.).

AKP leadership was aware of what they were committing to and the pressure they were under. A few days before the signing of the Zurich Protocols with Armenia, a coordinated attempt by AKP officials to keep Azerbaijan's reactions in check took place. This attempt included initiatives by Recep Tayyip Erdogan, Abdullah Gul and Ahmet Davutoglu.

Turkey has apparently attempted to do the same in recent days, with Erdogan balancing his disclosure of the planned October 10 signing with statements that Turkey would never act in a way contrary to Azerbaijan's interests. The Speaker of the Turkish Parliament and former AKP minister Mehmet Ali Shahin amplified the message in Baku last week for the Pan-Turkic parliamentary assembly, assuring President Aliyev and the Azerbaijani Milli Majlis that Turkey would not ratify the protocols without a solution to the NK conflict. President Gul and FM Davutoglu traveled to the Azerbaijani exclave of Nakhchivan this week for the pan-Turkic summit for what will be the last round of high-level, face-to-face Turkish-Azerbaijani contact before the signing (US Embassy to Azerbaijan, 02/10/2009).

After the signing of the Protocols, Azerbaijan started issuing threats, as the US cables reveal (US Embassy to Azerbaijan, 28/10/2009). Obviously, the reassurances of the AKP leadership, namely that Turkey would not proceed with their ratification without taking into consideration the interests of Azerbaijan had failed entirely. The US initiative to appease Azerbaijan also failed.

The literature that deals with the bilateral relations of the two countries by and large tends to perceive the protocols as part of an unsuccessful diplomatic initiative. Therefore, they tend to give prominence either to what explains the failure (e.g. İşeri, 2011) or the events that led to the signing and, subsequently, to the deadlock without analysing critically and in depth as to why Turkey signed in the first place but then reversed its policy (e.g. Özdal, 2010; Yalçınkaya, 2010). There are also authors who discuss the issue of the protocols from a normative perspective talking about the need Turkey to support the strategy of multilateralization that serves Turkey's and Azerbaijan's interests in the best possible way (e.g. Ercan, 2010).

Other analysts expressed openly how puzzling it was that Turkey would commit to an agreement when the AKP government was under immense pressure not to (Göksel, 2012: 11). The hypothesis that is provided as an explanation is that "if Ankara's scheme was that the Yerevan administration would be empowered by the prospect of an open border with Turkey, to proceed with the inevitable compromises for the Karabakh conflict to be resolved, it was a misguided calculation" (Ibid.). Along the same lines, other analysts argued that "the

Turkish government was rather guilty of sloppy diplomacy” and insincere (Welt, 2012: 57).⁸⁰ However, the analyst also notes that “Most astonishingly, Turkish officials do not appear to have warned the Armenian government or international mediators that the protocols, if signed, would almost certainly not be ratified” (Ibid.).

Regardless of whether the protocols failed to normalise relations or whether it would make sense for Turkey to stick to its traditional foreign policy of multilateralisation, the signing of the Zurich protocols signified the change of a long-standing state policy in the most formal way possible. Turkey committed to a process by which it would open its borders “within 2 months after the entry into force of the Protocol” and the ratification of the protocols was not conditional on any *a priori* or *a posteriori* agreement between Armenia and Azerbaijan over the Nagorno-Karabakh dispute (Appendix 2).

In my interview with the Deputy Undersecretary of the Turkish Foreign Ministry, Selim Yenel, regarding the signing of the protocols and the lack of reference to the Nagorno-Karabakh issue, he noted:

It is a sensitive issue in both Turkey and Armenia. When we signed the protocols the Azerbaijanis claimed that we stabbed them in the back - which was not the case - but this was the interpretation they had because of the Nagorno-Karabakh issue and on this if it happened to be somehow some progress that was made, then they were going to create problem for us. The same with Armenia, for the first time they have accepted to have a historical commission. For them the events of 1915 are a fact so it seems as if they were backtracking on that and this is a very huge issue for them. They needed some kind of way out. We want to make progress. The way in which our parliament can approve it is if there are some developments in the Nagorno-Karabakh issue. The Armenians are claiming that there was no conditionality. This is true. But we live in a real world and if we want to make progress it's good to have progress on both sides. We are still talking to them. Right now we are in election period. Possibly after the elections there might be some more progress (Selim Yenel, 2011).

This excerpt vividly reveals that, for the Turkish side, a positive parallel development on the Nagorno-Karabakh issue was a necessity in order to resolve the Armenian issue. The Turkish Foreign Ministry was very well aware of this fact as was the AKP leadership. However, within a few months, Recep Tayyip Erdogan’s government pressed ahead with investing political and diplomatic capital in overturning Turkey’s long-standing policy towards Armenia. Initially, he transformed the traditional multilateral approach of Turkey’s relations

⁸⁰ The argument on the insincerity of the Turkish government is based on the suspicion that they agreed to declare the formal commencement of the normalisation process in order to avoid a vote in the U.S. Congress on recognizing the Armenian genocide (Welt, 2012: 57).

with Armenia into a bilateral approach and then back into the traditional Turkish approach, i.e. multilateralization of the Turkish-Armenian relations.

The main questions that arise relate to the reasons as to why the Turkish Prime Minister initially tried to resolve the Armenian issue by disregarding formally Azerbaijan's national interests in the case of Nagorno-Karabakh. Is it sufficient to argue that this was "sloppy diplomacy" or a "miscalculation"? Even if one employs this terminology to characterise Recep Tayyip Erdogan's foreign policy with regard to Armenia, the incentives remain fuzzy. The bilateralisation of Turkish-Armenian relations through the signing of the Zurich protocols in 2009 deviated significantly from the traditional Turkish approach to the issue. Therefore, one should be examining what this decision meant in terms of risks, then define the risk propensity of decision-makers as well as their incentives. It is only then that the puzzle of the AKP's signing of the Zurich protocols can be explained. In a similar way, the reversal of the bilateralisation policy should receive plausible answers as far as what induced the reversal of the risk propensity of Recep Tayyip Erdogan in a short-period of time.

It is a major puzzle that the AKP leadership committed to such a process given what was at stake. However, arguments about "miscalculation" or "sloppy diplomacy" do not actually explain what induced the AKP leadership to proceed with the bilateralisation of the relationship at the time and before the failure of the initiative. The US, the EU, Russia and partly the Turkish public and the Turkish media were supportive of this initiative. Miscalculation or sloppy diplomacy are *a posteriori* evaluations of AKP's diplomacy based on the failure of the whole process. They cannot actually explain what the logic behind the AKP government's choice was or what shaped the risky behaviour on their part before they reversed it. They cannot even explain the causal mechanism of what made them reverse the policy.

This brings me again to the point of arguing for the need to employ the analytical tools of prospect theory in order to define the riskiness of the choice, the risk propensity of the actors and what explains it. Subsequently, by answering these questions, it will be possible to explain the sequence of events that led to the reversal of the bilateralisation process.

More specifically, the following questions will guide me through my analysis. Was the policy option of bilateralisation riskier than the traditional foreign policy of multilateralisation? Was the AKP leadership's behaviour risk-seeking or risk-averse during the period of negotiations that led to the signing of the Zurich protocols and if so, why? Which hypothesis of prospect

theory, vis-à-vis the reference point and the domain of the AKP leadership, is confirmed by process tracing. In a similar way, I will be inquiring into the reversal of this process. What made Erdogan change his mind? How can prospect theory explain such a spectacular change, one that took place within a few weeks' time?

In the next sections of the chapter, I will be answering all these pertinent questions but first I will digress in order to give some well-founded answers as to which decision-maker should be my unit of analysis in the case of Armenia. There is a developing analysis arguing that there was a differentiation or even a disagreement within the AKP's highest ranks over Armenia during the negotiations and after. However, this does not seem to be confirmed by the empirics.

6.2 Clarifying the issue of Policy Entrepreneurship in the Armenian Case

The analysis will again focus mainly on Recep Tayyip Erdogan but on other AKP officials as well, such as the President of the Republic, Abdullah Gul, and the Turkish Foreign Minister at the time, Ahmet Davutoglu, as part of my attempt to triangulate information. Despite appearances, the evidence and the analysis show that all three acted in conformity. US and Azerbaijani officials did not notice any difference in the stance of the three actors vis-à-vis the negotiations with Armenia. The signing of the Zurich protocols was a decision of Recep Tayyip Erdogan, who was the Prime Minister at the time. Abdullah Gul, as the President of the Republic, played a positive role prior to the signing of the protocols by breaking, with his initiatives, the psychological barriers between Turks and Armenians. Ahmet Davutoglu was the Turkish Foreign Minister who, together with Edward Nalbandian, his Armenian counterpart, signed the Zurich protocols in the presence of EU, US and Russian representatives.

However, at this point, I should discuss a number of reports about the negative role of Erdogan in the negotiation process with Armenia back in 2009 and the more positive stance of Abdullah Gul and Ahmet Davutoglu (Akyol, 11/05/2015; Kınıklıoğlu, 30/04/2015). This is important because if there is disparity between what Recep Tayyip Erdogan wanted in terms of the process and what Abdullah Gul and Ahmet Davutoglu pursued, then it has to be clarified who is my unit of analysis in terms of pursuing and delivering change in Turkish

foreign policy, vis-à-vis Armenia. It would then have to be clarified what Recep Tayyip Erdogan's role was if he was opposing the peacemaking plan.

However, looking at the empirical evidence, one can argue with confidence that these reports are unfounded, as they do not present strong empirical evidence about Erdogan's role at the time. In addition, they do not present any evidence about the perception of other relevant actors that were very much interested in the whole process, such as the US and Azerbaijan. They would not have any reason not to 'name and shame', at least in the US cables, anyone who could go against the diplomatic agreement. In the case of Azerbaijan, because of the immense importance of the topic, Azerbaijani officials would have definitely held a differentiated approach towards the AKP leadership if someone were to be against the Armenian negotiations. This was not the case.

More specifically, in his article Kiniklioglu argues that "Then President Abdullah Gul was the primary driver behind the protocols" and that Erdogan was the one who overturned the whole process few days after the signing of the Zurich Protocols because of the success of the Azerbaijani lobbyists in Turkey and because "He had not been too keen on the process anyway, as it was not "his process"" (Kiniklioglu, 30/04/2015). He also refers to Erdogan's meeting with Aliyev in Baku and to the fact that he reversed the Armenian policy just after this meeting and that "Both Gul and Davutoglu were shocked, as this was not at all what had been discussed, and both men were put in a very awkward position" (Ibid.). In addition, Mustafa Akyol argued along the same lines, citing Mustafa Armagan's public comments after his meeting with Erdogan. Armagan said that "I have observed criticism and reproach about Gul's term. He [Erdogan] emphasized moves like Gul's visit to Yerevan to watch the football match gave an upper hand to the other side and paved the way for them to exert pressure on us" (Hurriyet Daily News, 08/05/2015). Armagan later changed his initial statement, arguing that he "misunderstood" (Ibid.). Akyol argues that Armagan might have retracted his initial statement but this statement "is very typical of Erdogan and it tells a lot about his view of politics" (Akyol, 11/05/2015).

Despite appearances, Kiniklioglu's and Akyol's arguments about the role of Erdogan are unfounded for three main reasons. The first reason is that it is clear from the US cables that the Azerbaijani side did not differentiate between Erdogan and Gul in terms of Turkey's negotiations with Armenia. "Azerbaijan's negative reactions to Turkey are fuelled by Erdogan and Gul's unfriendly treatment of Aliyev. Aliyev believes the Turks would have sold

Azerbaijan out months ago without even the courtesy of a consultation" (US Embassy to Azerbaijan, 02/07/2009). If Erdogan was the one who was not keen on the process, then why would Aliyev think that Erdogan would betray Azerbaijan's interests months before?

Secondly, it is true that Abdullah Gul, as President, played a role in breaking the ice with Armenia, especially with his historical visit to Yerevan during the "Football Diplomacy". However, it is not plausible to argue that Abdullah Gul was personally more involved in the process or that he personally wanted the normalisation more than Recep Tayyip Erdogan did. The issue of Nagorno-Karabakh was a great challenge for all Turkish politicians, including Abdullah Gul. Armenia's Foreign Minister between 1998 and 2008, Vartan Oskanian, revealed aspects of Abdullah Gul's position at the time Gul was negotiating as Turkish Foreign Minister.

Oskanian added that when Gul was Foreign Minister that Gul--who Oskanian believes sincerely wants the Turkish-Armenian border opened--had approached him about negotiating a border opening. In that first meeting, Gul said, "Our predecessors were wrong to link the Turkey-Armenia opening with NK." In the second meeting, Gul told Oskanian, they could not ignore NK, but he was open to discussing Turkey-Armenia normalization. In the third and final meeting on this subject, Oskanian said Gul told him that Armenia had to return the territories before rapprochement could occur (US Embassy to Armenia, 24/06/2009).

Ahmet Davutoglu, in turn, was Foreign Minister in Recep Tayyip Erdogan's government. It is difficult to imagine the Foreign Minister signing major diplomatic agreements without the approval of his Prime Minister. In addition, one should not forget that Ahmet Davutoglu has been Erdogan's right-hand man throughout his political career. First, he was his Chief Advisor, then he became his Foreign Minister and, following Erdogan's election as president, became Prime Minister.

Further, whilst it is true that we do not know the exact words that Aliyev used when he addressed Erdogan in their face-to-face meeting, it is not difficult to imagine that he repeated what he told American diplomats a few weeks after the signing of the Zurich protocols.

7. (C) The President stated that in Azerbaijan's view "a failure to resolve Nagorno-Karabakh is bad for regional stability." Normalization without NK progress could lead to a split between Azerbaijan and Turkey, with implications for Central Asia and energy policy. These sorts of developments could be negative for Georgia, too. Aliyev suggested that an Armenian withdrawal from "occupied territories" could lead to an opening of Azerbaijan's border with Armenia and the re-establishment of "all lines of communication" (US Embassy to Azerbaijan, 28/10/2009).

Which Turkish government or which Turkish politicians would not take into account warning or threats coming from Turkey's strategic partner in energy deals and trade with deep historical and cultural ties, such as Azerbaijan?

Lastly, even if Armagan's comments were true in relation to Erdogan's criticism on Gul's visit to Armenia, one has to put the criticism into perspective and more specifically in the context of 2015 politics. The Turkish-Armenian rapprochement is considered a failure for the AKP leadership. Therefore, for reasons of political expediency, Erdogan could possibly want to put the blame of this initiative on other high profile AKP officials. However, the evidence does not concur with the idea that Recep Tayyip Erdogan was not part of the initiative or that he did not want the signing of the protocols. On the contrary, it was his government that took the decision to proceed with the signing of the Zurich protocols and it was Erdogan himself who reversed the process in his speech in the Azerbaijani parliament. Erdogan and his AKP government were the main forces behind this initiative and it was again Erdogan and his government that blocked the process. Tactics of negotiation during that period that might have been applied by the AKP leadership, such as the good cop-bad cop strategy, does not change the substance of the argument about who should be the unit of analysis for my study.

6.3 Riskiness of the AKP Leadership's Revisionary Policy over Armenia

As was discussed in chapter 4, foreign policy decisions are relatively risky to other available options at the time of the decision-making. McDermott argued that the riskiest option presents the greatest variance of positive and negative outcomes (McDermott, 2004b: 39). In the case of Armenia, the AKP government had two choices at its disposal. First of all, it could insist on Turkey's traditional stance, namely to refuse negotiations with Armenia until a parallel process for the Nagorno-Karabakh issue was introduced; it could have even started negotiations with Armenia without concluding them until an agreement between Azerbaijan and Armenia was possible. It would then be consistent with previous Turkish governments' policy of multilateralization of the Turkish-Armenian relations by placing the issue of Nagorno-Karabakh on the top of their agenda.

The alternative choice was to focus strictly on bilateral issues in the hope of reaching a good compromise for both sides during the negotiations. Linking Turkish-Armenian relations with Nagorno-Karabakh had been a red line for the Armenian political elite. This was obvious

already from the first meetings between Turkish and Armenian officials after Turkey closed the Turkish-Armenian borders. In the diplomatic meetings following the closure of the borders, Turkish officials topped the agenda of Turkish-Armenian relations with the Nagorno-Karabakh dispute. Thus, they linked the normalisation of relations with Armenia with the resolution of its dispute with Azerbaijan (Mirzoyan, 2010: 75). They repeated the same argument a few years later when Armenia's role in the Baku-Ceyhan pipeline was debated. Mirzoyan argued that

rushing to secure Armenia's participation in the pipeline deal, Libaridian [security advisor] and Ter-Petrosyan [president of Armenia] offered to sideline the genocide issue as part of a "non-preconditional agreement" but Ankara continued to insist on the Armenian withdrawal from the Azerbaijani territories (2010: 82).

In addition, during the negotiations between Turkey and Armenia in 2009, the Armenian Foreign Minister, Vartan Oskanian, made it clear to the American Assistant Secretary, Gordon, that "a breakthrough was possible if the Turks could "transcend" linking the Turkey-Armenia process to NK [Nagorno-Karabakh]. "We need to try to do Turkey and Armenia first. For the last 15 years, we've tried to do NK first and it hasn't worked," he said" (US Embassy to Armenia, 24/06/2009). Thus, in order for the negotiations to have a chance to deliver an agreement, Turkey had to make serious concessions and relinquish its long-standing pledge to Azerbaijan. The protocols reflected exactly this reality. There was no reference to the issue of Nagorno-Karabakh at all (Appendix 1 & Appendix 2) although the AKP leadership publicly tried to connect the two, during the period of negotiations. In addition, AKP officials still attempted, to connect the two in closed meetings with their US counterparts, arguing that a parallel process for the solution of Nagorno-Karabakh had to commence. Just a few days after the signing of the Zurich Protocols, on 15 October 2009, the Turkish Parliament's Foreign Affairs Committee Chairman, Murat Mercan, discussed the issue of ratification with American officials.

We asked if Armenia and Azerbaijan agreed to a framework on N-K and were negotiating, if that would be enough for Turkish parliamentarians to ratify the protocol. Mercan emphatically replied that, in order to gain support for the protocols in the parliament, Armenian and Azerbaijan would have to reach a N-K agreement and that it would have to be signed and ratified by the two countries, When asked about the Turkish public's seemingly positive response to the signing of the Armenia protocols, Mercan said that there had been no outcry because the Government managed to get the message out that without progress on Nagorno-Karabakh the protocol would not be ratified. He said that Prime Minister Erdogan had not changed his stance on the two issues being linked (US Embassy to Turkey, 16/10/2009).

The fact that there was finally a historic breakthrough in the negotiations, on the basis of concessions from both sides, does not mean that the AKP leadership's decision to bilateralise the relationship was not riskier than insisting on the position traditionally adopted by Turkish foreign policy. The reason is that the decision to invest politically in the normalisation of Turkish-Armenian relations, by formally delinking it from the Nagorno-Karabakh issue, demonstrates wider variance in possible outcome values than the traditional stance of previous Turkish governments. The best and the worst possible outcomes of this policy choice outweigh the best and worst possible outcomes of the traditional stance.

More specifically, had the AKP leadership been successful with its strategy of engaging with Armenia but, at the same time, creating the conditions for a solution of the Nagorno-Karabakh issue, they could have achieved multiple gains for the country as well as for their government at the international and domestic level. Even if the Nagorno-Karabakh issue was not solved but the AKP leadership had managed to keep the Azerbaijani reactions to a minimum during the negotiation period – as it happened – but also after the signing of the protocols, this would have been a great success for Turkish diplomacy as well as for the AKP government for a number of reasons.

The normalisation of Turkish-Armenian relations would open the borders, delivering economic prosperity to the Eastern parts of Turkey, while addressing once and for all the international pressure for the recognition of the Armenian Genocide, especially from the US and some EU member states, such as France. Particularly in the case of the US, the AKP leadership had tried repeatedly over the years to persuade the US administration to block any motion in favour of the recognition of the Armenian genocide. Both Recep Tayyip Erdogan as Prime Minister as well as Abdullah Gul as Foreign Minister put pressure on US President George Bush's administration, as well as congressional members, to do everything they could to stop any such development, stressing in some instances the impact a recognition would have on Turkish-US collaboration on a number of issues.

Indicatively, the US cables reveal that the “Turkish FM Gul told a congressional delegation that the US/Turkey relationship has weathered many storms but that a US congressional Armenian genocide resolution threatens to undermine cooperation on our shared goals for Iraq, Afghanistan, Iran, NATO and more” (US Embassy to Turkey, 26/02/2007). According to another US cable, Recep Tayyip Erdogan in his meeting with the US Undersecretary of State for Political Affairs, Nicholas Burns, on 18 January 2007, said that “Turkey is fed up

with attempts by the Armenian Diaspora to “smear” and discredit Turkey. He [Erdogan] lamented various countries passage of “genocide” resolutions and asked for a strong effort by the President and other senior officials, as in previous years, to ensure no such resolution passes in the US. He highlighted President Clinton’s successful personal effort to turn off a similar resolution in 2000” (US Embassy to Turkey, 22/01/2007).

Therefore, the normalisation could remove a major point of potential friction between the US and Turkey that, although not new, could complicate their relationship at any point. Furthermore, successful normalisation could refresh the faltering negotiations between Turkey and the EU institutions, due to Turkey’s refusal to open its airports and seaports to the Republic of Cyprus as part of the Ankara agreement and due to the scepticism towards Turkey’s EU candidacy that started developing with the rise of conservative governments in France and Germany. Furthermore, opening the Turkish-Armenian border and resuming trade relations would gradually grant Turkey and the AKP government greater leverage over Armenia, potentially affecting its policy vis-à-vis the Nagorno-Karabakh issue. The establishment of trade lines and the influx of foreign direct investment from the sizeable and more advanced Turkish economy into the Armenian economy would potentially provide balance against the monopoly of Russian soft power.

US officials were very optimistic about the whole process of normalisation and its effects on Nagorno-Karabakh, even if the borders did not open. They argued that a Turkish-Armenian agreement would not mean an immediate opening of the borders and this could create impetus for the Nagorno-Karabakh negotiations. They were promising that during the period between the signing of the Turkish-Armenian agreement and the opening of the border, the US administration was ready to engage at the highest possible level in order to help finding a solution to Nagorno-Karabakh. This is what the Deputy Assistant Secretary of State for Europe and Eurasia, Matthew Bryza, said to the Presidential Administration National Security Advisor, Novruz Mammedov, in April 2009, in an effort to contain the reactions from Azerbaijan.

A Turkey-Armenia agreement should lead to an eventual opening of the border, but no one expects Turkey to open its border with Armenia immediately. Rather, there is a process in place for implementation, which could last several months. During this period, all sides will strongly encourage Armenia to negotiate constructively on Nagorno-Karabakh and the Basic (Madrid) Principles. The Minsk Group will be active on this front. In the United States, President Obama and Secretary Clinton will be involved, as they see the larger process as a high priority (US Embassy to Azerbaijan, 24/04/2009).

Not only would the success of the normalisation process bolster the AKP government's image on regional and international level but it would also strengthen its domestic grip. The media in Turkey as well as the public were supportive of moving forward with normalisation as long as Azerbaijan was part of the process or as long as Azerbaijan did not complain publicly about the negotiations (US Embassy to Turkey, 17/04/2009, 23/03/2009, 27/04/2008). That is why the AKP leadership was anxious to keep reactions on the part of Azerbaijan to a minimum. The US cables are revealing in that sense.

Official Baku's reaction to the August 31 joint announcement by Turkey, Armenia and Switzerland on the next steps in the normalization process has been unexpectedly restrained (reftel A), particularly compared to their ferocious reaction to similar developments in March and April. Turkey appears to have done a much better job preparing the diplomatic ground this time, and its efforts appear to have paid off. However, there should be little doubt that for Baku, a border opening that is not accompanied by serious steps forward on Karabakh is anathema, and that Azerbaijan expects the GOT to respect this redline as the protocols advance toward parliamentary ratification. (US Embassy to Azerbaijan, 02/09/2009).

In addition, the AKP government, exactly as it happened with the case of Cyprus, would be able to demonstrate to the US and EU, as well as the electorate, its capacity to drive forward Turkey's foreign policy, despite its differences with the secular establishment.⁸¹ The Turkish army, as it was the case with Cyprus, was not in favour of an opening to Armenia. Relevant to that, US diplomats revealed in September 2007 that

Quiet pressure from the military forced the government to back away from a plan to temporarily open the border to permit Armenian travel to Van for the March opening of a restored Akdamar Armenian Orthodox church there. The TGS has also resisted government initiatives to normalize relations with Armenia (US Embassy to Turkey, 18/09/2007).

The Turkish army had traditionally opposed any concessions on the Cyprus issue, even during the period of intense negotiations that involved the EU, between 1999 and 2004. The same occurred in the case of Armenia but this time the Army seems to have intervened on a much greater scale. By and large, the reason why the Turkish army opposed any concession vis-à-vis Cyprus and Armenia was that these two issues, together with the Kurdish issue, helped it retain its central position in the power structures of Turkey. This is something that was recognised by US officials especially during the period of Turkish-Armenian negotiations in 2009. The US ambassador to Turkey, James Jeffrey, made the following observations regarding the role of the army in Turkey's foreign policy.

⁸¹ I will be examining the civil-military relations of that period in detail in the domain section of prospect theory.

The Western-oriented secularist MFA and Turkish General Staff (TGS) have dominated most Turkish foreign policy decision-making for decades. Their global outlook mirrored Cold War hostilities with nearly all Turkey's neighbors and reflected a singular focus on Euro-Atlantic institutions, albeit with uniquely Turkish coloration. Furthermore, the threat of military coup prevented politicians from touching upon core "Kemalist" tenets involving policy toward Cyprus, Armenia, or the Kurds. (Arguably, these Kemalist, named due to their identification with founder of the modern Turkish Republic Mustafa Kemal Ataturk and his policies, were happy to keep these "frozen conflicts" going to perpetrate a "state under siege" ala 1923, and thus a state too threatened to allow a full democracy -- which would challenge their entrenched and lucrative positions and perks.) (US Embassy to Turkey, 10/06/2009).

Therefore, by normalising relations with Armenia, the AKP government would have additionally managed to weaken the sources of legitimacy that allowed the Turkish army to have a role in Turkey's political arena. The Armenian case is very similar in that sense to the case of Cyprus. The AKP government had managed to get the credentials for Turkey's foreign policy change vis-à-vis Cyprus against the Army's sceptical, if not hostile, mood. Subsequently, EU leaders decided on 16 December 2004 that Turkey should start accession negotiations with the EU on 3 October 2005. This embarrassed the Army and strengthened at the time the position of the AKP government and its leadership in Turkey. In a similar way, the AKP government could attract the support of the US and the EU against institutions that opposed this initiative, strengthening in that way its international profile.

However, the scenario of an absolute failure and embarrassment for the AKP government and its leadership was a strong possibility. The Turkish army was hostile to the whole idea of negotiations and Azerbaijan was certainly hostile to any negotiations or any type of agreement with Armenia that provided for the opening of the borders, before the final resolution of the Nagorno-Karabakh conflict. This was exacerbated by the fact that the Turkish opposition was also opposed to any sort of agreement without the Nagorno-Karabakh issue being addressed (US Embassy to Turkey, 10/09/2009).

Although not as vocal in their criticism as they were after the release of the April public statement on the Turkey-Armenia normalization process, the main opposition parties, CHP and MHP, continue to insist that resolution of Nagorno-Karabakh (NK) precede normalization of relations with Armenia. Onur Oymen, CHP Vice Chairman, told us that, while he in theory wants normalization with Armenia and the border to open, there is no way he and CHP can support the protocols without Armenia withdrawing from Azeri territory. He criticized the protocols for not even mentioning N-K and quoted a past statement by Prime Minister Erdogan asserting that normalization could happen "only" after N-K was resolved. He said he would hold the ruling party to this. MHP Deputy Group Chairman Oktay Vural said his party would, in principle, favor normalization, but only after Armenia withdrew from Azeri territory, abandoned its territorial claims on Turkey, and renounced its

effort to portray the events of 1915 as genocide. The last item was a shared theme among most of our interlocutors (US Embassy to Turkey, 10/09/2009).

The Turkish government was aware of all these external and internal challenges, which is why it attempted to manage Azerbaijan's reaction by reassuring Azerbaijani officials that Turkey would not overlook their interests.⁸² However, the US Ambassador to Azerbaijan warned that "While the extent of Aliyev's influence on the Turkey-Armenia process is debatable, what is obvious is that the U.S. is steadily losing influence in Azerbaijan as the process moves forward" (US Embassy to Azerbaijan, 02/07/2009). This acknowledgement by the US administration came a few months before the signing of the Zurich protocols. In addition, the US Embassy specified the threats that Azerbaijan's leaders, President Aliyev, uttered against Erdogan's government, in the event that he decided to proceed with normalisation.

President Aliyev's line on the Turkey-Armenia process is that he is deeply disappointed at Turkish behavior, but Turkey is a sovereign country that can make its own decisions. He adds, however, that Turkey will face the consequences if it delinks reconciliation with Armenia from the NK process, and routinely points to the energy sector. Therefore, while Aliyev has said that he does not intend to "interfere" in the process, his concept of interference is elusive. It is clear that for Aliyev, non-interference does not translate into silence, and certainly not into support. If his quiet acquiescence is desired, it will have to be obtained by an approach different from what we have attempted to date. (US Embassy to Azerbaijan, 02/07/2009).

Acting on his tacit threats against Turkey could have had enormous ramifications on the country's energy policies as a transit state and as a potential hub.⁸³

Before that and during the negotiations, Erdogan himself reprimanded the visit of four female Azeri deputies on 15 April 2009 who campaigned publicly in Turkey against the opening of the borders with Armenia. He accused them for "very deep relations in Turkey" (Milliyet, 22/05/2009). His argument was that the AKP government was taking into consideration the interests of Azerbaijan during the negotiations (Ibid.).

⁸² On 13 May 2009, the Turkish Prime Minister, Recep Tayyip Erdogan, paid an official visit to Azerbaijan. He spoke to the Azeri parliament stating among others that "all the countries in the region know that the establishment of desired normal relations in the region is not possible without giving an end to the occupation of Azerbaijan's soil" (Hürriyet, 14/05/2009). In addition, he argued that the Nagorno-Karabakh issue entered the US agenda (Ibid.). In fact, this is something that the US Deputy Assistant Secretary of State for Europe and Eurasia, Matthew Bryza, said to the Presidential Administration National Security Advisor, Novruz Mammedov, a few weeks before Erdogan's speech in the Azeri parliament (US Embassy to Azerbaijan, 24/04/2009).

⁸³ For studies that discuss the importance of Azerbaijan with regard to Turkey's energy policies as a transit state and as a potential hub see G. Winrow, 2008; Winrow, 2011.

Hence, it becomes apparent that the worst case scenario for this foreign policy change was a strong possibility. The AKP leadership was holding multi-level negotiations with a number of international and regional stakeholders, while the domestic media and the public had to be convinced for the details of the agreement.

The worst case scenario for this initiative was that the whole process of normalisation could collapse, discrediting the AKP leadership in the eyes of a number of actors, including Armenia, Azerbaijan, the US, the EU and the Turkish public. The possibility that the AKP leadership could not deliver on its pledges to normalise relations with Armenia and, at the same time, ensure that the national interests of Azerbaijan in Nagorno-Karabakh are protected was real, despite the efforts by AKP officials.

In addition, the US and the EU would conclude that the AKP leadership, particularly Recep Tayyip Erdogan and his inner circle, were unable to deliver on international agreements that they themselves negotiated in collaboration with other members of the international community and finally agreed upon. Secondly, it would be a domestic embarrassment because of the promises to the public for a good deal that would tackle the issues of genocide, borders and the Nagorno-Karabakh issue. The Turkish opposition would criticise them for being incompetent in matters of foreign affairs that were of great importance to Turkey's national interests. Armenia would criticise the AKP government for being an unreliable partner and this would, therefore, weaken any prospects for future negotiations with the AKP in power. Relations with Azerbaijan would suffer from mistrust, to say the least, because the Azeri leadership had argued repeatedly, on several occasions during the negotiations, that Armenia would take advantage of the normalisation process with Turkey in order to harden its position in the case of Nagorno-Karabakh. The US cables reveal that

Krutko [Deputy Director of the MFA Azerbaijan desk] described Aliyev as "frustrated" with the recent developments toward Turkey-Armenia rapprochement, which had caused him to cancel his participation in the recent Istanbul summit of the Alliance of Civilizations, but at the same time "flushed with pride" at his success in pressuring Turkey to delay the process. Aliyev insisted that the resolution of the Nagorno-Karabakh conflict must be a precondition to the opening of the Turkey-Armenia border, out of what Krutko described as suspicion Armenia might pocket the normalization of relations with Turkey while remaining stubborn on Nagorno-Karabakh (US Embassy to Moscow, 23/04/2009).

At this point, the question is what the variance of possible positive and negative outcomes of the traditional Turkish foreign policy was. Was the variance of the traditional Turkish foreign policy wider than the AKP government's revisionary foreign policy or narrower?

Had the AKP leadership continued holding the traditional view, this would not have delivered better or worse results in comparison to the alternative policy option. The variance of positive and negative outcomes would be smaller. The best case scenario of the traditional view could not have been something more than keeping the borders closed and hoping that one day Azerbaijan and Armenia would make some serious progress in their bilateral conflict. Turkey would continue to enjoy the best of relations with Azerbaijan in the Caucasus region, while Armenia would continue to enjoy the tacit support of the US and EU for the normalisation of their bilateral relations with Turkey and the outright financial and military support of Russia against Turkey and Azerbaijan. In addition, had the AKP leadership sustained the traditional foreign policy, it would not add additional issues of friction to the relationship between the AKP government and the Turkish army. In other words, the best possible outcome for keeping the traditional foreign policy was the status quo itself as it was before the signing of the protocols.

The worst case scenario for the AKP government, in the event it reproduced the traditional Turkish foreign policy vis-à-vis Armenia, was that the US Congress might have recognised the Armenian genocide at some point, providing a serious blow to US-Turkish relations. As discussed above, AKP officials, including Recep Tayyip Erdogan and Abdullah Gul, underlined the dangers of such a decision for US-Turkey relations and their collaboration in different areas (US Embassy to Turkey, 22/01/2007, 26/02/2007). However, US officials suggested that the best way to deter the US Congress from recognising the Armenian genocide was to normalise relations with Armenia. Accordingly,

U/S Burns [the US Undersecretary of State for Political Affairs] emphasized Secretary Rice's interest in and commitment to Turkey as a strategic partner. He declared that the Administration will oppose any Armenia resolution, but said prospects for success are uncertain and urged an effort by Turkey to move towards normalizing its relations with Yerevan (US Embassy to Turkey, 22/01/2007).

After Barrack Obama became President of the US, the possibility of this happening increased exponentially. He had urged the US administration on a number of occasions before he became President to recognise the genocide and had pledged during his presidential campaign in 2008 to recognise the Armenian Genocide (Armenian National Committee of America, 2008). Thus, the possibility of the US Congress and US administration recognising the genocide became real.

However, when comparing the variance of positive and negative outcomes between the revisionary and traditional Turkish foreign policy, one can observe that the variance of possible positive and negative outcomes in the case of the revisionary policy of the AKP is wider than the traditional foreign policy. This means that normalising relations with Armenia without a concrete strategy over the Nagorno-Karabakh issue was riskier.

The reason is that on the positive side of these two different policies, normalising relations could actually benefit the AKP government and its leadership, including Recep Tayyip Erdogan, in many different ways. It could strengthen Turkey's relations with the US and the EU, enhance Turkey's presence in the Caucasus and build a strong profile for the AKP leadership inside and outside the country.

On the negative side of things, the implications of a failed normalisation policy could be far greater than the implications of a status quo policy. The reason is that a failure of normalisation would displease a number of external actors that supported it, such as the US and the EU, demonstrating the AKP government cannot deliver on international agreements and, therefore, cannot be trusted. Subsequently, the shadow of the recognition of the Armenian genocide by the US and other countries would still be a possibility, especially if the failure of the normalisation was attributed to the mistakes of the AKP government. Armenia would not have entered into further negotiations with the AKP leadership and Azerbaijan would mistrust the AKP leadership, but would be content overall because of the failure of the normalisation process. Finally, the Turkish opposition as well as non-elected institutions, such as the Turkish army, would be able to accuse the AKP government for adopting an inept and high-risk foreign policy that embarrasses Turkey internationally and endangers its vital interests with Azerbaijan. This could have also potentially damaged their image amongst the Turkish electorate.

6.4 The AKP Leadership and the Process of Decision-Making: The Framing of Options and the Domain

6.4.1 The Framing of Options

The framing of options is a process through which decision-makers simplify and contextualise an issue and then define possible responses for policies. In other words, it is the phase during which decision-makers define what the parameters of a problem are and what the possible answers are. Similar to the case of Cyprus, the framing of options of Recep Tayyip Erdogan and his inner circle can potentially assist us in understanding and approximating better their reference point.

What is relevant in the Armenian case is that there are no primary or secondary sources that explicate sufficiently the framing of options of Recep Tayyip Erdogan and his inner circle. Neither US cables nor public statements directly reveal much about the debate among the higher echelons of the AKP regarding the Armenian issue and its relevance to the Nagorno-Karabakh conflict. It is apparent that normalisation with Armenia would open the borders, establish trade links and create the basis upon which the two countries could discuss the issue of the Armenian Genocide.

However, what is not clear is how the Nagorno-Karabakh issue played in the mind of Recep Tayyip Erdogan. The only thing we know so far is that Recep Tayyip Erdogan publicly repeated a couple of times that Turkey would not proceed with normalisation if Azerbaijan's interests were not taken into account. He stated in the Azeri parliament on 13 May 2009 that "all the countries in the region know that the establishment of desired normal relations in the region is not possible without giving an end to the occupation of Azerbaijan's soil" (Hürriyet, 14/05/2009). Recep Tayyip Erdogan stated in the same speech that the Nagorno-Karabakh conflict had attracted the interest of the US as a result of his and President Gul's initiative to put Azeri-Armenian relations and the Nagorno-Karabakh issue first on the agenda during President Obama's visit to Turkey on 6 April 2009 (Ibid.). Parallel to the Turkish-Armenian negotiations, the AKP leadership tried to raise the issue of Nagorno-Karabakh.

The US cables reveal that the US Deputy Assistant Secretary of State for Europe and Eurasia, Matthew Bryza, reassured Azeri officials that the process of normalisation between Armenia and Turkey would actually mobilise the US on the highest possible level for the resolution of their dispute with Armenia (US Embassy to Azerbaijan, 24/04/2009). Thus, perhaps Recep

Tayyip Erdogan and his inner circle truly believed that there was a good possibility that the normalisation process would not actually harm Azeri interests and it would help his government solve another long-standing dispute.

However, it would be difficult to argue that his government did not make serious concessions in Turkey's long-standing stance, vis-à-vis Armenia, when his government signed the Zurich protocols without any reference to the Nagorno-Karabakh issue. This meant that he relied on the good will of Armenian leaders and the patience of the Azeri leadership. Therefore, the previous analysis does not answer fully the question of framing.

There are some more clues as to what this framing could be related to. One possibility is that the framing on the part of the AKP leadership was nothing more than a reflection of the US framing. A US cable refers to a meeting between President Aliyev and the American Ambassador to Azerbaijan who made the following disclosure.

9. (C) Aliyev told Ambassador at her farewell call that MFA Under Secretary Cevikoz (reftel a) had come to him to inform him that Turkey was about to commit to de-linking NK because of intense pressure from the United States (US Embassy to Azerbaijan, 02/07/2009).

This could be a possibility. President Obama was personally interested in the recognition of the Armenian Genocide. However, it is one thing to argue that the US wanted to impose a certain understanding or policy and it is another issue to argue that it was successful in doing so. It seems from what followed the signing of the Protocols that the US could not actually influence the AKP leaders to the extent that Cevikoz implied. A few days after the signing of the Protocols, the AKP government started showing serious intentions to freeze the whole process of normalisation (US Embassy to Turkey, 16/10/2009). The reversal would not have happened immediately if the US could have defined the framing externally. What President Aliyev disclosed to the American Ambassador about US pressure on Turkey most probably shows that the AKP government was trying to play a blame game in the context of political expediency. They were trying to prepare the Azeri President for what was coming, attributing the blame to the Americans and thereby appeasing him in the process.

Lastly, there is the case of Ahmet Davutoglu, who was Recep Tayyip Erdogan's right hand man as far as foreign policy matters were concerned and he was the Foreign Minister who signed the Zurich protocols. Davutoglu argued that normalisation was part of Turkey's "zero problem" foreign policy and "not a response to U.S. pressure" (US Embassy to Turkey, 08/09/2009). He also argued that "Turkey cannot ignore Azeri interests and Armenia needs to

understand that normalization with Turkey is not a card it can play in the Nagorno-Karabakh negotiations" (Ibid.). If, however, this is the framing, then why did the AKP leadership pursue a policy against this very idea and committed to the Zurich protocols by signing them in an official ceremony whilst the EU, the US and Russia were represented by high profile officials?

Finally, the suggestion of the Davutoglu effect in chapter 3 as one of the possible explanations as to why the AKP government might have engaged with the Armenian issue does not provide plausible explanations. My argument is that the "zero problems with neighbours" concept can be relevant as a potential framing of options for the Armenian case. However, if one discusses normalisation from the point of view of concessions, then it is difficult to explain how this fits into Davutoglu's particularistic framing of the Nagorno-Karabakh issue as a "cultural/civilisational clash" where Armenia was the "Christian aggressor" against an Islamic country, especially if one takes into consideration the comparative analysis of different Turkish leaders' worldviews that argued that Davutoğlu favoured an Islamic civilizational identity (Altunışık, 2009). This means that bilateralisation cannot be explained by Davutoglu's particularistic framing unless one refers only to the general concept of "zero problems". The US ambassador to Turkey in 2009 had the impression that Ahmet Davutoglu was not actually interested in Armenia. He commented that

8. (C) Keenly focused on his priorities, Davutoglu has shown conspicuously less interest to date in non-Muslim issues including Russia, Georgia, Armenia, Cyprus, or energy. He has stated "The European Union and the U.S. are the most important pillars of Turkish foreign policy," but has substantively paid little attention to either during his tenure at the Prime Ministry, especially the EU (US Embassy to Turkey, 10/06/2009).

It might be legitimate to think that there was an additional framing that cannot be found in public and diplomatic records, whereby the AKP leadership wanted to engage in this diplomatic endeavour regardless of the concessions that it had to make temporarily. In this context, the AKP leadership promised to deliver on everyone's expectations at different times. Firstly, they promised normalisation to the Armenians and the US, despite the ongoing Nagorno-Karabakh dispute. Secondly, they promised Azerbaijan to put constant pressure on Armenia to force concessions on the Nagorno-Karabakh. The carrot would be the ratification of the protocols by the Turkish parliament. This was certainly similar to walking a tightrope but for as long as this process was alive it could boost the AKP government's international and domestic image. At this point the question that arises is why the AKP leadership would undertake such a risky initiative? In other words, what was the reference point and the

domain within which Prime Minister Recep Tayyip Erdogan and his inner circle acted at the time?

6.4.2 The perceived domain of the AKP Leadership

It has already been analysed why the concessions that Erdogan's government made were riskier than reproducing the traditional Turkish foreign policy vis-à-vis Armenia. In this section, I will be discussing whether Erdogan's behaviour and that of his inner circle was similarly risk-seeking and why. As analysed in chapter 4, prospect theory is reference dependent. In a nutshell, Levy observed that "people are more sensitive to changes in assets than to net asset levels, to *gains* and *losses* from a *reference point* rather than to levels of wealth and welfare." (2003: 216). Accordingly, the main prospect theory assumption is that when decision-makers are in the domain of gains from a reference point perspective, they are risk-averse and when they are in the domain of losses, they are risk-seeking given that the probability weighting function is medium to high. If the probability weighting function is identified with certainty or pseudocertainty, then risk propensity is reversed; they become risk-seeking in the domain of gains and risk-averse in the domain of losses.

Regarding the definition of the reference point and the domain, I developed two main prospect theory models that provide us with two main different hypotheses about the content of the reference point. The prospect theory-diversionary peace theory model considers the security of a government from internal threats as the reference point of decision-makers and the prospect theory-external balancing theory model considers the security of a country amidst major external threats as the alternative reference point of decision-makers. In that way, prospect theory, with the independent integration of two different theories that are relevant in terms of explaining peacemaking through concessions, can give the researcher guidance as to where to look for evidence that validates one of the two possible reference points and at the same time stipulate the domain and the risk propensity of policy-makers.

In the case of the AKP government's concessions vis-à-vis Armenia, there are two major developments that can potentially validate either the prospect theory-diversionary peace theory model or the prospect theory-external balancing theory model. The deteriorating civil-military relations and especially tangible threats against the very existence of the AKP leadership and government between 2005 and 2010 can validate the relevance of the first

model. The Russian invasion in Georgia in the summer of 2008 is the other major event that can validate the relevance of the prospect theory-external balancing theory model.

The analysis of the empirics illustrate that the prospect theory-diversionary peace theory model is validated. There are three main reasons why this is the case.

The first reason is that there is strong evidence beyond any doubt that the civil-military relations deteriorated exponentially between 2005 and 2010, while at the same the AKP leadership faced a major internal threat to its very existence by a lawsuit that was filed by Turkey's Chief Prosecutor to the Constitutional Court in 2008. The serious friction that existed between the AKP government and the still powerful secular institutions of the country, mainly the Army and the judiciary, increased dramatically during that period. As a consequence, the AKP leadership was deep in the domain of losses.

The second reason is that empirics show clearly that Russia's invasion of Georgia did not have any major impact on the collaboration between Russia and Turkey on a number of issues, including the energy sector. Relations continued to be cordial between key Russian officials and the AKP leadership, such as relations between Vladimir Putin and Recep Tayyip Erdogan.

The third reason is that even if there was some evidence demonstrating how worried the AKP leadership was with Russia's policies in the Caucasus, it is not plausible to argue that by making certain concessions to Armenia, the AKP government was implementing a policy of balancing against the Russian threat in the Caucasus. Historical relations of amity between Russia and Armenia, as well as Armenia's need for military procurement in order to retain a considerable military deterrence against Azerbaijan, would not allow Armenia to consider any other potential strategic partnership. This is particularly so if one considers that Turkey could not match Russia's capacity to produce state of the art arms. In addition, Turkey put in great danger its relations with Azerbaijan, its strategic partner in the Caucasus region. The concessions to Armenia had the effect of creating a great disconnect between the two governments.

Contrary to the previous argument, there is enough evidence to suggest that the deteriorating civil-military relations actually had a great impact on the AKP leadership's risk-seeking behaviour in normalising relations with Armenia. This confirms the validity of the prospect theory-diversionary peace theory model.

More specifically, civil-military relations began to deteriorate even before the retirement of the relative moderate Chief of Staff, Hilmi Ozkuk, when he addressed a number of issues, including the AKP government's foreign and domestic policy in a public address at the Istanbul War College in 2005.

Ozkok again underscored that secularism is the core principle of Ataturk's Republic. He criticized what he saw as intensified efforts to drag "a personal matter" - religion - into politics through schools, businesses and the media and through stepped-up efforts by fundamentalists to get their staff into public institutions. Drawing a clear red line for the AKP government, Ozkok said secularism and modernity will "carry the Republic of Turkey further ahead. No one should expect the Turkish Armed Forces to be impartial on this issue (US Embassy to Turkey, 23/05/2005).

After Ozkok was succeeded, by the relatively hardliner Yasar Buyukanit in 2006, civil-military relations experienced what was close to a breakdown. The issue that blew the acrimonious relationship out of proportion was the coming election of the Turkish President by the Turkish Parliament. The AKP government had an absolute majority in the parliament with 363 parliamentarians out of 550 from the 2002 elections, as a result of the 10% entry threshold, despite the fact that it received only 34.29% of the total votes (Adalet ve Kalkınma Partisi, 2015). In the months leading to the Presidential elections, the anticipation was that the AKP party would propose either Recep Tayyip Erdogan as President or someone from its own ranks. Ahmet Sezer, who was the outgoing President of the Republic, was considered a staunch supporter of the secular establishment. The President's post was of highly symbolic value as Mustafa Kemal Ataturk was the first President of the Republic. Therefore, it was expected by the secular elites that his successors would equally be the guardians of the secular system in the country. The fact that the AKP party could propose its own candidate and elect him provoked a backlash in the secularist camp, given how AKP was perceived in the eyes of the secular establishment and secular segments of the society. If the AKP could act on it, then the top two positions of civilian power in the country would be controlled by representatives of political Islam.

As a result, a number of public demonstrations took place in the main urban centres of Turkey, while the Chief of General Turkish Staff of the Turkish Army, General Yasar Buyukanit, and the outgoing Turkish President, Ahmet Sezer, warned the institutions, the public and the AKP that the erosion of the secular basis of the Republic would not be acceptable in any possible way.

The US Ambassador to Turkey at the time, Ross Wilson, described in a US cable the reactions of the secular establishment in minute detail. Indicatively, he referred to Ahmet Sezer's and Yasar Buyukanit's speeches as well as to the popular demonstrations that took place in April 2007:

4. (SBU) In his untelevised April 13 speech at Turkey's War Academies, President Sezer said Turkey's secular regime is more threatened today than ever before in its 84 year history. He named separatist terrorist acts and fundamentalist activities as the main threats Turkey faces. Domestic forces are working to undermine the Republic and foreign powers are pushing Turkey to become a moderate Islamic republic as a model for other Muslim countries in the region, Sezer stated. While such a move might be a step forward for other Islamic countries, it would be a step back for Turkey. Sezer warned that moderate Islam is likely to turn radical very soon, adding that religious fundamentalism has reached a critical stage. He reiterated General Buyukanit's charge that some are trying to weaken the Turkish Armed Forces, and stressed that the military has a constitutional duty to preseve the secular regime (US Embassy to Turkey, 15/04/2007).

In a different part of the US cable it is mentioned that

Turkey's secularists staged a triple play to deter PM Erdogan from running for president as the election process gets underway on April 16. On April 14, hundreds of thousands of demonstrators [it was estimated by the US officials 350000 to 500000] turned out in Ankara for a peaceful rally in support of secularism and the Republic. The event was billed as an apolitical, democratic statement against threats to Turkey's secular system. It followed strong remarks on April 13 by Turkish President Sezer, who said the Republic is under unprecedented threat in a speech delivered at a military academy in Istanbul. Sezer's speech and the rally, on the heels of similarly pointed warnings by Turkey's Chief of Defense [sic] General Buyukanit on April 12 (reftel), send a forceful message to PM Erdogan and his ruling Justice and Development Party (AKP) as elections approach: Turkey is secular and will remain secular. Turkey's military, president and secular public want that slogan to echo in Erdogan's ears as he mulls over whether to run for president (Ibid.).

On 12 April 2007, the Turkish Chief of Staff had stated that ““we hope that someone will be elected President who is attached to the basic values of the Republic, not just in words but its spirit”” (Cited in Hale & Özbudun, 2011: 91).

A few days later, on 24 April 2007, Recep Tayyip Erdogan named Abdullah Gul, former AKP Prime Minister and subsequently Foreign Minister, as AKP's candidate for the Presidency. The high ranking officials in the Turkish Army were not in favour of his candidacy. On the 27 of the same month an e-memorandum was posted on the General Staff web site after the first round of balloting for electing president stating that ““the armed forces...are staunch defenders of secularism”” (Ibid.). This was a tacit threat against the candidacy of Abdullah Gul. Finally, due to CHP's boycott of the parliamentarian vote, the

AKP could not elect Abdullah Gul and it decided to withdraw his candidacy and resort to elections in order to break the impasse (Reuters, 09/05/2007). The Constitutional Court had ruled that at least 367 deputies had to be in the chamber at the time of voting for a valid result (Ibid.). In the two rounds of voting, the parliament lacked the quorum.

The following general election of 22 July 2007 gave the AKP a landslide victory, with 46.58% of the total vote. Abdullah Gul was elected as President on 28 August 2007. The AKP now controlled both top seats of civilian power in the country, the premiership and the presidency. However, rather than making the AKP's existence in Turkish politics more secure, the party's position became more precarious. The civil-military relations worsened exponentially and tensions flared. The Turkish Army was trying to undermine the AKP government by using its clout to determine Turkey's foreign policy. The US cable that was prepared a few weeks after Gul's election is revealing when it describes the strategy that the Army had established and implemented:

1. (C) Since Abdullah Gul's elevation to the presidency on August 28, Turks have been parsing every interaction between him and the military to discern the future of military-government relations. Despite a peaceful, uneasy coexistence, military leaders are clearly alarmed by the AKP's overwhelming victory in July 22 elections and Gul's move to Cankaya. The Turkish General Staff (TGS) will scrutinize the AKP government's agenda for any sign of attempts to erode secularism or to reduce the role of the military. Through public statements and quiet pressure via allies in the secular opposition, media, and other institutions, the generals have, and may well continue to: -- discourage the government from engaging the Iraqi Kurdish leadership on PKK terror, -- resist initiatives on Cyprus important to Turkey's EU accession chances, -- oppose any compromise on the NATO-EU deadlock, where unfulfilled Turkish demands for a seat at the ESDP table risk NATO-EU cooperation in Afghanistan and Kosovo. -- oppose initiatives aimed at reconciliation with Armenia. What is not so clear is the extent to which PM Erdogan's government is prepared to buck TGS pressure to pursue its goals (US Embassy to Turkey, 18/09/2007).

The Army tried to reassert its influence in Turkish politics through its foreign policy activity. This is very clear in the case of Armenia, Cyprus and the Kurdistan Region of Iraq.

For the case of Armenia it is mentioned that

6. (C) European and Canadian attitudes on Armenian genocide allegations also rankle the uniforms. As the government urged calm after the French Assembly's passage of legislation criminalizing denial of an Armenian genocide last autumn, TGS Land Forces commander GEN Basbug stepped forward to announce the suspension of bilateral military relations with France and dis-invited French officials to Turkey's biennial defense industry fair. Some European allies and Canada have seen overflight clearances for operations in Afghanistan suddenly

revoked and other military cooperation stalled over the Armenian genocide issue. Recently, French diplomats and military attaches were not invited to August 30 Victory Day celebrations.

7. (C) Quiet pressure from the military forced the government to back away from a plan to temporarily open the border to permit Armenian travel to Van for the March opening of a restored Akdamar Armenian Orthodox church there. The TGS has also resisted government initiatives to normalize relations with Armenia (US Embassy to Turkey, 18/09/2007).

For the case of Cyprus it is mentioned that

4. (C) Cyprus continues to bedevil Ankara's policy on NATO-EU relations. Alone among the Allies, Turkey has insisted on defining civilian ESDP missions in Afghanistan and Kosovo as Berlin-Plus operations, which would effectively give it veto power over how these operations are planned and executed. Turkey has taken this action to force the EU to include Turkey in ESDP planning, override Cypriot objections to Turkish participation in the European Defense Agency, and prevent Cyprus from participating in these missions with Turkey. The military is clearly driving this troubling attempt to hold hostage EU missions in Kosovo and Afghanistan over Cyprus. In this instance, the Cyprus indoctrinated Foreign Ministry seems to be a willing handmaiden; even if the diplomats felt otherwise, they would have no room to maneuver (Ibid.).

For the case of the Iraqi Kurds, it is mentioned that

2. (C) Earlier this year, Defense Chief GEN Yasar Buyukanit and other officers effectively turned off low-key talks between GOT officials and Iraqi Kurdish leaders, including Nechirvan Barzani, by publicly asserting that Kurdish leaders directly supported PKK terrorism (ref a). Buyukanit singled out KRG President Masoud Barzani as a possible Turkish target. A well-placed MFA contact also told us that the military has torpedoed any discussion of a UN role in the resolution of the Kirkuk issue (ref b). All of this has made it historically difficult and risky for the GOT to approach KRG officials at any level (Ibid.).

However, the Army's foreign policy activity was not the only attempt to undermine the AKP government's effective control of Turkey's affairs. The most tangible threat for the AKP government was yet to come. A few months after Abdullah Gul's election, in March 2008, Turkey's Chief Prosecutor, Abdurrahman Yalcinkaya, filed a lawsuit to the Constitutional Court requesting the closure of the AKP and the ban of a number of AKP officials, including that of Prime Minister Erdogan and President Gul (Hurriyet Daily News, 14/03/2008). The spectre of the 1990s politics whereby the Army effectively removed the Welfare party from government and the party was subsequently banned was resurrected. Recep Tayyip Erdogan's landslide victory on 22 July 2007 and Abdullah Gul's ascendance to the Presidency triggered a threatening reaction from the secular establishment. It was stepping up efforts to contain the AKP and, if possible, ban it from Turkish politics. The power that the electorate had granted

the AKP was not enough to protect it from internal threats that could actually overturn the gains.

There was no doubt on the American side that this was an “attempted judicial coup”.

2. (c) Here is one way of looking at the AKP closure case. It is an attempted judicial coup, a Clausewitz-like extension of politics by legal means. The indictment reads like a political tract. It relies on newspaper clippings to justify excluding the party and 70-odd leaders from politics. Among more bizarre bits of proof that the AKP intends to undo secularism are press reports of Secretary Powell praising the country's "moderate Muslim" government and on its support for BMENA. The propriety of banning parties is questionable in any democracy. A ban based on a legally weak indictment of a party which nine months ago received 47 percent of the vote nationally and pluralities in 76 out of Turkey's 85 constituencies looks like a travesty for democratic values and the rule of law (US Embassy to Turkey, 11/04/2008).

As a response to the internal threats, the AKP government started to crackdown on 'Ergenekon' in 2008, a clandestine organisation whose members included retired army officers (Hale & Özbudun, 2011: 94).⁸⁴ It was also a tit-for-tat move. The US cables contain a lot of information about the potential link between the Ergenekon investigation and the case opened against the AKP party and its leadership. It falls beyond the scope of this research to engage with the full body of the details regarding the two cases but it is important to underline that an 'inter-institutional war' began after the ascendance of Gul to the Presidency. The AKP government, in turn, seems to have used the Turkish National Police to hit back.

Some indicative excerpts from the US cables discuss these issues. Hence, for example:

Links between Ergenekon and AKP Closure Case

2. (C) Detention of several prominent leftist ultranationalist figures March 21 -- the first Ergenekon raids since the Chief Public Prosecutor's March 14 indictment against AKP -- unleashed a media furor that unambiguously linked the two as a confrontation between AKP and "Kemalist forces." The closure case was said to be retaliation for the Ergenekon crackdown, and the subsequent high-profile detentions were seen as tit-for-tat for the closure case. Prime Minister Erdogan charged March 17 that the closure case was revenge for uprooting deep state gangs "like Ergenekon" (ref B), although prominent AKPers Abdullatif Sener and Mehmet Saglam privately reject Erdogan's claim.....6.(C/NOFORN) Non-public information obtained during Ergenekon raids also suggests potential military and intelligence community complicity. Embassy Legatt reports the Ankara branch of the Turkish National Police (TNP) has detailed 50 officers to Istanbul to process 1000

⁸⁴ In the following years, the courts convicted a number of officers, lawyers, writers and journalists to jail sentences for their alleged participation in Ergenekon. Among the most prominent of those convicted was the Turkish Chief of Staff, İlker Basbug, who received life imprisonment (BBC, 05/08/2013).

CDs obtained during the raid on Labor Party (IP) leader Dogu Perincek's office building. Perincek is imprisoned on charges of being "a high-level administrator in the Ergenekon terrorist organization," and several of his aides have been arrested as well. In addition to IP, the building contains offices of Perincek affiliates, Aydinlik weekly and Ulusal Kanal television. The CDs contained mainly military information, some of which was classified top secret, as well as top secret information from the National Intelligence 7. (C/NOFORN) According to Legatt's TNP contacts, seized documents reveal evidence of several plots. The linchpin plot appears to be the assassination of Chief Public Prosecutor Abdurrahman Yalcinkaya, author of the AKP closure indictment. His assassination -- much like the 2006 attack on the High Administrative Court (Danistay) that resulted in the death of one justice -- would be attributed to Islamic radicals acting on behalf of AKP. The political and economic crises that could result from this or other similar events could create an opening for second-tier military to launch a coup and "force the retirement" of their seniors. Some of the documents seized reportedly implicate senior officers in the Aegean Army (NFI). Perpetrators of a "colonels' coup," contacts maintain, willingly risk endangering relations with the European Union and US The progression of the Ergenekon and AKP cases is now inextricably tied together. The Ergenekon investigation may implicate high-level officials, both military and civilian; the further it goes, the greater the risk existing confrontation between elected government and the state will intensify. The Ergenekon probe, which has yet to produce an indictment in nine months, remains a test of both the government's (and police) resolve and capacity..... The closure case could well cause TNP's commitment to pursuing Ergenekon to falter; AKP closure could be disastrous for TNP leadership, who are now largely pro-AKP, beholden to their political masters, and have stuck their necks out on Ergenekon (US Embassy to Turkey, 10/04/2008).

However accurate this detailed account might be, one cannot fail but to observe that the AKP closure case and the potential banning of Recep Tayyip Erdogan and Abdullah Gul from politics in 2008, as well as the case of Ergenekon, provide the strongest evidence of a developing 'inter-institutional war' whose final outcome could not be predicted. For the AKP leadership the closure case was a strong reminder that big electoral successes could not guarantee their survival. The AKP leadership, although at the climax of its electoral success, was still experiencing a serious domestic threat reminiscent of the Welfare party's fate in the 1990s, when the party was ousted from government by the Turkish military and subsequently was banned by the Constitutional Court.

The fact that EU-Turkish relations had reached an impasse exacerbated that feeling within the AKP leadership. Turkey's refusal to open its ports and airports to the Republic of Cyprus as well as the ascendance of conservative governments in France and Germany that were very sceptical about Turkey's full EU membership rendered meaningful accession negotiations almost impossible after 2006. At the same time, as discussed above, Turkey had important differences with the US because of the Turkish military's stance on issues, such as Iraq and particularly relations with the KRG, Armenia and Cyprus. Therefore, the AKP government

was in need of a foreign policy success that could actually elevate it to the scene of international politics and strengthen its international profile, as it did with the case of Cyprus. Peacemaking with Armenia was one of these issues that could actually help the AKP leadership bolster its ties with the EU and in particular the US.

The US cables noticed change in the AKP rhetoric after the commencement of the closure case.

The closure case is not a catastrophe or the undoing of Turkey's peculiar and imperfect democracy, at least not now. It is better seen as one among many moves in a very long chess game that all sides here, including Erdogan and the AKP, are adept at playing. The mere fact of the indictment has already moderated the AKP's rhetoric and pushed it to emphasize effective governance and more consensual policies, especially EU accession-related reforms. It is only a slight exaggeration to say that this is the way Turkey's crabbed, military-drafted constitution intended the system to work (US Embassy to Turkey, 11/04/2008).

So far, the empirical evidence and the analysis validate the reference point that draws on the prospect theory-diversionary peace theory model. Accordingly, the extent to which the government was secure from internal threats was the main issue for the AKP leadership and particularly Recep Tayyip Erdogan and Abdullah Gul, whose names were included in the Chief Prosecutor's indictment. Since Recep Tayyip Erdogan and his inner circle's political survival was at stake, it can be plausibly argued that they developed risk-seeking behaviour in terms of peacemaking. Diversionary peace theory argues that one of the main incentives for embattled leaders to engage with peacemaking, due to internal threats, is to "bolster international recognition of their regime, leveraging the status quo bias of the international system to delegitimise domestic challengers" (Fravel, 2005: 52).

Precisely because Recep Tayyip Erdogan and his government found themselves in the domain of losses as a result of serious internal threats against their political survival, they became risk-seeking in terms of peacemaking. In addition, the AKP leadership's selection of Abdullah Gul for President, something that was a highly divisive move and issue within Turkish society, indicates that the reference point can also be considered in terms of the AKP leadership's aspirations to consolidate their power. Therefore, Recep Tayyip Erdogan due to the Turkish army's subversive activity was far from consolidating his and his government's power, which means that the AKP leadership was further in the domain of losses.

Simultaneously, the probability of incurring further losses because of his foreign policy in the case of Armenia was medium-to-high during the period of the negotiations. This was

discussed in more detail in the section of riskiness. They thought that their public and private reassurances to Azerbaijan's leadership about the AKP government's commitment to take into account their interests in Nagorno-Karabakh created a small window of opportunity for success. The active US involvement was also an additional reason for the AKP to believe in it although the chances that Armenia would show willingness to resolve the Nagorno-Karabakh issue, in tandem with the ratification of the protocols in the Turkish parliament, seemed slim even back then.

The analysis that examines why Recep Tayyip Erdogan found himself in the domain of losses fits well with the analysis of the riskiness of AKP's revisionary policy vis-à-vis Armenia. It was argued further above that normalisation of Turkish-Armenian relations through serious concessions was a riskier choice than the traditional Turkish foreign policy. Therefore, the analysis of the riskiness of the choice and the analysis of the domain of the AKP leadership is complimentary to each other. The hypothesis that is tentatively validated is the following:

When the AKP leadership feels that its government is insecure due to internal threats, then it is located in the domain of losses and, therefore, will engage with risk-seeking policies of peacemaking that could potentially help it to counteract the domestic sources of its government's insecurity.

However, before its final validation, I should also discuss the alternative reference point as defined by the prospect theory-external balancing theory model. To begin with, this model assumes that the security of a country in the face of major external threats is the reference point for decision-makers that engage with peacemaking. Therefore, if Recep Tayyip Erdogan were to be risk-seeking in the Armenian case then this would be because of the AKP leadership feeling insecure, due to a major external threat. This hypothesis could potentially be valid if the invasion of Russia in Georgia in August 2008 placed Russia in the realm of threats for the AKP leadership. In addition, it would have to be proven that taking the risk to normalise relations with Armenia at the expense of possibly alienating Azerbaijan was a meaningful balancing act against Russia.

However, what the empirics show is that although the AKP leadership supported, on a diplomatic level, the territorial integrity of Georgia, this did not discourage the government from developing its relations with Russia to a greater extent after the invasion. This is confirmed by the first meeting of Recep Tayyip Erdogan and Vladimir Putin in the aftermath

of the Russian invasion that took place on 16 May 2009. The US cables make the following revelations regarding the meeting at the time.

2. (C) The meeting between Erdogan and Putin was the leaders' eighth since 2004, according to MFA Russia Desk Officer Ayca Osafoglu. Erdogan's visit, she noted, was the first since his trip to Moscow during the August Georgia crisis. Osafoglu characterized Turkish relations with Russia as "perfect," with no significant bilateral political problems. The relationship has grown dynamically over the last decade, driven primarily by trade. Accordingly, economic issues dominated the leaders' discussion. Russian Embassy Political Officer Konstantin Ryzhak told us Erdogan and Putin dedicated one hour to trade during their tete-a-tete. The leaders also touched briefly on regional issues before joining the larger delegation for lunch. Erdogan later told the press that Turkey and Russia both have responsibilities in the region including Nagorno-Karabakh, the Middle East, and Cyprus (US Embassy to Turkey, 22/05/2009).

Therefore, one cannot argue that Recep Tayyip Erdogan considered Putin's Russia a major threat when, at the same time, Turkish officials from the Foreign Ministry characterised Turkish-Russian relations as "perfect". On a different part of the diplomatic document, it is indicative of how content Recep Tayyip Erdogan was with Turkey's collaboration with Russia in the energy sector, calling it a "reliable partner".

----- Bilateral Economic Relations -----

3. (C) The economic discussion focused primarily on energy. Ryzhak reported that Erdogan told Putin he was pleased with the bilateral relationship on gas and called Russia a "reliable partner." Putin agreed to establish a bilateral commission to discuss the possibility of a second Blue Stream pipeline. During a joint press conference, Putin said that construction of Blue Stream II is a priority for both countries. The leaders agreed to explore talks on extending the 1986 gas agreement set to expire in 2012. Regarding the Russian company Atomstroyexport's bid to build a nuclear power plant in Turkey (the sole bid received for the project), Erdogan assured Putin that the Turkish courts would soon issue a decision and that the GOT would make its announcement shortly afterward (Ibid.).

Before this meeting, there was another meeting on 2 September 2008 – just after the war – between the Foreign Ministers of Turkey and Russia, Ali Babacan and Sergey Lavrov respectively. During this meeting, the issue of Georgia was discussed at length. The US cables provide a lot of information about this meeting. In a nutshell, Turkey was supportive of Georgia's territorial integrity and Ali Babacan tried to convince his counterpart of the need for constructive dialogue between Russia and Georgia without this being a precondition for good Turkish-Russian relations. Lavrov seemed to be positive to Babacan's proposals and he argued that Russia's decision to subject Turkish exports to rigorous and slow inspections was not connected to the Georgian conflict. More specifically, Lavrov insisted that there was no connection between the Georgian conflict and measures by Russian custom authorities to subject Turkish exports to rigorous and slow inspections. Turkey is looking to Moscow to address the trade dispute comprehensively at a senior-level.....3. (C) Babacan expressed Turkey's satisfaction that armed clashes have stopped and urged that dialogue should now ensue. Lavrov,

according to Burhan, said he was "warm to the idea" of a CSCP and that Moscow is ready to continue consultations at the expert-level. Turkey recognizes that bringing Russian and Georgian leaders together is almost impossible with Tbilisi having cut all diplomatic contact with Moscow and the two sides' leadership having no confidence in each other. But Turkey, he said, will continue to reach out to all sides to further develop and refine the CSCP proposal and will continue to urge governments in the region to come together, even if only at a working-level (i.e., MFA Deputy U/S Cevikoz), to begin to rebuild confidence. (NOTE: Georgian PM Gurgenidze visits Istanbul September 5 for consultations with PM Erdogan (US Embassy to Turkey, 05/09/2008).

Even if one argues that US contacts were not reliable or they did not give the full picture of these meetings, it is still difficult to argue on an analytical level that normalising relations with Armenia and potentially alienating Azerbaijan from Turkey was a balancing act on the part of the AKP leadership. It is well known that as long as the Nagorno-Karabakh conflict was not solved, Armenia would have still sought Russia's diplomatic and military support, even if Turkish-Armenian relations had been normalised. For Armenia good relations with Turkey would not translate into bad relations with Russia. This was not meant to be a zero-sum game for the Armenian leadership. These are facts that are indisputable. The AKP leadership and the Turkish Foreign Ministry were aware of these realities, as any external observer is.

Therefore, it can now be argued with certainty that the hypothesis of the prospect theory-diversionary war theory model is validated. Hence, similar to the case of Cyprus, when the AKP leadership felt insecure due to internal threats, it engaged, among others, with risk-seeking policies of peacemaking that could potentially help it to counteract the domestic sources of their government's insecurity.

However, a few weeks later, the case of Armenia saw a dramatic reverse when Recep Tayyip Erdogan officially decided to backtrack from the normalisation process that his government committed to by signing the Zurich protocols in the presence of high ranking EU, US and Russian officials. Thus, the question that arises is what explains this change, given that there was no change within this short period of time of the domain of losses that Erdogan himself and his government were in due to internal threats.

6.5 A Prospect Theory reading of the AKP Leadership's reversal of the normalisation process: The reasons behind the reinstatement of Multilateralisation

Despite the fact that Erdogan and Gul invested so much political capital in their attempt to normalise relations with Armenia in a very risky endeavour, in which stakes were very high, the whole process came to a standstill when the government “demanded for “progress” in NK [Nagorno-Karabakh] that Armenia is unable to deliver...” (US Embassy to Armenia, 18/11/2009). The whole process of ratification was frozen in Turkey for an indefinite period or until Armenia and Azerbaijan reached a mutual agreement on the Nagorno-Karabakh conflict. In a meeting with the US Special Envoy for Eurasian Energy, Morningstar, on 2 December 2009, Recep Tayyip Erdogan linked the Nagorno-Karabakh issue with the process of normalisation.

4. (C) Erdogan raised the issue of Nagorno-Karabakh (NK) with Morningstar [US Special Envoy for Eurasian Energy]. He said the Minsk Group needed to work harder to find a solution. He had done what he could by signing the protocols to normalize relations with Armenia but it was politically impossible to go ahead without major breakthroughs on NK (US Embassy to Turkey, 17/12/2009).

It was clear that Recep Tayyip Erdogan had changed his position. The US officials did not fail to notice that:

19. (S) The signing of the Protocols to reestablish Turkish-Armenian relations and open the common border in Zurich on October 10 was a landmark for the region. However, neither Turkey nor Armenia have taken steps toward ratification; the GOT argues that progress toward withdrawal of Armenian forces from Azerbaijani provinces surrounding Nagorno-Karabakh is a pre-condition. (Note: This was not/not part of the agreement, and not a position the U.S. supports (US Embassy To Turkey, 26/01/2010).

At this point, the legitimate question that one can raise is how prospect theory can explain this reversal on the part of Recep Tayyip Erdogan and his government when no significant changes happened in their perceived domain of losses. Relations with the Army and the secular establishment were still at a low point. Therefore, why did the AKP government not ratify the protocols and why did it return to Turkey's traditional stance of preconditions when they had already signed the protocols that did not provide for any kind of preconditions of that sort?

The answer lies with what Azerbaijani President Aliyev stated to American diplomats about the process of normalisation:

Azerbaijan's population is "100 percent opposed" to Turkey-Armenia normalization without progress on NK, the President said. Normalization with the status quo on NK is not an option for Azerbaijan, as it would be seen in Baku as a reward for Armenia. Armenia became "too confident" after Turkey-Armenia rapprochement talks were revealed publicly earlier this year. That led, the President said, to obstruction and delays in the Nagorno-Karabakh talks, and a lack of progress in the Minsk Group process. Now, the President suggested, the tables have at least partially turned. 7. (C) The President stated that in Azerbaijan's view "a failure to resolve Nagorno-Karabakh is bad for regional stability." Normalization without NK progress could lead to a split between Azerbaijan and Turkey, with implications for Central Asia and energy policy. These sorts of developments could be negative for Georgia, too. Aliyev suggested that an Armenian withdrawal from "occupied territories" could lead to an opening of Azerbaijan's border with Armenia and the re-establishment of "all lines of communication" (US Embassy to Azerbaijan, 28/10/2009).

What this quote reveals is that President Aliyev delivered a strong message, if not a direct threat, to both Turkey and the US just a few days after the signing ceremony of the Zurich Protocols. He made it very clear that if the ratification of the protocols went ahead without taking into consideration Azerbaijan's vital interests in the Nagorno-Karabakh, the Azerbaijani government would not have any other choice but to react in unforeseen ways. As he mentioned, the possibility of regional instability and a split between Azerbaijan and Turkey with implications for the whole of Central Asia and energy policies was now on the table.

One can imagine what a disintegration of Turkish-Azerbaijani relations would mean for the future of the AKP government and its leadership in Turkish politics. Firstly, one cannot imagine what the reaction of the Turkish public would have been, considering the linguistic and cultural affinities between the two countries. The motto of Suleyman Demirel and Haydar Aliyev, "one nation two states" ("tek millet, iki devlet") was still echoing in the Turkish public's psyche. In addition, the media had always linked the normalisation process to the final settlement of the Nagorno-Karabakh issue. The bilateralisation of the Armenian-Turkish relations was never part of their discourse.

The announcement [MFA'S August 31 announcement] was the top story in all Turkish media. Coverage was generally positive with the caveat that progress in N-K is essential. Numerous papers reminded readers of both the Prime Minister and Foreign Minister's statements that Turkey would keep Azerbaijan's interests in mind, and that the border opening rests on "ending the occupation" of Nagorno-Karabakh (More in US Embassy to Turkey, 10/09/2009).

The public would be hostile for one additional reason. The opposition parties in the parliament, such as the CHP and the MHP were fully supportive of Azerbaijan's cause. High-

level party officials from both parties had made it clear publicly but also behind close doors that they would not lend any support to the AKP government for the normalisation process, if the resolution of the Nagorno-Karabakh dispute was not part of the agreement.

Although not as vocal in their criticism as they were after the release of the April public statement on the Turkey-Armenia normalization process, the main opposition parties, CHP and MHP, continue to insist that resolution of Nagorno-Karabakh (NK) precede normalization of relations with Armenia. Onur Oymen, CHP Vice Chairman, told us that, while he in theory wants normalization with Armenia and the border to open, there is no way he and CHP can support the protocols without Armenia withdrawing from Azeri territory. He criticized the protocols for not even mentioning N-K and quoted a past statement by Prime Minister Erdogan asserting that normalization could happen "only" after N-K was resolved. He said he would hold the ruling party to this. MHP Deputy Group Chairman Oktay Vural said his party would, in principle, favor normalization, but only after Armenia withdrew from Azeri territory, abandoned its territorial claims on Turkey, and renounced its effort to portray the events of 1915 as genocide. The last item was a shared theme among most of our interlocutors (US Embassy to Turkey, 10/09/2009).

Most importantly, the alienation of Azerbaijan could also harm tangible Turkish national interests in the energy sector. The cumulative initiatives of Turkey and Azerbaijan to build solid trade relations and expand their energy cooperation would receive a huge blow. Consecutive Turkish governments, including the AKP, had been investing political capital in projecting Turkey as a transit state and as a potential hub (G. Winrow, 2008; Winrow, 2011). Azerbaijan and especially the Baku-Ceyhan project that started in the mid-1990s was a crucial part of it. Furthermore, the aggregate trade volume between Turkey and Azerbaijan increased exponentially. In 1995, it was USD 183 millions and increased to USD 1.376 in 2007 (Kirişci, 2009: 49).

Their relations reached their nadir just after the signing of the protocols and anything could have triggered a crisis in their bilateral relations. It is very characteristic that the 'flag crisis' took place a few days after the signing of the Zurich protocols.⁸⁵

After the October 15 removal of the Turkish flags from a martyr's monument in Baku, PM Erdogan cautioned Azerbaijan that "the Martyrdom Mosque in Azerbaijani...is what really hurt us. I believe that our Azerbaijani brothers will very well assess what hauling down of the Turkish flag in the martyrdom meant." He also toughened his words on Turkish support for Azerbaijan, saying that GOT has told Baku many times that it will not act against Azerbaijani interests, and that Turkey's "Azerbaijani brothers" should not allow any "instigation

⁸⁵ The flag crisis seems to have started when Azerbaijan's national flag was not allowed by the Turkish police to be hung during a football match between Turkey and Armenia in Bursa (Ergan, 19/10/2009). Subsequently, on a highly sensitive and symbolic move, Azerbaijan removed the Turkish flag from the 'Turkish Martyrdom' (Türk Şehitliği) monument (*Ibid.*). Erdogan tried to defuse the crisis on a public level by stating that the flag of Azerbaijan is like the Turkish flag ("Azeri bayrağı Türk bayrağı gibi") (Anadolu Ajansı, 20/10/2009).

to mislead the public with slander." In a discussion with us, former Foreign Minister Hikmet Cetin reaffirmed that Azerbaijan is Turkey's closest "ally" but added that the Turkish flag removal incident would not help the Azerbaijani cause (US Embassy to Turkey, 23/10/2009).

US and Turkish diplomatic efforts to control Azerbaijan's reaction had failed. The signing of the protocols did not go down well with an Azeri leadership that expected some tangible provisions on the Nagorno-Karabakh issue. Very quickly the mood on the Azeri side over the normalisation process became extremely negative. A huge crisis in the Turkish-Azeri relations was looming in the air after Ilham Aliyev's clear message to the US and Turkey. Furthermore, it was more than certain now that any additional step towards ratification would harm vital Turkish interests and provoke a domestic backlash.

From a prospect theory perspective, what changed the risk propensity of Recep Tayyip Erdogan, from risk-seeking into risk-averse in a few weeks' time was not that he moved from the domain of losses into the domain of gains. He was still in the domain of losses as the internal threats against his government were still in existence. However, the critical change was in the probability weighting function in the perception of the AKP leadership, vis-à-vis the peacemaking deal with Armenia through bilateralisation. As was discussed in detail in chapter 4, prospect theory argues that decision-makers underplay the effects of medium to high probabilities on the value function in their perception, while they magnify them when the probability estimates are reaching a point of certainty (certainty effect) or when estimates are treated as if they were certain when they are not (the pseudocertainty effect) (Haas, 2001: 248-249; McDermott, 2004b: 29-33).

During the period of negotiations, the AKP government and the US tried to manage the Azeri reactions to the normalisation process. The probability weighting function about normalisation at the time was medium-to-high in the perception of the AKP leadership. This meant that the probability of incurring further losses as a result of this agreement was medium-to-high. Accordingly, the AKP leadership underplayed the medium-to-high probability of incurring further losses, despite the negative signs. This explains also what many analysts have described as "misguided calculation" (Göksel, 2012: 11) or "sloppy diplomacy" (Welt, 2012: 57).

What occurred after the signing of the protocols was a game changer. The Azeri leadership and particularly Ilham Aliyev changed the probability weighting function of the AKP leadership within a few days by stating clearly in his meetings with US officials that

delinking normalisation from Nagorno-Karabakh was unacceptable and that it would have extremely serious ramifications on Turkey's relations with Azerbaijan. Therefore, it now became clear in the perception of AKP leaders that further losses were certain and imminent as a result of their policy of normalisation through bilateralisation. In that case, the potential losses were magnified in their perception and this subsequently changed their risk propensity from risk-seeking into risk-averse. Therefore, the prospect theory hypothesis that is validated is the following:

When the AKP leadership is in the domain of losses because of domestic insecurity but at the same time the prospect of incurring further losses due to peacemaking initiatives is certain, then it will pursue risk-averse policies in the field of peacemaking.

This explains why Recep Tayyip Erdogan and his inner circle went from risk-seeking in terms of pursuing peacemaking with Armenia to risk-averse, effectively killing the normalisation process. Once Azerbaijan made clear that it was ready to revise its relations with Turkey, Recep Tayyip Erdogan immediately backtracked to avoid more losses.

6.6 Conclusions: What explains the AKP Leadership's Peacemaking Initiative with Armenia and what explains the Reversal of the Policy?

In this chapter, I focused on the puzzle of the AKP leadership's policy of peacemaking through diplomatic concessions with Armenia in 2009. The AKP leadership's major concession was the bilateralisation of Turkey's differences with Armenia. This allowed for concessions on the part of Armenia as well in terms of the border and genocide issue. Finally, the Zurich Protocols that provided the terms for the normalisation of their relations and the opening of the borders were signed on 10 October 2009. However, by de-linking Nagorno-Karabakh from the normalisation process, the AKP leadership was assuming risks. What were these risks, what was the risk propensity of Recep Tayyip Erdogan and which factors affected it?

Employing for the first time the analytical tools of prospect theory, it became possible to make sense of the riskiness of the AKP's revisionary policy, to explain its risk propensity and the reasons behind its risky policy of signing the Zurich protocols. More specifically, I argued that the AKP leadership had two options, namely either to reproduce traditional Turkish

foreign policy or to revise this policy to the extent that it could produce an agreement between Turkey and Armenia. The AKP opted for the latter.

It was then discussed why the revisionary policy was riskier than the traditional foreign policy stance. I was able to argue that the revisionary policy presented greater variance of possible positive and negative outcomes than the traditional foreign policy. Furthermore, I discussed the issue of the AKP leadership's domain, as well as the probability weighting function for the peace agreement at the time. After meticulously considering relevant empirical evidence against the prospect theory-diversionary theory model and the prospect theory-external balancing theory model, I was able to show that Recep Tayyip Erdogan and his inner circle were in the domain of losses due to serious internal threats not only against the consolidation of their government but most importantly against the very survival of it.

The probability weighting function was medium-to-high, meaning that the probability of incurring further losses as a result of the peace agreement was medium-to-high. Prospect theory argues that in such an event decision-makers tend to downplay the risks and therefore they opt for a risky game.

The landslide electoral victory of the AKP in 2007 showed that public support was very high but this alone could not guarantee their survival. They had to be supported by powerful international actors and Turkey's most important allies, such as the US and EU. The closed border with Armenia and the Genocide issue had always been high in the agenda of US-Turkish relations as well as EU-Turkish relations. A solution would allow the AKP to strengthen their international profile in a period during which the US Congress and the Obama administration were very much in favour of the recognition of the Armenian Genocide. Parallel to this, EU-Turkish negotiations were at a standstill because of the Cyprus issue as well as the scepticism among the conservative political leaders in France and Germany regarding Turkey's full membership. The AKP leadership had to face serious internal threats, such as the lawsuit that was filed by Turkey's Chief Prosecutor to the Constitutional Court in 2008 and the Turkish Army's constant criticism and pressure on foreign policy matters, especially after the retirement of the relatively moderate Chief of Staff Hilmi Ozkok. The secular establishment could block any possibility for effective governance. Recep Tayyip Erdogan's risk-seeking behaviour in his peacemaking approach with Armenia could have potentially protected him by strengthening his international profile, as well as that

of his party whilst also, at the time, delegitimising internationally the profile of internal threats, i.e. the secular establishment.

Subsequently, I discussed the dramatic change in Recep Tayyip Erdogan's stance vis-à-vis Armenia within a few weeks' time after the signing of the protocols. Erdogan again linked the issue of Nagorno-Karabakh with the ratification of the protocols. Hence, he effectively killed the normalisation process. His behaviour was transformed from risk-seeking into risk-averse. This occurred not because the domain of Recep Tayyip Erdogan changed but precisely because Azerbaijan's strong reaction against Turkey after the signing of the protocols transformed the probability weighting function of Recep Tayyip Erdogan from medium-to-high into certainty. In accordance with prospect theory's expectations of decision-makers magnifying the effects of certainty or pseudocertainty on the value function, Erdogan became risk-averse, even though he was still in the domain of losses. The certainty of incurring further losses as a result of his risky game with Armenia and Azerbaijan transformed the game into a risk-averse policy, forcing him to formally return to Turkey's traditional foreign policy.

CHAPTER 7

Conclusions

7.1 The Theoretical and Conceptual Underpinnings of the Thesis: Prospect Theory Based Models

This study has conclusively built its analysis and its main arguments by testing hypotheses that draw on two novel prospect theory-based models: a. the prospect theory-diversionary peace model and b. the prospect theory-balance of threat (external balancing) model. Prospect theory was employed to address a key issue that arose from the inductive empirical puzzle of the study, namely why the AKP leadership and more specifically, Recep Tayyip Erdogan and his inner circle, spearheaded a process of foreign policy change vis-à-vis Cyprus and Armenia that entailed risks. Hence, questions emerged concerning the riskiness of the foreign policy options at hand, the risk propensity of the policy entrepreneurs and the issues that affected this risk propensity.

Prospect theory, with its analytical tools and its experimentally validated theoretical assumptions, made it possible to consider these two empirical cases in light of the AKP's revisionary foreign policy. As an individual choice theory, prospect theory provided analytical tools, including the concepts of reference point and domain, which assisted in explaining risk propensity by drawing on the interaction between agents and their political, social, economic, domestic and international environment. In other words, prospect theory can open the black box of why leaders are risk-seeking or risk-averse by attaching importance to the environment they operate in. The theory essentially argues that "...individuals tend to be risk averse in the domain of gains, or when things are going well, and relatively risk seeking in a domain of losses, as when a leader is in the midst of a crisis" (McDermott, 2004b: 18). It is the perception of decision-makers over gains and losses from a reference point rather than changes to net asset levels, as the expected-utility principle posits, that affects decision-makers' behaviour. Accordingly, decision-makers tend to illustrate variation in their risk propensity/orientation. They tend to be risk-seeking when they feel that they are in the domain of losses and risk-averse when they feel that they operate within the domain of gains.

At the same time, in Chapter 4, I discussed the challenges of transposing prospect theory in IR and, more specifically, issues of definition and the main challenge for researchers to

approximate the reference point of decision-makers. In terms of the definition of the reference point, I observe that the literature of prospect theory defined it as a status quo, as aspiration, as heuristics, as analogies and as emotion (Mercer, 2005: 3-11). I argued that because foreign policy is “future oriented”, as Taliaferro argued, but also because policy entrepreneurs, my unit of analysis, are extremely active in governmental and societal settings, one has to add the aspiration aspect to the definition of the reference point. This is a plausible argument, for otherwise it would be difficult to imagine decision-makers investing political capital and time in change and innovation if they were not motivated by future returns as well. Hence, status quo and aspirations are definitions that characterise leaders who act as policy entrepreneurs in the domain of foreign policy. Other definitions, such as heuristics, analogies and emotions can also be useful additions that can be explored in future studies the specific cases at hand. Their results could then be juxtaposed with those of the current analysis.

The challenge of approximation, in turn, derives from the fact that there is no general theory that can assist us in determining the reference point of individual decision-makers is. As Levy said, “It [prospect theory] is a reference-dependent theory without a theory of the reference point” (1997: 100). Accordingly, the main question that emerged was that of salience, namely how researchers can be certain that his/her approximation of decision-makers’ reference point is actually relevant to the real reference point. In other words, what is observed or thought by researchers as being important should similarly be important for decision-makers.

As Taliaferro puts it succinctly and accurately there is “the tendency of international relations and comparative politics scholars to aggregate the costs and benefits associated with different policy arenas into a single domain of gains or losses. Decision-makers may not perceive gains or losses in one dimension (for example, domestic politics) as determining values in another dimension (for example, foreign policy). Unless the theory specifies, *a priori*, which policy dimension the decision-maker values more, the determination of “objective” gain or loss becomes *post hoc* and potentially circular” (Taliaferro, 2004: 192-193)”. My observation was that although Taliaferro’s suggestion to theorise the reference point *a priori* is very convincing, I added that researchers should use alternative IR theories in combination with prospect theory if they are relevant in the theorisation of the reference point. It is possible then to test alternative reference points.

Accordingly, I addressed the issue of the reference point by introducing two competing IR theories that were relevant to my dependent variable namely risk-seeking or risk-averse behaviour in peacemaking initiatives through concessions. More specifically, I combined prospect theory and diversionary peace and prospect theory and the balance of threat theory (external balancing). These two models enabled me to provide direction to my empirical analysis in terms of Recep Tayyip Erdogan's reference point. Subsequently, by testing the hypotheses against the empirics of my two cases it was possible to subsequently explicate the domestic and international conditions, under which he became risk-seeking or risk-averse during a period of peacemaking initiatives that entailed significant concessions on the part of Turkey.

In summary, the diversionary peace theory defined the potential reference point of Recep Tayyip Erdogan as the degree to which his government was secure from internal threat(s), while the balance of threat theory (external balancing) defined his potential reference point as the degree to which the country was secure from major external threats. Accordingly and depending on the probability weighting function, I explicated four hypotheses for each of the two models regarding his domain and I also described in detail the expected risk propensity in order for the hypotheses to be falsifiable.

7.2 Summarising the main Arguments of the Thesis

This thesis inductively identified the empirical puzzle with the AKP leadership's revisionary policy vis-a-vis Cyprus and Armenia. More specifically the dependent variable was stipulated as a pro-solution and peacemaking stance that was characterised by significant concessions, in comparison to what the long-standing traditional foreign policy choice of Turkey had been before. It was also argued that the AKP leadership, and in particular Recep Tayyip Erdogan, was the driving-force behind the AKP governments' revisionary policy vis-à-vis Cyprus and Armenia which, in the end, fed into and reflected Turkey's foreign policy output.

Recep Tayyip Erdogan and other members of the AKP government's upper echelons advocated negotiations between Turkish Cypriots and Greek Cypriots under the auspices of the UN between 2002 and 2004 and supported a Yes vote in the 2004 Annan plan referendum. However, Recep Tayyip Erdogan's revisionary policy broke ranks with the revered leader of the Turkish Cypriot community, Rauf Denktas, as well as Denktas'

supporters in Ankara, comprised mainly of institutions of the secular establishment, like the Turkish army. The main issue of contention was that Turkey and the Turkish Cypriot leadership had systematically rejected any plans for a resolution of the issue without prior international recognition of the de facto partition of the island and, by default, the Turkish Republic of Northern Cyprus (TRNC). Contrary to the maximalist positions of Rauf Denktas and the Turkish establishment, the Annan plan provided, among others, for some kind of federal system, including one state foreign minister. This was particularly significant to show that the state would retain a single international personality. The Turkish Cypriot leadership lamented this fact.

Similarly, a few years later, the AKP leadership engaged in negotiations with Armenia in order to normalise Turkish-Armenian relation and open their common borders, which had been closed since 1993. Negotiations between the AKP and the Armenian government were concluded with the signing of the Zurich Protocols on 10 October 2009. They provided for a comprehensive normalisation process. However, this was again a peacemaking activity on the part of the AKP leadership that involved significant concessions. By signing the Zurich Protocols the AKP government committed to the bilateralisation of Turkish-Armenian differences. Formally, the Nagorno-Karabakh issue was no longer linked to the normalisation process. This revisionary policy was markedly in conflict with the traditional Turkish foreign policy that projected the protection of Azerbaijan's national interests in Nagorno-Karabakh as Turkey's red line.

Drawing on these facts, I raised questions about the riskiness of the revisionary foreign policy in both cases. I also raised the question that if the revisionary foreign policy choices were riskier for the AKP leadership than reproducing the traditional Turkish foreign policy choices, what, therefore, induced Recep Tayyip Erdogan and his inner circle to become risk-seeking?

I then reviewed systematic and ad hoc explanations behind Turkey's foreign policy change regarding the two cases at hand that had been developed before. My main finding was that they disregard the 'inner story' of peacemaking through concessions. A case in point is that they do not discuss the potential risks that these pro-settlement activities entailed for the AKP governments. It is assumed post hoc that either these decisions were risk free, meaning that the positive results demonstrate how simple it must have been for the AKP to opt for revisionary policies, such as in the case of Cyprus, or, alternatively, they argue that the

Armenian case was a difficult case that the AKP could not engage with or should not have engaged with in the first place. This analysis, however, does not answer the question as to what caused this behaviour on the part of the AKP leadership in the first place.

Towards that end, I employed the analytical tools of prospect theory in order to comprehend the riskiness of the chosen policies, in comparison with other available policies; the risk propensity of the protagonists and the factors that affected it. At the same time, I had to operationalise prospect theory for the needs of my study, namely by building hypotheses on Recep Tayyip Erdogan's reference point, domain and risk propensity in terms of peacemaking.

Therefore, I had to integrate two IR theories that could help me test two different hypotheses on the reference point and then, subsequently, define the domain of the decision-maker and, finally, explain his risk propensity. I created two composite models, that of prospect theory-diversionary peace theory and the model of prospect theory-external balance theory. Using a number of primary and secondary sources, I finally came to a conclusion as to what explains the risk propensity of the main protagonist. My findings are summarised in Table 3 (p. 185).

More specifically, my objective has been to explain the AKP leadership's risk propensity in three different instances. The first was Erdogan's revisionary policy regarding Cyprus and, more specifically, support for the Annan Plan. The second was Erdogan's revisionary policy regarding Armenia and, more specifically, the signing of the Zurich Protocols. The third was Erdogan's reversal of the normalisation process, as provided for by the Protocols.

In two out of three cases (Cyprus-change, Armenia-change), Erdogan's foreign policy behaviour was risk-seeking and was risk-averse in one (Armenia-reversal). In all three, he was in the domain of losses due to internal threats to himself and his government's political existence, as well as to their attempt to consolidate power. The secular establishment, namely the Turkish army and the judiciary, were identified as the primary threats to his political survival and his aspirations for consolidation. The case of the AKP leadership verifies the prospect theory-diversionary theory model and more specifically the following hypotheses:

- a. In relation to the Annan Plan: *When the AKP leadership feels that its government is insecure due to internal threats, it is located in the domain of losses and, therefore, will engage with risk-seeking policies of peacemaking that could potentially help it counteract domestic sources of its government's insecurity.*

b. In relation to the signing of the Zurich Protocols: *When the AKP leadership feels that its government is insecure due to internal threats, then it is located in the domain of losses and, therefore, will engage with risk-seeking policies of peacemaking that could potentially help it to counteract domestic sources of its government's insecurity.*

c. In relation to the reversal of the normalisation process with Armenia: *When the AKP leadership is in the domain of losses because of domestic insecurity but, at the same time, the prospect of incurring further losses due to peacemaking initiatives is certain, then it will pursue risk-averse policies in the field of peacemaking.*

In terms of the probability weighting function of the policy choices, in two out of three cases (Cyprus-Change, Armenia-Change) the probability was medium-to-high but it was characterised by certainty in the third case (Armenia-Reversal). This difference explains why the risk propensity differed in the third case, namely why Erdogan became risk-averse by formally returning to Turkey's traditional foreign policy vis-à-vis Armenia, although Erdogan was still in the domain of losses.

According to prospect theory, when the weighting function of policy choices in the domain of losses is medium-to-high, decision-makers tend to downplay the risk of new losses emerging from the risky endeavour but when the probability weighting function is characterised by certainty or pseudocertainty, then they exaggerate the potential losses and for that reason they become risk-averse, although they are still in the domain of losses. Erdogan became certain, as I explain in detail in chapter 6, that his commitment to the normalisation process with Armenia would mean severe losses for him and his government at the domestic and regional level, due to Azerbaijan's strong reaction to it.

Finally, the incentives for Recep Tayyip Erdogan's risk-seeking behaviour are in line with the prospect theory-diversionary theory model. In both cases of foreign policy-making, Erdogan wanted to strengthen the AKP's international recognition and delegitimise domestic challengers. This was one of the main ways of thwarting attempts to undermine effective governance and in some instances perhaps the AKP government's ousting. In the case of Cyprus, the EU was heavily involved because the Republic of Cyprus was about to become an EU member state and Turkey was an EU candidate country. The US cables show that the US administration was also pushing different segments of the power structure, including the army, in Turkey for a solution.

In the case of Armenia, the US was heavily involved in trying to control Azerbaijan's reactions. By trying to solve these issues, Erdogan was bolstering his personal image and that of his government among the traditional allies of Turkey, allies that the Turkish army and the secular establishment could hardly go against for various reasons, including their own generic identification with the Kemalist vision of looking towards, and engaging with, the West.

In addition, traditional Turkish foreign policy vis-à-vis Cyprus and Armenia was a 'state policy' underpinned by widespread consensus amongst political parties across the political spectrum, including Necmettin Erbakan himself, and institutions such as the army. In fact, the Turkish Army was the main institution, together with the Ministry of Foreign Affairs, that guaranteed continuation and reproduction of these policies. Any changes towards the opposite direction could obviously challenge their basis of legitimacy.

Table 3: Summarising the prospect theory reading of the AKP Leadership's Foreign Policy vis-à-vis Cyprus and Armenia

AKP Foreign Policy Output Explained	Reference Point (Diversionary Peace)	Domain	Probability Weighting Function	Risk Propensity Propensity	AKP Leadership's Incentives
1. Cyprus Issue: Support for the Annan Plan (bizonal, bicommunal federation)	Security of the government	Domain of Losses: The AKP Leadership felt insecure because of internal threats	Medium to High Probability of Incurring Further Losses	Risk-Seeking Behaviour in Peacemaking	Strengthen international recognition of the AKP and delegitimise domestic challengers
2. Armenian Issue: Signing of the Zurich Protocols (Bilateralisation of Turkish-Armenian Relations)	Security of the government	Domain of Losses: The AKP Leadership felt insecure because of internal threats	Medium to High Probability of Incurring Further Losses	Risk-Seeking Behaviour in Peacemaking	Strengthen international recognition of the AKP and delegitimise domestic challengers
3. Armenian Issue: Rejection of the ratification of the Zurich Protocols (Reversal of Bilateralisation)	Security of the government	Domain of Losses: The AKP Leadership felt insecure because of internal threats	Certainty in Incurring Further Losses because of Azerbaijan's outright threats	Risk-Averse Behaviour in Peacemaking	Appease Azerbaijan

7.3 Comparing the AKP Leadership's policy vis-à-vis Cyprus and Armenia: Similarities and Differences from a Prospect Theory Perspective

Comparing the AKP leadership's behaviour toward Cyprus and Armenia helps me highlight some additional points. The two cases exhibit analytical importance, not only as standalone cases but also as cases that can be compared for the sake of reaching conclusions regarding Recep Tayyip Erdogan's behaviour and the impact of the domestic and international environment on his decisions. The comparison between the two cases will proceed along the line of similarities and differences between the cases. It will then be possible to talk about patterns of behaviour and explain deviations.

Starting with the similarities, one can observe that a pattern of behaviour emerges that was instigated by the internal threats against Erdogan and his government between 2002 and 2010. Specifically, Recep Tayyip Erdogan developed strong willingness and risk-seeking behaviour in solving long-standing foreign policy problems that no other government or any other institution in Turkey had dared to do before. In both cases, Cyprus and Armenia, his revisionary policy was markedly different from the traditional foreign policy of Turkey. In both cases, Recep Tayyip Erdogan was in the domain of losses in terms of his government's political survival but also in terms of his attempt to consolidate his power. His answer to these challenges was to engage temporarily with the international community and, more specifically, with the EU and the US on two cases that have topped the agenda of their relations for a long time. Therefore, I observe two main similarities. The first one is that he felt internally threatened and the second is that he sought support and alliances in the international environment and, more specifically, with the traditional foreign policy allies of Turkey: the EU and the US.

This leads me to the following conclusion, however paradoxical it might sound.

What explains Recep Tayyip Erdogan's risk seeking behaviour in terms of peacemaking is the combination of internal threats with a potential response to these threats coming from Turkey's traditional allies (the EU and the US). The recognition of the AKP leadership as a reliable counterpart to Turkey's traditional allies was a necessity in order for the AKP government to survive and consolidate its power at the time.

The internal threats explain why he was risk-seeking but it does not necessarily explain why he was risk-seeking in terms of making peace. What, however, drove Erdogan into this field

is strong interest from the EU and US in resolving these long-standing conflicts that had been complicating Turkey's relations with them. In addition, as it was argued previously, the Cyprus and Armenian problems were strengthening the legitimacy of the Turkish army and its position in Turkish society and the power structure of the country. Therefore, the internal threats to his survival and consolidation do not explain the policy areas in which he chose to play a risky game. It is the positive stance of Turkey's traditional allies and the negative stance of the AKP government's internal foes that together explain why Recep Tayyip Erdogan became risk-seeking in the domain of peacemaking.

If the question now is why this did not happen earlier, such as when the Welfare Party was in power in 1996, one can provide four principal responses. The first is that the Welfare party was in a coalition government with other parties. Thus, it could not take the initiative without their consent. Furthermore, the Welfare party was not in power for more than a year. The third is that the EU was not heavily involved in the Cyprus issue like it did in the aftermath of Turkey's designation as an EU candidate country in 1999. The fourth reason is the views that the Welfare leadership had regarding the issues at hand. So for example, Necmettin Erbakan claimed to be personally involved in the decision that paved the way for Turkey's invasion of Cyprus in 1974. This was his legacy and he would not go against it.

Differences between the two cases also help me refine my conclusions further. The major difference was that, whereas in the case of Cyprus Erdogan remained committed to the solution of the problems until the end, supporting openly a Yes vote in the referendum, in the case of Armenia he changed course and reversed the policy of normalisation in the space of a few weeks. More specifically, his risk propensity was transformed from risk-seeking into risk-averse in a short period of time. The question is what explains this transformation.

Drawing on the empirical work, one can clearly observe that the AKP government and the US administration were desperately trying to keep Azerbaijan's reactions to a minimum. This allowed the AKP government to sign the protocols but not implement them. Precisely after the signing of the protocols, the Azeri leader, Ilham Aliyev, threatened to break relations with Turkey. Erdogan was certain now that he would incur further losses because of his risky game. He reversed his policy of normalisation immediately.

The question that arises is why did he not do the same in the case of Cyprus, despite the very strong reaction from the Turkish Cypriot leader, Rauf Denktas, who notably declined to participate in the final session of the negotiations in Burgenstock because he did not want the

Turkish Cypriots to think he was in favour of the Annan Plan. One should not forget that he had excellent relations with the Turkish establishment at the time, and particularly the Army.

My argument is twofold. The first is that the great importance of Azerbaijan for Turkey was enormous. Firstly, Azerbaijan was a very significant partner for Turkey in terms of energy cooperation and trade. The AKP government could not endanger Turkey's excellent relations with Azerbaijan. This would have a negative impact not only on Turkey's regional power but it would also severely harm Erdogan in his domestic politics, due to the affinity of the Turkish public and mainstream media toward Azerbaijan, given the shared language and culture between the two countries.

Even though the Turkish Cypriot part of Cyprus was not directly as strategic as Azerbaijan in terms of energy considerations, I should highlight that in Davutoglu's analysis Cyprus as a whole could negatively affect the strategic importance of the Baku-Ceyhan pipeline that completed with the Russian pipeline that could transfer Caspian oil to Novorossisk. Therefore, he argues that "in this context Cyprus is neither an ordinary Turkish-Rum [Greek Cypriot] ethnic problem or simply a continuous Turkish-Greek tension" (Davutoğlu, 2009: 178). In addition, Rauf Denktas was well-perceived and well-regarded because of his ideas by the Turkish establishment, by the Turkish opposition, CHP and MHP, and by extension an important segment of the Turkish electorate. So why, then, did Erdogan not reverse his risky game?

The answer lies with the different capacities of the EU and the US to help Erdogan play his risky game until the end. In the case of Armenia, the US failed to stop Azerbaijan from threatening Erdogan and subsequently changing his perception toward certainty of further losses. In the case of Cyprus, the EU might not have changed the behaviour of Rauf Denktas but it probably changed the Army's position towards the end of negotiations in 2004, namely from negative to passively neutral. I would argue that the reason was that the solution of the Cyprus problem was part of a comprehensive plan of pre-accession negotiations with Turkey that would lead to the commencement of the accession negotiations and, after that, to Turkey's EU membership. Turkey's EU candidacy touched upon numerous other issues, including trade relations and economic prosperity, democratisation and the desire amongst a big segment of the Turkish society, including segments of the secular elite, for Turkey to finally participate in the EU as an equal member.

Hence, it is not only the huge importance of Azerbaijan for Turkish politics and Turkish interests that made a difference in Erdogan's decision to reverse. It is also the multiplicity of interests that were at stake in the case of the EU-Turkish relations that played a role in keeping Erdogan in line with his decision to support the Annan Plan, while neutralising to a large extent the anti-AKP Turkish establishment at the time.

The non-normalisation of relations with Armenia might have caused the recognition of the Armenian genocide but this could not have been comparable with losing Azerbaijan as a regional partner. The US and Turkey had so many overlapping foreign policy themes of cooperation, such as in Iraq, that would help them gradually overcome damages to their relationship as a result of a potential recognition of the Armenian Genocide. This was not the case with Azerbaijan, as the Nagorno-Karabakh conflict was a top national security matter.

7.4 Contribution of the Study to the Academic Literature

My study makes an important theoretical, analytical and empirical contribution to the academic literature. To begin with, I am making a theoretical contribution to prospect theory and by extension to the field of foreign policy analysis (FPA). Prospect theory has been used in FPA in order to explain the role of leaders in foreign policy (Alden & Aran, 2011: 23-25, 29, 93). The theory has been employed in a number of empirical studies of international relations and more specifically in studies of foreign policy that focus on security (He & Feng, 2013) and decision-making in general under conditions of risk (Haas, 2001; McDermott, 2004b; Sezgin, 2002).

However, this is the first time that it is being used to analyse risk-seeking behaviours in terms of making peace. Towards that end, by integrating IR theories, such as the diversionary peace theory and the balance of threat theory, I produced two different composite models of prospect theory that helped me build new hypotheses on the reference point and the domain of decision-makers. As I have already described in my empirical chapters, these peacemaking initiatives deviated significantly from what was the norm of long-standing traditional foreign policy or the status quo in Turkey's behaviour vis-à-vis Cyprus and Armenia. Therefore, in general terms, my study also concerns explaining significant foreign policy change.

In analytical terms, the study has presented a new way of analysing foreign policy change under conditions of risk. So far, the norm in Turkish studies has been to consider foreign

policy change in terms of cost/benefit calculations or on the basis of constructivist/ideational accounts. I am making an original analytical contribution to the study of Turkish foreign policy change by highlighting the ‘inner story’ of decision-making on the part of decision-makers who are acting under conditions of risk and uncertainty. Other explanations have not discussed at all the concept of risk for the actors that wanted to bring change.

In empirical terms, I have presented new comprehensive arguments about Turkish foreign policy change vis-à-vis Cyprus and Armenia. In particular, as far as the case of Armenia is concerned, the literature of Turkish studies is puzzled. Either scholars do not deal with the AKP government’s act to sign the Zurich protocols, focusing only on the failure to ratify the protocols, or they are puzzled about the AKP’s “sloppy” or “miscalculated” diplomacy (Göksel, 2012; Welt, 2012). It is the first time that a study looks into the issue in a systematic way and offers a plausible explanation.

In addition, precisely because prospect theory is demanding in terms of micro-information, since the researcher needs to define individual perceptions toward the reference point and the domain, I have used 41 US diplomatic documents that have not been used in other studies and which are extremely relevant to my cases, giving us a whole new range of information about the ‘inside story’ of decision-making in Turkey and the activities and thoughts of many other actors, including the AKP officials, Turkish army officials, US officials and Azeri officials.

The US cables that have been used are classified documents of the US administration. They constitute the first best option of primary sources because they were supposed to remain secret for the foreseeable future. In addition, apart from the fact that they contain information that would be almost impossible to acquire through interviews, they are free to a great extent from the perils of political expediency because they were supposed to remain secret. As far as interviews are concerned, researchers should try to discuss critically or avoid integrating accounts or information that serves political expediencies of interviewees. The danger of integrating accounts that serve political expediency has been great in my case since there is political polarisation in Turkey and also because the two issues remain unresolved. The US cables are a great source that helped me to not only build arguments but triangulate alternative primary and secondary sources.

7.5 Applying Prospect Theory beyond Cyprus and Armenia: Limitations and Research Opportunities

Having discussed the contribution of my study to the academic literature, in this last section of my thesis I will now discuss limitations in terms of using prospect theory in explaining foreign policy output. In addition, I will give examples of other cases in which the application of my prospect theory models are relevant.

In terms of limitations, I would argue that prospect theory cannot be used effectively in cases where it is not clear which individual(s) spearheaded certain foreign policy choices. Furthermore, it is not always certain that researchers using prospect theory explain the aggregate foreign policy output of a country. They might be explaining the risk propensity of certain decision-makers but as we know decision-makers' political choices are not always implemented because they might be blocked or changed during the process of decision-making by formal or informal veto players.

In my study, I have explained both the causes behind Recep Tayyip Erdogan's risk-seeking initiative of peacemaking vis-à-vis Cyprus and Armenia as well as Turkey's foreign policy output. This is the case because I have empirically proved that what Erdogan and the AKP government pursued as foreign policy goals actually reflected Turkey's aggregate foreign policy output. In other words, support for the Annan plan, the signing of the Zurich Protocols and the reversal of the normalisation process are Erdogan's policy choices that reflected Turkey's official diplomacy at some point.

The other limitation in terms of the applicability of prospect theory is that it is demanding in terms of acquiring micro information about the decision-makers that are under scrutiny. It is not always possible to gather sufficient information for a plausible prospect theory analysis. Certainly, prospect theory arguments can be revised when new information comes to light, but it is also important researchers have a minimum volume of information in terms of the 'inside story'.

Lastly, in terms of applying my prospect theory models in cases beyond Cyprus and Armenia, I would succinctly refer to the case of the AKP's opening to the Kurdistan Region of Iraq (KRI) in 2008 and to the case of the Israeli Prime Minister, Menachem Begin, who signed the Camp David Accords with Egypt in 1978. The first case is contemporary to the Armenian case and the other is historical. It has to be noted that it falls beyond the scope of this study to

engage with the two cases conclusively. It is more of an attempt to indicate other possible cases where my prospect theory models can be applied.

The case of the AKP opening towards the KRI is similar to that of Cyprus and it happened a year before the opening to Armenia, namely in 2008. So far, it is the most successful Turkish foreign policy change. Turkey and the AKP leadership currently enjoy very close relations with the President of Kurdistan, Massoud Barzani, and the Prime Minister, Nechirvan Barzani. Indicatively, AKP spokesman Huseyin Celik stated on 28 June 2014 that Turkey would accept a Kurdish state (Oxford Analytica Daily Brief, 30/06/2014). In addition, Iraq is now Turkey's second export market after Germany, only because of trade between Turkey and the KRG (Ibid.). Turkish exports have increased from USD 3.92 billion in 2008 to USD 11.95 billion in 2013 (Ibid.). Thus, exports have tripled since 2008 because of booming trade volumes between Turkey and the KRG (Oxford Analytica Daily Brief, 30/06/2014). It is estimated that around 7 billion dollars of total trade value with Iraq is with Kurdistan (Denise Natali, 14/11/2014). In addition, the KRG government has attempted to secure financial support from Turkey, which demonstrates the extent to which the two enjoy close relations (Ibid.).

However, relations in the past between Turkey and the Kurds of Iraq were characterised by suspicion because of their attempts to achieve independence from Iraq and Turkey's similar issue with its own Kurdish population. Therefore, Turkey, throughout the 1990s and 2000s, tried to prevent the emergence of a Kurdish state and supported a unified Iraq. Characteristically, even when the Iraqi Constitution recognised the KRG's right to administer northern Iraq, Turkey refused to establish formal relations (Oxford Analytica Daily Brief, 30/06/2014). The turning point was Turkey's recognition of the KRG and when the Turkish foreign affairs delegation met Nechirvan Barzani in May 2008 and then Massoud Barzani in October 2008 (Müftüler-Baç, 2014: 543-544). A year earlier the Turkish army attempted to derail any positive developments between Turkey and the KRG. Indicatively, Turkish officials make the following revelations:

2. (C) Earlier this year, Defense Chief GEN Yasar Buyukanit and other officers effectively turned off low-key talks between GOT officials and Iraqi Kurdish leaders, including Nechirvan Barzani, by publicly asserting that Kurdish leaders directly supported PKK terrorism (ref a). Buyukanit singled out KRG President Masoud Barzani as a possible Turkish target. A well-placed MFA contact also told us that the military has torpedoed any discussion of a UN role in the resolution of the Kirkuk issue (ref b). All of this has made it historically difficult and risky for the GOT to approach KRG officials at any level (US Embassy to Turkey, 18/09/2007).

Therefore, it would be legitimate to ask questions about the role of Recep Tayyip Erdogan in this initiative and why this was probably another case of risk-taking behaviour in peacemaking in comparison to what has been the long-standing policy of Turkey. It would also be interesting for researchers to explore why this has been a very successful opening, despite the negative relations of the past, the Turkish army's reaction and the ongoing conflict between Turkey and the PKK.

In addition, the case of the Israeli-Egyptian peace treaty is perhaps one of the most impressive peace agreements in the 20th century if one considers that Israel and Egypt fought each other in three wars within a 30 year time span (1948, 1967 and 1973). The negotiations were tough between the two delegations and included a number of different issues (U.S. Department of State, 31/10/2013). Finally, they agreed on the Framework for Peace in the Middle East in 1978. Among others, the Framework provided for the complete withdrawal of Israel from the Sinai Peninsula and it granted "the full exercise of Egyptian sovereignty up to the internationally recognised border between Egypt and mandated Palestine" (BBC, 29/11/2001). At the same time, the framework provided for the full normalisation of their relations, "including diplomatic, economic and cultural relations; termination of economic boycotts and barriers to the free movement of good and people; and mutual protection by the due process law" (Ibid.). The question that immediately arises for the Israeli Prime Minister, Menachem Begin, is what made him agree on a peace treaty that returned the whole of Sinai Peninsula back to Egypt? To what extent was this endeavour riskier than reproducing the status quo at the time and what was the framing and the domain of Begin when he agreed on the Framework? This case is very interesting all the more because Begin himself was an extreme nationalist and Zionist with a past in leading the Irgun Tzeva'i Le'umi, a militant underground organisation. He also clashed with representatives of mainstream Zionism, such as Ben Gurion, due to his maximalist positions and his deeds (Israel Ministry of Foreign Affairs, 2013). Explaining the riskiness of his activity and his risk propensity could shed more light on the domestic and international conditions under which the Israeli leadership decided to become risk-seeking or risk-averse in order to normalise relations with Egypt.

Hence, it becomes apparent that the theoretical contribution of the study, namely the two composite models of prospect theory, are applicable to any peacemaking initiative that takes place under conditions of risk and uncertainty and which, crucially, is spearheaded by specific decision-makers. This study has shown that making peace, similar to making war,

can be the result of a risk-seeking behaviour, depending on the policy options that are on the table and the expected outcomes at the time.

The revisionary policies that the AKP leadership, and in particular Recep Tayyip Erdogan, introduced and promoted were riskier choices compared to the traditional Turkish foreign policy that previous governments reproduced vis-à-vis Cyprus and Armenia, because the revisionary policies exhibited the widest variance in terms of potential positive and negative outcomes.

Erdogan's risk-seeking behaviour can be explained by drawing on the prospect theory diversionary peace model. More specifically, the AKP leadership found itself in the domain of losses from 2002 until 2010 in terms of its ability to govern and consolidate its power due to the internal strife with the secular establishment and in particular the Turkish Army. In order for Recep Tayyip Erdogan to counterbalance the Army's clout in Turkish politics, he and his inner circle tried to bolster the international profile of his government, in particular among Turkey's traditional allies, the EU and the US and weaken external sources of legitimacy for the Army. Although his behaviour was consistently risk-seeking in accordance with domestic challenges, in the case of Azerbaijan, Erdogan reversed his behaviour from risk-seeking into risk-averse. This happened as the probability for incurring further losses was transformed from medium-to-high into certainty. As a consequence, his risk propensity changed and this subsequently affected his willingness to push further with the normalisation of Turkish-Armenian relations.

Appendices

Appendix 1

PROTOCOL
ON
THE ESTABLISHMENT OF DIPLOMATIC RELATIONS
BETWEEN
THE REPUBLIC OF TURKEY
AND
THE REPUBLIC OF ARMENIA

The Republic of Turkey and the Republic of Armenia,

Desiring to establish good neighbourly relations and to develop bilateral cooperation in the political, economic, cultural and other fields for the benefit of their peoples, as envisaged in the Protocol on the development of relations signed on the same day,

Referring to their obligations under the Charter of the United Nations, the Helsinki Final Act, the Charter of Paris for a New Europe,

Reconfirming their commitment, in their bilateral and international relations, to respect and ensure respect for the principles of equality, sovereignty, non-intervention in internal affairs of other states, territorial integrity and inviolability of frontiers,

Bearing in mind the importance of the creation and maintenance of an atmosphere of trust and confidence between the two countries that will contribute to the strengthening of peace, security and stability of the whole region, as well as being determined to refrain from the threat or the use of force, to promote the peaceful settlement of disputes, and to protect human rights and fundamental freedoms,

Confirming the mutual recognition of the existing border between the two countries as defined by the relevant treaties of international law,

Emphasizing their decision to open the common border,

Reiterating their commitment to refrain from pursuing any policy incompatible with the spirit of good neighbourly relations,

Condemning all forms of terrorism, violence and extremism irrespective of their cause, pledging to refrain from encouraging and tolerating such acts and to cooperate in combating against them,

Affirming their willingness to chart a new pattern and course for their relations on the basis of common interests, goodwill and in pursuit of peace, mutual understanding and harmony,

Agree to establish diplomatic relations as of the date of the entry into force of this Protocol in accordance with the Vienna Convention on Diplomatic Relations of 1961 and to exchange Diplomatic Missions.

This Protocol and the Protocol on the Development of Relations between the Republic of Turkey and the Republic of Armenia shall enter into force on the same day, i.e. on the first day of the first month following the exchange of instruments of ratification.

Signed in Zurich on October 10, 2009 in Turkish, Armenian and English authentic copies in duplicate. In case of divergence of interpretation, the English text shall prevail.

FOR THE REPUBLIC OF
TURKEY



Ahmet Davutoglu
Foreign Minister of the Republic of Turkey

FOR THE REPUBLIC OF
ARMENIA



Edward Nalbandian
Foreign Minister of the Republic of Armenia

Appendix 2

**PROTOCOL
ON
DEVELOPMENT OF RELATIONS
BETWEEN
THE REPUBLIC OF TURKEY AND THE REPUBLIC OF ARMENIA**

The Republic of Turkey and the Republic of Armenia,

Guided by the Protocol on the Establishment of Diplomatic Relations between the Republic of Turkey and the Republic of Armenia signed on the same day,

Considering the perspectives of developing their bilateral relations, based on confidence and respect to their mutual interests,

Determining to develop and enhance their bilateral relations, in the political, economic, energy, transport, scientific, technical, cultural issues and other fields, based on common interests of both countries,

Supporting the promotion of the cooperation between the two countries in the international and regional organisations, especially within the framework of the UN, the OSCE, the Council of Europe, the Euro-Atlantic Partnership Council and the BSEC,

Taking into account the common purpose of both States to cooperate for enhancing regional stability and security for ensuring the democratic and sustainable development of the region,

Reiterating their commitment to the peaceful settlement of regional and international disputes and conflicts on the basis of the norms and principles of international law,

Reaffirming their readiness to actively support the actions of the international community in addressing common security threats to the region and world security and stability, such as terrorism, transnational organised crimes, illicit trafficking of drugs and arms,

1. Agree to open the common border within 2 months after the entry into force of this Protocol,

2. Agree to

conduct regular political consultations between the Ministries of Foreign Affairs of the two countries;

implement a dialogue on the historical dimension with the aim to restore mutual confidence between the two nations, including an impartial scientific examination of the historical records and archives to define existing problems and formulate recommendations;

make the best possible use of existing transport, communications and energy infrastructure and networks between the two countries, and to undertake measures in this regard;

develop the bilateral legal framework in order to foster cooperation between the two countries;

cooperate in the fields of science and education by encouraging relations between the appropriate institutions as well as promoting the exchange of specialists and students, and act with the aim of preserving the cultural heritage of both sides and launching common cultural projects;

establish consular cooperation in accordance with the Vienna Convention on Consular Relations of 1963 in order to provide necessary assistance and protection to the citizens of the two countries;

take concrete measures in order to develop trade, tourism and economic cooperation between the two countries;

engage in a dialogue and reinforce their cooperation on environmental issues.

3. Agree on the establishment of an intergovernmental bilateral commission which shall comprise separate sub-commissions for the prompt implementation of the commitments mentioned in operational paragraph 2 above in this Protocol. To prepare the working modalities of the intergovernmental commission and its sub-commissions, a working group headed by the two Ministers of Foreign Affairs shall be created 2 months after the day following the entry into force of this Protocol. Within 3 months after the entry into force of this Protocol, these modalities shall be approved at ministerial level. The intergovernmental commission shall meet for the first time immediately after the adoption of the said modalities. The sub-commissions shall start their work at the latest 1 month thereafter and they shall work continuously until the completion of their mandates. Where appropriate, international experts shall take part in the sub-commissions.

The timetable and elements agreed by both sides for the implementation of this Protocol are mentioned in the annexed document, which is an integral part of this Protocol.

This Protocol and the Protocol on the Establishment of Diplomatic Relations between the Republic of Turkey and the Republic of Armenia shall enter into force on the same day, i.e. on the first day of the first month following the exchange of instruments of ratification.

Signed in Zurich on October 10, 2009 in Turkish, Armenian and English authentic copies in duplicate. In case of divergence of interpretation, the English text shall prevail.

FOR THE REPUBLIC OF TURKEY



Ahmet Davutoglu
Foreign Minister of the Republic of Turkey

FOR THE REPUBLIC OF ARMENIA



Edward Nalbandian
Foreign Minister of the Republic of Armenia

Timetable and elements for the implementation of the Protocol on development of relations between the Republic of Turkey and the Republic of Armenia

Steps to be undertaken	Timing
1. to open the common border	within 2 months after the entry into force of the Protocol on the development of relations between the Republic of Turkey and the Republic of Armenia
2. to establish a working group headed by the two Ministers of Foreign Affairs to prepare the working modalities of the intergovernmental commission and its sub-commissions	2 months after the day following the entry into force of the Protocol on the development of relations between the Republic of Turkey and the Republic of Armenia
3. to approve the working modalities of the intergovernmental commission and its sub-commissions at ministerial level	within 3 months after the entry into force of the Protocol on the development of relations between the Republic of Turkey and the Republic of Armenia
4. to organize the first meeting of the intergovernmental commission	immediately after the adoption of the working modalities of the intergovernmental commission and its sub-commissions at ministerial level
5. to operate the following sub-commissions: - the sub-commission on political consultations; - the sub-commission on transport, communications and energy infrastructure and networks; - the sub-commission on legal matters; - the sub-commission on science and education; - the sub-commission on trade, tourism and economic cooperation; - the sub-commission on environmental issues; and - the sub-commission on the historical dimension to implement a dialogue with the aim to restore mutual confidence between the two nations, including an impartial scientific examination of the historical records and archives to define existing problems and formulate recommendations, in which Turkish, Armenian as well as Swiss and other international experts shall take part.	at the latest 1 month after the first meeting of the intergovernmental commission

FOR THE REPUBLIC OF TURKEY



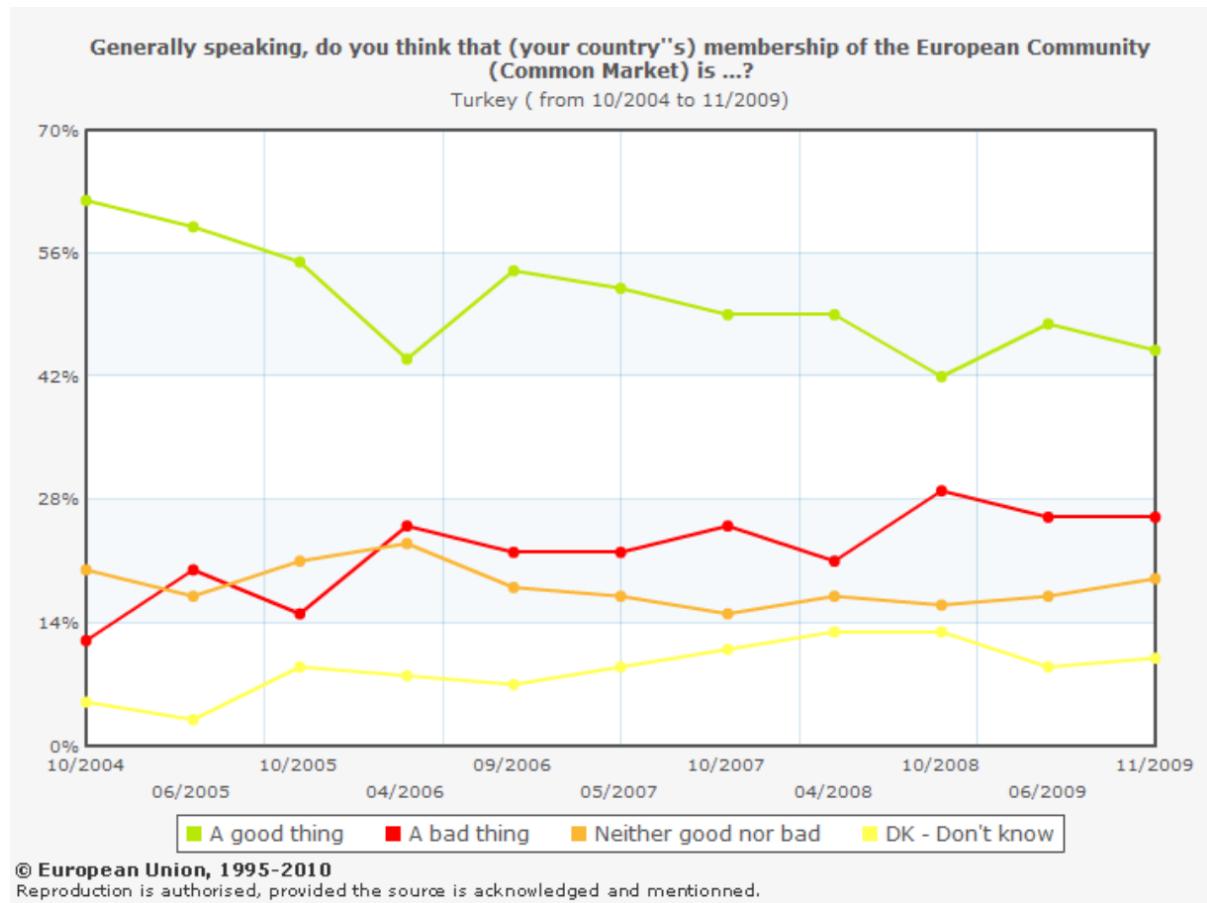
Ahmet Davutoglu
Foreign Minister of the Republic of Turkey

FOR THE REPUBLIC OF ARMENIA

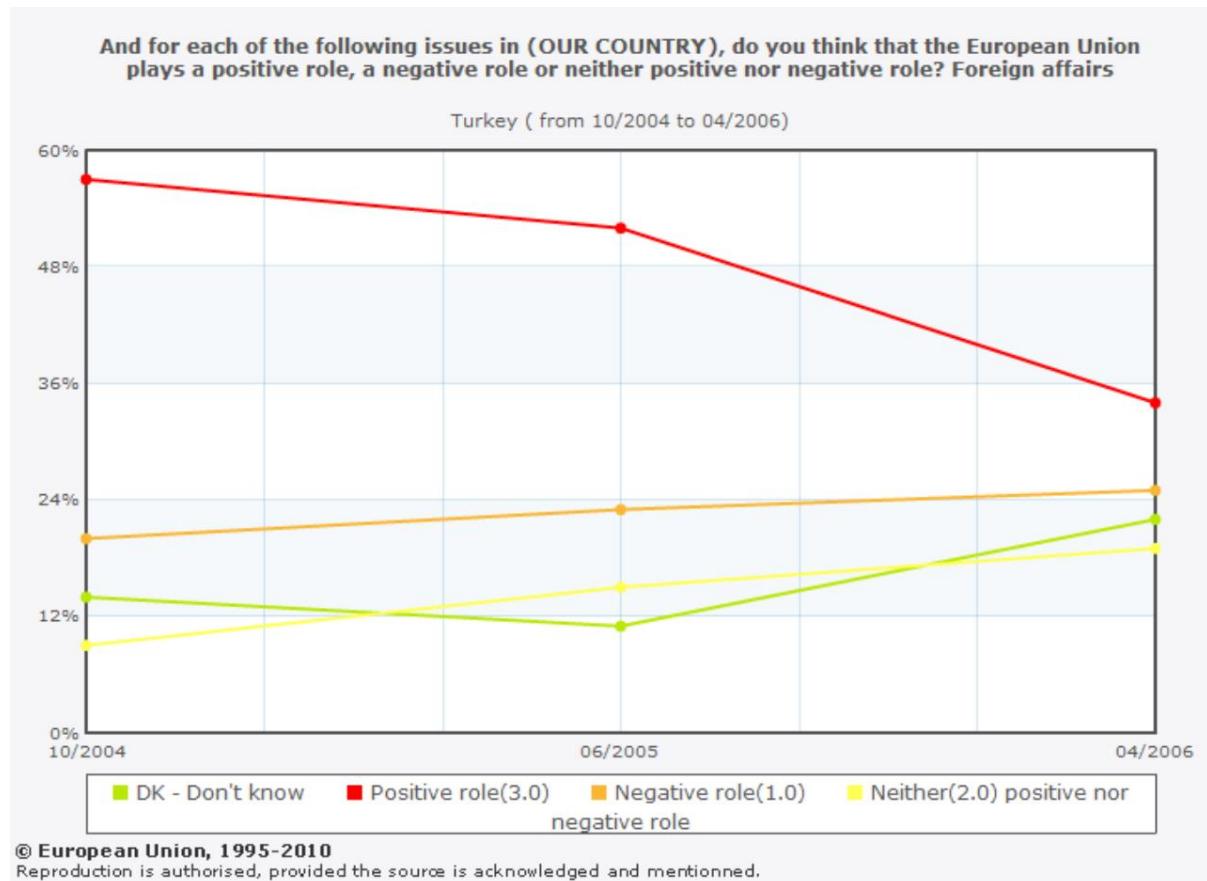


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Foreign Minister of the Republic of Armenia

Appendix 3



Appendix 4



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