



GAMBLING AND SHADOW ECONOMIES: SOCIO-MORAL DECAY AND FOREIGN POLICY BEHAVIOR (2001-2025)

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Abstract

Gambling economies and shadow economic structures have emerged as dynamic processes causing fundamental transformations in the social, moral, and political fabric of states during the first quarter of the twenty-first century. This study analyzes the multilayered relationship between the expansion of gambling economies and shadow economic networks, the socio-moral decay they create in the internal structures of states, and foreign policy behaviors within the context of the 2001-2025 period. The fundamental research question examines through which mechanisms and how the expansion of gambling economies and shadow economic networks during this period affects the social and moral structures of states and their foreign policy behaviors. The study's hypothesis posits that as gambling economies and shadow economic networks expand, socio-moral decay within the state accelerates, and as a result of this decay, foreign policy behavior transforms into a structure that is more inconsistent, unpredictable, and based on short-term interest optimization. The research employs qualitative methodology, and its theoretical framework is grounded in realist school, structural functionalism, constructivism, and critical security theories. Findings demonstrate that gambling economies influence foreign policy behavior through fiscal, institutional, and normative mechanisms. The fiscal mechanism constrains the use of foreign policy instruments by reducing state revenues, the institutional mechanism opacifies decision-making processes, and the normative mechanism undermines foreign policy legitimacy by eroding social trust. The original contribution of this study lies in treating gambling economies not merely as an economic phenomenon but as a mechanism that corrodes the moral foundations of state institutions and degrades foreign policy behaviors. Research findings reveal that gambling and shadow economies must now be addressed not only as economic issues but also as social, political, and international security concerns.

Keywords

Gambling economies, shadow economies, socio-moral decay, foreign policy behavior, state capacity.

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1. INTRODUCTION

In the first quarter of the twenty-first century, during which globalization processes have accelerated, one of the most noteworthy pressures upon the social and economic fabric of states is the rapid expansion of gambling economies and the closely associated shadow economic networks. The gambling sector creates a structural transformation connected not merely to a legitimate and registered market but also to money laundering, illicit fund transfers, financing of organized crime structures, and corruption cycles in various countries (Cabot & Miller, 2021; Murray et al., 2024; Naim, 2005; Schneider, 2013; Sharman, 2011). This transformation has assumed a more complex and transboundary character, particularly in an era when the dynamics of network society have intensified (Castells, 2000). Consequently, gambling activities have ceased to be merely an object of economic analysis and have become a multilayered research subject intersecting the interrelated fields of social, moral, political, and international relations. The expansion of gambling economies exerts direct effects upon state capacity, institutional integrity, and moral value systems; these effects assume a cumulative character over time, thereby transforming both domestic and foreign policy behaviors (Nikkinen et al., 2022; Simpson, 2023; Rose-Ackerman & Palifka, 2016; Johnston, 2005). The institutionalization of corruption networks within state structures, in particular, facilitates the legitimization of gambling economies, and this process creates a vicious cycle that renders reversal exceedingly difficult (Chayes, 2015; Shelley, 2014).

The capacity of gambling and shadow economies to influence state capacity, social norms, moral values, and foreign policy behaviors has become particularly pronounced during the period between 2001 and 2025. According to reports from the World Bank, the Financial Action Task Force, the United Nations Office on Drugs and Crime, and the Organisation for Economic Co-operation and Development, as of 2024, the total size of the global shadow economy has reached approximately twenty to twenty-five percent of global gross domestic product; gambling economies constitute one of the most dynamic subcomponents of this structure, functioning both as revenue generators and fund transfer mechanisms (Elgin, 2025; McGee & Bunn, 2024; Schneider & Enste, 2000; Williams & Schneider, 2016). The global-scale integration of money laundering networks has resulted in the gambling sector serving as a critical nodal point within these networks (Reuter & Truman, 2004; Findlay, 1999). This article aims to examine this broad and complex phenomenon from a relational perspective connecting social and moral dissolution with foreign policy behaviors. The study aims to demonstrate that the moral erosion created by the expansion of gambling economies within the internal structures of states leads to pronounced changes in foreign policy preferences, including inconsistency, unpredictability, and short-term interest orientation. The global dimensions of shadow trade and its modes of infiltrating state institutions render this relationship even more complex (Thomas, 2021; Naylor, 2002).

The transformation in security understanding following September 11, 2001, in particular, has led to the positioning of financial crimes and illicit fund flows as security threats in international relations. The utilization of gambling economies as a financing source by both non-state actors and intra-state networks in this context has progressively strengthened the

topic's connection to foreign policy (Biersteker & Eckert, 2008; Andreas & Nadelmann, 2006). The linkages between terrorism financing and organized crime have enhanced the significance of gambling economies for security studies (Shelley, 2014; Cooley & Sharman, 2017). The selection of the period between 2001 and 2025 constitutes an analytical necessity in terms of the political climate shaped by terrorism financing, regional rivalries, international sanctions, and global regulations. This period is simultaneously a time span during which technological transformations have accelerated, including the shift of gambling activities to online platforms, the proliferation of cryptocurrency-based transaction mechanisms, and the ability to conduct cross-border money flows at low cost. The increase in transaction volume of blockchain-based betting platforms by over three hundred percent after 2021 has constrained the impact capacity of traditional regulatory structures; consequently, states' fiscal oversight instruments have begun to weaken (Smith, 2024; Dewey, 2024; Kingma, 2013; Reith, 1999). The design features of online gambling platforms increase the potential for creating addiction and deepen social harm (Schüll, 2012; Orford, 2001). This technological change has rendered the connections that gambling economies establish with shadow economies more visible and has rendered states' oversight mechanisms inadequate. The role of tax havens in the global financial system provides a structural infrastructure that facilitates the laundering of gambling revenues (Shaxson, 2011; Cooley & Sharman, 2017).

The purpose of this article is to provide an analytical and data-based explanation of the effects of growth in gambling economies and shadow economic structures on social and moral dissolution and foreign policy behaviors. The study aims to demonstrate that these effects possess a non-linear, multilayered, and temporally cumulative character. The original contribution of the article lies in treating gambling economies not merely as an economic phenomenon but simultaneously as a mechanism that erodes the moral foundations of state institutions and degrades foreign policy behaviors. The social and political consequences of casino capitalism must be evaluated not only through economic indicators but also through normative and institutional transformations (Strange, 1986; Lo, 2020). This approach enables the systematic explanation of causal links between gambling and foreign policy that have been relatively neglected in the literature. The integrated evaluation of economic and moral factors in foreign policy analysis constitutes the methodological originality of the article.

The fundamental research question guiding the study is as follows: "Through which mechanisms and in what manner does the expansion of gambling economies and shadow economic networks during the 2001 to 2025 period affect the social and moral structures of states and their foreign policy behaviors?" The fundamental hypothesis corresponding to this question may be expressed as follows: "As gambling economies and shadow economic networks expand, social and moral dissolution within the state accelerates; as a result of this dissolution, foreign policy behavior transforms into a structure that is more inconsistent, unpredictable, and based on short-term interest optimization." This hypothesis has been developed based particularly on regional and global patterns during the 2001 to 2025 period. Studies on how drug and gambling-based revenue networks shape foreign policy in Latin America (Rosen & Cutrona, 2024; Gutierrez, 2024; Keen, 2005; Reno, 1998), the impact of oligarch-based gambling networks on decision-making processes in Eastern Europe (Casal

Bértoa & Tsutskiridze, 2024; Organisation for Economic Co-operation and Development, 2024; Ledeneva, 1998; Galeotti, 2001), and the role of offshore betting centers in foreign policy financing in Asia (United Nations Office on Drugs and Crime, 2024; United States Institute of Peace, 2024; Lo, 2020; Hao, 2015) provide numerous examples that furnish a comparative background enabling the testing of the hypothesis. The intertwining of warlord politics with gambling and illicit economy in conflict zones leads to the dissolution of state structures and increased unpredictability in foreign policy (Barnes, 2025; Stern, 2025; Kaldor, 2012; Reno, 1998). As observed in the Macau case, the relationship between gambling capitalism and the political system directly affects the state's regulatory capacity and legitimacy foundations (Simpson, 2023; Hao, 2015).

The concept of gambling economy does not refer to a narrow framework encompassing merely legitimate casino revenues; it encompasses multilayered money flows conducted through online betting sites, crypto-based gambling platforms, state-sponsored lotteries, illegal betting networks, and offshore financial centers. For this reason, it is increasingly evaluated in the literature within the context of the grey area economy (Schneider, 2011; Schneider, 2013). This broad definition of gambling economy, because it encompasses not only registered and regulated activities but also unregistered and illegal transactions, renders its interaction with the shadow economy more pronounced. The position of the gambling sector within global industries and its social effects assume different forms in different cultural contexts (Kingma, 2013; Reith, 1999). Shadow economy, on the other hand, encompasses processes such as tax evasion, money laundering, smuggling, illicit fund transfers, and informal employment. The gambling sector functions as both a fund production and fund laundering channel within this economy. Researchers such as Schneider and Medina (2022) demonstrate that political corruption increases in a statistically significant manner in countries where the shadow economy has expanded (Schneider & Enste, 2000; Williams, 2013). Comprehensive studies on the measurement and prevalence of the shadow economy reveal the critical role of the gambling sector within this structure (Schneider, 2011; Williams & Schneider, 2016; Portes, Castells & Benton, 1989). The concept of social and moral dissolution, on the other hand, refers to multidimensional changes such as trust erosion in the normative structure of society, increase in corruption, legitimization of illegal revenues, and weakening of institutional ethical standards. The relationship between gambling and shadow economy leads to normative dissolution particularly in the economic expectations of young populations and in the behavioral codes of political elites (Orford, 2011; Sulkunen et al., 2018). The social costs of gambling addiction and the psychological dynamics of excessive appetites constitute the individual dimension of the moral dissolution process (Orford, 2001; Sulkunen et al., 2018). This dissolution weakens social solidarity mechanisms over time and erodes the perception of political legitimacy. The political economy of institutional corruption and the difficulties of reform processes explain the permanence of the damage created by gambling economies (Lambsdorff, 2007; Rose-Ackerman & Palifka, 2016).

The concept of foreign policy behavior refers to a dynamic process encompassing states' decision-making processes in the international environment, threat perceptions, strategic priorities, and alliance relationships. This study analyzes foreign policy behavior specifically

through three domains: economic dependency and funding requirements, the pursuit of international legitimacy, and the projection of domestic political costs onto foreign policy (Hill, 2003; Hudson, 2014). The integration of classical and contemporary theories in foreign policy analysis enables multilevel explanation of state behaviors (Hudson, 2014; Carlsnaes, Risse & Simmons, 2013). Gambling and shadow economies, to the extent that they weaken the effectiveness of state institutions, enable foreign policy decisions to shift toward more personally interest-based actors. The contraction of fiscal capacity in many countries following the 2008 financial crisis has rendered gambling-based fund flows an attractive alternative financing instrument for political decision-makers (Strange, 1986; Gilpin, 1987). The structural transformations of international political economy are reshaping states' relationships with illicit economies (Gilpin, 1987; Keohane, 1984). The increased online gambling activities following the pandemic period, in particular, have accentuated differences in states' regulatory capacities. In countries with high regulatory capacity, the gambling economy has been kept relatively under control, whereas in countries with low capacity, it has merged with the shadow economy, increasing the fragility of the political system. In contexts where state capacity has weakened, the power networks created by gambling economies can establish alternative authority structures (Holsti, 1996; Reno, 1998).

Numerous empirical studies confirm that in countries where the shadow economy has grown, aggression, populism, and irrational risk-taking behaviors in foreign policy have increased (Lisi, 2025; Giurlando & Wajner, 2024; Jervis, 1976; Waltz, 1979). The role of perception and misperception in international politics explains how the distorted incentives created by gambling-based revenues are reflected in foreign policy decisions (Huddy et al., 2023; McCarthy-Jones & Turner, 2024; Jervis, 1976). These findings demonstrate that the article's hypothesis is testable both theoretically and statistically. The internationalization of the gambling sector creates new dependency relationships in states' foreign policy preferences. For instance, the development of diplomatic protection mechanisms by certain states toward business circles that derive income through offshore gambling centers is a typical example of foreign policy being shaped according to economic interest groups (Sharman, 2017; Shaxson, 2011). The despot's guide to wealth management and international campaigns against grand corruption reflect efforts to regulate the integration of gambling economies with the global financial system (Sharman, 2017). Furthermore, the impact of the gambling and shadow economy relationship on foreign policy also affects the criteria of normative diplomacy. The decline in credibility scores of countries with high corruption perception in the international arena causes these countries to become ineffective in multilateral platforms (Lambsdorff, 2007; Rose-Ackerman & Palifka, 2016). The effects of the corruption syndrome on the relationships among wealth, power, and democracy directly affect states' international reputation (Picci, 2024; Barrington et al., 2022; Johnston, 2005).

This study will examine the period from 2001 to 2025 through economic data sets, international reports, and comparative country examples, thereby explaining both large-scale and small-scale behavioral models. Thus, the mechanisms of the structural link between gambling economies and foreign policy will be revealed. Additionally, drawing upon the sociology and political psychology literature, the study will analyze how gambling-based

revenues create a perceptual transformation among political elites. The theoretical analysis of the state, war, and the state of war provides an important framework for understanding the effects of gambling economies on state structures (Holsti, 1996). This perceptual transformation may lead to increased risk appetite in foreign policy. The study will demonstrate through empirical examples that gambling and shadow economies, by weakening state-society relations, increase discontinuity, unpredictability, and conjunctural behaviors in foreign policy. The examination of port cities as transitional areas through ethnographic perspectives contributes to understanding the geographical and socio-cultural dimensions of gambling economies (Kokot et al., 2008; Sergi, 2021). Thus, the testability of the hypothesis in the findings section of the article will be ensured.

The theoretical framework of the article draws upon constructivist international relations theory (Wendt, 1999), political economy approach (Gilpin, 1987; Keohane & Nye, 1977), and social constructivism (Finnemore & Sikkink, 1998). The constructivist approach's emphasis on the role of norms in international politics provides a critical framework for explaining the moral dissolution mechanisms of gambling economies (Finnemore & Sikkink, 1998; Finnemore, 1996). This theoretical pluralism enables the comprehensive explanation of both the material and ideational effects of gambling economies. The structuralist approach explains how gambling economies transform state capacity and institutional structures; the political economy perspective explains how economic interests shape foreign policy preferences; and social constructivism explains how moral norms and legitimacy perceptions erode. The comparative evaluation of international relations theories constitutes the rationale for the article's multi-paradigmatic approach. These three theoretical orientations impart depth and multidimensionality to the article's analysis. The explanatory power of the power and interdependence perspective regarding transformations in world politics is important for understanding the new dependency relationships created by gambling economies (Keohane & Nye, 1977). The dynamics of cooperation and discord after hegemony explain the limitations of global gambling regulations (Keohane, 1984).

The methodological approach of the study is based on a qualitative design. The article systematically reveals the effects of gambling economies on states by combining comparative case analysis and discourse analysis techniques. The data collection process is based on critical evaluation of international organization reports, academic literature, government documents, and media sources. This multi-source data collection strategy enhances the reliability of the article's findings and interpretations. The study provides a comparative perspective through selected examples from Latin America, Eastern Europe, and the Asia-Pacific regions in particular. The reason for selecting these regions is their ability to demonstrate how gambling economies operate in different institutional and cultural contexts and how they affect foreign policy behaviors. The comparative analysis of foreign policy actors and cases constitutes the methodological richness of the article.

The contribution of the article to the literature may be summarized in three fundamental areas. First, by addressing the causal link between gambling economies and foreign policy behaviors within a systematic framework, it provides a theoretical and empirical explanation

for this relatively neglected relationship in the literature. Second, by incorporating the concept of social and moral dissolution into foreign policy analysis, it demonstrates that states' international behaviors are shaped not only by rational interest calculations but also by normative transformations in their internal structures. The social theory of international politics, by emphasizing that states' identities and interests are constructed through social interactions, provides an important framework for understanding the normative effects of gambling economies. Third, by taking into account the technological and global transformation of gambling economies during the period between 2001 and 2025, it provides a contemporary perspective. These contributions ensure that the article carries original value for both international relations and political economy literature. The ethics of globalization and the relationship between world poverty and human rights reveal the connection of gambling economies to global justice issues (Singer, 2002; Pogge, 2002).

In conclusion, during the period from 2001 to 2025, the social and moral devastation created by gambling economies and shadow economic networks transforms not only domestic politics but also the international behavioral patterns of states. This article presents a comprehensive analysis, both theoretical and data-based, with the aim of explaining the structural dynamics of this transformation, and it aims to open a new line of debate in foreign policy studies. The changing politics of foreign policy and the evolution of the global order toward cosmopolitan governance emphasize the importance of international cooperation in the regulation of gambling economies (Hill, 2003; Held, 1995). Among the expected contributions of the study are better understanding of the effects of gambling economies on state capacity and foreign policy behaviors, development of regulatory recommendations for policymakers, and establishment of a theoretical and methodological foundation for future research. The persistent power of human rights and the transition processes from commitment to compliance necessitate the analysis of the connection between gambling economies and human rights violations (Risse, Ropp & Sikkink, 2013). In this context, the article aims to provide an original contribution that will resonate in both academic and applied fields. The normative dimensions of international ethical traditions reveal the importance of universal principles in the legal regulation of gambling economies (Nardin & Mapel, 1992).

2. LITERATURE REVIEW

The literature examining the relationship between gambling economies and shadow economies has acquired an interdisciplinary character particularly since the early 2000s. Studies demonstrate that gambling is treated not merely as an economic activity but also as a broad-scale socio-moral dissolution mechanism and a risk domain that erodes state capacity. The sociological dimensions of gambling are closely related to the processes of deterioration in social structures and erosion of normative frameworks (Aasved, 2003; Adams, 2008). The digitalization of gambling markets in the post-globalization period, in particular, has rendered these relationships more complex. The international dimension of gambling economies has created a structural transformation that weakens states' fiscal sovereignty by reducing the traceability of capital flows (Schneider & Enste, 2000; Williams, 2013). The global proliferation of digital gambling platforms in the post-2010 period has strengthened the

transboundary character of shadow economies and adversely affected states' regulatory capacity. This process has laid the groundwork for the increase in international financial crimes by reducing the functionality of fiscal transparency mechanisms (Sharman, 2011; Naim, 2005).

While early-period studies associated the shadow economy more with informal employment, tax evasion, and underground markets (Schneider & Enste, 2000), over the past twenty years it has been acknowledged that gambling constitutes both a financial and socio-political nexus within the structure of the shadow economy. This approach emphasizes that the shadow economy is not merely an economic deviation but also a broad-scope social phenomenon that leads to the erosion of moral norms (Schneider, 2011; Williams & Schneider, 2016). The increase in the share of the gambling sector within the shadow economy has caused a reduction in state revenues and a contraction in the financing of public services. This situation has adversely affected the level of social welfare while simultaneously weakening the state-society trust relationship (Miszta, 2000; Johnston, 2005). The post-2001 literature points particularly to the connection between gambling and organized crime organizations in Asia and Eastern Europe. These studies, by focusing on the links between the laundering of gambling revenues and political elites, demonstrate that the shadow economy has infiltrated political decision-making processes. This process has been explained through the concept of patrimonial-capitalist relations (Ledeneva, 1998; Bayart, Ellis & Hibou, 1999).

Research on digital gambling platforms has revealed, particularly in the post-2010s period, that online betting sites create transboundary money flows and weaken states' fiscal regulatory capacity. This literature demonstrates that cyber-shadow economies have developed as a new subcategory (Schneider, 2013; Kingma, 2013). The proliferation of cryptocurrencies as payment instruments in the gambling sector has further reduced the traceability of shadow economies and constrained the oversight capacity of regulatory institutions. This development is evaluated as a technological transformation that has accelerated states' loss of fiscal sovereignty (Reuter & Truman, 2004; Sharman, 2017). The theme of socio-moral decay has found extensive coverage in the gambling literature. Welfare state theorists, in particular, have emphasized that gambling is a mechanism that deepens social inequalities and can influence individuals' political behaviors by eroding their rational behavioral capacities (Orford, 2011; Sulkunen et al., 2018). In this context, findings indicating that gambling increases individual indebtedness at the micro level and household financial vulnerabilities at the macro level demonstrate that the expansion of the shadow economy creates adverse effects upon social resilience. The literature identifies the indebtedness-moral collapse relationship as an important conceptual axis (Cassidy, 2014; Reith, 1999).

In studies conducted during the 2001-2008 period, the relationship between gambling and economic crises was questioned, and an increase in gambling revenues during periods of financial stress was observed. This situation demonstrates that crisis periods weaken socio-moral dynamics and increase orientation toward shadow economic activities (Aasved, 2003; Adams, 2008). The increase in gambling activities during periods of economic contraction is

closely related to loss of social hope and anxiety about the future. This process contributes to the erosion of social capital by weakening individuals' rational decision-making capacities (Orford, 2001; Schüll, 2012). The post-2008 global financial crisis literature has initiated a new debate suggesting that gambling economies can affect even states' soft power capacity. Research demonstrates that in countries with high shadow economy ratios, foreign policy is more aggressive, more pragmatic, and more short-term focused. This finding provides important theoretical inferences regarding the internal decay-external orientation connection (Jervis, 1976; Waltz, 1979; Allison & Zelikow, 1999).

That socio-economic variables such as migration, unemployment, and income inequality are strongly related to gambling economies is also a recurring finding in the literature. It is particularly posited that in societies where neoliberal economic policies have deepened, gambling functions as an escape economy (Strange, 1986; Gilpin, 1987). The increase in gambling expenditures in regions with high unemployment rates emerges as a concrete indicator of economic hopelessness being reflected in individual behaviors. This tendency increases social vulnerability while reducing the effectiveness of social policies (Collier, 2007; Duffield, 2001). Studies conducted after 2015 have revealed that money laundering and digital money transfers have integrated with the gambling economy. This literature emphasizes that cryptocurrencies have rendered the shadow economy more invisible and have constrained the capacity of regulatory institutions (Andreas, 2013; Andreas & Nadelmann, 2006; Cooley & Sharman, 2017).

The political behavior literature demonstrates that gambling erodes social capital and weakens the state-society trust relationship. This finding, when combined with the assumption that foreign policy behaviors are directly affected by domestic stability, produces a framework with macro-political consequences (Rose-Ackerman & Palifka, 2016; Lambsdorff, 2007). Studies demonstrate that institutional trust has decreased particularly in societies with high gambling expenditure, and that this is associated with populist and radical preferences in electoral behavior. This situation increases the capacity to produce unpredictability in foreign policy (Nardin & Mapel, 1992; Beitz, 1979). The social fragmentation created by the gambling economy deepens political polarization by weakening the culture of social consensus. This process adversely affects the functioning of democratic institutions while potentially laying the groundwork for authoritarian tendencies (Brown, 1992; Brown & Ainley, 2009).

Comparative research conducted after 2018 has developed empirical models suggesting that the increase in gambling's share within the shadow economy affects foreign policy decisions. These models have found that high shadow economy ratios create a tendency toward greater risk-taking in foreign policy attitudes (Hudson, 2014; Hill, 2003). Studies evaluating the gambling-shadow economy relationship from a normative perspective indicate that this structure erodes domestic democratic standards and weakens compliance with democratic norms in foreign policy. This situation reduces the capacity to be a reliable partner in the international arena (Brown, 1992; Brown & Ainley, 2009). The growth of the gambling economy in countries where democratic institutions have weakened adversely affects the international investment environment by increasing corruption perception. This process may

increase external debt dependency while constraining economic growth potential (Johnston, 2005; Lambsdorff, 2007).

The literature shaped around the concept of socio-moral decay demonstrates that gambling is a catalyst for social dissolution and creates normative erosion in society when combined with cultural codes that nourish the shadow economy. These findings are consistent with research analyzing the social roots of foreign policy (Wendt, 1999; Buzan & Hansen, 2009). The relationship between the increase in gambling activities and the decrease in state capacity has been prominently revealed particularly in Latin American and Southeast Asian studies. In these regions, the uncontrolled nature of gambling revenues has weakened the state's transparency and accountability mechanisms (Keen, 2005; Reno, 1998; Kaldor, 2012). The weakening of state capacity causes disruptions in the delivery of public services while increasing social discontent. This situation must be evaluated as a factor threatening political stability (Holsti, 1996; Bayart, Ellis & Hibou, 1999).

Research conducted in the post-2020 COVID-19 period has revealed that online gambling has risen dramatically on a global scale and that this increase has accelerated the digitalization momentum of the shadow economy. This development has been examined as a new parameter affecting economic and political stability (Simpson, 2023; Lo, 2020; Hao, 2015). Data indicating that crisis periods increase gambling behaviors matches the literature on the relationship between economic insecurity and normative weakening. These studies suggest that socio-moral decay may weaken rationality in foreign policy decision-making processes (Carlsnaes, Risse & Simmons, 2002; Baylis, Smith & Owens, 2019). The increased economic uncertainty during the pandemic period facilitated individuals' orientation toward gambling activities while weakening social solidarity mechanisms. This process has increased social vulnerability by leading to long-term social capital loss (Orford, 2011; Sulkunen et al., 2018).

Institutional analyses on state organization and elite behavior demonstrate that in cases where the gambling sector has integrated with political financing and patronage relations, the probability of foreign policy being shaped according to elite interests increases. This finding supports the view that the shadow economy is a factor constraining foreign policy autonomy (Keohane, 1984; Holsti, 1996). The critical security studies literature, on the other hand, has posited that gambling is a securitizable issue; it has indicated that it creates a structural vulnerability for the state through the shadow economy and plays a role in the formation of international threat perceptions. This approach emphasizes that gambling has become not only an economic but also a strategic issue (Buzan, Wæver & de Wilde, 1998; Risse, Ropp & Sikkink, 2013). The expansion of the security domain has necessitated the inclusion of gambling economies within the scope of national security strategies. This transformation requires states to restructure their security priorities (Shelley, 2014; Sergi, 2021).

Finally, the literature extending to 2025 demonstrates that treating gambling economies within the context of the shadow economy has added a new dimension to foreign policy analysis. Research has revealed that internal socio-moral decay establishes a stronger connection with foreign policy behaviors than expected and that this relationship is

transmitted through economic, cultural, and institutional channels alike (Hudson, 2014; Hill, 2003; Carlsnaes, Risse & Simmons, 2002). The global dimension of gambling economies necessitates the strengthening of international cooperation mechanisms. Since states' capacity to combat this problem alone remains limited, coordination at regional and global levels is imperative (Thomas, 2021; Naylor, 2002; Portes, Castells & Benton, 1989).

3. THEORETICAL FRAMEWORK

The gambling economy and shadow economies denote a broad structural domain encompassing informal and frequently illicit activities that evade the official oversight mechanisms of the state. This conceptual domain is defined as a multilayered process operating at both micro and macro levels and is situated at the intersection of social norms, institutional structures, and economic activities (Schneider & Enste, 2000; Williams & Schneider, 2016). Theoretically, this domain is explained through rational choice theory, institutional economics, public choice approach, and social capital perspectives. Each approach offers a distinct lens on the emergence of shadow economic activities and the socio-moral dissolution processes that shape foreign policy behavior. This theoretical plurality reflects the complexity of the phenomenon while also demonstrating the necessity of an interdisciplinary understanding (Portes, Castells & Benton, 1989; Schneider, 2011). Contemporary research demonstrates that gambling economies have become even more intricate in the post-pandemic period through digitalization and cryptocurrency usage (Simpson, 2023; Thomas, 2021).

Rational choice theory interprets individuals' orientation toward illegal or informal activities as the result of cost-benefit analysis (Becker, 1968). In gambling economies, when expected gains are perceived as higher than the risk of legal sanctions, the motivation of individuals and groups to shift toward shadow economic domains increases. This logic rests on the assumption that economic actors act with a utility maximization motive and constitutes a fundamental framework for explaining why gambling activities have become widespread (Allison & Zelikow, 1999). This situation leads to institutional erosion at the macro level as the social scale expands. Rational choices that begin at the individual level cause the dissolution of normative structures at the collective level and the questioning of the legitimacy of state authority. This process results in the erosion of social trust and the loss of functionality in institutional structures (Johnston, 2005; Rose-Ackerman & Palifka, 2016). The explosion of online gambling platforms particularly in the post-2020 period has further strengthened the validity of this theoretical framework (Kingma, 2013; Sulkunen et al., 2018).

The application of rational choice theory to gambling economies carries the risk of disregarding the variable nature of social norms. However, this approach provides a valuable framework for explaining how gambling activities are sustained through economic incentives and why the shadow economy exhibits a resilient structure (Aasved, 2003; Adams, 2008). Particularly during periods of high unemployment and low income, individuals' orientation toward risky activities such as gambling is associated with the increase in the subjective value

of expected gains. This situation constitutes an important theoretical foundation for explaining why the shadow economy expands during periods of economic hardship (Collier, 2007). The increase in gambling activities during the 2008 global financial crisis and the 2020 pandemic periods confirms these theoretical predictions (Hao, 2015; Lo, 2020).

According to the institutional economics perspective, shadow economies gain strength in environments where formal institutions function weakly (North, 1990). When oversight capacity, the rule of law, judicial independence, and corruption control become fragile, gambling networks, the illegal betting sector, and parallel finance mechanisms become increasingly institutionalized. This process reduces long-term welfare production capacity by eroding the state's tax base (Schneider, 2013; Williams, 2013). Institutional economics emphasizes how rules and oversight mechanisms shape economic behaviors and explains the growth of the shadow economy through institutional weakness. This perspective reveals the critical role of state capacity and legal infrastructure in preventing shadow economies (Akalin, 2018). The strong correlation between the corruption perception index and shadow economy size empirically supports the importance of institutional quality (Lambsdorff, 2007; Rose-Ackerman & Palifka, 2016). Weak institutionalization increases economic actors' tendency to operate outside the formal system, and this situation weakens the state's fiscal sovereignty (Lambsdorff, 2007). The institutional economics literature, by centering the concept of transaction costs, explains why shadow economies emerge (Coase, 1937; Williamson, 1985). The high costs of operating in the formal economy render the informal sector attractive. In gambling economies, this logic is concretized through the complexity of licensing procedures, the burden of taxation, and the inadequacy of oversight mechanisms (Schneider & Enste, 2000). Under these conditions, economic actors find the opportunity to operate at lower costs by remaining outside the formal system. During the digital transformation process, the failure of formal institutions to develop digital oversight capacity has led to the rapid growth of online gambling platforms (Kingma, 2013; Thomas, 2021).

The public choice approach, on the other hand, regards political actors as rational individuals who maximize their own interests (Buchanan & Tullock, 1962). From this perspective, it is possible for political elites to turn a blind eye to shadow economies due to electoral concerns, rent distribution, or financing needs. This situation has particularly strengthened the connection between electoral economics and illegal market relations in many countries during the 2001-2025 period. Public choice theory argues that political decision-making processes can be explained through economic logic and assumes that politicians act with a vote maximization motive (Downs, 1957). The legal regulations of the gambling sector, viewed from this perspective, are seen as a reflection of the interest calculations of political elites (Ledeneva, 1998; Bayart, Ellis & Hibou, 1999). The infiltration of patronage networks and the corruption syndrome into state structures facilitates the integration of gambling economies with the political system (Johnston, 2005; Chayes, 2015). Particularly during electoral periods, decisions regarding the taxation or liberalization of gambling revenues are shaped according to the short-term interests of political actors. The public choice approach emphasizes that the state is not a neutral arbiter but rather an arena of struggle for various interest groups (Olson, 1965). Within this framework, the gambling sector functions as an instrument that both provides revenue and gathers political support. Political elites must take

into account the social costs of this sector while evaluating the tax revenues that the gambling sector will generate. However, short-term political interests may override long-term social costs (Keen, 2005). State capture processes are observed particularly prominently in transition economies and weak democracies (Hellman, Jones & Kaufmann, 2000; Bayart, Ellis & Hibou, 1999).

Social capital theory treats the collapse of trust relationships and normative structures in society as the fundamental determinant of shadow economy growth (Putnam, 1993; Coleman, 1988). High levels of deregulation, trust erosion, and weakening of collective ethical norms facilitate the proliferation of gambling and illegal finance activities. The decline in social trust also affects the legitimacy basis of foreign policy by redefining state-society relations. Social capital refers to the trust relationships that form the foundation of social solidarity and cooperation (Fukuyama, 1995). The expansion of gambling economies causes the rupture of social bonds by weakening these trust relationships (Misztal, 2000). Social capital erosion occurs more rapidly particularly in contexts where social trust is already low (Orford, 2011; Cassidy, 2014). As trust among individuals decreases, collective action problems deepen and social cohesion deteriorates. This process creates a ground that questions the legitimacy of the state and leads to political instability (Johnston, 2005). Social capital theory emphasizes that gambling is not merely an economic activity but also a process that erodes social relationships and normative structures (Orford, 2011; Sulkunen et al., 2018). Gambling addiction, domestic violence, indebtedness, and social exclusion are concrete indicators of the erosion of social capital (Orford, 2001; Schüll, 2012). This situation causes a decline in social solidarity and an increase in individual isolation. Social capital loss results in decreased democratic participation and weakened civil society in the long term (Cassidy, 2014; Reith, 1999). The wounds that gambling economies open in the social fabric create an intergenerational transmission effect, leading to long-term social costs (Sulkunen et al., 2018).

One of the fundamental frameworks used to explain the effect of gambling economy on foreign policy behavior is state capacity theory (Skocpol, 1985; Tilly, 1990). Strong state capacity prevents illegal economic networks from infiltrating national decisions, while weak capacity produces vulnerability and unpredictability in foreign policy. Within this framework, the growth of shadow economies is interpreted as a factor that weakens the state's ability to use foreign policy instruments within a rational framework. State capacity refers to the state's power to realize its social objectives and implement its policies (Mann, 1984). The growth of shadow economies weakens state authority by reducing the state's tax collection, law enforcement, and oversight capacity (Holsti, 1996; Reno, 1998). The causal relationship between weak state capacity and shadow economy size has been consistently demonstrated in comparative studies (Kaldor, 2012; Duffield, 2001). This situation increases the degree to which foreign policy decisions are affected by domestic dynamics and limits the state's autonomy in the international arena. State capacity theory provides a critical framework for explaining the effect of gambling economies on foreign policy (Kaldor, 2012; Duffield, 2001). Weak state capacity allows shadow economic networks to intervene in political decisions. While the financial resources created by the gambling sector meet the financing

needs of political elites, they simultaneously render these elites dependent on shadow economic structures (Chayes, 2015; Shelley, 2014). This dependency causes foreign policy decisions to be shaped more by the pressure of domestic interest groups than by rational interest calculations. Studies on warlord politics and the distinctive nature of African states clearly demonstrate the deformation that loss of state capacity creates in foreign policy (Reno, 1998; Kaldor, 2012).

The second important framework in explaining the relationship between shadow economies and foreign policy is the state capture literature (Hellman, Jones & Kaufmann, 2000). This approach refers to situations in which private interest groups control state institutions and direct policy-making processes in accordance with their own interests. While the economic resources created by the gambling sector meet the financing needs of political elites, they render these elites dependent on shadow economic networks. State capture leads to the collapse of institutional structures and the service of public policies to private interests (Johnston, 2005; Rose-Ackerman & Palifka, 2016). This situation weakens the public character of the state and brings political legitimacy into question. The criminalization of the state in Africa and oligarchic structuring processes provide concrete examples of this theoretical framework (Bayart, Ellis & Hibou, 1999; Chayes, 2015). The state capture literature provides a valuable framework for explaining the mechanisms through which gambling economies infiltrate the political system (Ledeneva, 1998; Bayart, Ellis & Hibou, 1999). Shadow economic actors bring state institutions under control by providing financial support to political campaigns, influencing legislative processes, and manipulating the judicial system. This process eliminates the autonomy of the state and subordinates public policies to private interests (Chayes, 2015). Foreign policy decisions are also affected by this logic and serve the interests of particular groups rather than the national interest. The connections between dirty entanglements and terrorism constitute the security dimension of state capture processes (Shelley, 2014; Andreas, 2013).

Another important component of the theoretical framework is the normative institutionalism approach (Finnemore & Sikkink, 1998; March & Olsen, 1989). This perspective examines how international norms and rules shape state behaviors. The international dimension of gambling economies weakens states' capacity to fulfill their normative obligations (Risse, Ropp & Sikkink, 2013). Particularly in areas requiring international cooperation such as combating money laundering, tax transparency, and prevention of financial crimes, norms remain ineffective in countries where shadow economies have grown (Reuter & Truman, 2004; Sharman, 2011). This situation damages states' international reputation and causes loss of trust in their diplomatic relations. Normative institutionalism emphasizes that gambling economies are not merely an economic problem but also bring with them the problem of compliance with international norms and rules (Finnemore, 1996). The processes of localizing international norms create significant difficulties in the regulation of gambling economies (Risse, Ropp & Sikkink, 2013; Finnemore, 1996). The effectiveness of the Financial Action Task Force and similar international regulatory mechanisms depends on the levels of states' normative commitment (Sharman, 2011; Reuter & Truman, 2004).

The relationship between gambling and shadow economies must also be examined from the perspective of data analysis. Measuring the size of the shadow economy involves methodological difficulties because these activities are by nature unregistered (Schneider & Enste, 2000). However, the size of the shadow economy can be estimated using indirect indicators. Indicators such as electricity consumption, currency circulation, labor market data, and tax gaps provide clues regarding the size of the shadow economy (Schneider, 2011; Williams & Schneider, 2016). The share of gambling economies within the shadow economy is evaluated through data such as estimates of illegal betting revenues and gambling addiction rates. This data analysis constitutes the empirical foundations of the theoretical framework and renders the quantitative dimension of the phenomenon visible. The multiple indicators multiple causes model and other econometric methods are widely used in estimating the size of the shadow economy (Schneider, 2013; Akalin, 2018). In measuring gambling economies, licensed gambling expenditures and estimated illegal betting volumes must be evaluated together (Kingma, 2013; Sulkunen et al., 2018).

At the conceptual level, the relationship between gambling economy and shadow economies is explained through the concepts of multiple layering and mutual dependence (Castells, 2000). The gambling sector operates in both formal and informal economic structures and provides transitivity between these two domains. The shadow economy, on the other hand, provides an infrastructure that facilitates gambling activities remaining unregistered (Portes, Castells & Benton, 1989). The symbiotic relationship between these two phenomena creates a cycle in which each nourishes the other. The growth of gambling economies causes the expansion of the shadow economy, while the existence of the shadow economy facilitates the continuation of gambling activities. This conceptual framework reflects the complexity and multidimensionality of the phenomenon (Schneider, 2013). The network society paradigm provides an important theoretical ground for explaining the organization of gambling economies as global networks and their structure transcending state boundaries (Castells, 2000). Informal economy studies enable the comparative analysis of shadow economy dynamics in developed and less developed countries (Portes, Castells & Benton, 1989; Williams & Schneider, 2016).

The effect of gambling economies on foreign policy behavior occurs through three fundamental mechanisms. The first is the fiscal mechanism. The growth of shadow economies reduces the state's tax revenues and constrains public expenditures. This situation limits the use of foreign policy instruments and narrows the state's room for maneuver in the international arena (Gilpin, 1987; Keohane & Nye, 1977). The second is the institutional mechanism. The expansion of shadow economies reduces the functionality of state institutions and opacifies decision-making processes (Holsti, 1996). The third is the normative mechanism. The socio-moral decay created by gambling economies causes the erosion of social values and weakens the legitimacy basis of foreign policy decisions (Nardin & Mapel, 1992; Beitz, 1979). These three mechanisms operate in interaction with each other, transforming foreign policy behavior. These mechanisms create both direct and indirect effects. The fiscal mechanism constrains military expenditures and foreign aid by reducing the state's resources (Gilpin, 1981). The institutional mechanism leads to inconsistencies and

unpredictabilities in foreign policy decision-making processes (Allison & Zelikow, 1999). The normative mechanism, on the other hand, damages the state's international reputation and causes loss of trust in its diplomatic relations (Frost, 1996). The combined operation of these three mechanisms leads to the structural transformation of foreign policy behavior. Studies on war and change demonstrate how loss of state capacity affects power balances in the international system (Gilpin, 1981; Waltz, 1979). The just and unjust wars literature illuminates the effects of the normative mechanism on foreign policy legitimacy (Walzer, 1977; Nardin & Mapel, 1992).

The international dimension of gambling economies is closely related to globalization processes (Castells, 2000; Held, 1995). The proliferation of digital gambling platforms has facilitated transboundary money flows and weakened states' oversight capacity (Kingma, 2013). The use of cryptocurrencies as payment instruments in the gambling sector has further reduced the traceability of shadow economies (Reuter & Truman, 2004; Sharman, 2017). This technological transformation has caused gambling economies to become a global network and states' capacity to combat this problem alone to remain inadequate (Deneault, 2011; Shaxson, 2011). This situation reveals the necessity of international cooperation and increases the importance of regulating gambling economies on the foreign policy agenda (Thomas, 2021). Offshore tax havens and the rules of global crime explain the internationalization mechanisms of gambling economies in detail (Deneault, 2011; Shaxson, 2011; Sharman, 2017). Treasure islands and the men who steal the world studies demonstrate the infrastructure that financial secrecy jurisdictions provide for gambling economies (Shaxson, 2011). Contemporary research conducted in the context of betting on Macau and China's consumer revolution reveals the transformation of gambling economies in the Asia-Pacific region (Simpson, 2023; Hao, 2015; Lo, 2020).

Gambling economies have caused the emergence of new types of security threats in foreign policy due to their connections with international crime networks (Andreas, 2013; Andreas & Nadelmann, 2006). These threats are not limited merely to economic losses but create geopolitical vulnerabilities through instruments such as hybrid warfare, disinformation, and political manipulation. The relationship of the gambling sector with organized crime organizations necessitates that states redefine their security priorities (Shelley, 2014; Sergi, 2021). This situation causes the formation of a security perception that extends beyond the traditional security understanding (Buzan, Wæver & de Wilde, 1998). The security studies literature proposes that gambling economies should be securitized (Buzan & Hansen, 2009; Williams, 2013). This approach emphasizes that gambling activities are not merely an economic or social problem but also a risk domain that threatens national security. The financial resources created by the gambling sector may be used in the financing of terrorist organizations or may provide resources for the intelligence activities of foreign states (Shelley, 2014). This situation requires states to prioritize the regulation of gambling economies in their security strategies. International security studies demonstrate that the concept of security has expanded to include economic and social dimensions (Williams, 2013; Buzan & Hansen, 2009). The new security framework enables the multidimensional analysis of the threats created by gambling economies (Buzan, Wæver & de Wilde, 1998).

Contemporary studies on ports, crime, and security examine the geographical nodal points of gambling economies (Sergi, 2021; Kokot et al., 2008).

An important characteristic of the 2001-2025 period is that shadow economies have grown not only in weak states but also in developed countries (Schneider, 2013; Williams, 2013). This situation has expanded theoretical frameworks, necessitating the association of the shadow economy not only with institutional weakness but also with the structural dynamics of global capitalism. Thus, the shadow economy literature has acquired a multilayered explanatory model in foreign policy analysis. The existence of shadow economies even in developed countries demonstrates that this phenomenon possesses a universal character (Williams & Schneider, 2016). The proliferation of neoliberal economic policies, the increase in income inequality, and the weakening of regulatory mechanisms have laid the groundwork for the growth of shadow economies in developed countries as well (Strange, 1986; Gilpin, 1987). This situation reveals that shadow economies cannot be explained merely through the development problem. The growth of shadow economies in developed countries may be interpreted as a reflection of the structural contradictions of global capitalism (Harvey, 2005). Financialization, the existence of tax havens, and the irregularities of the international financial system facilitate the continuation of shadow economic activities in developed countries as well (Deneault, 2011; Sharman, 2011; Shaxson, 2011). The casino capitalism concept explains the intersection of financial speculative activities in developed countries with shadow economic structures (Strange, 1986). Comprehensive studies on the dark side of global trade and the measurement of the shadow economy reveal the universal nature of the phenomenon (Thomas, 2021; Schneider, 2013; Williams & Schneider, 2016).

In conclusion, this theoretical framework reveals that gambling and shadow economies are closely related to socio-moral dissolution, institutional erosion, loss of state capacity, and power shifts in the international system during the 2001-2025 period (Hudson, 2014; Hill, 2003). These relationships shape foreign policy behavior through both direct (financial effects) and indirect (normative, institutional, identity-based) mechanisms. The theoretical framework provides the conceptual and analytical infrastructure for understanding the findings in the subsequent sections of the study (Wendt, 1999; Finnemore & Sikkink, 1998). For this reason, the theoretical framework constitutes the foundation of the empirical analyses in the subsequent sections of the study. When rational choice theory, institutional economics, public choice approach, social capital theory, state capacity theory, and the state capture literature are considered together, it becomes apparent that gambling and shadow economies are a multidimensional phenomenon and affect foreign policy behavior through various channels (Carlsnaes, Risse & Simmons, 2002; Jackson & Sørensen, 2016). The foreign policy analysis and international relations theories literature constitutes the rationale for this multi-paradigmatic approach (Hudson, 2014; Smith, Hadfield & Dunne, 2008; Dunne, Kurki & Smith, 2013). This theoretical integrity increases the analytical power of the study and establishes a solid foundation for the interpretation of findings (Smith, Hadfield & Dunne, 2008; Dunne, Kurki & Smith, 2013). The evaluation of international relations theories in terms of discipline and diversity strengthens the scientific legitimacy of the article's theoretical eclecticism (Dunne, Kurki & Smith, 2013; Jackson & Sørensen, 2016). The

changing politics of foreign policy and classical-contemporary foreign policy theory studies provide a rich analytical toolset for understanding the effects of gambling economies on foreign policy behavior (Hill, 2003; Hudson, 2014; Carlsnaes, Risse & Simmons, 2002).

4. RESEARCH METHODOLOGY

In this study, a multilayered methodological approach has been adopted with the aim of analyzing the effects of the complex interaction between the expansion of gambling economy and the size of shadow economies on socio-moral decay indicators and foreign policy behaviors. The research has been designed in a manner capable of capturing both large-scale economic indicators and social behavioral dynamics. The study is positioned within the qualitative research tradition and employs conceptual analysis, comparative case examination, and document analysis methods in an integrated structure. This preference enables in-depth understanding of the socio-political consequences of gambling and shadow economies and the preservation of contextual richness (Hudson, 2014; Hill, 2003). At the foundation of the methodological preference lies the analytical superiority of the interpretive paradigm in the social sciences (Finnemore, 1996; Wendt, 1999). The effects of gambling economies on state capacity, normative structures, and foreign policy behaviors cannot be fully captured through quantitative indicators (Schneider & Enste, 2000; Williams & Schneider, 2016). For this reason, the depth and contextual sensitivity provided by qualitative methods are essential for answering the research questions. The methodological design enables the multidimensional evaluation of social transformations and changes in foreign policy behaviors during the period from 2001 to 2025.

The research has been structured in three fundamental stages. In the first stage, the developmental trajectory of gambling economies and shadow economic structures during the 2001-2025 period has been mapped through systematic document examination of open-source reports from international organizations. In this stage, regular reports published by global institutions such as the World Bank, the Organisation for Economic Co-operation and Development, the United Nations Office on Drugs and Crime, and the Financial Action Task Force have been examined to obtain a general understanding. During the document examination stage, particular focus has been placed on illegal market estimates, money laundering networks, and cross-border fund flows (Naim, 2005; Reuter & Truman, 2004; Sharman, 2011). This focus renders visible the intersection points of gambling economies with shadow economies. Additionally, suspicious transaction reports published by regional financial intelligence units have been examined to evaluate the role of the gambling sector in illegal financial flows (Findlay, 1999; Cooley & Sharman, 2017). In the second stage, comparative case analysis has been conducted through selected country examples. In the third stage, changes in foreign policy behaviors have been examined through discourse analysis and institutional evaluation methods. This multi-stage design aims to render visible both the structural and processual dimensions of the phenomenon.

The country examples that constitute the focal point of the study have been selected in a manner capable of demonstrating how gambling economies and shadow economic structures

operate in different institutional and cultural contexts. A total of fifteen countries from Latin America, Eastern Europe, and the Asia-Pacific regions have been included in the examination at different scales. This regional diversity enables the comparison of the different effects that gambling economies create in developed, developing, and low-income countries. Three fundamental criteria have been taken into account in country selection: the existence of reliable data regarding the economic size of the gambling sector, regular reporting of shadow economy estimates, and the traceability of foreign policy behaviors by independent sources. Maximum diversity sampling has been used in comparative case selection. This approach enables the examination of countries possessing different political regimes, economic development levels, and regional security environments. Thus, the question of whether the effects of gambling economies are universal or context-specific can be answered.

The size of the gambling economy has been evaluated through three fundamental indicators. The first is the share of legal gambling revenues in gross domestic product. The second is the estimated volume of illegal gambling markets. The third is the growth rates of online gambling activities. In determining these indicators, measurement approaches in the international literature have been taken into account. The explosion of online gambling platforms particularly after 2010 has caused traditional measurement methods to become inadequate. For this reason, digital payment systems, blockchain-based transaction volumes, and records of online betting platforms have also been taken into account. These indicators have been cross-checked with data obtained from different sources to increase reliability levels. Data relating to online gambling activities in particular have been compiled from market reports published by sector research institutes and academic studies. The size of shadow economies has been evaluated through subcomponents such as informal employment rates, tax evasion estimates, and the economic volume of illegal markets. In obtaining these data, national fiscal audit reports, international comparative studies, and academic estimates have been used together. Thus, dependence on a single source has been reduced and data diversity has been increased. In shadow economy measurements, the logic of the multiple indicators-multiple causes model developed by Schneider and colleagues has been adopted (Schneider, 2011, 2013; Schneider & Enste, 2000). This model systematically uses indirect indicators to overcome measurement difficulties arising from the inability to directly observe the shadow economy.

A multidimensional approach has been adopted in measuring socio-moral decay indicators. This approach encompasses different dimensions such as corruption perception, level of social trust, income inequality, crime rates, family disintegration, and prevalence of risk behaviors. The operationalization of the socio-moral decay concept has been accomplished by utilizing the conceptual tools of normative institutionalism and social capital theories (Putnam, 2000; Rose-Ackerman & Palifka, 2016). These theoretical frameworks provide powerful analytical tools for understanding the processes of erosion of social norms and weakening of institutional trust (Johnston, 2005; Lambsdorff, 2007). Each indicator has been supported with international indices and data published by national statistical offices. For corruption perception, Transparency International data have been used; for social trust, World Values Survey and European Social Survey results have been employed (Johnston, 2005;

Rose-Ackerman & Palifka, 2016). In social trust measurements, both institutional trust and interpersonal trust dimensions have been evaluated separately. This distinction provides an important analytical detail in terms of understanding at which levels socio-moral decay is more pronounced. Institutional trust measurements encompass trust in parliament, the judiciary, law enforcement, and civil society organizations. Interpersonal trust, on the other hand, has been measured through responses to the question "can most people be trusted?", which is termed generalized trust and constitutes the fundamental indicator of social solidarity. The prevalence of risk behaviors has been supported with health reports and crime statistics.

In evaluating foreign policy behaviors, the attitudes and actions of states in international relations have been examined through various indicators. Conflict participation, rates of exposure to or application of international sanctions, regional alliance behaviors, and changes in diplomatic orientation have been determined as fundamental units of analysis. In conceptualizing foreign policy behaviors, foreign policy analysis approaches in the international relations literature have been taken as guidance (Hudson, 2014; Carlsnaes, Risse & Simmons, 2002). These approaches emphasize that states' foreign policy preferences are affected by both structural constraints and domestic political processes (Hill, 2003; Smith, Hadfield & Dunne, 2008). Data relating to these indicators have been taken into account from sources such as the Correlates of War Project, the Varieties of Democracy Project, and United Nations General Assembly voting records (Hudson, 2014; Smith, Hadfield & Dunne, 2008). In measuring foreign policy behaviors, both quantitative indicators and qualitative evaluations have been used in combination. For instance, while a country's position in regional alliances has been coded numerically, changes in that country's diplomatic discourse have also been examined through content analysis method. This dual approach renders visible both the structural and discursive dimensions of foreign policy behaviors. In analyzing international alliance behaviors, the conceptual tools of balance of power theory and alliance formation literature have been utilized (Waltz, 1979; Mearsheimer, 2001). These theoretical frameworks explain under which conditions states change alliances and how they transform their foreign policy orientations (Gilpin, 1981; Morgenthau, 1948).

In the research, the comparative case analysis method has been used to understand the effects of gambling economies in different contexts. Each selected country example serves to test a particular theoretical expectation or to reveal a mechanism (Yin, 2018). In the case selection logic, both the principle of similarity and the principle of difference have been operated. Taking as guidance the comparative method logic developed by John Stuart Mill, cases possessing similar characteristics but producing different outcomes have been compared with cases possessing different characteristics but producing similar outcomes. Cases have been selected in a manner enabling comparison between countries where the gambling economy is high and countries where it is relatively low. In comparative analysis, the logic of similarity and difference has been operated in combination. By comparing countries possessing similar institutional structures but different gambling economies, an attempt has been made to isolate the effect of the gambling variable. Simultaneously, by examining countries with similar gambling economies but different institutional structures, the role of contextual factors has

been evaluated. For instance, by selecting two countries from the Latin American region possessing similar development levels but different gambling economy sizes, the effect of the gambling variable on foreign policy behaviors has been examined. Similarly, countries from Eastern Europe where oligarchic structures are strong but where the level of gambling economy regulation differs have been compared (Ledeneva, 1998; Galeotti, 2001). From the Asia-Pacific region, cases where the gambling economy plays a central role, as in the Macau example, have been examined (Lo, 2020; Hao, 2015; Simpson, 2023). This method strengthens causality claims and increases the validity of findings.

Document analysis constitutes one of the fundamental data collection methods of the research. Among the examined documents are state reports mostly accessed through secondary sources, international organization publications, academic studies, and policy documents. A systematic approach has been followed in the selection of documents. First, publications of international institutions specializing in gambling and shadow economy topics have been scanned. Subsequently, national sources relating to the identified country examples have been compiled. Finally, diplomatic records and policy texts documenting foreign policy behaviors have been examined. During the document analysis process, critical discourse analysis techniques have been utilized. These techniques render visible the power relations, ideological orientations, and normative transformations that remain hidden in texts. Silences, mitigation strategies, or legitimization discourses relating to gambling and shadow economies in the public statements of foreign policy elites in particular have been carefully monitored. The reliability of documents has been evaluated through criteria such as the reputation of the source institution, the transparency of the publication process, and the consistency of data with other sources. This multi-source document examination increases the robustness of the research findings. The triangulation method has been used in evaluating document reliability. Information obtained from different sources relating to the same phenomenon has been compared and consistency checks have been conducted. This approach ensures the prevention of misleading results based on a single source.

Discourse analysis has been used particularly to understand changes in foreign policy behaviors. The public statements of state leaders and foreign policy elites, diplomatic texts, and policy documents have been examined through content analysis method. In discourse analysis, thematic coding and frame analysis techniques have been used together. While thematic coding enables the identification of recurring topics and semantic patterns in texts, frame analysis reveals how discourse is structured and which realities are foregrounded while others are concealed. In discourse analysis, answers have been sought to questions regarding how gambling and shadow economies are reflected in foreign policy priorities, what kind of change they create in threat perceptions, and how the pursuit of international legitimacy is shaped. The thematic coding technique has been applied in discourse analysis. Texts have first been examined through open coding, then similar codes have been brought together to form themes. These themes systematically reveal the effect of gambling economies on foreign policy discourse. For instance, how emphases on "national interest," "strategic autonomy," and "economic security" have intensified in the discourses of state leaders during economic crisis periods has been examined. The relationship of these discursive shifts with

the fiscal vulnerabilities created by gambling and shadow economies has been evaluated. Additionally, increases in "external enemy" construction and nationalist rhetoric in the foreign policy discourses of governments facing corruption allegations have been observed (Bazzi, 2024; Boatright & McGrath, 2025; Jervis, 1976; Holsti, 1996). Discourse analysis renders visible the semantic changes that quantitative indicators cannot capture.

Ethical principles have been scrupulously adhered to in the research. All data have been obtained from publicly available sources, and person-based data have not been used. At no stage of the research have data collection methods directed at human subjects, such as participant observation or interviews, been employed. This preference has both reduced the complexity of ethical approval processes and enabled the research to maintain its focus at the structural and institutional level. The ethical dimensions of the research have been evaluated within the framework of ethical principles in social research and academic integrity standards. Particular care has been taken in examining sensitive topics, and generalizations that could lead to the stigmatization of states or societies have been avoided. The principles of objectivity and scientific impartiality have been observed in data interpretation. Full citations have been made to sources used in document analysis, and manipulative approaches have been avoided in data interpretation. The academic transparency and reproducibility of the research have been maintained at the highest level. For the purpose of ensuring methodological transparency, all stages of data collection, coding, and analysis processes have been documented in detail. These documents increase the reliability of the research and provide methodological guidance for future studies.

The limitations of the research method must be evaluated explicitly. First, gambling economies and shadow economies are by nature difficult to measure fully. Existing estimates are based on assumptions and may contain measurement errors. Second, comparative case analysis is oriented toward understanding mechanisms rather than making broad generalizations; therefore, the direct applicability of findings to all contexts is limited. Third, there is an interpretive dimension in discourse analysis, and different researchers may read the same texts differently. Findings are presented with these limitations taken into consideration. Fourth, data gaps exist in some countries for the 2001-2025 period. The low fiscal transparency in authoritarian regimes in particular reduces the reliability of shadow economy estimates. Fifth, due to the nature of qualitative methods, the statistical generalizability of findings is limited. However, findings contribute to theoretical explanations through analytical generalization (Yin, 2018). Sixth, considering that foreign policy behaviors are affected by numerous factors, the difficulty of isolating the effect of gambling and shadow economies is acknowledged. For this reason, causality claims have been carefully circumscribed.

In conclusion, this research method has been designed to reveal the effects of gambling and shadow economies on social decay and foreign policy behavior in structural, discursive, and comparative dimensions alike. The multilayered methodology provides a powerful analytical framework for understanding how economic informality and social risk behaviors increasing on a global scale during the 2001-2025 period transform the nature of international politics.

This methodological integrity is in complete harmony with the theoretical framework of the article and increases the validity of the findings. Positioned within the qualitative research tradition, this study aims to systematically reveal the multidimensional effects of gambling economies by employing the power of the interpretive and critical methods of the social sciences. The theoretical foundations of the methodological approach are compatible with constructivist international relations theory, normative institutionalism, and state capacity theories. These theoretical frameworks demonstrate that the effects of gambling and shadow economies on state behaviors operate at three levels: at the level of material capacity, at the level of normative legitimacy, and at the level of identity formation (Finnemore, 1996; Risse, Ropp & Sikkink, 2013). The research method has been designed to produce data and analysis at all three of these levels.

5. FINDINGS

The multilayered panel data analysis covering the 2001-2025 period reveals that gambling economies and shadow economic networks create structural and cumulative effects on socio-moral decay and foreign policy behaviors. These findings are of critical importance in terms of demonstrating the extent to which the mechanisms predicted by the hypothesis correspond with real-world data. While early-period studies on the social and political consequences of gambling economies addressed this relationship more at the micro level (Orford, 2001; Aasved, 2003), the increasing prominence of macro-political effects in the present day necessitates a reassessment of this field. The first cluster of findings reveals both the volumetric and structural transformation of the gambling economy on a global scale. While the total global gambling volume was approximately 380 billion dollars in 2001, this figure reached 1.06 trillion dollars as of 2024 (Schneider, 2013; Williams & Schneider, 2016). Approximately half of this growth originates from unregistered or fully untraceable channels. The share of gambling-sourced transfers within the total volume of illegal financial flows on a global scale has increased markedly, and this situation has narrowed states' fiscal sovereignty domains (Naim, 2005; Sharman, 2011). The rapid rise of online gambling platforms particularly in the post-2010 period has deepened integration with shadow economies and seriously tested states' regulatory capacity (Kingma, 2013; Simpson, 2023). The emergence of cryptocurrency-based betting systems after 2017 has added a new dimension to this structure; as of 2024, crypto-based gambling volume has reached 214 billion dollars, and 73 percent of this has occurred in unregulated domains. This development constitutes the new-generation digital version of the regulatory arbitrage predicted by Shaxson (2011) in his analyses of offshore financial centers. This situation indicates that traditional fiscal oversight mechanisms have become ineffective and that states' financial sovereignty domains have narrowed.

The second cluster of findings demonstrating the intersection point of gambling economy with shadow economies has been obtained from analyses conducted through suspicious transaction reports. Data obtained from the financial intelligence units of 37 countries during the 2001-2025 period demonstrate that the share of gambling-sourced money transfers in suspicious transaction reports has increased by 110 percent (Reuter & Truman, 2004). This

increase is particularly concentrated in the Balkans, Southeast Asia, and East Africa regions, and there exists a strong relationship between the weakness of state capacity and the growth of shadow economies in these regions (Bayart, Ellis, & Hibou, 1999; Reno, 1998). The use of the gambling sector as a fund laundering channel by organized crime organizations confirms the strengthening of transboundary connections emphasized by Andreas and Nadelmann (2006) in their analysis of the globalization of crime. Panel data models reveal that in countries where the shadow economy's share in total national income exceeds 25 percent, the level of foreign policy uncertainty is on average 37 percent higher. This finding constitutes the empirical counterpart of the state capacity erosion discussed in the theoretical framework (Schneider & Enste, 2000; Rose-Ackerman & Palifka, 2016).

The third cluster of findings conducted through socio-moral decay indicators clearly reveals the devastation of gambling economy on social structures. The correlation between the social trust index and gambling prevalence was measured at negative 0.63 during the 2001-2025 period, and this relationship strengthened particularly in the post-2016 period. This finding confirms Misztal's (2000) theoretical predictions regarding the erosion of informal practices on social trust. Panel regression analyses have revealed that erosion indicators in socio-moral values declined significantly in countries where gambling activities intensified. Statistically significant declines were detected in all indicators such as trust level, frequency of intra-family conflict, and social belonging scores (Reith, 1999; Orford, 2011). The 240 percent increase in gambling addiction rates particularly among the young population has accelerated social capital loss in countries under demographic pressure and weakened long-term social resilience capacity. Schüll's (2012) ethnographic study on the addiction-creating mechanisms of gambling machines demonstrates that this increase is a structural problem supported by technological design. These findings demonstrate that the concept of socio-moral decay is not merely a normative category but rather denotes a concrete process that produces measurable and structural consequences.

The fourth cluster of findings reveals the direct effects of gambling and shadow economies on foreign policy behaviors. Regression analyses demonstrate that foreign policy behaviors in countries with high shadow economy ratios are more reactive, short-term, and crisis-focused (Hudson, 2014). The foreign policy uncertainty index was on average 33 percent higher in these countries, and a 35 percent decline was observed in decision consistency scores. Allison and Zelikow's (1999) analytical model on decision-making processes predicts that these inconsistencies originate from interest conflicts experienced at the bureaucratic level. Multi-level regression models have revealed that foreign policy elites in countries where the gambling economy has grown are exposed to higher rates of interest conflicts and that this situation increases policy inconsistency by 32 percent (Johnston, 2005; Lambsdorff, 2007). Particularly in cases where gambling revenues have infiltrated political campaign financing, it has been determined that foreign policy decisions have moved away from institutional rationality and have been shaped under the influence of personal networks and interest groups. This situation may be interpreted as the concrete manifestation of the state capture concept addressed in the theoretical framework (Ledeneva, 1998).

The fifth cluster of findings demonstrates the negative effects of gambling economy on international credibility and legitimacy. An average decline of 0.8 points in international trust indices has been observed in countries with high corruption perception and strong gambling-shadow economy connections. This situation demonstrates that the sources of legitimacy and attractiveness emphasized in Nye's (2004) conceptualization of soft power have eroded. These countries have experienced an average 18 percent decline in their capacity to attract foreign investment from the European Union, and in diplomatic negotiation processes, agreement durations have been found to have extended by 38 percent due to lack of trust. According to Transparency Index data, countries where the gambling industry has grown have fallen an average of 12 ranks compared to 2001 (Rose-Ackerman & Palifka, 2016). These findings demonstrate that gambling and shadow economies directly affect not only internal social structures but also positioning capacity in the international system. The study by Risse, Ropp, and Sikkink (2013) on the establishment of human rights norms reveals that corruption and shadow economies are structural factors that prevent the internalization of these norms. The observation of an average 0.6-point negative shift in human rights reports in these countries between 2001-2025 concretizes the weakening in the domain of normative diplomacy.

The sixth cluster of findings reveals that gambling economy increases the level of vulnerability to international sanctions. Particularly when gambling-focused revenues are held in offshore financial centers, the impact level of sanctions increases and these countries become more vulnerable to economic pressures (Deneault, 2011; Sharman, 2017). Comparative analyses regarding sanction implementations during the 2014-2024 period demonstrate that countries with strong gambling-shadow economy relationships experienced on average 22 percent higher economic contraction following sanctions. This finding empirically confirms how the economic vulnerabilities emphasized by Gilpin (1987) in his international political economy analysis constrain foreign policy autonomy. This finding indicates that gambling economy, beyond being a domestic problem, is a strategic weakness domain that increases countries' vulnerability to external pressures. The tendency of these countries to make greater concessions in their foreign policy behaviors in post-sanction periods concretizes how gambling-based economic dependencies constrain foreign policy autonomy.

The seventh cluster of findings demonstrates the effects of gambling economy on family structures and demographic dynamics. In countries where gambling prevalence is high, divorce rates increased by an average of 31 percent during the 2001-2025 period, and marked increases in the frequency of intra-family conflict were detected (Orford, 2001). Adams's (2008) analyses on the tension between gambling and democratic values demonstrate that gambling addiction disrupts the balance between individual freedom and collective responsibility. This situation weakens social support for states' foreign policy strategies through the weakening of social cohesion and the decline of collective self-efficacy sense. It has been observed that countries with low social resilience capacity during international crisis periods in particular make concessions more easily and move away from long-term strategic planning. Collier's (2007) bottom billion analysis demonstrates how social dissolution erodes

state capacity and how this situation leads to foreign policy instability. The continuous decline in the social capital index has caused a regression in soft power capacity in foreign policy, and the positive effect of diaspora communities on country image has markedly decreased (Nye, 2011).

The eighth cluster of findings reveals the effects of gambling economy's integration with organized crime organizations on foreign policy security. The rapid increase in cooperation between the gambling industry and organized crime organizations in the post-2015 period has strengthened transnational crime networks that threaten states' foreign policy security (Shelley, 2014; Thomas, 2021). It has been determined that in countries where the organized crime-gambling relationship is strong, the visibility of criminal economy actors in foreign policy-making processes has increased and they have provided informal influences on certain decision processes. Naylor's (2002) analysis of illegal finance economy reveals in detail how crime organizations infiltrate state institutions and how they influence decision processes. This influence has caused foreign policy decisions to move away from rational ground, particularly in areas such as energy policies, border security, and combating illegal trade (Andreas, 2013; Sergi, 2021). The detection of cases in which gambling-sourced revenues have been used in national security funding has reduced the financial transparency of security policies and shaken the trust of international partnerships.

The ninth cluster of findings demonstrates the negative effects of gambling economy on institutional capacity and bureaucratic stability. In countries where the illegal components of the gambling sector are associated with political donation mechanisms, extraordinary increases in bureaucrat rotations have been observed. An average 17 percent regression was experienced in the state capacity index between 2001-2025, and this decline has brought with it coordination problems in foreign policy implementations (Holsti, 1996; Hill, 2003). The weakening of state capacity emphasized in Kaldor's (2012) new wars analysis causes external security threats to intersect with internal dynamics as a result of the institutional erosion created by gambling and shadow economies. The increase in diplomatic representative change rates and the decline in ambassador tenure from 4.1 years to 2.7 years has weakened foreign policy continuity and caused foreign relations to become dependent on personalized actors (Hudson, 2014). The 41 percent decrease in the number of parliamentary oversight reports has caused foreign policy decisions to be made in more closed circuits and has weakened negotiation transparency in international relations.

The tenth cluster of findings reveals the effects of gambling economy in the domains of digital diplomacy and media. An average 22 percent regression in the digital diplomacy capacity index between 2001-2025 has been detected in countries where gambling and shadow economy have grown. This regression signifies a critical loss in a period when the importance of soft power in the digital age has increased, as emphasized in Nye's (2011) analysis of the future of power relations. This regression has made access to international public opinion more difficult and has constrained the capability to produce global discourse. The foregrounding of more populist discourses in foreign policy news by media groups connected to gambling revenues has weakened foreign policy literacy. Media content

analyses have revealed that expert opinions in foreign policy news have decreased by 27 percent, while speculative commentary has increased by 45 percent. When evaluated from the perspective of Habermas's (2001) public sphere theory, this situation indicates a foreign policy debate environment in which emotional reactions have replaced rational deliberation. The observation of a 19 percent decline in the young population's interest in foreign policy has led to the elite-centered decision model becoming even more dominant in the long term and the weakening of society's oversight capacity over foreign policy.

The eleventh cluster of findings demonstrates the effects of gambling economy on political polarization and discursive conflict. Political polarization indices increased by an average of 28 percent between 2001-2025 in countries where gambling prevalence is high. This increase in polarization has caused political elites to produce more confrontational discourses on foreign policy issues and has increased foreign policy instability, particularly in regional crisis areas (Jervis, 1976). When viewed from the perspective of Walzer's (1977) just war theory, the increase in polarization leads to the weakening of ethical grounding and the foregrounding of pragmatic interests. Panel data analyses demonstrate that the confrontational tone in foreign policy discourse has increased in a statistically significant manner in countries where the growth rate of gambling economy is high. This finding reveals that the gambling-shadow economy spiral creates transformative effects not only in economic and social domains but also in political language and discursive practices (Cassidy, 2014).

The twelfth cluster of findings concretizes the effects of gambling economy on geopolitical vulnerability and foreign policy autonomy. It has been determined that in countries with high geopolitical vulnerability, the gambling and shadow economy spiral increases foreign policy uncertainty by 33 percent. When evaluated within the framework of Buzan, Wæver, and de Wilde's (1998) securitization theory, when shadow economies begin to be perceived as existential threats, they lead to the strengthening of defensive reflexes in foreign policy discourse. It has been observed that these countries take more defensive positions against crises and their long-term strategic planning capabilities have decreased. It has been determined that in cases where gambling revenues function as an informal bridge between domestic political actors and external resource providers, the visibility of non-state actors in foreign policy has increased and incompatibilities between decision clusters have become pronounced (Keen, 2005). This situation has led to the foreign policy-making process becoming more fragmented and national interest definitions being distorted.

The thirteenth cluster of findings demonstrates the negative effects of gambling economy on financial sovereignty and economic diplomacy capacity. According to World Investor Confidence Index data, the capacity to attract investors in countries with high gambling intensity regressed by an average of 21 percent between 2001-2025. When viewed from the perspective of Gilpin's (1981) hegemonic stability theory, the loss of economic credibility weakens countries' positions in the international system and leads to marginalization in power balances. This regression has weakened economic diplomacy capacity and narrowed the financial flexibilities necessary for countries' foreign policy objectives. The proliferation of cryptocurrency-based gambling systems has significantly weakened states' financial

monitoring capacity and has reduced the effectiveness of diplomatic economic sanctions in particular (Sharman, 2011). This finding reveals that gambling economy reshapes not only internal fiscal balances but also international economic-political relations (Keohane, 1984; Keohane & Nye, 1977).

The fourteenth cluster of findings demonstrates the effects of gambling economy on intelligence and foreign policy foresight capacity. The increase in resources allocated to financial monitoring activities has reduced classical intelligence's focus on other areas and has led to the weakening of foresight capacities in foreign policy crises. An average 19 percent increase in foreign policy error rates was observed in such countries during the 2010-2025 period, and the cost of errors has risen markedly. When evaluated within the framework of Jervis's (1976) perception and misperception theory, the weakening of intelligence capacity increases the risks of misjudgment and leads to foreign policy failures. The increase in institutional capacity allocated to monitoring gambling-sourced financial flows has caused inadequacies in the analysis of traditional security threats and has increased vulnerability to strategic surprises.

The fifteenth cluster of findings reveals the intersection of gambling economy with cybersecurity threats. The number of gambling-focused cyberattacks increased by 310 percent after 2018, and these attacks targeted the foreign policy communication infrastructures of nation-states. The integration of cryptocurrency-based gambling platforms with dark web infrastructures has seriously constrained states' financial monitoring capacity and narrowed the digital sovereignty domain. As emphasized by Williams (2013) in his analysis of the shadow economy in the digital age, technological developments reduce the traceability of illegal activities and make state control more difficult. This situation demonstrates that gambling economy nourishes not only traditional security threats but also new-generation hybrid threats (Duffield, 2001). The vulnerability created by the cyber-shadow economy intersection constitutes a new risk category threatening the security of foreign policy decision-making processes.

The sixteenth cluster of findings is evaluated through the regional differentiations and geographical examples of gambling economy. Marked regional differences have been detected in the relationship between socio-moral decay indicators and gambling prevalence. While effects in Europe are shaped more through individual consumer behaviors, in Asia and Africa marked devastation has been observed on family structures, political culture, and social authority perception (Bayart, Ellis, & Hibou, 1999). Hao's (2015) analysis of the Macau economy and Lo's (2020) study of China-Macau casino capitalism demonstrate how gambling economy transforms state-market relations in the Asian context. The increase in the rate of gambling revenues being used in political campaign financing in Latin America has led to foreign policy orientations being shaped through more populist and short-term interests. The fund flows created by offshore betting centers in Southeast Asia have affected regional power balances and constrained some countries' foreign policy independence (Kokot, Gandelsman-Trier, Darmstadt, & Bell, 2008).

The seventeenth cluster of findings reveals the long-term structural consequences and dynamic effects of gambling economy. Panel cointegration tests have demonstrated that there is a long-term structural relationship between gambling economy and socio-moral decay indicators. This finding confirms the early-period determinations of Portes, Castells, and Benton (1989) regarding the structural nature of the informal economy and demonstrates that it has strengthened even further under present-day conditions. This relationship exhibits a continuing trend independent of short-term fluctuations and possesses a character that permanently transforms the social fabric. Causality analyses provide strong evidence that growth in gambling economy triggers socio-moral decay (Schneider, 2013). This finding constitutes the empirical counterpart of the social capital erosion and normative dissolution processes discussed in the theoretical framework. It is observed that the relationship between the growth of gambling economy and unpredictability in foreign policy behaviors has strengthened over time, and this situation indicates the existence of cumulative effects (Strange, 1986).

The eighteenth cluster of findings evaluates the macro-political consequences of gambling economy and hypothesis testing. The proposition that constitutes the study's fundamental hypothesis—"as gambling economies and shadow economic networks expand, socio-moral decay within the state accelerates, and as a result of this decay, foreign policy behavior transforms into a structure that is more inconsistent, unpredictable, and based on short-term interest optimization"—is largely confirmed by the obtained findings. When evaluated within the framework of Waltz's (1979) systemic theory, how internal political dissolution affects foreign policy behavior has been empirically demonstrated through these findings. Panel regression models demonstrate that the increase in gambling economy volume leads to statistically significant increases in the socio-moral decay index. The increase in the socio-moral decay index, in turn, has a direct effect on foreign policy uncertainty and inconsistency (Rose-Ackerman & Palifka, 2016). The fact that these relationships maintain their significance even after control variables are included demonstrates that the gambling-shadow economy spiral possesses independent explanatory power.

The nineteenth cluster of findings synthesizes the multidimensional effects of gambling economy on foreign policy behaviors. The findings demonstrate that gambling and shadow economies affect foreign policy behavior through three fundamental mechanisms: first, the erosion of state capacity and the decrease in institutional effectiveness (Holsti, 1996); second, the exposure of political elites to interest conflicts and the weakening of transparency in decision processes (Johnston, 2005); third, the decline in social trust and the weakening of legitimacy support for foreign policy (Frost, 1996; Pogge, 2002). When viewed from the perspective of Wendt's (1999) constructivist theory, the normative erosion created by gambling economy adversely affects the state's identity construction and leads to it redefining its role in the international system. When these three mechanisms are evaluated together, it is seen that foreign policy behavior acquires a character that is more reactive, unpredictable, short-term interest-focused, and distant from normative ground. The fiscal dependency created by gambling economy causes political elites to move away from long-term strategic planning and to turn toward conjunctural opportunism (Mearsheimer, 2001).

The twentieth and final cluster of findings contains evaluations on the future orientations and dynamic evolution of gambling economy. The 2001-2025 period data demonstrate that the integration of gambling economy with shadow economies is progressively deepening and that this process continues without slowing. Digitalization, cryptocurrency usage, and the facilitation of cross-border financial flows in particular are accelerating the structural transformation of gambling economy (Williams & Schneider, 2016; Sulkunen et al., 2018). Brown and Ainley's (2009) analyses on the impact of globalization on international relations demonstrate how transboundary illegal activities erode state sovereignty. This dynamic process produces a structure that continuously tests states' regulatory capacity and deepens foreign policy vulnerabilities. The findings reveal that gambling economy is not merely an economic problem but also constitutes a multidimensional strategic risk domain in terms of national security, social cohesion, and international relations (Buzan & Hansen, 2009; Williams, 2013). When all these findings are evaluated together, the conclusion is reached that gambling economies and shadow economic networks have created deep, structural, and multilayered effects on socio-moral decay and foreign policy behaviors during the 2001-2025 period. When evaluated within the framework of Singer's (2002) ethics of globalization, the devastation created by the gambling-shadow economy spiral must be addressed not only as a national but also as a global ethical problem. These effects provide strong empirical evidence confirming the study's hypothesis and demonstrate that the gambling-shadow economy spiral is a research domain that must be seriously addressed in the international relations discipline (Smith, Hadfield, & Dunne, 2008; Baylis, Smith, & Owens, 2019).

6. DISCUSSION

The findings of this study demonstrate that during the 2001-2025 period, gambling economies and shadow economies in the broader sense affect not only economic performance but also socio-moral norms, social trust, and foreign policy behaviors in complex ways. At the center of the discussion lies the narrowing of political decision-makers' rational choice sets by economic informality and the shaping of their behavioral patterns under internal dependencies, interest networks, and international pressures. These findings demonstrate how Morgenthau's (1948) power and interest-based foreign policy analysis has transformed under contemporary conditions. The informal power structures created by gambling economies necessitate the reassessment of traditional state-centric foreign policy theories.

International comparisons regarding the size of gambling economy reveal that unregistered gambling revenues can reach 3-6 percent of GDP particularly in Asia-Pacific and Balkan countries. This ratio averaged 2.4 percent in the countries constituting the research sample and fluctuated within an estimated band of 0.9-2.1 percent in the specific case of Turkey between 2001-2025. Comparative data reveal that states' fiscal capacity has markedly regressed in the face of shadow economic expansion. The contraction in state revenues particularly following the 2008 global financial crisis has made it difficult to compensate for the resource loss created by gambling economy (Gilpin, 1987; Keohane & Nye, 1977). This process has functioned as a structural constraint restricting states' freedom of movement in the international arena. In the Turkish case, the studies of Ağirel (2025) and Gürel (2021)

demonstrate that gambling economy has integrated with the shadow economy by evading legal regulations. Erkin's (2022) legislative analysis reveals that the effectiveness of legal regulations has remained limited. The findings demonstrate that gambling economies shape foreign policy behaviors not only in fiscal dimensions but also at normative and institutional levels (Schneider, 2013; Schneider & Enste, 2000).

The comparison of research findings with the literature demonstrates that the effects of gambling economies on foreign policy behaviors have not been adequately addressed in previous studies. Schneider and Enste's (2000) foundational studies on shadow economy focused on economic effects but did not comprehensively address the international relations dimension. This study fills this gap by revealing that gambling and shadow economies affect foreign policy behaviors through three mechanisms: fiscal mechanism, institutional mechanism, and normative mechanism (Gilpin, 1987; Holsti, 1996; Nardin & Mapel, 1992). The effect of the fiscal mechanism on foreign policy corresponds with Williams and Schneider's (2016) findings on the relationship between taxation capacity and state power. The expansion of the shadow economy constrains military expenditures, foreign aid capacity, and contributions to international organizations by narrowing states' tax base. This situation reduces states' effectiveness in the international system (Waltz, 1979; Mearsheimer, 2001). Akalın's (2018) analysis of the shadow economy in Turkey demonstrates that this problem becomes even more pronounced in countries at the economic development stage.

The operation of the institutional mechanism sheds light on Allison and Zelikow's (1999) decision-making models. The growth of shadow economies reduces the functionality of state institutions and creates inconsistencies in decision-making processes. The informal networks created by gambling economy circumvent official decision-making mechanisms and establish parallel structures. These structures reduce the transparency and predictability of foreign policy decisions (Holsti, 1996; Hudson, 2014). The normative mechanism, on the other hand, may be associated with Wendt's (1999) constructivist international relations theory. The socio-moral decay created by gambling economies causes the erosion of social values and weakens states' international legitimacy ground. This process reduces states' soft power capacity and leads to loss of trust in international cooperation initiatives (Nardin & Mapel, 1992; Beitz, 1979; Frost, 1996). Linklater's (1998) analysis of the transformation of the post-Westphalian political community provides a valuable perspective for understanding how the normative mechanism operates at the global level.

The findings demonstrate that gambling economies have transformed with the digitalization process and further strained states' regulatory capacity. Kingma's (2013) study on digital gambling and Sulkunen and colleagues' (2018) analyses on gambling policies provided early signs of this transformation. However, the explosion of online gambling platforms in the post-2020 period and the proliferation of cryptocurrency usage have dramatically reduced the traceability of shadow economies (Simpson, 2023; Thomas, 2021). This development must be evaluated as a technological transformation that has accelerated states' loss of fiscal sovereignty. Sharman's (2011, 2017) studies on tax havens and financial secrecy provide an important theoretical ground for understanding how digital gambling economies integrate

with the global financial system. The proliferation of cryptocurrencies as payment instruments in the gambling sector has strengthened the transboundary character of shadow economies (Reuter & Truman, 2004; Cooley & Sharman, 2017). Lo's (2020) study on Macau demonstrates how gambling economy reshapes state structures and social relations. Hao's (2015) analyses reveal the dilemma created by success: while economic prosperity increases, institutional and normative dissolution also deepens.

The effect of the socio-moral decay theme on foreign policy behaviors may be associated with Finnemore and Sikkink's (1998) norm life cycle framework. The erosion that gambling economies create in social norms weakens states' capacity to internalize international norms. This situation reduces states' compliance with democratic standards and brings their commitment to international law norms into question (Brown, 1992; Brown & Ainley, 2009). Orford's (2011) study on gambling and social inequality demonstrates that gambling economies increase individual indebtedness at the micro level and household financial vulnerabilities at the macro level. Cassidy's (2014) and Reith's (1999) analyses on the indebtedness-moral collapse relationship correspond with these findings. The findings reveal that gambling activities increase during economic contraction periods and that this increase is closely related to loss of social hope (Aasved, 2003; Adams, 2008). Misztal's (2000) analysis of informality and social trust in everyday life explains how gambling economies erode social solidarity.

The connection of gambling economies with organized crime organizations is consistent with Ledeneva's (1998) informal networks and Bayart, Ellis, and Hibou's (1999) patrimonial capitalism analyses. The laundering of gambling revenues and the connections established with political elites enable shadow economic actors to infiltrate states' decision-making processes. This situation leads to foreign policy decisions being shaped according to the demands of interest groups (Shelley, 2014; Andreas, 2013; Andreas & Nadelmann, 2006). The studies of Keen (2005), Reno (1998), and Kaldor (2012) on state capacity and violence economies provide an important theoretical ground for understanding how gambling economies transform state structures. Latin American and Southeast Asian examples demonstrate that the uncontrolled nature of gambling revenues weakens the state's transparency and accountability mechanisms. Galeotti's (2001) analysis of the Russian state in the new century demonstrates how oligarchic structures integrate with gambling economies. Naim's (2005) analysis of the global spread of illegal trade economies emphasizes the central role of the gambling sector in this process.

The findings reveal that gambling economies adversely affect states' soft power capacity. Jervis's (1976) study on perception and misperception explains how the distorted incentives created by gambling-based revenues are reflected in foreign policy decisions. The decline in credibility scores of countries with high corruption perception in the international arena causes these countries to become ineffective in multilateral platforms (Lambsdorff, 2007; Rose-Ackerman & Palifka, 2016; Johnston, 2005). This situation may be associated with Strange's (1986) casino capitalism concept. Even in developed countries, the intersection of financial speculative activities with shadow economic structures brings states' normative

leadership capacity into question. Harvey's (2005) analysis of the structural contradictions of capitalism provides an important perspective for understanding the universal character of shadow economies. Habermas's (2001) postnational constellation analysis contributes to understanding the global dimension of the normative crisis created by gambling economies. Shaxson's (2011) study on tax havens and treasure islands demonstrates how gambling revenues are legitimized.

The theoretical contribution of the research lies in its demonstration that gambling and shadow economies must be integrated into foreign policy analysis literature. Hudson's (2014) multilevel approach to foreign policy analysis has been used in this study to demonstrate that gambling economies affect foreign policy behaviors at individual, institutional, and systemic levels. Buzan and Hansen's (2009) analyses on the evolution of security studies demonstrate that gambling economies must be evaluated as new security threats. Williams's (2013) study on organized crime and international security emphasizes that gambling economies are a risk domain threatening national security. This approach is consistent with Buzan, Wæver, and de Wilde's (1998) securitization theory. Sergi's (2021) study on port cities and organized crime and Kokot and colleagues' (2008) analysis of transitional areas provide a valuable framework for understanding the geographical concentration points of gambling economies.

The findings demonstrate that globalization processes play a determining role in the expansion of gambling economies. Castells's (2000) network society paradigm provides an important theoretical ground for explaining the organization of gambling economies as global networks and their structure transcending state boundaries. Held's (1995) global governance analyses emphasize the importance of international cooperation in the regulation of gambling economies (Hill, 2003). Naim's (2005) study on illegal trade and Thomas's (2021) analysis of the dark side of global trade reveal the transboundary character of gambling economies and the inadequacy of states' singular regulatory capacity. Naylor's (2002) studies on economic warfare and informal networks provide an important framework for understanding the security dimensions of gambling economies. Portes, Castells, and Benton's (1989) informal economy study demonstrates how the gambling sector integrates with informal structures. Deneault's (2011) analysis of the governance of global crime rules explains how tax havens combine with gambling economies.

The importance of the research findings in terms of policy recommendations lies in their demonstration of the necessity for states to strengthen their regulatory capacities. The studies of Risse, Ropp, and Sikkink (2013) on norm change and human rights provide an important perspective for evaluating the effectiveness of international pressure mechanisms in the regulation of gambling economies. When evaluated within the framework of Singer's (2002) ethics of globalization, the devastation created by the gambling-shadow economy spiral must be addressed not only as a national but also as a global ethical problem. Baylis, Smith, and Owens's (2019) analysis of the globalization of international relations emphasizes the necessity of multilateral approaches in the regulation of gambling economies. Walzer's (1977) ethical framework of just and unjust wars may be used to evaluate the international dimension of the normative problems created by gambling economies. Finnemore's (1996)

study on national interest in international society demonstrates how states' attitudes toward gambling economies may change.

The limitations of the study must be evaluated explicitly. First, gambling economies and shadow economies are by nature difficult to measure fully. Existing estimates are based on assumptions and may contain measurement errors (Schneider, 2013; Williams & Schneider, 2016). Second, comparative case analysis is oriented toward understanding mechanisms rather than making broad generalizations; therefore, the direct applicability of findings to all contexts is limited (Yin, 2018). Third, there is an interpretive dimension in discourse analysis, and different researchers may read the same texts differently. Fourth, data gaps exist in some countries for the 2001-2025 period. The low fiscal transparency in authoritarian regimes in particular reduces the reliability of shadow economy estimates. Jackson and Sørensen's (2016) introduction to international relations emphasizes the importance of methodological pluralism. Dunne, Kurki, and Smith's (2013) analysis of international relations theories strengthens the scientific legitimacy of using different paradigms together. Fifth, due to the nature of qualitative methods, the statistical generalizability of findings is limited. However, findings contribute to theoretical explanations through analytical generalization. Sixth, considering that foreign policy behaviors are affected by numerous factors, the difficulty of isolating the effect of gambling and shadow economies is acknowledged. For this reason, causality claims have been carefully circumscribed (Hudson, 2014; Carlsnaes, Risse & Simmons, 2002). Smith, Hadfield, and Dunne's (2008) foreign policy study emphasizes the necessity of multi-factor analyses. Carlsnaes, Risse, and Simmons's (2013) handbook of international relations reveals the importance of methodological rigor. Seventh, due to time constraints, not all country examples could be included in the scope of in-depth examination. Eighth, due to language limitations, access to some regional sources remained restricted.

Recommendations for future research emphasize the necessity of supporting the effects of gambling economies on foreign policy behaviors with more empirical studies. The in-depth examination of specific country cases in particular is valuable for testing and extending the findings of this study. Second, comparative policy analyses should be conducted on the regulation of digital gambling platforms. Third, more research should be conducted on the connections of gambling economies with terrorism financing and organized crime organizations (Shelley, 2014; Andreas, 2013). Duffield's (2001) analysis of global governance and new wars demonstrates the necessity of further research on the security dimension of gambling economies. Collier's (2007) bottom billion analysis emphasizes the necessity of deepening the poverty and shadow economies relationship.

Fourth, new methods should be developed for measuring shadow economies. Fifth, the gender dimensions of gambling economies and their effects on disadvantaged groups should be examined. Sixth, the relationship of gambling economies with climate change and sustainable development goals should be investigated. Seventh, how artificial intelligence and big data analytics can be used in monitoring gambling economies should be evaluated. Eighth, the connections of gambling economies with migration flows and human trafficking

should be systematically researched. Ninth, the long-term effects of the explosion of online gambling platforms in the post-pandemic period should be monitored. Tenth, the relationship of gambling economies with political radicalization and populism should be examined.

The theoretical contribution of the research lies in its demonstration that shadow economies must be integrated into foreign policy analysis. Traditional foreign policy theories, while taking into account states' material capacities and institutional structures, have not adequately addressed how shadow economic activities erode these capacities (Waltz, 1979; Keohane & Nye, 1977; Gilpin, 1987). This study fills this gap in the literature by demonstrating that shadow economies affect foreign policy behaviors through three mechanisms. The fiscal mechanism constrains freedom of movement in the international arena by reducing states' resources. The institutional mechanism creates inconsistencies in decision-making processes. The normative mechanism weakens states' legitimacy ground (Gilpin, 1981; Holsti, 1996; Nardin & Mapel, 1992). Keohane's (1984) analysis of cooperation after hegemony explains the limited role of international institutions in the regulation of gambling economies.

The findings confirm that in international security studies, the concept of security has expanded to include economic and social dimensions (Williams, 2013; Buzan & Hansen, 2009). The new security framework enables the multidimensional analysis of the threats created by gambling economies (Buzan, Wæver & de Wilde, 1998). While gambling economies are as important as traditional security threats, they have not adequately occupied a place in states' security agendas. This situation necessitates the opening of a new research domain in security studies. Findlay's (1999) money laundering analysis and Reuter and Truman's (2004) study on combating money laundering demonstrate the practical importance of the security dimension.

The practical contribution of the research lies in its provision of concrete recommendations for policymakers. First, states should strengthen international cooperation in the regulation of gambling economies. Second, fiscal transparency mechanisms should be developed. Third, new regulatory instruments should be established for the oversight of digital gambling platforms (Sharman, 2011, 2017; Thomas, 2021). Fourth, awareness should be raised regarding the social effects of gambling economies. Fifth, tax reforms should be implemented in preventing shadow economies. Sixth, the role of civil society organizations should be strengthened in combating gambling economies (Misztal, 2000; Johnston, 2005). Seventh, regional cooperation mechanisms should be established. Eighth, digital literacy and financial education programs should be expanded. Ninth, gambling addiction treatment programs should be strengthened.

In conclusion, the findings of this study reveal that gambling economies create deep and structural effects on foreign policy behaviors. The deepening integration of gambling economies with shadow economies during the 2001-2025 period produces a structure that continuously tests states' regulatory capacity and increases foreign policy vulnerabilities. Gambling economies, being not merely an economic problem, constitute a multidimensional strategic risk domain in terms of national security, social cohesion, and international relations

(Buzan & Hansen, 2009; Williams, 2013; Smith, Hadfield & Dunne, 2008). While Schüll's (2012) addiction by design study demonstrates the devastation of gambling economies at the individual level, it may be said that a similar addiction cycle is valid for states at the macro level.

These findings demonstrate that gambling and shadow economies are a research domain that must be seriously addressed in the international relations discipline. Future studies may provide more comprehensive explanations by extending the theoretical and empirical dimensions of this field (Baylis, Smith & Owens, 2019). Dunne, Kurki, and Smith's (2013) discipline and diversity analysis emphasizes the necessity of examining gambling economies through an interdisciplinary approach. Jackson and Sørensen's (2016) theories and approaches study demonstrates the richness of using different paradigms together.

The most important finding of the research is that shadow economies affect foreign policy behaviors indirectly but structurally. This effect transforms the quality of foreign policy decisions by eroding states' material capacities, institutional functions, and normative legitimacy. Gambling economies serve as a catalyst in this process and accelerate the expansion of shadow economic structures (Schneider, 2013; Williams & Schneider, 2016; Portes, Castells & Benton, 1989). Sulkunen and colleagues' (2018) analysis of the future of gambling policies demonstrates the importance of differences among regulatory regimes. Orford's (2011) study on gambling desires reveals how desires are manipulated at the social level.

This research demonstrates that shadow economies and gambling activities are topics that must receive more attention in the international relations literature. The strengthening of interdisciplinary approaches is necessary for better understanding of this field (Finnemore & Sikkink, 1998; Wendt, 1999; Keohane & Nye, 1977). Cassidy's (2014) vicious games analysis critically evaluates the intersection of capitalism and gambling. This critical perspective is important for understanding the structural causes of gambling economies. Finally, this discussion reveals that the effects of gambling and shadow economies on foreign policy behaviors are multidimensional, structural, and long-term. Future research may contribute to the literature by testing and deepening these findings in different contexts.

7. CONCLUSION AND RECOMMENDATIONS

This study has systematically tested the hypothesis that the expansion of gambling economies and shadow economic networks during the 2001-2025 period transforms foreign policy behaviors by corroding states' socio-moral structures, and has reached robust findings that confirm this hypothesis (Schneider, 2013; Williams & Schneider, 2016; Rose-Ackerman & Palifka, 2016). The fundamental argument of the research is that gambling and shadow economies erode state capacity, weaken normative legitimacy, and render decision-making processes dependent upon interest networks (Johnston, 2005; Lamsdorff, 2007). This argument, in consonance with Holsti's (1996) studies on the state, war, and the state of war, demonstrates how the erosion of state capacity transforms international behaviors. This

process leads to a marked increase in inconsistency, unpredictability, and short-term interest orientation in foreign policy behavior (Hudson, 2014; Hill, 2003). The findings of the study demonstrate that gambling economies have now transformed from merely an economic domain of activity into a multilayered security and governance problem extending from states' internal structures to their international behaviors (Buzan & Hansen, 2009; Williams, 2013). This transformation has become more pronounced particularly during the period when globalization processes accelerated and digital platforms proliferated (Castells, 2000; Schneider & Enste, 2000). The comparative case examinations of the research reveal that, beyond the predictions of Waltz's (1979) theory of international politics, intra-state structural decay leads to behavioral changes at the systemic level.

The most critical finding revealed by the research is the strong and nonlinear relationship between the size of gambling economies and socio-moral decay indicators (Schneider, 2011; Lambsdorff, 2007). As the share of the gambling sector's registered and unregistered volume within total economic size increases, corruption perception, money laundering risk, tax evasion, and illegal fund flows also rise systematically (Reuter & Truman, 2004; Sharman, 2011). Findlay's (1999) study on the global crime economy explains the structural character of this relationship. This relationship is observed not only in low-income countries but also in middle and high-income countries (Rose-Ackerman & Palifka, 2016; Johnston, 2005). Consequently, the devastation created by gambling economies exhibits a universal pattern independent of the level of economic development (Schneider, 2013; Williams & Schneider, 2016; Rose-Ackerman & Palifka, 2016). The rapid proliferation of online gambling platforms in particular and the increase in cryptocurrency-based transaction volumes have led to the establishment of transboundary financial networks that exceed states' regulatory capacities (Kingma, 2013; Sulkunen et al., 2018). Naylor's (2002) study on wages of crime and the underground economy demonstrates in detail how these transboundary networks operate. This situation causes the dysfunctionalization of traditional fiscal control instruments and the questioning of state authority's legitimacy (Chayes, 2015; Shelley, 2014). The acceleration of digitalization in the post-2020 period has further strengthened this trend and increased the degree of gambling economies' integration with shadow economies (Sulkunen et al., 2018; Simpson, 2023). Shaxson's (2011) treasure islands study demonstrates how gambling revenues are legitimized through tax havens.

The effect of gambling economies on socio-moral decay is not limited to economic indicators alone but leads to deep structural changes such as social trust erosion, weakening of normative values, and collapse of institutional ethical standards (Johnston, 2005; Lambsdorff, 2007; Rose-Ackerman & Palifka, 2016). Misztal's (2000) study on informalism and social theory explains how normative structures dissolve. Social norms transform with the legitimization of illegal revenues and the acceptance of gambling-based enrichment; this transformation weakens state-society relations and dysfunctionalizes political elites' accountability mechanisms (Chayes, 2015). This process leads to normative dissolution particularly in the economic expectations of the young population and in the behavioral codes of political elites (Johnston, 2005; Lambsdorff, 2007). Ledeneva's (1998) study on Russia's economy of favors demonstrates how gambling and shadow economies integrate with

informal networks. The comparative case examinations of the research reveal that in countries where gambling economies are strong, democracy quality declines, judicial independence weakens, and media freedom is constrained (Rose-Ackerman & Palifka, 2016). Reno's (1998) study on warlord politics and African states demonstrates how shadow economies become dominant in countries where state capacity weakens. These findings demonstrate that gambling and shadow economies are a force that shakes the foundations not only of economic but also of political and social systems (Shelley, 2014; Keen, 2005).

The effects on foreign policy behaviors constitute one of the most original contributions of the research (Hudson, 2014; Hill, 2003; Smith, Hadfield & Dunne, 2008). The fiscal dependency created by gambling economies directs political elites toward conjunctural opportunism by distancing their foreign policy decisions from long-term strategic planning (Mearsheimer, 2001). This situation became more pronounced particularly in the post-2008 financial crisis period and led to increased foreign policy inconsistencies in numerous countries (Mearsheimer, 2001; Morgenthau, 1948). Gilpin's (1987) study on the political economy of international relations explains how economic structures shape foreign policy preferences. Political actors fed by shadow economic networks may place their own narrow interests ahead of state interests in the international arena; this process causes increased unpredictability, contradictory alliance preferences, and normative inconsistencies in foreign policy behavior (Hudson, 2014; Carlsnaes, Risse & Simmons, 2002). Jervis's (1976) study on perception and misperception explains how the distorted incentives created by gambling-based revenues are reflected in foreign policy decisions. The findings of the research demonstrate that international credibility scores of countries with high corruption perception decline and that these countries become ineffective in multilateral platforms (Lambsdorff, 2007; Rose-Ackerman & Palifka, 2016). This situation adversely affects states' soft power capacities and makes their pursuit of international legitimacy difficult (Nye, 2004, 2011; Strange, 1986). Keohane and Nye's (1977) study on power and interdependence provides a valuable framework for understanding how the asymmetric dependencies created by gambling economies constrain foreign policy preferences.

From the theoretical perspective, this study demonstrates the necessity of integrating gambling and shadow economies into foreign policy analysis literature (Hudson, 2014; Smith, Hadfield & Dunne, 2008; Dunne, Kurki & Smith, 2013). Traditional foreign policy theories are based on the assumption that states are rational actors and act in accordance with their national interests (Waltz, 1959, 1979; Morgenthau, 1948). As Allison and Zelikow's (1999) decision-making models explain, state behavior differentiates at individual, organizational, and rational actor levels. However, the findings of this study demonstrate that the interest networks created by gambling economies distort state rationality and render decision-making processes rife with internal contradictions (Johnston, 2005; Rose-Ackerman & Palifka, 2016). The integrated use of rational choice theory, institutional economics, state capacity theory, and social capital approaches provides a robust conceptual framework for understanding the multidimensional effects of gambling economies (Hudson, 2014; Finnemore & Sikkink, 1998; Wendt, 1999). The demonstration that the effects of gambling and shadow economies on state behaviors operate at the levels of material capacity,

normative legitimacy, and identity formation provides an original theoretical contribution to the international relations discipline (Finnemore, 1996; Risse, Ropp & Sikkink, 2013; Wendt, 1999). This multi-paradigmatic approach strengthens the scientific legitimacy of analytical eclecticism in the social sciences (Carlsnaes, Risse & Simmons, 2002; Jackson & Sørensen, 2016). Linklater's (1998) study on the ethical foundations of the post-Westphalian era provides a valuable perspective for understanding how the normative crisis created by gambling economies affects the structure of international society.

In terms of policy recommendations, the findings of this study demonstrate that states must develop multilayered and integrated strategies in combating gambling economies (Schneider, 2011, 2013; Williams, 2013). First, strengthening regulatory capacities at the national level is imperative (Rose-Ackerman & Palifka, 2016). Increasing the transparency of the gambling sector, tightening licensing processes, and activating oversight mechanisms are of critical importance in preventing integration with shadow economies (Kingma, 2013; Sulkunen et al., 2018). The regulation of online gambling platforms in particular requires technological infrastructure investments and international cooperation (Kingma, 2013; Sulkunen et al., 2018). Lo's (2020) study on casino capitalism in China's Macau demonstrates how gambling economies spiral out of control when regulatory capacities prove inadequate. Second, the capacities of institutions combating financial crimes must be increased and regional and global cooperation must be deepened to dismantle money laundering networks (Reuter & Truman, 2004; Sharman, 2011, 2017). As Findlay's (1999) global crime economy analysis suggests, combating financial crimes can only be effective through international coordination. The adoption and effective implementation of Financial Action Task Force standards by all countries will prevent the integration of gambling economies with shadow networks (Sharman, 2011). Third, the closure of tax havens and regulation of offshore financial centers will block the channels through which gambling revenues are legitimized (Shaxson, 2011; Sharman, 2011, 2017). Deneault's (2011) study on offshore finance demonstrates in detail how tax havens combine with gambling economies.

At the societal level, the expansion of programs combating gambling addiction and the conduct of social awareness campaigns are important (Orford, 2001, 2011; Schüll, 2012). Reith's (1999) study on the age of chance in Western culture provides a valuable perspective for understanding the historical and cultural origins of gambling behavior. The socio-moral devastation created by gambling economies must be addressed not only through economic policies but also in an integrated manner with education, health, and social policies (Orford, 2011; Sulkunen et al., 2018). The protection of youth in particular against gambling risks and the provision of alternative economic opportunities play a determining role in preventing societal decay (Orford, 2011; Schüll, 2012). Adams's (2008) study on gambling and public hysteria provides important clues regarding how social awareness campaigns should be designed. Fourth, transparency and accountability mechanisms in political systems must be strengthened (Rose-Ackerman & Palifka, 2016; Johnston, 2005). Preventing political elites from obtaining financing from gambling-based revenues, tightening campaign finance regulations, and protecting the independence of anti-corruption institutions are critical steps in preventing socio-moral decay (Lambsdorff, 2007; Johnston, 2005). Fifth, protecting media

freedom and supporting investigative journalism will ensure the exposure of corruption networks created by gambling economies to public scrutiny (Rose-Ackerman & Palifka, 2016; Chayes, 2015). Naim's (2005) study on the effect of illegal trade on the global economy demonstrates how critical transparency and accountability are in combating shadow economies.

At the international level, strengthening multilateral cooperation mechanisms and recognizing gambling economies as a security threat are important (Buzan & Hansen, 2009; Williams, 2013). As Buzan, Wæver, and de Wilde's (1998) securitization theory suggests, gambling economies must be addressed within the security agenda. The United Nations, the European Union, and regional organizations must develop common standards in combating gambling economies and provide technical support to member states (Keohane, 1984; Nye & Welch, 2013). The allocation of international financial and technical assistance to increase the regulatory capacities of developing countries in particular is a precondition for effective struggle at the global scale (Thomas, 2021; Naim, 2005). Portes, Castells, and Benton's (1989) study on the informal economy demonstrates that shadow economies exhibit different characteristics in developed and less developed countries. Sixth, the regulation of the digital economy and the limitation of technology companies' collaborations with gambling platforms are necessary (Kingma, 2013; Sulkunen et al., 2018). Schüll's (2012) study on machine gambling in Las Vegas demonstrates the role of design in creating addiction. The tightening of cryptocurrency regulations and the use of blockchain technology in a transparency-enhancing manner will contribute to dismantling the transboundary networks of gambling economies (Simpson, 2023). Seventh, the simplification of tax systems and the increase in tax compliance may be effective in breaking the growth tendency of shadow economies (Schneider, 2011, 2013; Williams, 2013). Schneider and Enste's (2000) international research on the shadow economy demonstrates how the complexity of tax systems increases informality.

In terms of future research orientations, this study brings numerous new research questions to the agenda (Hudson, 2014; Smith, Hadfield & Dunne, 2008). First, the long-term effects of gambling economies' rapid transformation in the post-pandemic period must be monitored (Sulkunen et al., 2018; Simpson, 2023). The explosion that online gambling platforms experienced with digitalization opens a new research domain (Kingma, 2013). The in-depth examination of how cryptocurrency and blockchain technology in particular integrate with gambling economies will play a critical role in shaping future regulatory policies (Simpson, 2023). Hao's (2015) study on Macau's political economy after 1999 provides a valuable case for understanding the dynamic evolution of gambling centers. Second, the examination of gambling economies' relationship with gender dynamics may provide important findings (Orford, 2001; Aasved, 2003). Aasved's (2003) psychological study on gambling and addiction demonstrates how gender differences affect gambling behaviors. The differences in gambling behaviors between women and men may provide a valuable perspective for understanding the societal reflections of socio-moral decay (Orford, 2001). Third, the relationship of gambling economies with migration movements must be researched (Portes, Castells & Benton, 1989). Castells's (2000) information age study provides a theoretical

framework for understanding how the migration and shadow economy relationship operates within global networks. The examination of the structural differences of gambling economies in migration-receiving and migration-sending regions in countries where shadow economies have grown will increase the regional specificity of policy recommendations (Portes, Castells & Benton, 1989).

Fourth, research on how artificial intelligence and machine learning technologies are transforming gambling economies will increase the effectiveness of future regulatory policies (Schüll, 2012; Kingma, 2013). The in-depth examination of the social and psychological effects of algorithmic gambling platforms will contribute to the development of addiction combat strategies (Schüll, 2012). Orford's (2001) psychological study on excessive appetites and addiction provides a valuable perspective for understanding the mechanisms through which algorithmic designs create addiction. Fifth, research on the relationship of gambling economies with climate change and environmental sustainability may open a new interdisciplinary research domain. The examination of shadow economies' contribution to environmental devastation and how gambling revenues are transferred to environmental crimes may play an important role in the development of sustainable development policies (Schneider, 2013; Williams, 2013). Sixth, the relationship of gambling economies with social movements and protest dynamics must be researched (Kaldor, 2012). Kaldor's (2012) study on new and old wars demonstrates how organized violence is connected with shadow economies. The in-depth examination of the connections between the increase in social discontent and the proliferation of protest movements in countries where shadow economies have grown may provide valuable findings for understanding the sources of political instability (Reno, 1998; Keen, 2005).

Seventh, research on the effects of gambling economies on education systems is important (Orford, 2011; Adams, 2008). The examination of how gambling-based enrichment's adoption as a social role model is reflected in education systems and young people's career choices is of critical importance for understanding the intergenerational transmission of socio-moral decay (Orford, 2001, 2011). Eighth, the calculation of gambling economies' fiscal burden on health systems and the systematic measurement of the social costs of gambling addiction are necessary (Orford, 2001, 2011). Orford's (2011) study "An unsafe bet" discusses the costs that gambling addiction places on health systems. Ninth, research on the effects of gambling economies on local governments and urban planning is important (Lo, 2020; Simpson, 2023). Kokot and colleagues' (2008) study on ethnographic perspectives of port cities as transitional areas provides a valuable framework for understanding how gambling centers are positioned in urban spaces. The examination of the effects of gambling centers on urban transformation and social segregation will contribute to the development of urban policy recommendations (Sergi, 2021). Tenth, the comparative examination of gambling economies' interaction with religious and cultural values may provide a valuable perspective for understanding the transformation of social norms (Reith, 1999; Aasved, 2003). Niebuhr's (1932) study on moral man and immoral society provides a philosophical foundation for understanding the ethical crisis created by gambling economies.

This study has systematically demonstrated how gambling economies and shadow economic networks transformed states' socio-moral structures and foreign policy behaviors during the 2001-2025 period (Schneider, 2013; Williams & Schneider, 2016; Hudson, 2014). Walzer's (1977) moral argument study on just and unjust wars provides a valuable perspective for understanding how the normative crisis created by gambling economies transforms foreign policy ethics. The theoretical and practical contributions of the findings demonstrate that gambling economies must now be addressed not merely as an economic issue but also as a social, political, and international security problem (Buzan & Hansen, 2009; Williams, 2013; Shelley, 2014). The socio-moral decay created by gambling and shadow economies leads to deep and structural changes extending from states' internal structures to their international behaviors (Rose-Ackerman & Palifka, 2016; Johnston, 2005; Lambsdorff, 2007). Pogge's (2002) study on cosmopolitan responsibilities regarding world poverty and human rights provides an important framework for understanding the global ethical dimension of the devastation created by gambling economies. These changes become even more pronounced in the era when globalization processes accelerate and the digital economy proliferates (Castells, 2000; Brown & Ainley, 2009). Consequently, combating gambling economies must be addressed not only through economic policies but through multilayered and integrated strategies (Castells, 2000; Harvey, 2005; Brown & Ainley, 2009). Habermas's (2001) political writings on the postnational constellation provide a theoretical ground for understanding how the normative crisis created by gambling economies transforms global governance structures. The strengthening of states' regulatory capacities, the deepening of international cooperation, the increase of social awareness, and the activation of transparency and accountability mechanisms in political systems are of critical importance in preventing the devastation created by gambling economies (Rose-Ackerman & Palifka, 2016; Schneider, 2011, 2013; Williams, 2013).

In conclusion, the data from the 2001-2025 period demonstrate that gambling economies' integration with shadow economies is progressively deepening and that this process continues without slowing (Williams & Schneider, 2016; Sulkunen et al., 2018). Held's (1995) study on global order and democracy demonstrates that the governance crisis created by gambling economies must be addressed at the global level. Digitalization, cryptocurrency usage, and the facilitation of transboundary financial flows in particular are accelerating the structural transformation of gambling economy (Simpson, 2023; Kingma, 2013). This dynamic process produces a structure that continuously tests states' regulatory capacity and deepens foreign policy vulnerabilities (Buzan & Hansen, 2009; Williams, 2013). Gambling economies, being not merely an economic problem, constitute a multidimensional strategic risk domain in terms of national security, social cohesion, and international relations (Buzan, Wæver & de Wilde, 1998; Shelley, 2014). Nardin and Mapel's (1992) study on traditions of international ethics demonstrates how the ethical crisis created by gambling economies must be addressed in international relations theory. For this reason, the devastation created by the gambling-shadow economy spiral must be addressed not only as a national but also as a global ethical and governance problem (Singer, 2002; Pogge, 2002). The findings of this study conclusively demonstrate that gambling economies are a research and policy domain that must be seriously addressed in the international relations discipline (Smith, Hadfield & Dunne, 2008;

Baylis, Smith & Owens, 2019; Singer, 2002). Dunne, Kurki, and Smith's (2013) study on international relations theories demonstrates how gambling economies can be explained through different theoretical paradigms.

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