

REINSTITUTIONALIZING TURKEY:

THE NEW RIGHT EXPERIENCE

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This thesis tries to shed light on the relationship between the New Right and democracy by focusing on the new institutionalizing dynamics. In addition to the theoretical and historical background of the New Right policies implemented in Turkey after 1980, the role of these policies on the reorganization of the central state apparatus is also taken into account. The case of this thesis, which is the Metropolitan Municipalities, aims to highlight the tendencies explained throughout the thesis in a concrete analysis.

At first sight, it seems that the New Right, regarding the reorganization of the state apparatus, tends to destabilize the classic liberal democratic balances of forces by strengthening the executive power. However, a more detailed analysis would show us that what is strengthened by the New Right is not the executive power in general but the a group of people consisting of the high-ranks of the economy governance, who gains a considerable level of authority in the decision-making processes by paralyzing the other components of the state apparatus, such as the bureaucratic and adjudicatory mechanisms. Thus, the New Right can be considered a special phase of the process of the centralization of the decision-making mechanisms.

The post-1980 Turkey is an excellent example for this tendency, especially with regard to the elimination of the traditional bureaucratic mechanisms and judicial control mechanisms from the decision-making process. However, this tendency should not be considered only with regard to the reorganization of the central state

apparatus. These dynamics expanded and the centralization of the decision-making process in a technocratic way became a characteristic that can be met in all levels of the state apparatus. In that sense, the Metropolitan Municipalities are excellent examples.



ÖZET

Bu tez, Türkiye örneği üzerinden Yeni Sağ ve demokrasi arasındaki ilişkileri, kurumsallaşma dinamikleri üzerinden incelemektedir. 1980 sonrası Türkiye’inde uygulanmaya başlanan Yeni Sağ politikaların teorik ve tarihsel arka planının yanında, merkezi devlet aygıtının değişimindeki rolü de ele alınmıştır. Ayrıntılı örnek olay incelemesi olarak da 1984 yılında kurulan Büyükşehir Belediye yapılanması ele alınmış ve tez boyunca ortaya konan kurumsallaşma eğilimlerinin somut tezahürü ortaya konmaya çalışılmıştır.

Yeni Sağ’ın devlet aygıtının yeniden düzenlenmesi konusunda ortaya koyduğu eğilim ilk bakışta, liberal demokrasilerin temel yapılanması olarak bilinen yasama, yürütme ve yargı dengesine dayanan rejimin, yürütme gücünün güçlendirilmesi yoluyla destabilize edilmesi olarak görünür. Fakat, daha dikkatli bir analiz, devlet aygıtı içinde güçlenen unsurun yürütme gücü olmadığını, yürütme gücü içinde bulunan ve üst düzey ekononmi yönetiminde bulunan kişilerden oluşan bir grubun, devlet aygıtının diğer bileşenlerini paralize ederek, karar alma mekanizmalarında büyük bir etkinlik kazandığını gösterir. Dolayısıyla Yeni Sağ, karar alma mekanizmalarının merkezileşmesi sürecinde yeni bir evreyi teşkil eder.

1980 sonrası Türkiye’si de, özellikle geleneksel bürokratik mekanizmaların ve yargısal kontrol mekanizmalarının devre dışı bırakılmasına yönelik uygulamalarla, bu eğilime iyi bir örnek oluşturur. Fakat, bu eğilim salt merkezi devlet aygıtının düzenlenmesi noktasında ele alınamaz. Kurumsallaşma dinamiklerinin daha genele yayılması ve karar alma mekanizmalarının teknokratik bir tarzda merkezileştirilmesi, devlet aygıtının her kademesinde görünen bir özellik haline gelir. Büyükşehir Belediyeleri bu konuda iyi bir örnek olarak karşımıza çıkar.

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PREFACE

Can we claim that the 1980s became the subject of the history? If we agree with Edward Hallett Carr's definition that the subject of history is such a pendulum between past and present, then, we should also accept that the right time for a serious consideration on 1980s came with the 1990s since we began to discuss the new structures of the neoliberal adjustment process in terms of democracy, especially in the second half of the 1990s. Councils that are assumed to function autonomously both from the legislative and executive powers are at the center of the still continuing debate. Granted with extraordinary authority, it is claimed that these autonomous councils (*özerk kurullar*) contradict the very character of the democratic nation-state, which is the superiority of the people's will embodied in the constitution of the legislative and executive powers through the election mechanism. The framework of the present time is under consideration; hence, it is the right time to focus again on the 1980s as the era of the constitutive moment of the neoliberal restructuring process.

This thesis can be regarded as a humble starting point of a young student of the Turkish politics whose main research subject is assumed to be the neoliberal restructuring process emerged in 1980s. As mentioned above, the reason for choosing such a subject is strictly related with the recent debate on democracy. In

short, the political concerns of this young student underlie this effort to trace back to the roots of the restructuring of the existing framework of democracy.

Without doubt, such a research agenda would be focusing on the policies of the New Right as the political bearer of the neoliberal project. After taking the office from their leftist and/or modest democrat predecessors, it is well known that the New Right governments implemented an integral program, which extended from eliminating the Welfare state policies to stimulating the conservative sensation of the communities in order to create a counter-opposition in front of the rising democratic social opposition. In other words, the New Right was the counter-revolution of the 1980s and the most striking feature of this current was its radicalism and integrity. Thus, the agenda of the New Right was very intricate with regard to democracy, which was institutionalized in different realms of the social and political life during the post Second World War era. Therefore, the question of “what is the relationship between the New Right and democracy” is a very complex one for the multi-dimensional relationship between them.

Throughout this thesis, the relationship between the New Right and democracy will be taken into account through considering the institutional restructuring process unfolded in the 1980s. At the heart of this project lay the tendency of strengthening the executive power. This tendency appears simply as a response to the crisis of the capitalist countries in 1970s. In fact, one can easily claim that by strengthening the executive power, the New Right governments aimed to obtain appropriate apparatuses in order to overcome the crisis in an authoritarian way. However, the New Right was not solely a reactionary movement that would leave the stage after it succeeded at remedying the patient, namely the capitalist state. In fact, the New Right should be taken as a bourgeois modernizing current, which

endeavors to reform the institutional structure of the existing state apparatus as a whole from above. What is of crucial importance in this respect is the fact that this structure is not purely an administrative framework but also the embodiment of the existing social balances. Put differently, although the New Right pursued different strategies in different countries due to the structural differences regarding the state apparatus and its social content, its main agenda, which was to destroy the existing mode of social relations by restructuring the state apparatus, remained the same. In this sense, they are, in the pejorative meaning of the definition, Jacobins *par excellence*, who are aware of the fact that the content of the state is strictly related with its form.

Regarding Turkey, the institutionalization of the Turkish New Right did not remain unnoticed in the relevant literature. Especially, the modification of the central administrative apparatus has become the subject of serious academic works as will be mentioned in the third chapter of this thesis. The underlying motive of this project was simply the common point of the New Right put into practice in developed capitalist countries as well as in developing ones, namely to reform the existing institutional structure in an authoritarian way in order to make them function in accordance with the rule of capital. However, one of the main points of this thesis will be that the restructuring project of the New Right had a broader perspective than reorganizing the central administrative apparatus. This point seems to be of crucial importance since its implications can provide us with a sufficient insight concerning the integrity of the New Right project.

Basically, this thesis is built upon three main resources. The first one is the theoretical works on the New Right and its policies. Hardly all the theoretical resources are from the fields of political science and political theory. Hence, the

formation of political science constitutes the framework of this thesis. The secondary resources concerning the structure of the state, state-society relations, and the political economy of the seventies and the eighties is the second information supply of this thesis. Although these resources are used for the construction of the second and third chapters, they are also taken into consideration from a critical perspective in the last chapter.

The third main resource concerns the case of this thesis, which are the metropolitan municipalities. One of the main agenda of the Motherland Party (MP) government was to reform the local governments and this agenda was put into practice immediately. Although it is presented, and for the most part conceived, as a democratic reform since it aimed to decentralize the authority granted to the central administration, the structure of the metropolitan municipalities seems also to involve different objectives and tendencies regarding the institution building mentality of the New Right and its contradictory social agenda. Thus, these newly structured institutions can provide us with satisfactory insights concerning the subject of this thesis, namely the form and content of the institutionalization during the early period of the New Right. The resources for this case study are various. Beyond doubt, the first resource is Law No. 3030 that constitutes these municipalities. Throughout the relevant chapter; also documents of the MP concerning the local governments and secondary resources on the subject are used largely.

This thesis consists of five chapters, the last one being the conclusion chapter. The first chapter includes a wide range of theoretical debates on the subject. This chapter is organized into two parts. The first part consists of a detailed explanation of the main theoretical assumptions of the New Right. In this part, it is aimed to shed light on the relationship between the assumptions of the New Right and modern

politics and democracy. The second part involves theoretical considerations on the main subject of this thesis, which is the authoritarian content of the political response of the New Right to the crisis of capitalism emerged in 1970s. As a matter of fact, this response was a multi-dimensional one, and also some dimensions such as the ideological content of the New Right is taken into account though this is not one of the points of this thesis. By doing that, it is aimed to provide the reader with a comprehensive perspective. However, at the center of this part lies the concept of “ungovernability”, which reveals the crisis of the capitalist state in the face of various social demands in the seventies. “Normalizing” the overloaded capitalist states of the seventies was the immediate agenda of the New Right. This thesis focuses on the mode of this “normalization” process. On the other hand, Poulantzas’ conceptualization of “authoritarian statism” was the main factor that stimulated this student of the Turkish politics to focus on this subject and to try to consider the post-1980 Turkish politics in this context. However, the aim of this thesis is not to prove that the post-1980 state in Turkey was an authoritarian state *par excellence*. In short, Poulantzas’ conceptualization became very useful in grasping the relevant historical process in a theoretical framework but the matter of this thesis is not directly confined to this theoretical background. Like all theoretical sources, Poulantzas remained as the inspiration for this thesis.

The second chapter consists of a historical account of the center-right policies in Turkey regarding the state power and its relations with the transformation of the structure of the capital in Turkey. In this chapter we will focus on the opposition of the JP to the framework of the 1961 Constitution and its social content. The arguments of this opposition can be understood as the predecessors of the arguments of the New Right concerning the strengthening of the executive power at the expense

of legislative and adjudicatory power, though great differences do exist between these two historical line of arguments. In this respect, the thesis also aimed to reveal the differences between the center-rights of pre and post-1980 periods. However, the main subject of this chapter is to give a detailed explanation of state-capital relations and its consequences. At the end of the seventies, it is possible to talk about an economy, which was overloaded and which the governments failed to govern. The conditions for a political authority, which would claim of its capability of governing, matured throughout the seventies.

The third chapter concerns the constitution of the rule of the New Right. The chapter aimed to discuss the concern of the New Right with reference to its intellectual and historical backgrounds. Moreover, the chapter also includes different policy preferences of the MP government regarding the decision-making process such as the governmental decrees, fund system and new institutions such as the Undersecretariat of Treasury and Foreign Trade. By these examples, it is aimed to reveal the standpoint of the Turkish New Right regarding the state power and democratic mechanisms. On the other hand, the institutionalization realized especially at the central level in the 1980s is not a subject that is ignored in the relevant literature. Hence, this chapter will limit itself to provide some crucial importance in order to furnish an insight regarding the way of institutionalizing the central administration according to premises of the New Right. As stated above, the thesis involves another kind of institutionalization at another level of governance. The fourth chapter involves a detailed analysis of the metropolitan municipalities with the aim of revealing the very characteristic of the New Right concerning the institutionalization.

The last chapter can be taken as a conclusion chapter, which also involves a critical survey of the relevant literature. Three main problematic will be taken into consideration. The first one concerns the arguments on the continuity of the so-called strong state tradition as regards to the eighties. The second one is about the conceptualization of the state autonomy, which is used in the second chapter of this thesis. And the last one is related to the character of the hegemonic attempt of the New Right with reference to its inclusive and exclusive aspects. In short, throughout this chapter, the formation of state-society relations will be taken into account by questioning various considerations on this theme existing in the relevant literature.

Within this framework, my thesis can be regarded as a pre-study on the understanding the post-1980 period with reference to the institutionalization process. As stated above, this study is thought as relevant to the current debate on the relationship between neoliberalism and democracy. Hence, if the main concepts and definitions presented throughout the thesis can create some questions that contribute this debate, then it can be said that this paper has reached its goal.

CHAPTER I

THEORETICAL BACKGROUND:

THE NEW RIGHT AND POLITICS OF UNGOVERNABILITY

The New Right

The two words constituting the concept of “New Right” are not beyond questioning: What makes this style of thinking “new” and to which “right” does it refer? Despite these questions, the concept has been accepted in the social sciences and one could claim that to what it refers has become certain in time. This certainty, although the content of the concept involves several different approaches, may be attributed to the keenness of what is shared. The aim of this chapter is to consider this keenness. Rather than considering the different approaches within the boundaries of the concept of New Right, the central components of it will be highlighted. Thus, it is not aimed to exhaust the discussion on the relevant subject, but provide a general overview.

As a matter of fact, the answer to the first question is not a complex one. O’Sullivan writes that “in fact, none of the ideas associated with the New Right is novel; what is new is rather the situation of the New Right. In this situation, characterized as it is by the eclipse of the civil, what has happened is that old and

once familiar ideas have acquired a new significance.”¹ Although the concept is referred to mostly by implying “neoliberalism” or “neoconservatism”, it does not mean that the main thesis of liberalism or conservatism has been changed in a revolutionary way. What is done, in fact, is to articulate the old thesis of liberalism and conservatism in accordance with the coordination of the historical era, and this can be called as the Keynesian consensus. This consensus could be taken as the result of the crisis of capitalism, which occurred in 1929. In short, it is based on the idea of the vulnerability of capitalism to the lack of sufficient demand that results in a general crisis of the system. In the face of this type of situation, what the Keynesians offers is the intervention of the state by implementing expansionist policies.

Besides being a pure economic program, this kind of a solution also implies the reorganization of the social actors. Integrating the trade unions into the system in order to ensure the demand power of the working classes is an appropriate example of this. In that respect, the state gains a role of reconciling the different interests within society by implementing social or investment policies. In short, Keynesian consensus is based on the idea of the necessity of a moderate level of social justice for the sake of the continuity of the capitalist system and a corresponding reorganization of the state apparatus.

The New Right can be taken as a catchall concept that involves different intellectual movements that have devoted themselves to abolishing this consensus. What is placed in front of this consensus, in fact, is not different from the classical liberal thesis: a rule of order society in which conduct would be established due to the conduct of the market and a state whose duty is only to establish and maintain the

¹ Noel O’Sullivan, “The New Right: The Quest for a Civil Philosophy in Europe and America”, in Eatwell, R. & N. O’Sullivan (eds.), *The Nature of the Right* (Boston: Twayne Publishers, 1989), p. 170.

general rules of social life. On the other hand, these theses are also compatible with the classical viewpoint of conservatism, the essential exposition of which can be found in Burke: all interventions and ideas claiming the rational reorganization of society should be avoided in order not to damage the natural flow of organic social life.²

The second question is a more complex one because the components of the New Right extend, on the one hand, from liberalism to conservatism, and on the other hand, from radical right movements to anarchism. What brings together a fundamentalist liberal like Hayek, an outstanding character of conservatism like Oakshoot, and an anarchist like Nozick is, as mentioned above, their stances in front of the Keynesian consensus. The parallelism among these different intellectual currents is based on two criteria, namely, taking the individual as the unique measure of reality and conceiving of the market as the base of social life.

Individualism

The most vulgar comprehension of the individual can be found in the works of the Public Choice School, one based on the underlying individual motivations, especially of politicians, bureaucrats and unionists when they act as public figures. The main argument of this school is that these public characters act not in the public interest but in their own self-interest.³ This approach has had a critical role in criticizing the policies of the Welfare State and has become the intellectual reflection of the popular antipathy towards politics.

² Phillippe Beneton, *Muhafazakarlık*, trans. Cüneyt Akalın (İstanbul: İletişim Yayınları, 1991), pp. 26-27.

³ see Patric Dunleavy and Brendon O'Leary, *Theories of the State: The Politics of Liberal Democracy* (London: Macmillan Press, 1994), pp. 72-135; and David G Green, *The New Right* (Harvester-Wheatsheaf, 1987), pp. 92-108.

However, this vulgar comprehension has had its roots in the very methodological debate on social sciences. The Austrian school, which is the source of methodological individualism, was one of the most significant components of the methodological discussion, which occurred at the beginning of the twentieth century in Germany, beginning with historiography and then extending towards the other social sciences.⁴ Without doubt, one of the most significant members of this school was Hayek. The pure exposition of the individualist approach are found in his ideas:

1. All actions are performed by individuals; therefore analyses of social reality must start from individuals, conceived as self-sufficient, fixed entities confronting the external world and responding to its opportunities and constraints by making choices and devising strategies.

2. A social collective has no existence and no reality beyond the actions of its individual members; therefore it is incorrect to argue as though collectives could have their own will and purposes. Collectives such as the government, the company, the union, the nation are all abstractions and have no reality beyond the individuals that compose them.⁵

It is possible to say that the first claim is one of the constructive components of the liberal philosophy. The idea that the category of interest is the essence of the human being that cannot be reduced to anything has been a continuing component of the liberal approach since Hume. Burchell describes interests: "Interests are irreducible in that they are not the product of reasoning or transcendent moral principles but the expression of passions with an 'original existence' ...Interest then functions as the principle of a personal choice which is unconditionally subjective or private...it makes the individual an isolated atom of preference-motivated choice and action."⁶ The liberal conception of individual implies more than that the individuals

⁴ Another significant component of the discussion was Weber.

⁵ Andrew Gamble, *Hayek* (Cambridge: Polity Press, 1996), p. 53.

⁶ Graham Burchell, "Peculiar Interests: Civil Society and Governing 'the System of Natural Liberty'", in Burchell, Gordon and Miller (eds.), *Foucault Effect*, (Chicago University Press, 1991), p. 130.

act according to their interests. According to this conception, restricting individuals seeking for their interests could be taken as an impediment to their freedom because it is this seeking which is the base of the self-formation process. It becomes possible to claim that the market is the domain of freedom because individuals seek their interests within its boundaries.

The second sentence is based on an atomist perception and claims that the reality of all collectivities such as states and nations are secondary and can be reduced to the self-interests of individuals. Owing to the nature of the human being, which is being self-interested, all collectivities consist of individuals could and should be reduced to this indispensable reality. In short, all collectivities are determined by the self-interested nature of individuals.

Rejecting or suspecting all the reality except that of the individual is strictly related to the epistemology of Kant, who claims that the source of knowledge is not the sensations, as the empiricists claim. *A priori* categories that make sense out of these sensations are givens of the human mind, thus, reality is concept-determined. Such an approach, to the extent that it gives priority to the human mind, is very attractive to the subjectivist definition of reality. It is this point on which the relationship between the individual and the market has been established. If the priority of any reality outside of the individual is not accepted and if it is assumed that the relationship of individuals with the external nature is established through the human mind, then, it would not be absurd to claim that market relations are not external to the human mind:

the order that human beings find in their experiences is the product of the creative activity of their minds rather than a reality given to them by the world. Thereby, knowledge about the 'market order' would not be comprised of 'isolated facts' as if it is about a reality external to the individual. Rather it would only be known as a subject order, i.e., as an 'abstract order', as it does not manifest itself to his/her senses. By the same token, capital would not be

viewed as a thing which is external to individuals, but rather as a phenomenon which can only be explained through the analysis of human action.⁷

The individualist approach has prevailed not only within the Austrian School. Nozick's anarchism, which rejects all authorities except the individual's own; the Public Choice School's articulation of individualism with the positivist social science tradition; and Oakshott's intellectual efforts to articulate individualism with conservatism can be taken as the expanding effect of individualism. As Yalman writes "subjectivists like Hayek and Weber, positivists like Popper, as well as ardent critics of positivism like Oakesoot, they all rule out any ontological commitment to the existence of social realities other than individuals."⁸

Market

The market can be taken into consideration within two different dimensions. The first one is, as mentioned above, its relationship with the freedom of the individual in the sense that it shapes the domain where the individuals self-formation occurs. In this respect, above all, market has a moral essence. The market is conceived as the domain of spontaneous action because it is defined as the realm of non-violence. In this sense, the market has the opposite meaning of the state because the state is defined as the realm of violence that is imposed upon society. Here, we encounter the Weberian conception of the state as the legal monopoly of the means of violence. On the contrary, the market is the main condition of the spontaneous relations among individuals that do not contain any violence. One can find in Hayek

⁷ Yalman, Galip, *The State and the Class in Turkey: A Theoretical and Historical Analysis*. PhD Dissertation. 2007, p.47.

⁸ *Ibid*, p. 35.

this opposite conceptualization of spontaneity and coercion: “In the ordering of our affairs we should make as much use as possible of the spontaneous forces of society and resort as little as possible to coercion.”⁹

The second dimension is more instrumentalist in the sense that market is the least imperfect mechanism. This dimension, appearing throughout Hayek’s work, is based on a kind of epistemological pessimism, namely the limited capacity of human knowledge. It is possible to claim that this pessimism was the intellectual result of the historical era when the relationship between liberalism and the Enlightenment was sundered. This can be taken as liberalism after Nietzsche. Nietzsche, as one of the most radical critics of the Enlightenment, claimed that the human being is condemned within its limited domain of knowledge and it is not possible to gain all the knowledge of the conduct of life. This gap between the knowledge of the human being and the conduct of life is filled through power relations. In that respect, for Nietzsche, the question of legitimacy for power is an absurd one. Hence, Nietzsche criticizes the legacy of the Enlightenment based on the optimist opinion of being able to change the world through scientific knowledge and insists on the incapability of human beings, which is the base of the power relations. This pessimism about the capacity of human beings to gain knowledge of the world was passed on to Weber.

As regards sociological methodology, the Austrian school, and thus Hayek, is in great debt to Weber. The roots of their methodological individualism can be found in Weber’s works: “Generally, concepts like ‘state, association and feudalism’ are categories that refer to the interaction of human beings. Thus, the duty of sociology is to reduce these concepts to intelligible actions, in other words, to the actions of the

⁹ Gamble, p. 80.

participated individuals without any exception.”¹⁰ Also for Weber, it is not possible to obtain infinite knowledge of the conduct of life. Weber derived this methodological argumentation from the philosophy of Nietzsche and applied it to the social sciences. He writes, “Life with its irrational reality and its store of possible meanings is inexhaustible.”¹¹

What the New Right has done is to use this argumentation in order to eliminate all regulative and constructivist claims and interventions upon the social life because, according to them, all attempts based on idea of rational regulation are fated to fail in the face of the complexity of life and its infinite reality. Even the market is not offered because it ensures the effective result. “Hayek’s point against rationalists and constructivists of all persuasions was not that the market was perfect, but that it was less imperfect than any available alternative,”¹² Gamble tells us. This imperfect character of the market is due to the indetermined actions of its actors, namely individuals. What makes the market preferable is that it provides an optimum in allocations due to the prices emerging *a posteriori*. Prices are perceived as signs of the market by the individuals pursuing their self-interest. That’s why the New Right economy vision has been based on the critique of the inflationist policies of Keynesian economics. By disturbing the price mechanism, inflation disturbs the information network of the market, and thus damages the rational decision-making process of self-interested individuals.

On the other hand, the conservative articulation of the market has developed in an interesting way. Conservatism “concerns not to celebrate the present alone but

¹⁰ Max Weber, *Sosyoloji Yazıları*, Gerth, H.H. and C. Wright Mills (eds.), trans. Taha Parla, (İstanbul: İletişim Yayınları, 1998), p. 101.

¹¹ Max Weber, *The Methodology of Social Science*, Edwards A Shils. and Henry A. Finch, trans. and eds., (Glencoe: Free Press, 1949), p. 111.

¹² Gamble, p. 69.

to achieve a moral and valuational anchorage in some definite, well-known and not too remote historical experience.”¹³ It means that conservatism is not concerned with maintaining the status quo, the base of which lays in the very past, but the *status quo ante*, which means the order which was prevailing just before the current order. In the face of the policies of the Welfare State, conservatives became interested in the market order in accordance with this basic tendency of conservative thought. And it was one of the most outstanding characters of conservative thought, namely Oakshott, who does it best. Instead of conceptualizing the state as the opposite of the market, Oakshott defines the state as a civil association and articulates liberalism with conservative thought. For Oakshott, civil association is the definition of the ideal state. According to him, civil association is a kind of moral unity in which the individuals come together in order to realize their self-aims without any imposition of a general aim upon them. The guarantee of this association is the respect of the individuals for the rules of this moral unity. Lessnoff writes that, “It is compulsory association, but not a compulsory association for the pursuit of any goal or purpose. Thus it does not compromise individual freedom. What it does is to require of civil associates observance of certain rules and conditions as they go about the business, of pursuing their own chosen goal and purposes.”¹⁴ Oakshott imagines a symbiosis between the state and the market. The state becomes the representation and advocate of the spontaneous unity of the individuals that pursue their self-interests within the market order.

¹³ Arthur Aughey, “The Moderate Right: The Conservative Tradition in America and Britain”, in Eatwell R. and N. O’Sullivan (eds.), *The Nature of the Right* (Boston: Twayne Publishers, 1989), p.100.

¹⁴ Michael H. Lessnoff, *Political Philosophers of the Twentieth Century* (Blackwell Publishers, 1999), p. 135.

The Rule of Law and Spontaneity

The concept of the rule of the law cannot be easily understood in terms of jurisprudence. In liberal systematic of thought, the rule of the law is not limited to the formation, codification and implementation of law by the legal institutions. Contrary to the positivist approach, of which unique concern is the procedural appropriateness, this concept refers to the potential gap between the state and law. It is easier to comprehend the content of this concept if it is remembered that the historical roots of liberalism lay in the opposition to the arbitrary use of law by those who had the state power. The criterion used by Burke to advocate the English Revolution in 1640 and criticize the French Revolution in 1789 is meaningful in this sense. According to Burke, while the aim of the English Revolution was to reestablish the common-law betrayed by the King, the French Revolution aimed to found a new order.¹⁵

As Barry writes, political liberalism can be reduced to the constitutional order, hence, the problem of the type of government – whether it becomes democracy or kingdom - lost its priority in the face of the problem of legal restrictions on the government.¹⁶ Hayek adds, “The concern of liberalism is the limits of the state institutions and of democracy the possessor of the power”.¹⁷ This distinction between democracy and liberalism becomes sharper due to the worries of Hayek in the face of the mass democracies. He offers *demarchy*, which means governance by permanent

¹⁵ Benetton, p. 17.

¹⁶ Norman Barry, *Yeni Sağ*, trans. Cevdet Aykan (Ankara: Tisamat, 1989), p.65.

¹⁷ Friedrich von Hayek, “Liberal Bir Sosyal Düzenin İlkeleri”, in Yayla Atilla ed. and trans., *Sosyal ve Siyasal Teori* (Ankara: Siyasal Kitabevi, 1999), p.171.

laws declared to the people, in lieu of democracy based on the crude power of the masses.¹⁸

From where do these laws derive? That is the point which makes the concept of the rule of the law one of the central components of liberalism. According to liberal thought, the spontaneous order will emerge through the free actions of individuals will create much more complex structures than constructivist regulations. And this spontaneous order should be both the source and the aim of all judicial operations. The state becomes a legitimate one to the extent it provides and ensures the domain of rights where individuals would act according to their self-interests. In short, the duty of the state is to protect the rule of law, which will come into existence spontaneously.

Accordingly, one encounters with a definition of some values like freedom and justice in a negative way. Justice does not mean the equilibrium between what individuals give and what they obtain because it is only possible if principles concerning this equilibrium are attributed to the market. However, the market does not have any intentions and none of the general aims can be attributed to it. Market is a process the results of which cannot be estimated beforehand. The imposition of some general aims upon the market will destroy the spontaneous order. Thus, justice cannot be defined within the social relations. According to Hayek, justice can only be defined within the boundaries of relations among individuals and it only means to restrict unjust behavior. Unjust behavior is the violation of the rights of an individual defined and ensured legally. Also, freedom is defined in a similar way.

¹⁸ Friedrich von Hayek, "Liberal Bir Devletin Anayasası", in Yayla Atilla, ed. and trans., *Sosyal ve Siyasal Teori* (Ankara: Siyasal Kitabevi, 1999), p. 191.

¹⁹ Isaiah Berlin, "Two Concepts of Liberty", in Sandel, Michel (ed.), *Liberalism and Its Critics* (New York: New York University Press, 1984), pp. 15-22 .

Rather than concerning what we can do, the liberal conception of freedom emphasizes what others cannot do without the violation of law.¹⁹

The New Right's feverish avocation of this thesis of classical liberalism can be attributed to their shared suspicions about politics. However, what makes the New Right much more effective as an intellectual current was the resonance between its anti-political claims and the crisis of modern politics. The New Right has managed to put this old liberal sense into the current agenda.

Conclusion for the First Part: Anti-Politic Era and the New Right

Almost everybody recognizes the crisis of modern politics. However, this diagnosis, which is less feverish than others claiming the end of history and ideologies should not involve the meaning of the end of modern politics. On the contrary, one could claim that, especially after 1968, modern politics have been transformed and reshaped in a more radical way, so it diffuses more within the daily life of individuals. By rejecting the dilemma of modern versus postmodern, it is possible to identify the current era as the radicalization of modernity²⁰. It seems that the radicalization of the critical roots of modernity, which means bridging the gap between daily life and politics might provide us with insights for new political projects.

It is of crucial importance to observe how this potential has been encountered by the right-wing circles. The relationship between the New Right and politics is based on two dimensions. The first one is about the withdrawal of politics in favor of

²⁰ see; Anthony Giddens, *Modernliğin Sonuçları*, trans. by Ersin Kuşdil, (İstanbul: Ayrıntı Yayınları, 1994).

economics, and the second one concerns the counter-politicizing of the domains which are politicized by the social movements that emerged in the late sixties.

The first dimension is strictly related to the crisis of the social democratic economic project, which will be considered in the second part of this chapter. For now and in short, it can be said that what the New Right achieved is to transform the content of democracy from the political to the economic. Just as it is possible to claim that the new social movements benefited from the disappointment of the masses in the face of the degeneration of modern politics, so it is logical to argue that this disappointment has resulted in a general anti-political attitude. What the New Right has done is expending effort in order to realize the second possibility. The dynamics of this process has involved a shift within the content of democracy, namely from the democracy of citizens provided with political and civil rights to the democracy of propertied citizens. In other words, the democracy of the New Right favors market relations at the expense of political relations of the decision-making process.

The second dimension could be taken within the conceptualization of Mulgan regarding the anti-politics era. According to Mulgan, the anti-politics era is the result of the process of the weakening and degeneration of the modern political actors. Given the decrease of the effects of collective identities such as class and nation, and of the corresponding ideologies and institutions, this era has two significant characteristics: the increase of the effects, first, of political tendencies concerning the specific problems, such as gender and ecology, in lieu of "Politics", with a capital letter; and second, of media and the "techniques of public opinion production."²¹ Mulgan argues that even conservatism has been politicized in that sense.²¹

²¹ Geoff Mulgan, *Antipolitik Çağda Politika*, trans. by Abdullah Yılmaz, (İstanbul: Ayrıntı Yayınları, 1995), pp. 29-34.

Dubiel also indicates the very specific kind of politicization of conservatism. For Dubiel, conservatives felt attacked by the radical movements and began to defend their elitist thesis threatened by these movements politically.²² What determines conservative claims today is their increasing normative tones at the expense of their previous claims of being objective. However, this kind of politicization renders possible that conservatism claims and acts as a hegemonic project.

New Right in Power

New Right took power in the USA and in the UK at the beginning of the 1980s. In accordance with the aim of this thesis, these experiences will not be considered in detail. Instead, for very practical reasons, the relations among the New Right, the state and democracy will be discussed.

The debate on the weakness of English capitalism held by the outstanding figures of the English left such as Perry Anderson and Tom Nairn gained crucial importance, especially after the mid-seventies. Although, in general, this can be attributed to the crisis of capitalism in the seventies, the specific ideological crisis of the English left should also not be ignored. Because, in England, it was the crisis of Welfare State policies and English moderate left, which was one of the significant bearers of these policies that could not cope with crisis. With the mid-seventies, the march of Thatcher to power had begun.

²² Helmut Dubiel, *Yeni Muhafazakarlık Nedir*, trans. Erol Özbek (İstanbul: İletişim Yayınları, 1998), pp. 67-68.

In fact, this crisis can be traced back to the sixties. In those years, again, the decline of the English economy had begun to be subject of discussion and a new economic program based on state intervention through institutions such as the National Economic Development Council and the National Income Commission to be implemented. As Gamble remarks for the 1964 elections, “The election was remarkable for the closeness of the policies of the parties. All three main parties subscribed to the need for substantial modernization of British Institutions to enable Britain to restore competitiveness and improve the rate of economic growth.”²³ In those years, Labor became the natural governing party of the crisis by being in power between 1964-1970 and 1974-1979. The capital accumulation regime implemented by Labor was based on a trivet, which could be taken as a corporatist pact among state, capital and labor representatives. The result of these types of corporative arrangements may be generalized as a mode of governance “without suitable forms of ‘democratic’ consultation and/or regulation corresponding to different spheres and forms of state intervention, the effectiveness of state policies is undermined and their legitimacy is questioned. This was increasingly true of Britain in the sixties and seventies.”²⁴

Instead of Labor, which had been in power in the sixties but had failed to implement policies towards recovery due to the high rates of inflation, the Conservatives took power in 1970. But they also have failed to create a much more competitive industry thanks to the resistance of the trade unions. Henceforth, the problem for governments began to concern their capability and authority. In short,

²³ Andrew Gamble, *The Free Economy and the Strong State* (Hon Kong: MacMillan, 1989), p. 68 .

²⁴ Bob Jessop, , Kevin Bonnett, Simon Bromley and Tom Ling, *Thatcherism: A Tale of Two Nations* (Cambridge: Polity Press, 1988), p. 44.

the responses of the Labor and Conservative governments extended the borders of the crisis rather than confronting it.

Hall proposes that we consider the crisis from a multi-dimensional viewpoint. According to Hall, first of all, this was the crisis of English capitalism owing to the low level of its industrial modernization in comparison with other industrialized capitalist countries. The second dimension of the crisis concerned the lack of a hegemonic political actor that would realize the structural transformation through ensuring class alliances. Another dimension was about the crisis of the state. For Hall, thanks to the enormously increasing intervention of the state into the economic sphere, the frontiers between state and civil society became problematic, which resulted in the overpoliticization of the state apparatus. In addition, the loss of political legitimacy both of Labor and the Conservatives and the ideological crisis in relation to the consensus of Welfare State policies made it difficult to sustain the balances within the limits of existing structures.²⁵ Hall's insistence on the multi-dimensional analysis of the relevant subject is based on his strong critique of the economist and reductionist approaches. In that respect, Hall shares the Gramscian viewpoint.

The hegemony analysis approach framed by Gramsci appeared as a critique of economist-reductionist approaches prevalent in Marxist literature. Taking the conceptualization of "base and superstructure" as real rather than analytical, the economist-reductionist approaches tend to interpret all ideological and political dynamics as reflections of the economic base. However, for Gramsci, rather than analyzing base and superstructure as separate things, Marxist analysis prefers to comprehend how they come together and create the historical integrity. According to

²⁵ Stuart Hall, *The Hard Road to Renewal: Thatcherism and the Crises of the Left*, (London&New York: Verso, 1990), pp. 30-35.

him, the integration between base and superstructure is not based on an automatic mechanism and should be established politically and ideologically in accordance with historical juncture. Hence, ideology and politics are not reflections of the economic base, but constitutive elements of the relevant historical juncture. The subordination to the dominant class is based not only on economic power but also on its ideological, political and moral superiority:

Gramsci warns us that organic crises of this order erupt not only in the political domain and the traditional areas of industrial and economic life, and not simply in the class struggle, in the old sense; but in a wild series of polemics and debates about fundamental sexual, moral and intellectual questions, in a crises in the relations of political representation and the parties- on a whole range of issues which do not necessarily, in the first instance, appear to be articulated with politics in the narrow sense at all. That is what Gramsci calls the crises of authority, which is nothing but 'the crises of hegemony or general crises of the state'.²⁶

From that viewpoint, Hall claims that Thatcherism was a hegemonic project. According to him, Thatcherism understood that it should take the power not only in the economic-corporate but also in the ideological, political and moral fields and reframed the social organization in its integrity. Its objective was to establish a new commonsense. In that sense, Hall suggest calling the Thatcherite project "authoritarian populism." This will be discussed later in detail and it will be revealed that he was inspired by Poulantzas' conceptualization of "authoritarian statism", which indicates new tendencies concerning the capitalist states that emerged in the seventies. According to Gamble, Poulantzas' concept has a crucial bearing on the way Thatcherism itself has been explained:

Faced with the need to modernize the economy and society, governments experimented with programs designed to widen the basis of consent for measures of state intervention, such as prices and incomes policies and public investment policies. In some countries such programs were successful, but in others –Britain is a leading example- the policies failed to gain sufficient co-operation from either labor or capital. This brought a shift away from consent

²⁶ Ibid, pp. 167-168.

towards coercion. The state took new powers to impose its policies; gradually the democratic aspects of political life began to be eroded and every base of independent countervailing power to the state came under threat²⁷.

Although the roots of “authoritarian statism” can be traced back to the years of social democracy, radical steps towards a reorganization of the state-society relationships were taken during the Thatcher years. In that respect, Thatcherite policies could be taken as the radicalization of these tendencies. For that reason, it is of crucial importance to comprehend these tendencies within a wider perspective, namely the increasing autonomy of advanced capitalist states thanks to their enormously expanding fields of intervention.

Overloaded State

As the main figure of the Public Choice School, Buchanan says there is something upon which left and right-wing intellectuals agree: the state has been trying to do many more things than it can do effectively.²⁸ This is true, if the leftist literature on the crisis of capitalism in the late sixties and seventies is taken into account. Regarding the crisis of capitalism in the seventies, Marxist writers mostly argued that the states in developed capitalist countries were in a state of hypertrophy, in other words, overloaded. By scrutinizing the works of some Marxist writers such as Mandel, O’Conner, Habermas and Poulantzas in the seventies, regardless of their different standpoints, one could easily come to the conclusion that they shared the main idea that the capitalist state was becoming increasingly autonomous thanks to its increasing interference in the social and economic spheres. For all of these

²⁷ Gamble, *The Free Economy*, p. 182.

²⁸ David Braybrooke, “Contemporary Marxism on the Autonomy, Efficacy, and Legitimacy of the Capitalist State”, in Benjamin, Roger and Stephen L. Elkin. (eds.), *The Democratic State*, (University Press of Kansas, 1985), p. 70.

writers, the greater activity and ambition of the state in late capitalism was a common ground.²⁹ Rather than coping with it, the idea that the interference of the state was worsening the crisis and deepening it to the crisis of politics, legitimacy, and even the state is also another viewpoint shared by them. Moreover, they also argued that by being confined to the corridors of the bureaucracy, the decision-making processes of classical liberal democracies have been curtailed thanks to the increasing autonomy of the state, which means the curtailment of social and political participation and control mechanisms.

Another report, this time from the right-wing intellectuals, published in the same years is worth mentioning. It begins with a crucial question: "Is political democracy, as it is exists today, a viable form of government for the industrialized countries of Europe, North America and Asia?"³⁰ This report prepared for the Trilateral Commission, seems to reveal the suspicions of liberal and conservative circles concerning the future of democracy in developed capitalist countries and underlines four points: The delegitimation of authority generally and the loss of trust in leadership, the overloading of the government and the imbalanced expansion of governmental activities, the desegregation of interests and the decline and fragmentation of political parties, nationalistic parochialism in foreign relations because of the responsiveness of democratic government to the electorate and to societal pressures.³¹

According to the report, attacks of the "egalitarian, individualistic, populist, and impatient" movements on the modern liberal institutions should be related to the structural transformation of advanced societies. The decline of the collective

²⁹ Ibid, p. 68.

³⁰ Michel Crozier, Samuel P. Huntington and Joji Watanuki, *The Crises of Democracy* (New York University Press, 1975), p. 2.

³¹ Ibid, p. 161.

identities such as class and nation, which mediated between society and institutions in favor of new and micro-interests and identities, is the main reason for the destruction of political authority. The disintegration process within society has also weakened the political authority by destroying its social foundations. Despite the decline of its social legitimacy, states in advanced capitalist countries, in order to stop this tendency, have undertaken more and more social and economic responsibilities, which has resulted in the overloading of the state apparatus. Due to this dilemma, the state was worsening its position by its own functioning because its interference into the social and economic sphere has begun to result in the deepening of the social disintegration. In short, the structural transformation of advanced capitalist societies have stuck liberal institutions in a structural crisis and rendered possible the collapse of liberal democracies. The report suggested calling the crisis of these societies as a state of “ungovernability.”

The concept of ungovernability has gained a popular level of usage, especially since the mid-seventies. Taking this as the revival of conservative crisis theories, Offe claims that this conservative attack achieved the jettisoning of all left-wing explanations out of the agenda. Although, left-wing explanations tend to put the crises of advanced capitalist societies within the conceptualizations of “fiscal crisis”, “legitimacy crisis” or “structural inequality”, the conservative attack has attempted to redefine all of the problems of these advanced societies by reducing them to the crisis of “governability.”³²

As Offe writes, the most conspicuous characteristic of the “ungovernability” approach is its silence on the concrete points of conflict. Because of the insistence of the conservative approach on the reduction of demands and expectations concerning

³² Claus Offe, “Yönetilemezlik: Muhafazakâr Kriz Kuramlarının Yeniden Doğuşu”, *Cogito*, 27 (Summer 2001), p. 44.

the individual and collective reproduction of labor, Offe claims that what underlies this approach is a class struggle between the political claims of labor and capital with regard to their different strategies of reproduction.³³

What the conservative approach to the crisis did was define the gap between the capacities of democratic governments and increasing and changing the demands of democratic societies as the illness of democracy and from this starting point, to lay the foundations of a new political agenda with the aim of cutting off the existing forms of relationships between political “demands and supply”. The multi-dimensional content of the demand side also reveals the multi-dimensional content of this political agenda, such as implementing new regulations in order to reduce the burden of the state and new administrative filter mechanisms regarding the political and social demands or advocating disciplinary communitarian structures with the aim of consolidating the authority over social life.³⁴ Jessop also draws attention to a similar process: “There is concern about overloaded government (to be resolved through government withdrawal from key areas of economic, social and intellectual activity) and about the threats to capital accumulation posed by radical left-wing parties (to be resolved through restricting the powers of elected assemblies and transferring crucial functions to independent and/or technocratic bodies that can be insulated from popular control)”³⁵.

Also Poulantzas, one of the leading figures of Marxist literature on state theory, underlined the same tendency in his last work. This work of Poulantzas, *State, Power and Socialism*, appears as a suitable source for the aims of this thesis

³³ Ibid, p. 58.

³⁴ Ibid, pp. 47-54.

³⁵ Bob Jessop, *State Theory: Putting the Capitalist State in its Place*, (Cambridge: Polity Press, 1990), p. 188.

with its inclination to pose the subject within the context of internationalization of capital and its effects on the existing institutions of liberal democracy.

Poulantzas on Authoritarian Statism

Poulantzas' approach is based on the analysis of advanced capitalist countries. Although, as Poulantzas says, all countries to the extent they are placed within the reproduction chain of international capital are affected by this tendency, it would be wrong to generalize it.³⁶ Another crucial point for Poulantzas is that one should not be forgotten that these are only tendencies.

Like others, Poulantzas indicates the extension of state intervention: "the space of the state expands and changes to the extent that whole areas of the valorization of capital and reproduction of labor power (the areas of public and nationalized capital, amongst other) are directly inserted in the State."³⁷ For Poulantzas, this extension has not brought the strengthening of the state, but its weakening because it has subordinated all elements of socio-economic field to the interests of capital accumulation. In other words, capital accumulation oriented interventions have extended the economic crisis into the domain of politics.

What makes Poulantzas' approach more valuable is its insistence on the parallelism between the internationalization of the capital and the transformation of existing institutions. In this way, Poulantzas goes one step further in the face of analyses that take this tendency within the boundaries of the interventions of Welfare State policies and finds the theoretical relations between the ongoing tendency and the globalization process. According to Panitch, this is the point that makes

³⁶ Nicos Poulantzas, *State, Power, Socialism* (London & New York: Verso, 2000), p. 204.

³⁷ *Ibid*, p. 168.

Poulantzas analysis a current one. Panitch argues that the legacy of Poulantzas still provides us the conceptual building blocks we need to develop a theory of globalization:

Poulantzas' outstanding contribution was to explain: (i) that when multinational capital penetrates a host multinational capital, it arrives not merely as abstract 'direct foreign investment', but as a transformative social force within the country; (ii) that the interaction of foreign capital with domestic capital leads to the dissolution of the national bourgeoisie as a coherent concentration of class interests; (iii) but far from losing importance, the host state actually becomes responsible for taking charge of the complex relations of international capital to the domestic bourgeoisie, in the context of class struggles and political and ideological forms which remain distinctively national even as they express themselves within a world conjuncture.³⁸

In the conditions of the internationalization of capital, the relations between the crisis and state intervention can be taken within several dimensions. According to Poulantzas, the characteristic of this era is that the conflicts within the power bloc are shifted from the monopoly versus non-monopoly distinction to another domain of conflict. Poulantzas insists that new conflicts among the capital segments, which are between the capital integrated with the international capital and the others subordinated to it, cross over the conflict between monopoly and non-monopoly capital:

A new division is appearing between, on the one hand, what I have called the domestic bourgeoisie (which, while being linked to foreign capital and thus not constituting a truly national bourgeoisie, nevertheless enters into significant contradictions with it) and, on the other hand, a bourgeoisie entirely dependent upon foreign capital. I am speaking now of a tendency of division, which does not always coincide with the split between monopoly and non-monopoly capital, often traversing both from one end to the other.³⁹

Poulantzas claimed that the state that protects certain segments of capital through selective aid to individual capitals, the devalorization of sections of capital etc. begins to lose its relative autonomy, which is the reflection of the general

³⁸ Leo Panitch, "The New Imperial State", *New Left Review*, (March-April, 2000), pp. 8-9.

³⁹ Poulantzas, p. 212.

interests of capital and “repoliticizes” through interventions the domains of consensus that were established in the Keynesian era. In addition to that, the state also politicizes the popular interests by intervening in fields such as education and health in favor of capital, so, these fields of interest became the domain of political struggle.⁴⁰

It is obvious that for Poulantzas what has been occurring is not the strengthening of the state. The state, while striving to consolidate its position, in fact, was transforming its base into a domain of political struggle. The state has lost its mediating position among the social actors as the Welfare State regulations have become institutionalized. Whether for the part of capital sectors or labor, the state has become the domain of struggle. The hegemony of the bourgeoisie in advanced societies ensured by the autonomy of the state has gained a breakable characteristic: “Taken as a whole, these factors define a structural characteristic of the present phase: namely, “the hidden but permanent instability of the bourgeoisie’s hegemony in the dominant countries.”⁴¹

This is the point where Poulantzas’ analysis begins because his main problem is to figure out the new form of state and its relationship with the idea of democracy. He starts with the definition: “For want of a better term, I shall refer to this state form as *authoritarian statism*. This will perhaps indicate the general direction of change: namely, intensified state control over every sphere of socio-economic life combined with radical decline of the institutions of political democracy and with draconian and multiform curtailment of so-called ‘formal’ liberties, whose reality is being discovered now that they are going overboard.”

⁴⁰ Ibid, pp. 212-213.

⁴¹ Ibid.

Poulantzas prefers to explain this change through the analysis of the main actors of liberal democracies. First, by taking the relations among executives, the bureaucracy, government and parliament into account, Poulantzas indicates the strengthening of a circle involving the high ranks of the economy bureaucracy and the minister responsible for economy governance at the expense of the others, especially of the legislature power. The decrease of the power of the parliament also indicates a shift concerning the idea of legitimacy: "That legitimacy embodied by parliament which had as its frame of reference a universal rationality is gradually passing over into a legitimacy characterized by the instrumental rationality of efficiency and embodied by the Executive-administration."⁴²

What makes the parliaments less powerful has been the process of the implementation of laws by the executives. As Poulantzas writes: "this is the stage of decrees, judicial interpretation and civil service adjustment."⁴³ In fact, what Poulantzas talks about is the curtailment of the power of the law, which is understood as the embodiment of the national will founded by the legislature power. The gaps between the essence of the law and its implementation fulfilled by the executives and/or some special regulations such as governmental decrees that skip the legislature power are the points noticed by Poulantzas.

What is more interesting is the parallelism between the strengthening of the executive power and the intensification of power within the administrative apparatus. An exclusive bloc that consists of the high ranks of the administrative bureaucracy, some members of the cabinet and their staff get the control of all bureaucratic mechanisms and/or paralyze them. According to Poulantzas, this process transforms

⁴² Ibid, pp. 218-219.

⁴³ Ibid.

the position of the bureaucracy from an institution that reflects the consensus among nation-wide interests to the direct means of this high-rank administrative bloc. What underlies this process, as was mentioned before, is the new role of the state in favor of a certain segment of capital. Both the demands of capital segments that could not integrate with international capital and of the popular segments are excluded from the decision-making and implementation processes by the disfunctioning of the conventional institutions such as the parliament and bureaucracy that could be taken as the embodiment of the social and political struggles and of their results. The reorganization of the state as such is, for Poulantzas, the first level of authoritarian statism.

The second level of authoritarian statism concerns the nature of the relations between the state and political parties. One of the main characteristics of liberal democracies, namely the pluralistic party system, for Poulantzas, can only be sustained if there is an organic distance between the state and political parties.⁴⁴ But what is going on is the opposite. A new type of party called by Poulantzas as dominant mass party, in fact, is a state party par excellence.

According to Poulantzas, this party has two main functions. The first one is to control the bureaucracy that is ensured with the convergence of the cadres of the bureaucracy and the party. This convergence occurs through the appointments of advocates of the party to crucial positions in the bureaucracy and opening the party to the high-rank cadres of it and putting an end to the fictive distinction between the political will and the bureaucracy. For Poulantzas, it means the degeneration of the pluralistic party system because it urges political parties to integrate with the state apparatus; they either do it or lose their ability to control the state apparatus.

⁴⁴ Ibid, p. 231.

The second one is to produce legitimacy. For that reason, the dominant party should be a mass party and ensure the legitimacy of the high-ranking administrative bloc by elections that are transformed, in fact, to a plebiscite. In this sense, it is possible to say that politics loses its meaning rather than be clogged by the new implementation discussed above. Or in other words, there is a parallelism between them: intensification of decision-making processes within the narrow circles brings the disgracing of politics. Poulantzas claims that the responsibility of the mass party is to control this disgrace process and to form new types of the production of popular consent.

As a result, for Poulantzas, it is possible to refer to a new state of the state apparatus. In fact, it is possible to grasp the process of authoritarian statism as the duplication of the state, namely the official state and the structure in question, within a functional overlapping and constant symbiosis:

The obscuring of each state branch or apparatus (army, police, judicial system etc) through dislocation into formal and clearly visible networks, on the one hand, and nuclei under the tight control of the Executive summit, on the other; the constant displacement of the real power centers from the former to the latter...the massive development of parallel state networks of a public, semi-public or para-public character-networks whose function is to cement, unify and control the nuclei of the state apparatus and whose creation is directly orchestrated by the commanding heights of the state in symbiosis with the dominant party⁴⁵.

All in all, for Poulantzas, authoritarian statism emerges from the structural changes within the liberal democracies. It has characteristics different both from it and exceptional types of the capitalist state such as the fascist state:

greater exclusion of the masses from the centers of political decision-making; widening of the distance between citizens and the state apparatus, just when the state is invading the life of society as a whole; an unprecedented degree of state centralism; increased attempts to regiment the masses through 'participation' schemes; in essence therefore, a sharpening of authoritarian character of political mechanisms⁴⁶.

⁴⁵ Ibid, p. 239.

One of the most interesting criticisms of Poulantzas comes from Hall, as was discussed above in short. Hall claims that Poulantzas fails to explain the mechanisms of the articulation of the social dissatisfaction to a hegemonic project.⁴⁷ According to Hall, Poulantzas' mass party-oriented explanations are insufficient and a comprehensive social analysis should also shed light on how the popular consent has been organized. Although Hall's approach is not directly related to the aims of this thesis, considering it in short will be useful for understanding the New Right strategy in its wholeness.

Hall on Authoritarian Populism

For Hall, the crisis of social democracy cannot be taken easily as an economic crisis. Social democracy, by reducing its social policies to the bargaining process among representative or social actors has also lost its moral leadership. In short, the crisis of social democracy is multi-dimensional, and therefore, the New Right should be taken into account as a comprehensive response to all aspects of this crisis. By emphasizing the idea that the crisis of hegemony introduces new possibilities for new hegemonic projects, Hall argues that the Right in England has become increasingly powerful by articulating the different struggles followed throughout the seventies into one hegemonic project. By criticizing Poulantzas for his quietness on the ideological aspect of this process, Hall prefers to use the conceptualization of authoritarian populism.

These struggles followed throughout the seventies shared the position of being the opponents of social movements called, as mentioned before, by the

⁴⁶ Ibid, p. 238.

⁴⁷ Hall, p. 152.

Trilateral Commission “egalitarian, individualistic, populist, and impatient”, which influenced Britain during the same era. The success of English New Right was based on its achievement of articulating the discontent of the middle-classes, embodied especially in the character of the “shopkeeper”, in the face of these movements. The social and political phenomenon of seventies such as worker strikes, the IRA, socialism, feminism, and hippies gave the neoconservatives the opportunity to define themselves as the center of opposition to these “destructive” movements. Based on this opposition between the so-called values of the middle-class English family and these social movements, neoconservative arguments tended to consolidate the former in order to strengthen the social discipline.

Moreover, another field of opposition was concerning Welfare State policy supporters. Thatcherism, while defining these policies as parasite producers, emphasized its belief in the potentials of ordinary people. In the declaration for the 1979 elections they placed the paternalist, bureaucratic and interventionist state as the opposite of the “personal responsibility and national success based on self-reliance and self-confidence.”⁴⁸ In fact, it was a classical conservative attitude.

According to conservatives, excessive state intervention not only destroys the natural flow of life but also harms the state authority itself. As Poulantzas indicates, increasing state intervention would hollow out its organizer position and weaken its authority by transforming it into a sphere of conflicting interests. The conservative attitude, of which the classic form can be found in Burke, advises that the state should avoid interventions that would distort the organic functioning of society. Defining the market as the base of this organic life is the point where liberalism and conservatism converge on each other. In that respect, the New Right proposed a

⁴⁸ Michael Freedon, *Ideologies and Political Theory*, (Oxford: Clarendon Press, 1996), p. 388.

restoration with the aim of causing this English citizen to gain an entrepreneurial spirit with the feeling of self-confidence eroded during the Welfare State era. In fact, this was a shift in the imagination of the citizen.

As Louse Phillips -through the discourse analysis of Thatcherite texts - indicates: "Thatcherism was created through the production of new subjects positions such as that of the consumer, the tax-payer and one of the British people"⁴⁹ that are mostly entitled to be as the bearer of the right to choose. These new subjects' positions were about changing the content of the citizen-individual, and thus, about the meaning of democracy. This aim revealed itself thus in the declaration for 1987 elections: "Our goal is capital-owning democracy of people and families who exercise power over their own lives in a most direct way."⁵⁰ It would be appropriate to finish this part by quoting Freedon's interpretation: "Democracy is associated with property-ownership in a manner reminiscent in tone, if not in detail, of its nineteenth-century association with the franchise. This time, however, the link is established through a variant on economic democracy, a system whose units are described not as citizens or voters but as owners."⁵¹

Considerations on Developing Countries

Before beginning with the case of Turkey, it would be useful to problematize the assumption that the tendency considered above has been prevailing in advanced capitalist countries. As mentioned above, Poulantzas claims that also other countries

⁴⁹ Louse Phillips, "Hegemony and Political Discourse: The Lasting Impact of Thatcherism", *Sociology*, 32/4 (1998), p. 852.

⁵⁰ Freedon, p. 392.

⁵¹ Ibid.

to the extent they are placed within the chain of the international reproduction of capital have been exposed to the effects of this kind of tendency: "Of course, these changes affect every capitalist country insofar as they have their origin in the current phase of international reproduction of capitalism," but then he adds, "thus, in the zone of dominated countries, for example in Latin America, we are witnessing the emergence of a new form of dependent State which, itself manifested in diverse regimes, involves significant points of dissimilarity with the new form of State in the dominant countries."⁵² One should pay attention to the differences Poulantzas indicates. It is not difficult to assume that these countries would gain a different form of state due to their special modes of articulation with international capitalism, fragile political institutions, and the ongoing effects of military interventions.

But the point which should not be omitted is that capitalism responded to its crisis in the seventies through the reorganization of itself on an international scale, especially after 1980. The reorganization of the articulation of peripheral countries to the world economy has entailed not only economic reforms but also the restructuring of the state apparatus ensured by structural adjustment programs of the World Bank. If it is possible to say that the neoliberal consensus gained a global effect during eighties, then, without doubt, it was a consensus on the necessity of the reorganization of state-society relations. Reforms such as austerity programs, reducing the taxes on capital, and expenditures on public services were implemented through structural changes in the relationship between the state and society, which brought on structural transformation of the state apparatus.

According to Schamis, these structural changes were implemented in Latin America during the military regimes that reigned in seventies. He claims that

⁵² Poulantzas, p. 204.

O'Donnel's approach, namely the conceptualization of "bureaucratic authoritarianism", can not be used to comprehend the seventies although it has some implications for the sixties. The regime in the seventies was different on two significant points from the bureaucratic authoritarianism of the sixties. First, the state in the sixties had been formed due to the necessities of the program which aimed to deepen industry, in other words, to transform the industrial base of the country in order to gain the ability to produce technology-intensive goods. For that reason, the state functioned in accordance with the investment projects of the Import Substitute Industrialization (ISI) strategy. Schamis indicates that the military regimes in the seventies abandoned this role: "The military abandoned their concern with the development of industrial complex and its orientation toward a state-led economy."⁵³ The second difference of the regimes in the seventies concerns the relationship with the popular sectors. The bureaucratic authoritarian regimes followed a bilateral strategy: While the popular sectors were excluded from the political sphere, they were included through regulations functioning also as control mechanisms, such as the participation of trade unions in the corporatist bodies. The military regimes, too, put an end to this partial inclusive mechanisms: "In the 1970s, since collective representation as such was illegal, and corporatism was irreconcilable with a social order intended to be regulated by mere market relations, the incorporative devices were abandoned." According to Schamis, these military regimes implemented current neoconservative policies in a more authoritarian way:

Rather than finding ideological sources or political inspiration from the indigenous bureaucratic authoritarian experiences of the past, these regimes had other sources. Their policies display a striking similarity to the neoconservative projects of some advanced industrial countries. Issues such as 'ungovernability', 'crises of the state', 'demand overload', and others were

⁵³ Hector E. Schamis, "Reconceptualizing Latin American Authoritarianism in the 1970s", *Comparative Politics*, (January 1991), p. 210.

part of the southern cone agenda even before Reagan and Thatcher engineered their own 'conservative revolutions.'⁵⁴

As mentioned before, the neoconservative prospect was based on a certain type of conceiving the crisis: It was the crisis of the state that was overloaded. "What is to be done" was to transform the state in accordance with structural adjustment and economic programs and found "a more bureaucratically capable and entrepreneurially-oriented state apparatus."⁵⁵ The solution for the problem of an extravagant state proposed by the neoconservative/neoliberal orthodoxy was based on the consolidation of market discipline that was supposed to function on a global scale. Poulantzas' and Hall's approaches consider two different aspects of this discipline: on the one hand, it was aimed to consolidate the market discipline ideologically, and on the other hand, it was institutionalized through the restructuring of the state apparatus. This restructuring process brought about the transformation of the logic of governance: "capitalist globalization involves a shift in power relations within states that often means the centralisation and concentration of state powers as the necessary condition of and accompaniment to global market discipline."⁵⁶

The main objective of this thesis is to consider the results of this process with regard to democracy. It can be said that the debate on democracy, in countries of Latin America and Turkey, has been confined to the sphere of political democracy and the effects of neoliberal/neoconservative implementations upon democracy have been omitted thanks to the immediate agenda put by the military regimes. In that respect, it is possible to claim that what Poulantzas ascribes to the advanced societies

⁵⁴ Ibid, p. 202.

⁵⁵ William Graf, "The State in the Third World", in Panitch Leo (ed.), *The Socialist Register 1995: Why not Capitalism*, (London: Merlin Press, 1995), p. 150.

⁵⁶ Leo Panitch, "Globalisation and the State", in Miliband Ralph and Leo Panitch (eds.), *The Socialist Register 1994* (London: Merlin Press, 1994), p. 64.

is also valid for these countries: "Now, over and above the limitation and transformation of the institutions of political democracy, what characterizes contemporary societies is the growing distance between political democracy and socio-economic democracy."⁵⁷ What Poulantzas emphasizes is, in other words, to accept the economic policies as out of the realm of political debate, which results in the consolidation of the practice of two-track polities:

This is the tendency to move towards creating two-track polities, i.e. polities with a democratic and not-so-democratic track. More specifically, many new democracies are likely to want to restrict democratic practices to the political arena, whereby periodic elections bestow legitimacy upon new rulers. After that, however, once in power, these rulers will want government decision making to be as free of political pressures- especially from the popular sectors-as possible. This decision-making autonomy will be deemed essential for pursuing the not-so-popular economic reform programs. If institutionalized, this two-track polity – democracy in politics but not in government- would offer the new rulers their best chance of reconciling the contradictory goals of democracy and strong executives capable of sustaining economic rationality.⁵⁸

Petras gives details of the same process experienced in Latin America. One of the best examples of strengthening the executive power in the face of the legislature power has always been the implementation of governmental decrees. It is worth giving some statistics about that. Between 1980-1989 the number of decrees implemented by the government in Peru reached 2,144; within the same period, the number of laws enacted by the parliament was 1,639. The same government implemented between 1985-1989, 207 decrees concerning economic issues.⁵⁹ The process in Argentina was not different. While the Alfonsín government took power after the military regime passed significant decisions concerning the economy

⁵⁷ Poulantzas, p. 215.

⁵⁸ Atul Kohli, "Democracy amid Economic Orthodoxy: Trends in Developing Countries", *Third World Quarterly*, 14/4 (1993), p. 683.

⁵⁹ James Petras, and Steve Vieux. "The Transition to Authoritarian Electoral Regimes in Latin America", *Latin America Perspectives*, 83 (Fall 1994), p. 8.

through governmental decrees. Its successor, the Menem government, followed the same way and routinized their use and thus reinforced Argentina's already strong presidentialism."⁶⁰ By stabilizing the parliamentary opposition through governmental decrees, although it had the majority in the Parliament, creating judicial institutions directly controlled by the executive power and eliminating the control mechanisms within the bureaucracy, Menem established a powerful presidency.⁶¹ Petras' quotation from the political adviser of the *Union Industrial Argentina* depicts the situation in short: " 'The parliament does not deal with any fundamental problem of the country' adding that the best way to solve a problem was to talk with high-ranking executive officials in the economic or finance ministries."⁶²

As can be seen, the process in Latin America resembled that in the advanced capitalist countries mentioned in Poulantzas work, such as the strengthening of the executive power at the expense of the legislature power, the intensification of the executive power within the high-ranks of the political and administrative cadres in charge of economy, and the transformation of mass-politics to a scheme of participation.

Conclusion for the First Chapter

It is mostly underlined by Poulantzas that the authoritarian system is a model of understanding. And as it is obvious it is a comprehensive one. Poulantzas' concerns for the mentioned process range from the changing structure of political system to the emergence of new types of subjection of individuals that are not

⁶⁰ Ronaldo Munck, "A Thin Democracy", *Latin America Perspectives*, 97 (November 1997), p. 11.

⁶¹ Miguel Teubal, "Structural Adjustments, Democracy and the State in Argentina", in Fernandez, Alex E. And Andre Mommen (eds.), *Liberalization in the Developing World: Institutional and Economic Changes in Latin America, Africa and Asia*, (London and New York: Routledge, 1996), pp. 212-213.

⁶² Petras, p. 9.

discussed here because of their irrelevance to the core of this thesis. But also the range involved in this chapter is a wide one for the limited aims of this work. What is intended by this broad explanation has been to comprehend the theoretical model of Poulantzas in its integrity, at least its sections concerning the restructuring of the domain of politics. Thus, we will confine ourselves to the concerns of the model that are about the changing balances within the state apparatus and especially on the special type of strengthening of the executive power.

In short, the following chapters of the thesis will focus on the transformation process in Turkey with regard to some of the changes that emerged within the state apparatus. Without doubt, the objective will be not to prove that the state after the 1980 coup d'état has become an authoritarian state as is outlined in this chapter theoretically. Rather, the following chapters aim to understand the changing relationship between state and society that emerged after the coup d'état with regard to the implications of the model of authoritarian statism.

CHAPTER II

HISTORICAL BACKGROUND:

THE AGENDA OF THE EX-RIGHT: WILL TO STATE POWER

In this chapter, we will focus on the sixties and seventies in order to understand the historical roots of the neoliberal agenda put into practice in the eighties. Thus, understanding the policies of the Justice Party (JP) is of crucial importance because, to some extent, the very reasons for the Motherland Party's policies that will be discussed in the third chapter lay in the mission undertaken by the JP in the sixties and seventies. This mission could be taken in short as a persistent strategy of regaining state power that is dispersed institutionally according to the 1961 Constitution, enacted after the 1960 coup d'état.

Although this thesis aims to limit itself to understanding the mechanisms that reshaped the relationship between state and society, this chapter will examine the roots of this subject from a more broad perspective. Henceforth, also, the political discourse of the JP will be taken into consideration. But, at the core of this chapter lies the aim to comprehend the historical reasons of the crisis that emerged in the late seventies and its meaning for the further policy implementations of the New Right in Turkey.

The Agenda of the pre-1980 Period: Strengthening the Executive Power

It was I who said in 1969 that Turkey could not be governed with this Constitution. Eleven years have passed. A significant part of the new measures that we thought of adding to the Constitution with our 1969 Election Declaration has been realized during the 1971 crisis. But the dose of some of them was insufficient. It is not enough to prescribe the medicine, it should be prescribed in its proper dose.⁶³

These words belong to Süleyman Demirel, who was the Prime Minister of Turkey at that moment, and in fact, who may be regarded as the “natural Prime Minister” of Turkey between 1965 and 1980, if the extraordinary regime between 1971-73 and the short-term Ecevit governments, of which even the total period did not exceed two years, are omitted. As a matter of fact, regarding the crises of regime discussed throughout the 1970s, this short quotation gives not only a brief history of the seventies but also insights for the military regime after the 1980 coup d'état, because it would be this military regime that came to the conclusion for “prescribing the proper dose.”

From 1969 to 1980, one of the main items of the agenda of not only the JP but also almost all right-wing circles was to change the 1961 Constitution, with the aim of increasing the executive power. The declaration of the JP for the 1969 elections can provide us with insights for understanding the political claims the center-right made throughout the seventies.⁶⁴ In short, these were about, first, consolidating the authority of the government in institutions given autonomy by the 1961 Constitution, such as the universities and the Turkish Radio and Television Company, in order to control and supervise them in a more strict way; Second, the

⁶³ *Milliyet*, 24 March 1980.

⁶⁴ Adalet Partisi, *Seçim Beyannamesi 1969*, (Ankara: Adalet Partisi Genel Merkez Yayınları, 1969).

reorganization of the high-rank judiciary institutions in order to put an end to the so-called tendency of governance by judges (*Hâkimler Hükümeti*). What was more stressed was the prevailing authority of the adjudicatory power. It is claimed that the agencies of the adjudicatory power were using their authority in an arbitrary way and chose to implement the sentences of the Constitution and laws by interpreting them regardless of their essence;⁶⁵ Third, strengthening the executive power through some new arrangements, such as the implementation of governmental decrees or revising the procedure of general questioning in parliament.

With the aim of curtailing the autonomy of the institutions under consideration, in the same declaration, the JP offered some new arrangements, such as reframing the autonomous institutions, the reorganization of the High Council of Judges (*Yüksek Hakimler Kurulu*), revising the way of election of members of the Council of State (*Danıştay*), and accepting the principle of the appointment of prosecutors by the government. In other words, after 1969, the JP government's complaints about the frame of the 61 Constitution were based on the idea of reconsolidating the executive power and strengthening its position vis-à-vis the other liberal democratic institutions.

In that respect, it is worth considering the peculiarities of the Turkish center-right's comprehension of democracy. In the declaration mentioned above, the reason for these proposals was stated as the necessity of a more consolidated and efficient executive power in order to struggle against communism and other illegal movements in a more efficient way.⁶⁶ However, at the very base, it may be argued that this doubtful attitude towards the non-elected institutions was related to the

⁶⁵ Ibid., p. 13.

⁶⁶ Ibid, p. 9-10.

Turkish center-right's comprehension of democracy: "The definition of democracy, from the very beginning, by the center-right as 'the real representation of the nation' is a crucial factor in the formation of its peculiar understanding of democracy."⁶⁷ According to this populist comprehension, democracy is the direct relationship between the people and their elected representatives. Indeed, the elections are considered as the manifestation of the national will (*milli iradenin tecellisi*) and although not rejected discursively, the non-elected institutions of liberal democracy are regarded as secondary. In other words, democracy is taken as the embodiment of the national will expressed through elections. This will, which is regarded as the base of the power culminated within the state, could not be dispersed:

Hence, the manifestation of the national will with the aim of determining and assigning the political power could not be taken as the election of members of Parliament. The national will manifests itself in the sense of governing the state, using and auditing all the state authorizations. Thus, the principle of the uniqueness and superiority of the state authority concerning the functions of state apparatuses could not be sacrificed. A form and the unity of state of which just any component is not related to the national will could not be thought. It is not possible to object these essentials as long as the principle of "the sovereignty belongs to the Nation" is not sacrificed.⁶⁸

With regard to Demirel's preference of stressing the integrity of the state authority rather than the idea of the balances of forces, it could be argued that the Turkish center-right's comprehension of democracy has had some points of conflict with the classical form of the institutionalization of liberal democracies. However, although the roots of this potential could be found before 1960, one should

⁶⁷ Nuray Mert, "Türkiye'de Merkez Sağ Siyaset", in *Türkiye'de Sivil Toplum ve Milliyetçilik* (İstanbul: İletişim Yayınları, 2000), p. 54.

⁶⁸ Süleyman Demirel, *1971 Buhranı ve Aydınlığa Doğru* (Ankara: Doğu Matbaası, 1973), p.251. A more culturalist/essentialist version of this conception of democracy could be found in *Aydınlar Ocağı*: "...democracy means national will...and national will means national culture. Hence, although the power came out from the ballot box, it does not mean that it became the real representative of the national will unless it serves to the national culture that is real representative of the nation" in *Aydınlar Ocağı'nın Görüşü. Türkiye'nin Bugünkü Meseleleri* (İstanbul: Garanti Matbaası, 1973), pp. 236-237.

acknowledge that the 1960 coup d'état played a crucial role in the formation of this perspective.

The 1961 Constitution had a reactionary content reflecting the doubts of the military regime in the face of the arbitrary use of executive power during the Democrat Party era. As Kuzu indicates, what dominated during the preparation process of the 1961 Constitution was the idea of curtailing the possibilities of the discretionary policy implementations of the executive power.⁶⁹ Thus, it can be said that the system of the 1961 Constitution was not based on a liberal perspective that institutionalized the balance of forces but founded institutional impediments with the presupposition that the executive power should be controlled. This was done by dispersing the executive power among the political authority (the Council of Ministers), the administrative institutions (the State Planning Organization), the autonomous institutions (universities, TRT) and the military bureaucracy (the National Security Council). Actually, the 1961 Constitution granted too much authority to the executive power strengthening the administrative side of it at the expense of the political side.⁷⁰ Moreover, another constraint put on the use of political power was the judicial control.

The JP's opposition to the adjudicatory institutions intensified over the Constitutional Court and the Council of State Ünsal writes that "the legislative and executive powers would have problems if the superiority of the Constitutional Court over the Turkish Parliament and the Council of State over the Turkish Government continues."⁷¹ The problem with the judicial control should not be taken as concerning

⁶⁹ Burhan Kuzu, *Anayasa Hukukumuzda Yürütme Organının Düzenleyici İşlem Yapma Yetkisi ve Güçlendirilmesi Eğilimi* (İstanbul: Filiz Kitabevi, 1987), p. 149.

⁷⁰ Taha Parla, *Türkiye'nin Siyasal Rejimi 1980-1989* (İstanbul: İletişim Yayınları, 1995), pp.22-32.

⁷¹ in Artun Ünsal, *Siyaset ve Anayasa Mahkemesi* (Ankara: AÜSBF Yayınları, 1980), p. 164.

their autonomy or excessive power as is common in liberal democratic states. As Parla writes, the problem was about their overpoliticization of the judicial institutions as a component of the bureaucratic opposition to the JP.⁷² The underlying motive of the JP's opposition was the comprehension of this overpoliticization. In fact, one could detect that JP's opposition towards the judicial and autonomous institutions was based on pragmatism. For the most part, the JP's opposition to the adjudicatory power came not as a critique of the constraint on *the use* of the executive power but on *their use* of it. As Ünsal denotes the JP was the party which applied to the Constitutional Court most often.⁷³ And with regard to the autonomous institutions, they mostly complained not about the autonomy of these institutions, but the use of this autonomy in favor of the Republican Peoples' Party (RPP).⁷⁴

Essentially, the discourse of the JP on democracy was shaped with regard to this constitutional system, and with regard to the implications of this system, as described above, the complaints of the JP had an objective base. However, the main point here is not whether the JP's opposition to the 1961 Constitution was warranted or not, but in which context it was established. The strategy of the JP in the 1970's, parallel to the rise of the leftist social opposition, was based on seeking reconciliation with the army on the principles of anti-communism and the consolidation of the authority of the state.⁷⁵ By accusing the RPP of being the secret advocate of the enemies of the regime, the JP aimed to gain the confidence of the army and become

⁷² Parla, p. 34.

⁷³ Ünsal, p. 159.

⁷⁴ The JP's opposition to TRT intensified in the seventies. In 1975 Demirel said: "TRT has been founded with the nation's money and with the aim of serving the nation; not with the RPP's money and with the aim of serving the RPP" in Uğur Gümüştekin (ed.), *Ufuk ve Çizgi. Bir Demirel Belgeseli* (İstanbul: Gümüştekin Yayınları, 1976), p.121.

⁷⁵ see Ümit Cizre Sakalhoğlu, *AP-Ordu İlişkileri. Bir İkilemin Anatomisi* (İstanbul: İletişim Yayınları, 1993).

“the natural governor party” of the regime. Focusing on the discourse of Demirel, one can easily acknowledge that the “will to power” was strictly related with the uneasiness of the JP in the face of the rising left-wing social opposition. In one of his speeches in 1971, after giving a brief list of the liberal rights ensured by the Constitution such as publishing newspaper and periodicals, organizing meetings, and founding associations, he asked the audience “Do you get nervous about these? Do you want them to be prevented? According to 1961 Constitution, it is not so easy to do so within the boundaries of law.”⁷⁶ Demirel’s preference was an authoritarian state, but according to him, for an authoritarian state it is not necessary to apply dictatorial or fascist methods. Providing the state of law with the available tools would be enough.⁷⁷

As mentioned before, the strengthening of the executive power was an agenda shared by almost all right-wing circles. In that respect, the *Aydınlar Ocağı* (the Intellectuals Association) had a special place within these circles because it was considered as the main intellectual reference point for all the right-wing political circles regardless of their different stances. The proposals of the *Aydınlar Ocağı* were also based on the criticism of the 1961 Constitution and the assumption of the lack of a consolidated political authority. In addition to their criticisms about the cultural aspects of social and political life, the right-wing intellectuals of the *Aydınlar Ocağı*, like the politicians in the JP, cited the dangers of “governance by judges” and autonomous institutions and the importance of a more powerful executive power.⁷⁸ What is more, a new concept also used by Demirel is entered into the discourse of political life: “authoritarian democracy.” The *Ocak* described its view of democracy:

⁷⁶ Demirel, pp. 13-14.

⁷⁷ Ibid., p. 334.

⁷⁸ *Aydınlar Ocağı*, pp.244-249.

The democracy of the future will be authoritarian democracy. The principles of authoritarian democracy began to become apparent due to the ongoing process in the world. These principles could be taken in this trivet: order-elections-authority. In authoritarian democracy, the social order is protected and regarded as superior. Elections are the main manner and the political power are determined by the elections. The authority will be absolute and complete. Those who vote will provide those who have been elected with the necessary authorities and this authority will be used without no pity for anybody.⁷⁹

All in all, it is possible to say that the JP's opposition to the 1961 Constitution, at least in the late sixties and early seventies, was discursively related with to rising leftist movement, but in its core originated from the center-right's strategy to regain the state power, which had been dispersed through different institutions due to the new constitutional system. The discourse on communism was, for the most part, instrumental.

The 1971 memorandum, which will be considered in detail in the following part, realized some changes that coincided with the proposals of the JP opposition to the 1961 Constitution.⁸⁰ According to Tanör, these changes indicate four main tendencies within the reorganization of the state power, namely, the increasing the autonomy of the domain of military; the weakening of the judicial supervise on the implementations of the government by, for instance, curtailing the authority of the Constitutional Court and by adding a new sentence in the Constitution implying that the adjudicatory power could not create administrative implementations via its decisions; providing the government with the authority of declaring governmental

⁷⁹ Ibid., p.268.

⁸⁰ In fact, also the JP was aware of this effect. In the declaration for the 1973 elections, these changes were mentioned in order to prove that the JP was right. See, Adalet Partisi, *Adalet Partisi Seçim Beyannamesi 1973* (Ankara: Adalet Partisi Genel Merkez Yayınları, 1973), pp. 8-9.

decrees; and curtailing the autonomy of institutions such as universities and TRT in order to ensure the integrality of the executive power.⁸¹

But, as quoted from Demirel at the beginning of this part, in 1980 he was still complaining about the incompetence of the existing Constitution in providing the executive power with the appropriate authority. Thus, in order to comprehend the very reasons of these complaints, the following part will focus on the political economy of the era.

The Political Economy of the Will to State Power

Import Substituting Industrialization in General

The capital accumulation model implemented after the 1960 coup was based on a classical Import Substituting Industrialization (ISI) strategy. As is known well, the aim of the ISI strategy is to make the industrial sectors able to manufacture previously imported goods through an accumulation strategy based on the protection of specific national industrial sectors in the face of the pressure from foreign competition. Mostly implemented as a response to the balance of payment difficulties, the ISI strategy promises both to remedy the deficit problem by stimulating the production of previously imported goods and to create a sustainable import regime formed parallel to the requirements of the developing industrial entrepreneurial class thanks to foreign exchange savings. In addition to the protectionist measures in favor of industrial capital such as quotas, tariffs, exchange rate regulations and fiscal stimulation such as cheap credits and low tax-rates, the state also intervenes into the market place in a more direct way, namely providing the

⁸¹ Bülent Tanör, *Osmanlı-Türk Anayasal Gelişmeleri (1789-1980)* (İstanbul: Afa Yayınları, 1996), pp. 315-317.

industrial sector with critical intermediate goods by manufacturing and submitting them to the entrepreneurs. Moreover, ISI strategy also includes the principle of the smooth functioning of the internal market in order to sustain the growth of the economy. Thus, the industrial entrepreneurs are encouraged both by direct state intervention as well as the well-being of the consumer masses. From a more comprehensive perspective, this model, as Keyder explains in short could be analyzed with regard to two different categories: the redistribution of revenue in order to preclude the social tensions and ensure the viability of the internal market and the allocation of scarce foreign exchange and credit resources through political mechanisms⁸² upon which the “rent-seeking” oriented accusations of the neoliberal approach is based. Built upon these categories, ISI strategy assumes a productive coalition between the newly emerged industrial capital, labor and the state.

ISI has two phases. The first one, which is the easier one, is characterized by the substitution of simple, durable consumer goods produced in accordance with the growth of the internal market. These sectors, such as textiles, based on relatively low levels of technology, can be taken, too, as a good opportunity for employment policies thanks to their labor-intensive structures. However, the second phase of ISI, which is supposed to involve the development of intermediate and capital goods industries, is much more open to the possibility of the break up of the consensus emerged within the first phase, because the main idea of ISI, namely to found a vertically integrated industrial base, begins to unfold itself in a more industrialized society, in other words, in a society where voices of different vested interests begin to be heard much more than ever.

⁸² Çağlar Keyder, *Türkiye’de Devlet ve Sınıflar* (İstanbul: İletişim Yayınları, 1995), p. 202.

The possibility of running out of steam is especially valid for the second phase. The logic is a very simple one: the more the structure of the industry deepens the larger, and thus more expensive, are the further investments. In addition, the latter stages of the deepening process increase the dependency of industry on the sophisticated foreign technology, which is another reason for the expansion of expenditures on import and renders sustaining the ISI strategy difficult.⁸³ Based on the import capacity of the economy, ISI strategy has a fragile nature because the functioning of the system is strictly related to the foreign exchange availability for the industrial sector. Mostly, the fiscal balances upon the ISI strategies are based are destroyed due to the lack of appropriate international conditions such as structural stagnation or international crisis, as experienced after the 1974 oil shock, which would result in a break in the system and would render impossible the maintenance of the social balances that were ensured through the first stage of ISI strategy, thanks to the general growth of the economy. Thus, mostly, the origin of the ISI strategies, namely the deficit problem, came back after a while as the result of these policies.

In short, to render the ISI strategy sustainable, the economy must be structured as to create its own foreign exchange by stimulating the entrepreneurs so as to manufacture more technology-based goods in order to decrease the expenditures and by directing them to exports with the aim of increasing the foreign exchange reserves. But mostly, ISI strategy failed to do this, thanks to stimulations of the system to go on with the horizontal growth of the industry.

According to Barkey, policies such as excessive protections of the industrial sectors and high levels of exchange rate control made the entrepreneurs keep on

⁸³ Şevket Pamuk, "İthal İkamesi, Döviz Darboğazları ve Türkiye, 1947-1979", in K. Boratav, Ç. Keyder, Ş. Pamuk (eds.), *Kriz, Gelir Dağılımı ve Türkiye'nin Alternatif Sorunu* (İstanbul: Kaynak Yayınları, 1987), pp. 44-46.

producing for the internal market and to give up with the long-term perspective of deepening the industry. Due to these conditions that made the importation of intermediate and capital goods much more economical than producing them, the industrial entrepreneurs mostly chose to benefit from the guaranteed profits of the simple consumer goods produced for the internal market, rather than dedicating themselves to the general claims of ISI strategy.⁸⁴ Another result of this process would be the lack of stimulation to export. The inevitable end of this process would be again the growing deficit of balance of payments.

The systemic break of the ISI strategy identified with the slowing of the growth rate, the deteriorating balance of payment deficits due to the growing import expenditures and increasing indebtedness bring an end to the “happy days” and renders impossible the reconciliation of the social groups within a comprehensive project. Keyder argues that the social crises come after the system become stuck in the economic crises.⁸⁵ But, rather than taking these dynamics as structural peculiarities of ISI strategy, the social analysis should explain the economic crises of the system in its social relations. In other words, in order to comprehend the crises of the ISI strategy within a more dynamic viewpoint, one should consider the continuing class struggles shaping the social space perpetually.

Import Substituting Industrialization in Turkey

The ISI strategy was put into practice as a response to the deterioration of the economy during the Democrat Party rule. After the export-led growth experienced in the early fifties thanks to the increasing foreign demand for agricultural products, the

⁸⁴ Henri J. Barkey, *The State and the Industrialization Crisis in Turkey* (Boulder: Westview Press, 1990), pp. 11-13; and Pamuk, p. 48.

⁸⁵ Keyder, p. 226.

continuing insistence of the DP government on sustaining the rapid economic growth rates paved the way for the growing deficit problems. Especially after 1953, due to the beginning of the stagnation within the international markets, the government was urged to implement preventive measures and to use the economic apparatuses of the state, especially the State Economic Enterprises (SEE), in order to support the existing industrial entrepreneurs. The aim was to reduce the rate of import by establishing consumer goods industries. Barkey writes that the policies implemented in mid-fifties can be seen as the haphazard nature of import substitution's beginnings.⁸⁶ Nevertheless, these economy policies were different from the policies of the "etatist" era by emphasizing only the supportive character of the public sector. According to Boratav, what the DP, which lacked a coherent ensemble of economic policies, discovered was the private sector could benefit from public investment and state enterprises.⁸⁷ In that sense, this so-called early ISI era did not witness any institution the aim of which was to establish the base for state-led economic growth.

However, the very characteristic of the ISI strategy carried out after the 1961 coup d'état was exactly to institutionalize this strategy. What made the bureaucracy, especially the military bureaucracy, think of such an institution was their discontent with the results of the Democrat Party's disorganized economic policies. Öniş writes that the "... combination of import substitution-cum planning had originated as a response to the lack of policy co-ordination or the 'planlessness' which had characterized the Menderes era of the 1950s, which had culminated with a major foreign exchange crisis leading to the country's dependence on foreign resources."⁸⁸ Also for Keyder, it is possible to claim that the main reason for the military coup was

⁸⁶ Barkey, p. 54.

⁸⁷ Korkut Boratav, *Türkiye İktisat Tarihi 1908-1985* (İstanbul: Gerçek Yayınevi, 1990), p. 86.

⁸⁸ Ziya Öniş, *State and Market* (İstanbul: Boğaziçi University Press, 1999), p.271.

to found such an institution, which would be embodied in the State Planning Organization⁸⁹ (SPO). The very logic of the foundation of the SPO was to deepen the industrial sector step-by-step in accordance with the development plans framed by its bureaucracy. Thus, the new regime was relying on state plans to achieve its goals. In comparison to the plans of the etatist era, these plans were supposed to take into account not only state activities but also the activities of private sector. It is assumed that the plans stipulated measures that were obligatory for the public and advisory for the private sectors.

At the heart of the strategy lay the import regime. It is possible to argue that one basic principle guided the Turkish import regime of this era:

All available foreign exchange resources were to be spent and distributed among the different sectors of the economy in accordance with the government's and the SPO's development programs and goals. Through the import regime, the government controlled both the quantity and nature of imports, and attempted to strike a balance between the private and public sector requirements.⁹⁰

Through this mechanism, it was supposed that the state would be able to monitor the import substitution process by making arrangements due to the necessities of the deepening process. The very result of these plans was the protective measures that benefited the industrialist entrepreneurs. By declaring annual import programs, the government, with the participation of the SPO, decided on quotas that ensured the internal market for the national industrial sectors. With the other main policies, such as keeping the exchange rates overvalued and interest rates undervalued, the ISI strategy assumed to pave the way for the industrial entrepreneurs, but wanted them to act in accordance with necessities of the plan.

⁸⁹ Keyder, pp. 202-203.

⁹⁰ Barkey, p. 70.

Within this system, the SPO played crucial roles. Besides the ministries related to economic issues, in actual fact, the SPO, due to its special place within the Constitution, functioned as if it was placed above them. Provided with the authority of preparing the Five-Year Plans, the Undersecretary of the SPO could be taken as a Vice-Prime Minister responsible for Industry.⁹¹ But, in fact, the real importance of the SPO was in regard to its authority over approving the allocation of scarce foreign exchange and subvention credits.

For that reason, the above-mentioned suspicions of the JP of autonomous bodies within the state apparatus could be exemplified also with regard to the SPO. In 1965, Demirel said: "My view concerning the state departments' taking orders from the government is eternal. This also includes the SPO because if departments come to the point where they do not get the orders from the government, the possibility of governing the state vanishes, chaos begins."⁹²

The attitude of the JP towards the idea of planning was vague. Yalman writes that although the JP had maintained its disdain for the idea of planning and implied within its political discourse that economic growth does not require planning, once in power, however, they preferred to modify their attitude towards planning⁹³. This modification can be seen in the declaration for the 1969 elections. In this declaration, the JP stated that they accepted the idea of planning not as a means to increase state intervention into and control over the economy, but as a supportive and advisory for the private sector. For the JP, the main potential for economic growth was lying

⁹¹ Keyder, p. 203.

⁹² in M. Hakan Batur, "From Rational Reformism to Neoliberal Centralism: Institutional Politics of Economic Bureaucracy in Turkey (1960-1984). PhD Dissertation, Boğaziçi University, 1998, p.177.

⁹³ Yalman, p. 163.

among the ranks of the private sector.⁹⁴ According to Yalman, the strategy of the JP concerning the idea of planning was to “pursue the hegemonic project of the new era by eradicating the fears and anxieties of the business community”.⁹⁵ This strategy has revealed itself in almost all of the speeches of the JP members concerning planning and growth. In consultations for the Five-Year Plans held in the Senate and Assembly, the efforts of the JP representatives was to establish a contrast between their conception of planning and central planning idea attributed to the RPP and/or the Turkish Labor Party (TLP). The JP preferred to call his conception democratic planning. The underlying idea of this conception was to reconcile the idea of planning and free entrepreneurship (*hür teşebbüs*):

What I want to say is that free entrepreneurship, the right of the Turkish citizen to take a whichever job he wants, is a right that is recognized for Turkish citizens in the Turkish Constitution and it is the essence of the right... now, when we say that this plan is a democratic one, we mean that this plan does not disturb the essence of these rights and at the same time it includes the principle of the Constitution concerning the issue of determination of this development, of the destiny of this country by the citizens of this country.⁹⁶

This strategy can be considered as a good example of the conservative outlook. As discussed in the first chapter, the conservatives’ concern not to prevent the status quo at the base of which lies in the distant past but the *status quo ante*, or the order which was prevailing just before the current order. In accordance with this conservative manner, what the JP was trying to do was to voice the values of the *status quo ante*, namely the Menderes era, within the limits of the status quo.

⁹⁴ Adalet Partisi 1969, p. 28.

⁹⁵ Yalman, p. 163.

⁹⁶ Speech of Süleyman Demirel concerning the Second Five Year Plan in the Senate, in Ferruh Bozbeyli (ed.), *Kalkınma ve Planlama. İkinci Kitap: Adalet Partisi* (İstanbul: Baha Matbaası, 1969), p.118.

On the other hand, the JP's discomfort with the SPO was derived from the problematic of strengthening the executive power. As mentioned before, in the Turkish center-right's point of view, the state power should not be dispersed among different institutions and, as is obvious, the SPO exerted great authority concerning the economic affairs. As an institution founded by the 1961 Constitution, in the view of the JP, the SPO, in essence, was not different from the other autonomous institutions described before. But what made the SPO's position different and more intricate was the complaints coming from specific segments of the capital that were increasingly parallel to the JP's

Dispersion of the Hegemony

As regards Turkey after mid-sixties, one can detect the deterioration of balances within the social consensus established due to the content of the 1961 Constitution. There were two different domains of tension that would shape the seventies. The first one was the increasing power of the labor movement. In the second half of the sixties, labor began to be one of the significant actors of the social and political domains. Working class activities organized within the radical union DISK increased and became more and more militant, especially in 1970s. In addition to its socio-economic aspects, labor also gained a political identity with the foundation of the Turkish Labor Party. Although the labor movement never gained considerable power within the boundaries of representative politics, its militancy and its resonance with the increasing socialist opposition made the capital circles feel insecure. Especially, during the 1970s, the constitutional rights of labor were always the subject of discussion. In the face of the increasing effects of the trade unions, the JP government many times attempted to implement restrictive laws, but failed due to

parliamentary opposition or impediments of the adjudicatory power. In an interview, Ecevit's response to one of the question about the attitudes of the RPP in the face of these restrictive attempts is explanatory:

Surely, we will do everything on behalf of us. But I don't think that a great struggle will be necessary. Because, as I said, the Constitution could not be changed as long as the RPP refuses. If it is intended to pass laws, contrary to the current Constitution, with the aim of restricting the rights of labor, we will stop them in proportion to our existing power in the Parliament; but if we can't, I think the Constitutional Court will annul them.⁹⁷

In these sentences, one can identify all the reasons of the complaints of the JP and capital circles concerning the labor movement: trade unions, parliamentary opposition, and the Constitutional Court. The imperturbability of Ecevit had an objective base, and without a doubt, it was one of the main reasons for the complaints about the 1961 Constitution.

Before going on to discuss the second dimension of the social tension, it would be useful to focus on the ISI process in detail. Öniş suggests taking the period of ISI in Turkey in two phases, namely the growth phase, between 1960-1969, and the complex phase, between 1970-1979.⁹⁸ Öniş' suggestion of periodization coincides with the general conceptualization of the easy and complex phases of the ISI strategy mentioned above. At the end of the first phase, it is possible to talk about an industrial capital that matured to a certain extent in the manufacturing of consumer durable goods thanks to the rapid industrialization in the sixties. This period experienced growth with fiscal stabilization. Between 1963-1967, while the rate of inflation stopped at 5%, the growth in GNP, industry and agriculture reached 6.5%, 10.6% and 3.7%, respectively. What attracts attention in these statistics is the

⁹⁷ in Osman Balcıgil (ed.), *İki Seminer ve Bir Reform Önerisinde Tartışılan Anayasa* (İstanbul: Birikim Yayınları, 1982), p. 201.

⁹⁸Öniş, p. 34.

high rate of the growth in industry, which was three times higher than that of agriculture. There was also a transformation within the structure of the industrial enterprises. Whereas in 1968, 395 new firms were founded with a total capital of 1,12 billion; in 1969 there were 242 new firms with a total capital of 892 million. This means that towards the seventies there were fewer firms emerging with more capital. Also, the statistics of bankruptcies and concordats, 62.5% and 20% respectively, reflect that the structure of the enterprises was transformed towards the large-scale firms.⁹⁹ By focusing on this period, one could claim that, with regard to their aims, the ISI policies implemented in Turkey accomplished, at least, the creation of a segment of industrial capital claiming its superiority:

The target of constituting a national bourgeoisie that began with the Union and Progress and passed the history of Republic gave its results in the sixties. The large-scale landowners becoming richer in the fifties, merchants being representatives of the foreign firms, professionals coming from the ranks of educated manpower formed the new industrial bourgeoisie. The tax rebates put into practice started the process of the formation of holding companies; the phenomenon of large-scale enterprises became a current issue.¹⁰⁰

What Öniş stresses, however, is the turning point at the ends of the sixties.

Due to the difficulties in extending import substitution into intermediate and capital goods industries, domestic production became heavily dependent on imports. As mentioned before, this could be taken as a break point within the ISI strategy. While the import dependence of the manufacturing sectors of intermediate goods increased from 16.6% in 1968 to 23.2% in 1972, the same statistics for investments goods sectors were 19% in 1968 and 28.1% in 1972.¹⁰¹ This means that after the first

⁹⁹ in Ali Yaşar Sarıbay, *Türkiye'de Modernleşme, Din ve Parti Politikası* (İstanbul: Alan Yayınları, 1985), pp. 95-96.

¹⁰⁰ Gülten Kazgan, *Tanzimattan 21. Yüzyıla Türkiye Ekonomisi* (İstanbul: Bilgi Üniversitesi Yayınları, 2002), p. 98.

¹⁰¹ Öniş, pp. 35-36.

period, it is possible to say that the relationship between ISI strategy and the deepening perspective was severed.

The parallelism between the maturing process of the industrial entrepreneurship and the erosion of the relationship between the ISI strategy and the deepening perspective was not coincidence. The second domain of tension emerged due to the maturation of the industrial capital, because the immediate result of this maturation process was the emerging reluctance of the industrialists to act within the confines of the social relations institutionalized and protected by the 1961 Constitution.

The cleavages among the propertied classes can be understood with regard to regional and policy-based factors. As mentioned before, the aim of the ISI strategy was to pave the way for the industrial entrepreneur, who was supposed to focus on, first, the manufacture of consumer goods. Thanks to the protective and stimulating policies implemented in the sixties, a considerable accumulation was realized. However, as Barkey indicates,

In 1970, all 9 firms involved in the production of refrigerators, washing machines, and vacuum cleaners were located in the Marmara region, which encompassed Istanbul (home to 8 of these) and surrounding provinces. Similarly, of the 12 enterprises producing electric and electronic goods, 11 were situated in Istanbul and 1 in Izmir. The three passenger car manufacturers were also situated in the Marmara region¹⁰².

From these statistics, one could easily draw the conclusion that all the credit opportunities concerning the import substitution process were flowing to the Marmara region in general and to Istanbul in particular. And this was the core of the opposition to Anatolian small and medium scaled capital circles to the ISI strategy, which would result in the dispersion of the political domination of the JP within the right-wing ranks. The potential opposition of these ranks was expressed in the

¹⁰² Barkey, p. 116.

elections of the Turkish Union of Chambers (*Türkiye Odalar Birliği*), which was supposed to be under the control of the JP. Erbakan's upheaval -first by being elected to the leadership of the Turkish Union of Chambers out of the control of the JP, and then, after being urged to resign from this position, by founding a new party, the National Salvation Party (NSP)- was reflected that due to the ISI policies, political and social domains were reshaped, which could be attributed to the tensions in the capital.

Moreover, the cleavages among the industrial, agricultural, commercial and banking sectors were of crucial importance. Thanks to the overvalued foreign exchange rate policy on which the industrial entrepreneurs strictly insisted, industry was favored at the expense of agriculture. This policy was the main instrument for this because even in the seventies the weight of the agricultural products within the export capacity was not balanced by other sectors and it means, by the overvalued exchange rate policy, that the state realized a positive transfer from the agricultural sector to the commercial and industrial sectors that were benefiting from the foreign exchange funds throughout the ISI period. In addition to the contribution of the agricultural sector to the ISI strategy, in the late sixties, the non-agricultural sectors began to voice proposals on the taxation of agriculture, although the same policy offers were rejected by the Istanbul Chamber of Commerce in 1961.¹⁰³

The conflict between the industrial and commercial entrepreneurs, especially importers, emanated from the rents concerning the protective foreign trade regime. Because they were provided with the legal authority to import, the industrialists intruded into the importer's domain. The opposition of the Istanbul Chamber of Commerce (*Istanbul Ticaret Odası*) containing the largest concentration of importers

¹⁰³ Ali Gevgilili, *Türkiye'de 1971 Rejimi* (İstanbul: Milliyet yayınları, 1973), p. 44.

to the ISI strategy can be taken as evidence in that respect. The criticisms of this chamber stemmed from two concerns:

First, by emphasizing industrial production at the perceived expense of other forms of economic activity, ISI threatened the predominance of commercial chambers...second, ICC criticized the inefficiencies that resulted from ISI: the high cost of domestically produced goods and their poor quality. These inefficiencies directly impacted the commercial sector which was obliged to coexist with its industrial counterpart and serve as the latter's national distribution network¹⁰⁴.

But also the industrial entrepreneurs were complaining that the bank credits were flowed to the commercial groups at the expense of industry: "the banks favored commercial interests because the manufacturers, facing longer gestation periods, insisted on long-term, low-interest loans. On the other hand, banks could obtain much higher rates of return from money loaned to commercial groups."¹⁰⁵

In short, the considerable degree of industrialization changed the power balances not only between industrial capital and labor, but also among the propertied classes. The demands of rapid industrialization by industrial capital necessitated the transfer of resources from unproductive segments of capital to industry. As Batur indicates, just prior to the 12 March 1971 intervention, industrialists made it clear that they considered the taxation of non-industrial sectors as the principle duty of the state, "however, other fractions of capital and landed interests were resisting to be the source of a further stage of industrialization at their own expense."¹⁰⁶

As regards the governing party, the JP seemed to have been squeezed by different and conflicting interests of capital factions and to have lost its capacity to

¹⁰⁴ Barkey, p. 114.

¹⁰⁵ Barkey, p. 123. The large-scale industrial groups would have solved this problem by founding their own banks in the seventies.

¹⁰⁶ Batur, p. 252. Containing mostly the commercial and medium-scale manufacturer sectors, the Turkish Union of Chambers, as the umbrella organization, did not seem a suitable representative for the interests of large-scale industrial entrepreneurs. Without doubt, the foundation of TUSIAD, the organization of the large-scale industrial capital, in 1971 could be taken in this respect

govern. In short, it was a hegemonic crisis of which the immediate result was the 12

March 1971 memorandum:

Political leaders can only evade the necessity of making a choice between the conflicting demands voiced by different socio-economic groups when the economic growth reached a level sufficient to provide opportunities to all of them. However, in times of economic crisis the government determined the intensity and direction of the “productive destruction” that must be suffered. JP... depicted its inability to make a courageous choice and wanted to remain as the party of all the fractions of the bourgeoisie. That is why the articulation of these political choices were left to the military regime.¹⁰⁷

12 March 1971 and After

As discussed before, the parallelism between the maturation of the industrial capital and the erosion of the relationship between the ISI strategy and the deepening perspective was not a coincidental one. As elaborated above, the considerable degree of industrialization changed the political and economic configuration of the social forces within the ranks of capital. In the second half of the sixties, the agenda of the industrial capital was to keep on with the rapid industrialization process by claiming its superiority in the allocation of resources at the cost of dispelling the frame of the 1961 order. Although it seemed as if the army intervened in order to reemphasize the idea of reform put onto the agenda of the country after 1960 coup d'état, the result would be contrary to this aim.

At the end of the extraordinary regime between 1971-1973, it was obvious that it was not possible to return to the original frame of the 1961 Constitution. The short story of the first Erim government can be taken as a proof of this. Although this technocratic government, founded after the memorandum consisted of “reformist” Ministers, called as the elevens (*on birler*), who shared the basic principles of plan-based growth with a long-term perspective, their resignations soon after the

¹⁰⁷ Çağlar Keyder, “Türkiye Demokrasisinin Ekonomi Politikası”, in Irvin Cemil Schick and E. Ahmet Tonak (eds.), *Geçiş Sürecinde Türkiye* (İstanbul: Belge yayımları, 1992), p. 65.

foundation of the government could be taken as the reflection of the incompatibility between their self-attributed mission and the new path of governance of economy urged by the different groups in the capital.

Towards the end of the sixties the increasing discomfort of industrial entrepreneurs with the constraints imposed upon them both by the social and administrative actors emerged. As regards to the latter, the SPO, by representing the reformist discipline of the 1961 framework, could be considered as the most significant actor. Batur writes that in the view of industrial capital, “the gist of the debate was in essence the mode and the speed of the articulation of the interests of industrial capital and not whether the State Planning Organization was an ‘obstacle’ or not.”¹⁰⁸ And it was obvious that an institutionally autonomous SPO could have slowed down this rapid accumulation process even it would acted regardless of its reformist substance based on the plan discipline. In fact, this was the convergence point between the concerns of industrial capital and the JP with regard to the latter’s discomfort with autonomous institutions.

What is more, it can be said that the policies of both the JP government before the memorandum and the technocratic governments after the memorandum were shaped (or were obliged to be shaped) by the tendency of industrial capital to not stick to the plan discipline with the aim of maintaining the rapid accumulation process. Yalman indicates that significant discrepancies emerged between the plans’ targeted and the investments actually undertaken by the private firms thanks to the policy of directing the private sector towards national objectives by pursuing through an ever expanding system of incentives, especially under the Second and Third

¹⁰⁸ Batur, p. 175.

Plans.¹⁰⁹ Put differently, according to the short-term interests of industrial capital, the relationship between the plan and their implementation was destroyed. The immediate result of this process was, as mentioned before, the erosion of the relationship between the ISI strategy and the deepening perspective.

In fact, what helped this tendency to be realized was the luck of Turkish capitalism. Thanks to the devaluation made in 1970 by the JP with the aim of remedying the balances of payments deficits, the Turkish economy did not suffer from a lack of foreign exchange. In addition to the increase in exports, an enormous increase in the amount of the remittances of migrant workers that would be the main source of the foreign exchange reserves for the first half of the seventies was seen. Without doubt, this would help the government to be released from the pressures of different capital circles, as occurred in the conditions of shortage in the late sixties.

Mesut Erez, the Minister of Industry in the last technocratic government, revealed that whereas between 1968-1972, 10.5 billion TL were granted as incentive for investments, during his period of nine month, this amount reached to 27 billion. Erez responded to the accusations of JP deputies claiming that his ministry had become the ministry of large-scale industrial capital as follows: "They might say that, since mostly the large-scale industrialists are benefiting from the incentive measures."¹¹⁰

The JP also modified its policy tendencies in accordance with this abundance conjuncture. In 1974, Demirel explained that the mentality formed during the times of shortage should be modified in accordance with the conditions of abundance. For Demirel,: "We will not be restrictive in domains such as imports, raw materials,

¹⁰⁹ Yalman, p. 163.

¹¹⁰ Ahmet Aker, *12 Mart Döneminde Dışa Bağımlı Tekelleşme* (İstanbul: Sander Yayınları, 1975), pp. 17-18.

supplementary materials, spare parts, investments, equipment that would widen the capacities of enterprises.”¹¹¹ It is obvious that there was not such a perspective of deepening within the plans of the JP thanks to the conditions of abundance.

As Demirel’s perspective reveals, this abundance of foreign exchange could also be taken as one for the most significant reasons of the failure of the deepening process, since the abundance of the reserves stimulated the entrepreneurs to keep on benefiting from the profits ensured within the consumer goods sectors manufactured for the internal market. Pamuk implies that, theoretically, a moderate shortage of foreign exchange would compel the entrepreneurs to export and to save up foreign exchange used for internal manufacture, which would prevent the country from deficit problems.¹¹² The result of the expansion of industry without any stimulation to export would be the worsening of the balances of payments due to the increase in import expenditures.

This was the point where the ISI strategy began to be exhausted. After 1974, the relative importance of the remittances of migrant workers fell and the expenditure on petroleum rose significantly thanks to the 1974 crisis. However, by not taking the risk of slowing down the rhythm of the import substitution to which they were accustomed, governments continued to finance the entrepreneurs, this time, by going into debt with short-term loans. These were the signs of what Keyder calls the systemic crisis of the ISI strategy, which meant the collapse of the accumulation strategy owing to the decrease in import capacity. Parallel to this systemic crisis, governments after the mid- seventies were squeezed both by the rising labor movement and capital factions seeking available foreign exchange and

¹¹¹ Uğur Gümüştekin (ed.), *Kalkınmanın Genel Sorunları: İktisadi Büyüme* (İstanbul: Gümüştekin Yayınları, 1974), pp. 86-87.

¹¹² Pamuk, p. 64.

credit resources. After 1975, the growth rate of industry began to slow and between 1978-1980, the real growth of industrial production has fallen. However, the power and effects of the trade unions continued to increase, so the rate of wages to the value produced by industrial sector rose from 31.7 percent in 1976 to 37.7 percent in 1979.¹¹³

Conclusion

What is of crucial importance for this thesis is the increasing dispersion of the autonomy of the state in the face of the capital factions. According to Barkey, this lack of autonomy of the governments was the main reason for the continued deterioration of the economy:

In the 1970s, the Turkish state could not achieve a consensus among the private sector groups and organizations in the direction of an all out cohesive policy...The state, in its pursuit of a consensus, was unable to move in any direction except for very short-term actions, such as borrowing from abroad, minimal devaluations, and, after 1977, allowing for the illegal entry of imports.¹¹⁴

Öniş, too, emphasizes the same point:

In Turkey or in Latin American settings, attempts to provide protection on a temporary and selective basis failed because of insufficient state autonomy. Insufficient state autonomy meant that state actors could not resist or overcome business pressures towards the extension of the scope and time frame of protection, with the natural corollary that generalized and permanent protectionism established itself as a central pillar of the system, until a major crisis rendered the dismantlement of protectionism inevitable.¹¹⁵

At this point, the neoliberal claim insisting on the populist character of governments should be taken into consideration since, as Yalman notes, they confuse

¹¹³ Çağlar Keyder, "İthal İkameci Sanayileşme Stratejisi ve Çelişkileri", in *Kriz, Gelir Dağılımı ve Türkiye'nin Alternatif Sorunu* (İstanbul: Kaynak Yayınları, 1987), pp. 34-35.

¹¹⁴ Henri J. Barkey, "State Autonomy and the Crises of Import Substitution", *Comparative Political Studies* 22, n:3 (October 1989), pp. 308-309.

¹¹⁵ Öniş, , p. 483.

the symptom with the cause: “Whereas the root cause of these deficits was the determination to undertake the necessary investments to sustain the industrialization efforts on the one hand, and to maintain the flow of funds to the private sector on the other.”¹¹⁶ The strict resistance of capital circles to the government’s devaluation proposals also could be taken in that respect. Beginning with the opposition of capital circles to the 1970 devaluation, the seventies, until the 1980 devaluation, witnessed a strict rejection of stabilization measures by almost all capital factions. By avoiding taking the private sector’s attitudes into account and limiting the analysis to the governments’ decisions, the neoliberal and, as will be discussed later on, the statist approaches fail to comprehend the ensemble of social relations. Put differently, they are unable to analyze how the state and social actors’ behaviors shape each other.

With regard to the relations between the state and labor, as Boratav indicates, the problem of the model of “populist democracy” in Turkey that prevailed in the seventies became apparent with the coming of the crisis in 1977: there were no political-institutional mechanisms that would persuade labor to share the burden in order to cope with the crisis.¹¹⁷ This lack of political mechanisms could be expanded also to other domains and this was the cause of the overloaded position of the state. Especially urged by different capital factions governments were in a position to reconcile the conflicting interests by maintaining the existing profit mechanisms that had replaced institutionally constituted relationships.

¹¹⁶ Yalman, p. 170.

¹¹⁷ Korkut Boratav, “Türkiye’de Popülizm: 1962-1976 Dönemi Üzerine Notlar”, *Yapıt*, no: 46 (October-November 1983), p. 16. With the concept of “populist democracy” Boratav underlines the position of labor that could influence but not participate in the decision-making of the economy. According to Boratav, this was the main reason why labor could not bring forward an alternative program because it was politically confined to the mechanisms of distribution.

In the point of fact, one can easily observe that the role undertaken by the state was the modification of the case of being overloaded within the conditions of a country that pursued an industrialization strategy limited with and confined to the existence of opportunities for ongoing development, being the foreign exchange reserve in this case. In short, if rent maximization for all capital segments necessarily began to exclude the demands of the others and if this process implied state intervention, and thus political activity, then the disintegration within the ranks of capital would necessarily bring the fragmentation of politics. The process would unveil itself as was explained in detail in the first chapter of this work. The logic of this negative dialectic was a very simple one: The more the state intervenes in order to favor different segments of society, the more it weakens its position in the face of these segments. The state, while striving to consolidate its position, in fact, was transforming its base to a domain of political struggles and lost its mediating position among the social actors.

CHAPTER III

THE AGENDA OF THE NEW RIGHT: TRANSFORMATION OF THE STATE POWER

As elaborated in the preceding chapter, the second half of seventies witnessed an increasing tendency of a general crisis. Whereas, on the one hand, the exhaustion of the existing accumulation strategy entailed an overall transformation, the rising degree of the violence between the opponent political groups directed the political authority to apply much more restrictive measures, on the other. Towards the end of the seventies the debate on the 1961 Constitution gained a more keen character. Especially in the eve of the 1980 coup d'état, there existed proposals for a new constitution from different ranks of the right. The underlying idea of these proposals was to strengthen the state authority. One of the bearers of these proposals, *Yeni Forum* (the New Forum), stated, "Turkey needs a strong state... strong state does not mean a society that is not free and democratic. On the contrary, it is only a weak state that remains just as an onlooker to its own and democratic system's destruction and to trampling on the rights and replace itself either with communism or fascism."¹¹⁸ By replacing the words "free" and "democratic" with "property right", one can easily

¹¹⁸ in Balcigil (ed.), p. 66.

think that he reads passages from the well-known work of Hobbes, *Leviathan*. The proposal prepared by Adnan Bařer Kafaođlu and Cořkun Kırca, who were known with their closeness to Demirel, can also be seen in that respect. This proposal was more serious and contained alterations voiced by the JP from the very beginning. These were about strengthening the post of the Presidency of Republic, restricting the authority of high-ranks of judicial institutions such as the Constitutional Court and the Council of State so as to loosen the adjudicatory control mechanisms upon the executive power, providing the State Security Courts (*Devlet Gvenlik Mahkemeleri*) with a wide range of authority in order to overcome the social and political violence and curtailing of the autonomy of the universities¹¹⁹.

In fact, the 1982 Constitution would involve much of these proposals, especially strengthening the executive power through widening the authority of the executive organs of the state. In short, the contradiction between the center-right governments and the constitutional system of the 1961 was resolved in favor of the former one. However, it must be stated that with regard to the strengthening of the executive power, the tendency of the 1982 Constitution was to widen the authority of the Presidency of Republic rather than of the political side of the execution.¹²⁰ On the other hand, it is obvious that crucial institutional restrictions on the government's disposal, such as the SPO, were loosen so as to provide the executive power with a wider margin of decision-making and implementation. Although the SPO was founded as a constitutional institution due to the relevant sentence of the 1961 Constitution, the 1982 Constitution did not state that the SPO is a constitutional

¹¹⁹ Mehmet Semih Gemalmaz, *Anayasada Olađanıst Rejim Demokratikleřmede Sivil Toplum* (İstanbul: Kavram Yayınları, 1995), pp. 33-37.

¹²⁰ see Ergun zbudun, "The Status of the President of the Republic under the Turkish Constitution of 1982: Presidentialism or Parliamentarism?", in Metin Heper and Ahmet Evin (eds.), *State, Democracy and the Military: Turkey in the 1980s* (Berlin and New York: Walter de Gruyter, 1988).

organ provided with the responsibility and authority of planning. In other words, although planning was declared as a duty that should be undertaken by the state, the non-existence of the SPO within the text of the 1982 Constitution implies that the government could constitute and/or authorize different institutions for this duty.

Actually, the structure of 1982 Constitution is not a concern of this thesis. Rather, the following two chapters will focus on the restructuring of the state apparatus by the MP government after 1983. By this, it will be aimed to highlight the break within the line of center-right tradition. Although this line can be regarded as a continuity in the sense of centralizing the decision-making processes, one could easily observe that the post-1980 era witnessed a great transformation of the state apparatus that exceeded the limits of the aims and mentality of the center-right prevailed in the sixties and seventies.

The roots of this change should be sought within the transformation of the world economy of which immediate result was an accompanying transformation of the mode of integration to this new international system. As mentioned earlier, parallel to the alterations experienced in the developed countries explained by Poulantzas properly, the developing countries, too, were urged to adjust themselves parallel to the impositions of the International Money Fund (IMF) and the World Bank (WB) due to their growing international debt burden. As regards Turkey, the situation was not different. Due to the growing debt burden, accelerated in the second half of the seventies, Turkey was in a position of accepting the conditions of the IMF and the WB. Actually, this can be regarded as the starting point of the structural adjustment process in Turkey. Through the performance criteria of the IMF entailed within stand-by program of 1980 and the Structural Adjustment Loans (SALs) implemented with the decisive participation of the WB, the structural adjustment

process almost completely determined by the policies of these international institutions. The usage of these loans was conditional upon some measures that constituted the core of the adjustment process such as implementing incentives in order to increase the exportation, liberalizing the import regime, favoring the private investment at the expense of public investment, rationalizing the public investment, reforming the State Economic Enterprises, decreasing the resource transfer to these Enterprises, reforming the tax system and reforming the personnel regime by including the contractual personnel system.¹²¹ Yalman states that these policies “justify the centralization of the decision-making process, thereby curtailing the legislative functions of the Turkish Parliament” because they left little room for Turkish policy-makers to maneuver.¹²² However, one should not forget that these policies can not be understood solely as impositions upon the current Turkish policy-makers. On the contrary, the post-1980 government’s vision was compatible with these policies. Thus, the very essence of this compatibility should be sought within the new conceptualizing of politics.

Technicization of Politics

Taha Akyol, who identified himself as a neoconservative, makes a wonderful definition of the Turkish New Right: “Representation of the conservative values, which have been always rejected by the Jacobin and official ideology, with the economic rationality, which is the real rationality that avoids any utopian vision, by

¹²¹ See Birgül Ayman Güler, *Yeni Sağ ve Devletin Değişim: Yapısal Uyarılama Politikaları* (Ankara: TODAİE, 1996), p.p. 84-90.

¹²² Yalman, pp. 185.

the engineer's ideology."¹²³ In this sense, it is possible to mention about a new type of centralization unfolded with an emphasis on depoliticization and technicization of governance. As a matter of fact, this emphasis was strictly related with an understanding of social positivism. For instance, according to Özal, laws that cannot be changed determine the economic domain: "This is why we should not get out of economic laws. It is not possible to change the stream of the river. You will try to change it but it will continue to flow from its previous stream"¹²⁴. Such an understanding was very compatible with the personal career of Özal, who defined himself as a technician rather than a politician: "I consider myself not as a politician but as a technician"¹²⁵.

Put differently, according to this type of comprehension of the social reality, politics could not differ from the knowledge of the *techne*, since the social domain has been depicted as under the control of laws that cannot be changed and all that we can do was put forth as accepting the authority of the knowledge of these laws. In short, this was the redefinition of politics inclined to curtail of its radical and utopist aspects and confine it to the boundaries of the knowledge of the *techne*. Thus, politics becomes the knowledge of problem solution and for the most part, problems have only one solution. As a matter of fact, Özal was a strong advocate of Thatcher's motto, which is There Is No Alternative (mostly shortened as TINA). He was very sure about that and did not hesitate to declare it: "We have defeated the Marxists with the decisions of 24 January. For years, they have sought for an alternative of

¹²³ In 7. *Kuruluş Yıldönümünde Türk Siyasal Hayatında Siyasal Kültür ve Ekonomik Politika Bakımından Anavatan Partisi* (Ankara: 20-21 Mayıs 1989), p. 30.

¹²⁴ In A. Argun Akdoğan, *Mapping Özal's New Right Hegemonic Project*. PhD Dissertation, METU, 2001, p. 180.

¹²⁵ In *Ibid*, p.137.

decisions of 24 January. They are still seeking. But they won't find."¹²⁶ In fact, for Özal, problems under consideration have their own solutions in themselves: "The resources of Turkey are obvious, so are its possibilities. The mill that we should rotate is obvious, so is the water."¹²⁷ Hence, with regard to this viewpoint, the necessity of politics could be easily questioned. This stance is of crucial importance for the concerns of this thesis because the very essence of the New Right's comprehension of democracy lies under this convergence of politics with this technocratic outlook.

As a matter of fact, New Right's attempt to reconstruct the state in a more authoritarian way can be regarded as a shift within the definition of "accountability". In its classical form, the concept of accountability refers to the check and balance mechanisms that not only involve the administrative regulations but also the social balances. Although it is possible to trace this construction of modern liberal democracies back to the end of the nineteenth century, it gained its classical forms especially after the Second World War. What is of crucial importance was the alliance of liberal political framework with democratization process of the state culminated in the social state. In fact, the Welfare State policies were the peak of this process. Without doubt, one of the underlying ideas of the concept of the social state was to make the administrative apparatus function in accordance with the aim of the social policies. Thus, the structures of the institutions of the modern democracies were shaped in accordance with the social balances. In its very core, the idea of social state accepted that functioning of the state might be questioned due to the social aims declared and protected legally. Hence, the concept of accountability

¹²⁶ *Tercüman*, 4 October 1983.

¹²⁷ in Gündoğdu Özbaş (ed.), *Kuruluş ve İcraatlarıyla Anavatan Partisi*, (?:?) p. 117.

refers to this connection between the functioning of the state apparatuses and the social aims.

As mentioned in the first chapter, what the concept of “ungovernability” was referring was, in fact, the burden that the democracies should undertake due to their “accountability”. In short, eighties witnessed the upheaval of the capital to this idea. With regard to Turkey, this can be observed within the report of TISK (The Employer’s Unions Federation) concerning the draft of the 1982 Constitution: “The phrase of the social state should absolutely be removed both from the preface and other sentences since it leads to the interpretation of socialist state.”¹²⁸

Parallel to this upheaval, the conception of accountability gained another meaning of which bearer was the New Right. As Aksoy said, productivity, efficiency, and economy began to be treated as end-results in themselves rather than means for political aims.¹²⁹ Thus, it is possible to say that the accountability of political actors has been confined in their capability of making the administrative apparatus function in an efficient way. Put differently, by putting emphasis on the economic efficiency, the New Right attempted to sever any relationship between the functioning of the institutions, especially economic institutions and socio-political aims. Here again, we encounter a classical argument of the Hayekian liberalism, namely the negative stance towards any attribution of normative aim to the functioning of economy. For instance, Özal claimed that having a political aim of coping with the unjust income distribution was a way that the Motherland Party (MP), contrary to opposition parties, should not follow because remedying this

¹²⁸ Yaşar Gürbüz (ed.), “Türkiye İşveren Sendikaları Konfederasyonu’nun Anayasa Komisyonu’na İlettiği Görüşün Tam Metni”, *Anayasa, Görüşler, Taslak*, (İstanbul: araştırma, Eğitim, Ekin Yayınları, 1982), p. 235.

¹²⁹ A. Şinasi Aksoy, “Yeni Sağ ve Kamu Yönetimi”, in *Kamu Yönetimi Disiplini Sempozyum Bildirileri II. Cilt* (Ankara: TODAİE, 1995), p. 171.

unbalanced situation would be the result of the rapid economic growth. Thus, having these kinds of political aims are nothings but confusion of concepts.¹³⁰

This difference between these two kinds of the conceptualization of accountability brings also two different comprehension of democracy. For, while the first one opens itself to the social and democratic pressures from outside, the second one is very open to “construct” the institutions due to the measures of efficiency. In fact, this is the point on which this thesis focuses in order to comprehend the relationship between New Right and democracy with regard to the MP government in Turkey.

A Short History of the Outlook of Özal

In fact, Özal’s stance concerning the economy governance could give us some insights: “I was in charge in difficult times of economy. I saw that in order to get the economy through the difficult situation, teamwork is necessary. Different decisions should not come from different positions. Imagine an orchestra, a chief is necessary for this orchestra.”¹³¹ As a matter of fact, his concern regarding the economy governance, from the very beginning, was strictly related with the aim of centralizing the decision-making processes. It is possible to say that Özal pursued this aim from the beginning of its official career.

Without doubt, the JP’s attempt to stabilize the SPO, which explained in the preceding chapter, can provide us with insights about the vision of Özal. Just after the beginning of the JP government in 1965, one could observe a great transformation of the SPO cadres. In lieu of the cadres resigned in waves, a new team

¹³⁰ Mehmet Barlas, *Turgut Özal’ın Anıları*, (İstanbul: Birey Yayıncılık, August 2000), p. 138-139.

¹³¹ in Gündoğdu Özbaş (ed.), p. 25.

led by Özal has been appointed by the JP government. The agenda of the JP, namely to weaken the plan discipline, put into practice by this new team, and Özal played the leading role in this process. The well-known work of this new team was the Law No. 933 concerning the principles of the implementation of the Development Plan.¹³² The very logic of this Law was to provide the Council of Ministers with wide powers in areas, which previously would have required Parliamentary legislation. In addition, a new bureau has been founded within the SPO but under the instruction of Prime Minister. The obvious reason of founding this kind of bureau was to take over some kinds of operations such as investment allowance from the authority of the Ministry of Finance that was regarded as the castle of the economy bureaucracy. On the other hand, foundation of this bureau was also compatible with the general aim of the JP government. By assigning this bureau and the Union of Chambers as the responsible institutions for the implementation of the incentives, this Law transformed the character of the SPO. Although the SPO was identified with its duty of preparing the plan with a long-term perspective, with the infiltration of this bureau inside the organization of the SPO, daily implementations of incentives begun to the subject of the SPO's agenda, which meant an organizational transformation.

In short, the underlying idea of this Law was to broaden the sources and authority that could be used either by the Council of Ministers or by the new bureau and transforming the existing state apparatuses with the aim of curtailing the plan discipline. Batur claims that there is continuity between this era and post-1983 era in the sense that both were the expression of centralizing the decision-making processes at the expense of existing bureaucracy and Parliament and in favor of executive power and new bureaucratic institutions.

¹³² An elaborated story of this Law could be found in Batur, pp. 176-246.

However, the Constitutional Court as a result of the application of the Turkish Labor Party annulled this Law and it is possible to claim that this experience played a crucial role in sharpening of Özal's ideas on the reconstruction of state apparatus. For instance, the paranoia of the MP of passing the necessary decisions through decrees, although it held the majority in the Parliament, could be attributed to the fact that this law was annulled by the Court as a response to the application of the Turkish Labor Party that only had fifteen deputies. In addition to that, Özal's idea concerning the position of the Ministry of Finance was shaped during this period. In 1973, he was identifying the members of this Ministry as the elites of bureaucracy who were acting with a psychology of benefits of treasury (*hazine menfaati*) because they were provided with a wide range of authority. According to Özal, this psychology was an obstacle in front of the development.¹³³ Without doubt, experiences of Özal with this castle of the economy bureaucracy will contribute to its reorganization after 1983.

What Özal emphasized, additionally, was the importance of the unity of decisions, especially concerning the economic issues. The coordination between the high ranks of economy bureaucracy is of crucial importance for Özal and he claimed that this coordination was established between 1967-1971 as he was in charge as the Undersecretary of the SPO, which was dispelled by the subsequent governments of 12 March regime.¹³⁴ Constitution of two different boards, namely the Money and Credit Board and Coordination Board, could be regarded as signs of the claim of providing the unity of the decision-making process. These two boards were sharing the powers of the High Planning Committee, of which aim was to provide the

¹³³ in Barlas, p.176.

¹³⁴ in Emin Çölaşan, *24 Ocak, Bir Dönemin Perde Arkası*, (İstanbul: Milliyet Yayınları, Haziran 1983), p. 294.

coordination between the policies of government and the objectives of plan prepared by technicians of the SPO. This institution could be taken as a base of discussion where the political authority and planning authority were represented equally. According to Tan, such an institution where the ministries and technicians have the same status was a peculiarity of Turkish planning system ¹³⁵.

Thus, because of the very characteristic of the era, the dominant reason of the foundation of these boards should not be sought within the aim of unifying the decision-making process. In fact, if this would be the main reason, this unity could also be realized within the High Planning Committee. By founding two different boards, the aim was to create the organs that were alternative to the administrative schema of the planning backed by the 1961 Constitution.

The importance and necessity of these kinds of boards was a subject that has been always underlined by Özal. In 1973, in a letter written to Demirel, Özal indicated the importance of the *ad hoc* committees in order to provide the unity of the economy governance and suggested to found a new organization under the Prime Ministry or one of the Ministries of State or Deputy Prime Ministers, which would involve the Directorate of Treasury from Ministry of Finance, General Secretariat of Foreign Trade from Ministry of Trade, relevant departments of Ministry of Foreign Relations, and the State Planning Organization. Özal also emphasized the necessity of adding a new unit to this organization, which would take over the authority of different Ministries concerning the implementation of incentive policies. ¹³⁶ In 1980, for the implementation of economic preventive measures of January of 24, he proposed two committees, Economic Coordination Committee and Monetary Credit Committee. The first one would consist of the Prime Ministry, the State Planning

¹³⁵ Turgut Tan, *Planlamamızın Hukuki Düzeni*, (Ankara: TODAİE, 1976), p. 41.

¹³⁶ in Barlas, pp. 175-176.

Organization, high-rank representatives of Ministries of Finance, Trade, Industry and Technology and Central Bank; and the second one would involve the representatives of the Prime Ministry, the State Planning Organization, the Ministry of Finance and the Central Bank.¹³⁷

To sum up, it is possible to consider these efforts of Özal with regard to two related concerns. The first one was embodied within the Law No.933. The characteristic of this Law was to curtail the plan discipline as elaborated in the preceding chapter. With the foundation of the bureau, the aim was to render the government autonomous by the implementation of incentives. As the parliamentary opposition emphasized, this Law was donating the government with extraordinary powers that would bring the possibility of transferring of public funds to a certain fraction of capital, namely the industrial entrepreneurs, with a short-term focus rather than a long-term perspective.¹³⁸ In fact, what we encounter here was again an outlook that inclines to refuse any long-term planning and perspective that could be attributed to the natural flow of economy. Rather than claiming that there isn't any perspective in this outlook regarding the economic growth, it would be much more suitable to mention about another conception of economic growth. According to this conception, planning the economic growth would be useless; it would be the result of short-term gains. Thus, it is not possible to attribute any end-result, such as economic growth, to the functioning of the economy. Economic growth will be the result of the functioning if it is organized well. So, it is possible to claim that any political authority that shares such an outlook would prefer to implement the incentive policy in accordance with the short-term interests of the actors of economic growth. The Law No. 933 prepared by the Özal team was a work of such an outlook. Therefore,

¹³⁷ in Çölaşan, p. 308.

¹³⁸ in Batur, p. 201.

the underlying concern of this Law was to transform the nature of the incentive policy by relating it directly to the needs of industrial capital that has gained a growth trend within the sixties.

The second concern of Özal was to centralize the decision-making processes by creating new administrative apparatuses involving ministers responsible with economy and high ranks of bureaucracy. Especially in the seventies, this tendency gained another meaning. As elaborated in the preceding chapter, the seventies were the years of increasing dispersion of the state autonomy in face of different capital factions. According to Baker, this position of the governments was the main reason for the continued deterioration of the economy and it was the state managers who understood this lack of autonomy. Baker claims that Özal was one of them. For instance, in a note given to Demirel as a response of his questions concerning the economic preventive measures that would be declared in 24 of January, Özal proposed that during the transition phase the government should ignore all demands from industrialists and commercial groups.¹³⁹ Thus, organization of special economic institutions, such as the boards, will provide the economy governance consistency that was lost during the seventies. Put differently, in the seventies, namely after the dispersion of the plan discipline, the aim of creating *ad hoc* committees gained another content, which was creating a new bureaucracy provided with an autonomy in front of the social sphere.

Özal's claim was that the consistency that was established during his Undersecretaryship of the SPO between 1967-1971 has been damaged after the intervention of March of 12. However, another military intervention, namely of

¹³⁹ in Çölaşan, p. 307.

September of 12, would pave the way for Özal in order to establish “the coordination” that he persuaded along his official career.

Recentralization and Its Instruments

The model of “authoritarian statism” outlined in the first chapter was based on the argument that the economic core of the governance was gaining a great authority at the expense of the existing judicial, legislative and administrative mechanisms. The aim of this thesis is not to give the details of the resembling process unveiled in Turkey. Our aim would be to use the insights of the “authoritarian statism” model in order to highlight how the neoliberal restructuring project institutionalized itself. As a matter of fact, this phenomenon is elaborated well in the relevant literature on Turkey, especially at the level of macro institutions that function as the centers of economic policy orientation. For that reason, in the next chapter, we will focus on a different level of the governance, namely the local governance, in order to exemplify how the technicist vision was embodied within the new institutions of local government. However, due to the content of this thesis, the following part of this chapter will give some examples of the mechanisms that provided the central government with a wide area of maneuvering.

Retreat of the state from the economic sphere was mostly announced by neoliberal and neoconservative governments as their main agenda. However, for the most part, during the era of these governments, the role of the state with regard to the economy did not decrease. Gamble indicates that although the Thatcher government implemented policies that produced important changes in the way the public sector

was organized, the overall size of the public sector had not been reduced.¹⁴⁰ With regard to Turkey, Öniş indicates that the continuing domination of the public investments within the total investment was one of the unorthodox aspects of neoliberalism implemented in Turkey. Throughout the eighties, the public sector accounted for more than 50% of total fixed capital formation.¹⁴¹

However, with regard to the ratio of the total real public expenditures to the GNP, one can observe a decline: Whereas reached to 26.5% between 1977-1980, it flowed nearby 21% during the 1980-1985 period and the fell to 17.6% between 1986-1989.¹⁴² Nevertheless, these statistics are not sufficient to make us determine the real growth of the public share of the expenditures because, as Şenatalar emphasizes, while it can be argued that this decline reflects the political preferences of the governing party, on the other hand, it can also be attributed partially to another preference of the MP, namely transferring a serious part of the state expenditures to the funds that were outside the consolidated budget.¹⁴³ What is encountered here is only an example for the new types of the state intervention implemented by the MP.

As a matter of fact, in order to comprehend the level and the mode of the state intervention implemented by the MP, rather than statistics, one could focus on the new arrangements that donated the political authority with great powers. Waterburry argues that, “the public sector in its broadest sense has not diminished its weight in the Turkish economy, rather, it has regrouped. In many ways more discretionary

¹⁴⁰ Gamble, p. 121.

¹⁴¹ Öniş, p. 187.

¹⁴² Oğuz Oyan, “1980 Sonrasının Mali-İktisadi Yapısı”, in *Cumhuriyet Dönemi Türkiye Ansiklopedisi: Yüzyıl Biterken* 13 (İstanbul: İletişim Yayınları), p.660.

¹⁴³ Burhan Şenatalar, “1980’li Yıllarda Türkiye’de Devlet Harcamaları”, in *Cumhuriyet Dönemi Türkiye Ansiklopedisi: Yüzyıl Biterken* 13 (İstanbul:İletişim yayınları), p.668.

power and resources have been concentrated in the state, and, more specifically, in the prime minister's office than is generally recognized."¹⁴⁴

Özal did not hesitate to state that "all our important Laws have been prepared in the Prime Ministry. My contribution existed in all their preparations. You will face with various problems if you do not go into the very details while implementing reforms. Otherwise, they stick things within the Laws so you cannot overcome later. 1984-1986 was such an era. A core team worked intensively under my presidency."¹⁴⁵

Beyond doubt, the most striking feature of the Özal era was the extra-strengthening of the post of Prime Ministry that was surrounded with a close inner-cabinet group and some bureaucrats responsible for economy. In fact, this can be regarded as a break within the line pursued by the Turkish center-right from sixties onwards, which was the strengthening of the executive power. It was a break because what the MP government realized was not strengthening the executive power but a team that would undertake the responsibility of the economy governance. Henceforth, it would be much more proper to mention about the strengthening the managerial power within the state apparatus. This managerial team would involve a range from figures like Vural Arıkan, Hüsnü Doğan, Adnan Kahveci and Hasan Celal Güzel, who had state experience and worked with Özal before to a new generation of bureaucrats and technocrats called popularly as Özal's princes. By working with this team, Özal

¹⁴⁴ John Waterbury, "Export-Led Growth and the Center-Right Coalition in Turkey", in Tevfik F. Nas and Mehmet Odekon (eds.), *Economics and Politics of Turkish Liberalization* (Bethlehem: Leigh University Press, 1992), p. 50.

¹⁴⁵ Barlas, p. 69. In fact, the declaration of the MP for the 1983 elections gave the signs of this reconstruction of the cabinet. In this declaration, it is stated that the cabinet will be in charge only as if the relevant issue entails political responsibility. Otherwise, new decision systems that involve only the participation of relevant and responsible minister and prime minister will be put in use.¹⁴⁵ Without doubt, these kinds of new decision systems would provide the inner-cabinet group a legal base; see *Anavatan Partisi Seçim Beyannamesi 6 Kasım 1983*, in Turgut Özal, *Değişim Belgeleri 1979-1992* (İstanbul: Kazancı Matbaacılık, 1993), p. 138.

increasingly by-passed the cabinet, the parliament and the MP. In other words, the very characteristic of the MP government was its tendency to provide the narrow circle of economy governance with extraordinary power not only at the expense of legislative and adjudicatory power but also of the other components of the executive power. Sayari claims that,

Özal not only centralized policy making and emerged as the undisputed czar, but he also gave other technocrats –many of them his colleagues from the SPO, other young economist working at the IMF, the World Bank, and various American universities- strategically important roles in the economic policy process. The net result of this new economic management style in Turkey were similar to those that had taken place in Latin America a decade earlier when technocrats became “intellectual brokers between their governments and international capital, and symbols of the government’s determination to rationalize its rule primarily in terms of economic objectives.”¹⁴⁶

This era has not only witnessed the arbitrary use of the state power by a managerial team led by Özal but it also created its special institutions aiming to hollowing out the existing mechanisms of public bureaucracy. In fact, these newly established or revitalized institutions and mechanisms would become the legal and material basis of this new managerial power. Thus, for a much better understanding of the state intervention of the post-eighty government, it is of crucial importance to consider the reinstitutionalization of the state apparatus. Yavuz Canevi, who was came from the ranks of the Ministry of Finance and became very active during the neoliberal restructuring process as the Central Bank governor stated that “the most conspicuous characteristic of the 1980 economic program was its accurate diagnosis that one of Turkey’s scarcest resources was neither foreign exchange, nor savings,

¹⁴⁶ Sabri Sayari, “Politics and Economic Policy Making in Turkey, 1980-1988”, in Tevfik F. Nas and Mehmet Odekon (eds.), *Economics and Politics of Turkish Liberalization*, (Bethlehem: Leigh University Press, 1992), pp. 32-33.

nor labor, but rather an efficient mechanism for making macroeconomic decisions.”¹⁴⁷

As mentioned many times, throughout his career Özal pursued the aim of sidestepping the bureaucratic mechanisms that were regarded by him as obstacles in front of the economic growth. By introducing new boards and council into the very core of the system, his aim was to create alternative mechanisms of decision-making. After 1983, Özal began to eliminate or by-pass most of the important existing mechanisms and to create new mechanisms instead or use the existing ones in favor of his centralizing tendency.

Governmental decrees played a crucial role within this process. As a matter of fact, these decrees could be regarded as the hidden link between the despotic restructuring of the state backed by the military regime and bureaucratic restructuring of it after 1980 because the rapidity of the latter was contingent upon these decrees that were based upon the authorization Law promulgated and extended by the National Security Council. As mentioned earlier, the right to promulgate decrees has been granted to the government by the 1971 modification of the 1961 Constitution. However, beginning with the mid-seventies, due to the increasing level of the crisis, and accelerating after the 1980 coup, governance by decrees became a natural peculiarity in Turkey. Between 1976 and 1993, 426 governmental decrees have been promulgated. Whereas 114 out of them were transformed into the Law, 238 decrees were still waiting to be put into agenda of the Parliament though the decrees should be discussed in the Parliament in three months after their promulgation date in the Official Gazette.¹⁴⁸ Regarding the fact that the decrees remain as administrative disposals until they are discussed and approved by the Parliament, it is possible to

¹⁴⁷ in Batur, p. 375.

¹⁴⁸ Turgut Tan, “Türk Hukukunda Kanun Hükmünde Kararname Uygulaması ve Sorunları”, *Ankara Üniversitesi Siyasal Bilgiler Fakültesi Dergisi*, Vol: 50 (Ocak-Haziran 1995), p. 336.

say that the MP did not hesitate to govern with administrative texts of which legal processes have not been ended or have suspended. Kuzu indicates that there is a continuing debate in the literature concerning the obligation of the government to present the decrees to the Parliament. Some scholars argue that this obligation should be taken as politically rather than judicially. Although Kuzu rejected such an argumentation with reasonable causes¹⁴⁹, it is indifferent for us whether this is a political or judicial obligation, because, by all means, this reflects the tendency of the MP government to by-pass the parliamentary audit upon the government's disposals despite its majority in the Parliament.

The frequent application to the governmental decrees is of crucial importance for the project of restructuring the state apparatus since almost all the decrees were concerning the subjects such as restructuring the public institutions reorganization of the administrative procedures and changing the Laws regarding the civil servants. In short, the state after 1980 was restructured by governmental decrees prepared by the close circle of Özal but promulgated by the government. What was witnessed in the very beginning of the MP government was to reorganize the economy governance by decrees around the Prime Ministry. This process created new institutions, too, that were linked directly to the Prime Ministry. The formation of the Undersecretariat of Foreign Trade and Treasury was definitely the most critical bureaucratic alteration in this restructuring from above.

The foundation of the Undersecretariat, first of all, means the by-pass of the Ministry of Finance. As emphasized before, due to his experience in the sixties and seventies, Özal had an imagination of this Ministry as an obstacle in front of the economic growth because of its strict commitment to the idea of *hazine menfaati* (the

¹⁴⁹Burhan Kuzu, *Türk Anayasa Hukukunda Kamın Hükümünde Karaname* (İstanbul: Üçdal Neşriyat, 1985), pp. 369-376.

benefits of the Treasury). Thus, the Ministry was an institution, where the opposite mentality of the neoliberal growth conception was embodied. By its auditing authority on the fiscal areas of the administration, the Ministry of Finance was the first target in order to eliminate the barriers in front of the neoliberal economic growth project. On the other hand, the idea of merging the “Treasury” from the Ministry of Finance with the “Foreign Trade” from the Ministry of Commerce in a new institution linked directly to the Prime Ministry gives the insight of the framework of this economic growth project, which was based on the idea of supporting the export-oriented segments of capital through the transfer of the state resources in various forms, and on the other hand, reflects the decisiveness of Özal about his absolute control on this project. In this sense, the Undersecretariat could be regarded as the equivalent of the SPO, whereas the latter was formed in accordance with general objectives of the ISI strategy, the former was designed parallel to the export-led growth strategy.

As emphasized above, the dispersion of the autonomy of the state in the face of the demands of different social segments, especially after the 12 March 1974 era, became the dominant reason of the persuasion for a more autonomous bureaucracy. Especially relations of the government with the capital factions were assumed to be transformed immediately. The 24 January measures were a cornerstone for a new era. The new accumulation strategy, which is the export-led growth, was being presented by Özal as a mechanism that would urge the capital circles to transform themselves. Özal frequently repeated that he warned the entrepreneurs that they should sell their villages in order to survive. As Barkey indicates what Özal had in

mind was “a shakeout of industries with those best able to survive the competition remaining alive and others disappearing.”¹⁵⁰

Thus, it is possible to claim that Özal aimed to create a new generation of entrepreneurs, who would dare to compete internationally. Özal backed firms in industries such as textile, which found the chance to export or companies like ENKA that involved in Middle East construction projects as the vanguards of this new generation. However, there also existed complaints concerning the new measures. Various capital circles that could not adjust themselves to the new accumulation strategy vehemently opposed especially the policies of liberalizing the import and freeing the exchange and interest rates. Even in 1984, Nurullah Gezgin, as the head of the Istanbul Chamber of Industry, stated that it would be more realistic to comprehend the export-led growth strategy as supplementary, rather than alternative, to the import substituting industrialization.¹⁵¹

Özal’s strategy, in the face of these criticisms, was based on a discourse revealing that those who opposed the new strategy were “the restricted capital circles” (*bazı mahdut iş çevreleri*), who lost their advantages of being funded through the economy policies pursued before the 24 January measures. Moreover, Özal also inserted a hegemonic dimension into this very discourse by stating that by the new measures, which supported “our” exporter, “our” workers were supported, too, whereas the old measures, which stimulated the importers, had contributed to the foreign workers.¹⁵² Thereby, Özal depicted the scene as a contradiction between

¹⁵⁰ Barkey, p. 178.

¹⁵¹ Turgut Özal, *Başbakan Sayın Turgut Özal’ın İstanbul Sanayi Odası’nda Ülkenin Ekonomik Konularıyla İlgili Sanayici ve İşadamları ile Yaptığı Toplantı* (İstanbul Sanayi Odası-12 Nisan 1984, İstanbul: Yenilik Basımevi), p. 10.

¹⁵² Interview with Turgut Özal, “Dişlerine Göre Değilim”, *Nokta*, No:32 (3-9 October 1983), p. 11.

these parasites and those “who produced and works” in order to realize the integration of the Turkish economy with the world system.

On the other hand, the MP government implemented a wide range of incentive policies in order to stimulate the export-growth strategy. As a matter of fact, for the part of industrial entrepreneurs, this era could be taken as a transformation process from the rent seeking based on the import substitution to rent seeking through incentives of export-led growth strategy. Especially the conglomerates that infiltrate in their organizational structures the Foreign Trade Companies, whose legal base established during the first year of the structural adjustment program in 1980, benefited from the incentives for exportation. According to Öniş the organic link between the domestic industrial, trading or construction conglomerates and these new organizations, which became the main targets of the export-incentives was of crucial importance because due to this connection there emerged “no conflict of interest between large firms oriented towards internal and external markets, respectively, in striking contrast to the rather profound conflicts of interest that appear to characterize the Latin American experience.”¹⁵³ In addition to the despotic mechanisms imposed upon the labor, thanks to these incentives big capital groups such as Koç and Sabancı, after the decrease in their profitability experienced in the late seventies, gained a rapid recovery and became the beneficiaries of the whole era.¹⁵⁴

In this new rent seeking mechanisms, the Undersecretariat played a crucial role. Batur claimed that

¹⁵³ Öniş, p. 221.

¹⁵⁴ see Mustafa Sönmez, *Türkiye 'de Holdingler: Kırk Haramiler* (Ankara:Arkadaş Yayınevi, Şubat 1992), pp. 191-215.

neoliberal centralism as such quite well in the initial years of the MP rule where big industrialists were rather comfortable to relate themselves easily to the Undersecretariat of Treasury, i.e. Ekrem Pakdemirli (*the Undersecretary of the Treasury, a.b.*) who from the very beginning was radically in favor of an economic Darwinism working for the benefit of big exporters-industrialists that were able to organize large scale foreign trade companies in the export orientation drive.¹⁵⁵

As a result of the foundation of the Undersecretariat, the Ministry of Finance was left with the responsibility of collecting public revenues. Put differently, through this new institution, the government divided the two aspects of the fiscal power of the state institutionally, whereas the Ministry of Finance became responsible with the collection of the public revenues, the Undersecretariat took the authority of organizing the public expenditures, which was of crucial importance according to the neoliberal rapid economic growth perspective. The aim of Özal, beginning with the promulgation of the Law No. 933 as mentioned above, and pursued by him from 1967 onwards, namely to loosen the public concerns upon the budgetary resources in order to render the transfer of the public resources to the capital segments possible, was realized institutionally by the foundation of the Undersecretariat. It was in a position that will concretize the connection between the government policies and capital segments by undertaking the responsibility of drafting the import-liberalizing/fund levying/export promoting decrees where also the budgetary transfers would be channeled through it.”¹⁵⁶ Throughout the early era of neoliberal restructuring, decrees of this Undersecretariat would play the decisive role in the export-led growth strategy and in relations with different capital groups.

In short, the Undersecretariat was the crucial center of the policy implementation. Thanks to this institution, the centralized neoliberal core gained a

¹⁵⁵ Batur, p. 415.

¹⁵⁶ Batur, p. 398.

crucial opportunity of being autonomous from the existing control mechanisms within the state apparatus, being in this case the Ministry of Finance. After dispersing the unique authority of this Ministry upon the budget by picking out the critical post, which is the Treasury, from the organizational structure of it, the MP government, or in fact the managerial team, intervened also into the structure of the budget, and thus, minimized the authority of this traditional bureaucratic center. This has been realized through extra-budgetary fund system.

The fund system, in short, meant the constituting of a parallel budget that is directly under the control of the government since the fund system was an extra budgetary one. In other words, by this system the governments gained the right to transfer the public revenues directly to the funds, which functions out of the boundaries of the budget. Therefore, the amount of the revenues collected in the funds was except from the judicial control mechanisms such as those of the Parliament or the High Court of Account (*Sayıştay*). In fact, this exemption from the control and audit mechanisms is not a rule. The political will could also constitute funds that function under the normal audit mechanisms. However, out of the 35 funds established after 1983 during the MP government, the High Court of Account could use its auditing authority only on 6 funds, which were relatively unimportant. The other funds were regarded as under the audit of the High Board of Supervision affiliated to the Prime Ministry (*Başbakanlık Yüksek Denetleme Kurulu*) or special commissions established with Laws. Moreover, the MP government also founded funds of which auditing mechanisms were not mentioned.¹⁵⁷ Excluding the High Court of Account from the auditing process of the funds means also the exclusion of the Parliament from this process because it is the Court who undertakes the duty of

¹⁵⁷ Oğuz Oyan and Ali Rıza Aydın, *İstikrar Programından Fon Ekonomisine* (Ankara: Teori yayınları, 1987), p. 240.

auditing the public expenditures in the name of the Parliament. The reports of the High Board of Supervision are not assumed to be sent to the Parliament. In short, this means the transfer of the authority of supervising the public fiscal issues from the High Court of Account affiliated to the Parliament to the High Board of Supervision affiliated to the Prime Ministry.

Özal stated that the funds had a dynamic structure, which rendered them flexible to use.¹⁵⁸ Beyond doubt, this flexibility was of crucial importance for Özal. His technician character made him impatient for the procedures. The fund system was, therefore, one of the favorite policies of the era. At the end of the 1990, there were 114 funds, out of which 71 were established after 1980. While the ratio of the total amount of the fund system revenues to the revenues of the consolidated budget was 22 percent in 1984, this ratio reached to 57 percent in 1990.¹⁵⁹

Oyan and Aydın indicate the tendency of centralizing within the fund governance by establishing new funds controlled directly by the Prime Ministry or its dependent organs and institutions. When the amount of the funds was 103, 33 out of them were in such a position. Although this ratio do not seem extraordinary, by considering the fact that these 33 funds involve 3/4 of the total fund resources, the scene become much more clear. Funds were a great power under the control of the Prime Ministry.¹⁶⁰

One of these institutions was the Mass Housing and Public Participation Board (MHPPB), which was founded in 1984. The MHPPB was counted by the government as one of three institutions authorized to sanction the usages of the

¹⁵⁸ in Gündoğdu Özbaş (ed.), *Kuruluş ve İcraatlarıyla Anavatan Partisi*, (?:?), p. 63.

¹⁵⁹ Oyan, p. 666.

¹⁶⁰ Oyan and Rıza, p. 130.

funds, the others were High Coordination Committee of Economic Issues and Monetary Credit Committee. Oyan and Aydın stated that these three institutions involved 33 posts, which were filled with 20 persons. In that sense, the superiority of the Prime Minister and its managerial team could be observed easily. Oyan and Aydın claim that, in fact, in these three institutions 14-15 persons consisted of ministers and undersecretaries were very active in the decision-making process. Put differently, through these three institutions, which could be called as “inner-cabinets”, a serious amount of the public revenues were controlled without any auditing mechanisms upon them.¹⁶¹

However, the importance of the MHPPB was originated from the three giant funds, which were under the control of it, namely the Mass Housing Fund, the Public Participation Fund and the Development and Support Fund. The amount of the resources of these three funds was equal to the 25 percent of the total fund resources in 1986.¹⁶² On the other hand, the board also had a private role within the critical policy choices of the MP government. In fact, this institution reflects two different aspects of the social policy of the MP, which were privatization and mass housing.

The legal foundation of the privatization program was established together with the Board. It is assumed that after the government made a decision concerning the privatization of the relevant State Economic Enterprise (SEE), this SEE would be placed under the direction of the Board with the aim of preparing it for the privatization process. The autonomy of the Board from the other layers of bureaucracy, such as the Treasury and the SPO and its strict responsibility to the prime minister and the cabinet was its peculiarity:

¹⁶¹ Ibid, p. 84.

¹⁶² Ibid, p. 96.

The decision to empower the MHPPB to administer the privatization program may have been made to allow the central government to bypass both the traditional bureaucracy and the Parliament, and to enhance its own autonomy. The MHPPB was also conceived as an instrument for replacing the traditional patrimonial bureaucracy with a managerial bureaucracy. The direct transfusion of a group of U.S. educated technocrats into the upper layers of the bureaucratic apparatus was part of the post-1983 phase, and the newly created MHPPB was dominated by members of this technocratic elite.¹⁶³

On the other hand, the Board was also responsible to manage the fund concerning the mass housing projects, which would be one of the main agenda components of the MP government. Thus, it is possible to claim that merging two different funds within the same board was reflecting the main policy of the MP government; extending the property ownership by privatization and mass housing in order to create a “popular capitalism.”¹⁶⁴

However, with regard to the Mass Housing Fund, one can easily observed that the fund did no directed to its aims. A survey conducted in 1993 in four cities, Istanbul, Ankara, Izmir and Gaziantep, by the Board of the Mass Housing¹⁶⁵ concluded that the policies of the board served to the middle classes rather than the lower classes.¹⁶⁶ Oyan and Aydın pointed to the same fact. By supporting the large-scaled dwelling projects, remaining indifference to the decrease of the purchasing power of the housing credits, pouring credits to the private construction sector and projects concerning the tourism sector, the Mass Housing Fund, in fact, served to the benefits of the upper-middle and middle classes and the firms in the construction and tourism sectors.¹⁶⁷ In short, by transferring the public revenues to this fund, the MP

¹⁶³ Öniş, p. 153.

¹⁶⁴ Öniş, p. 178.

¹⁶⁵ In 1990, the MHPPB was divided into its components, the Mass Housing Board and the Public Participation Board.

¹⁶⁶ Tanrı Şenyapılı, *1980 Sonrasında Ruhsatsız Konut Yapımı*, (Ankara: TKİB, 1996), p. 17.

¹⁶⁷ Oyan and Aydın, pp. 112-113.

government realized a resource transfer to the middle and upper classes although the Mass Housing Fund was constituted with the aim of resolving the housing problems of the lower classes. Such an example shows the great power granted to the government through the fund system, which functions as a parallel budget and out of the control of any serious auditing mechanism.

These examples show that the attempt of the New Right in Turkey was concerning the constitution of a centralized decision-making process, which would eliminate the potential oppositions or retarding attempts from the ranks of the traditional bureaucracy, the Parliament and the judicial institutions. As a matter of fact, this kind of an explanation is mostly accepted by scholars from various approaches. The process of the restructuring of the state apparatus has been mostly exemplified with the remodification of the central administrative apparatuses, which were related with the macro policy creation and implementation. However, centralization of the decision-making processes does not only concern the central administrative apparatuses. In fact, restructuring of the state apparatus is a more wide project embodied itself within the foundation of different institutions infiltrated into the existing mechanisms also at different levels.

On the other hand, contrary to the general comprehension, neoliberal institutionalization process should be regarded as a process rather than a era, which includes the early period of the neoliberal governments and their attempts regarding central level. A much more comprehensive social analysis should focus on this very process by taking into account “the institutionalizations” at different levels of governance. Put differently, diffusion of the neoliberal governance mentality towards different levels of government should be taken into account in order to comprehend the very effects of the neoliberal centralizing attempts at the central administration.

Henceforth, as expressed before, the next chapter will focus on the institutionalizing process of neoliberalism at the level of local governments, namely the constitution of Metropolitan Municipalities. Although it is generally assumed that by constituting these institutions, Özal triggered the decentralization process, the main aim was much more intricate and, in fact, opposite to the so-called main commitment of the idea of decentralization, namely democratization. Metropolitan Municipalities were very special apparatuses that aimed to realize the contradictory agenda of the neoliberal restructuring process.



CHAPTER IV

INSTITUTIONALIZING THE NEW RIGHT:

THE METROPOLITAN MUNICIPALITIES IN THE EIGHTIES

This chapter would deal with metropolitan municipalities that were constituted in 1984 as a different municipal organization. By this enterprise, it is intended to illustrate the mentality of neoliberal administration of which central connotations were evaluated above. By choosing an organ of local government as an example, a more intricate level of state and society relationships was meant to analyze.

Obviously, the manner of administration of the constituted institutions is always a contentious issue. The institutions that were based on a specific legal foundation can be governed disregarding this very legal base. However, it must be remembered that a specific administrative mentality would be embodied in an institutional level and the essence of this mentality would be reflected in the legal formation of these institutions. Therefore, independent of the manner of their administration exposing the structural futures of the institutions is crucial in highlighting the cited administrative mentality.

A wide literature on the impacts of neoliberalism over the urban areas exists. Urban areas posit themselves as strategic domains as the public services began to be

opened up to the penetration of capital. This process was also supported by the increasing importance of the urban rents. When evaluated from this perspective, urban areas offer extensive opportunities for the revaluation of the capital. This strategic status becomes more significant when the importance of the cities in connecting to the global economic network was considered. Another important issue concerning the urban areas would be the urban poor. The most fearful consequence of neoliberal structuration is this problem beyond any doubt. The urban areas gain a new face due to the neoliberal infiltration while witnessing an increasing poverty problem because of this same process. Gentrification is a formative element of the neoliberal urban formations.

However, this chapter is confined by the necessities of the objectives of this thesis. The analysis of the constitution of the metropolitan municipalities does not include all the aspects of intricate relationships existing between neoliberalism and urban areas. The main objective of this thesis is to provide an account of neoliberal administrative forms and the analysis of the institutionalization of the relationships with the social segments according to these forms. This objective is pursued within the context of metropolitan municipalities. Henceforth, a case of the neoliberal administrative form that was evaluated throughout this thesis would be provided.

From Urban Management to Urban Entrepreneurialism

What is the reason behind the transformation witnessed in the cities throughout the eighties? Harvey prefers to account this transformation as a shift from managerialism to entrepreneurialism.¹⁶⁷ The decisive difference between these two

¹⁶⁷ see David Harvey, "From Managerialism to Entrepreneurialism: the Transformation in Urban Governance in Late Capitalism", *The Capitalist Production of Space* (London:1994).

periods is the increasing competition among the urban administrations. At the basis of this competition, there exist problems that ravaged capitalist economies after recession of the 1973 such as deindustrialization, widespread and seemingly structural unemployment, and fiscal austerity at both the national and local levels. To confront these problems urban administrations had to compete complying with the rules of international flow of the capital. However, the competition was no more restricted to offer better investment opportunities to the local capital: "The greater emphasis on local action to combat these ills also seems to have something to do with the declining powers of the nation state to control multinational money flows so that investment increasingly takes the form of a negotiation between international finance capital and local powers doing the best they can to maximize the attractiveness of the local site as a lure for capitalist development."¹⁶⁸ The reflection of this tendency in the developing countries is somehow different. The decisiveness of the intermediation of the international institutions such as the World Bank (WB) and the International Money Fund in providing international aid and investment leads these countries to apply directly to these bodies. With regard to urban development, the criteria and trends set especially by the WB is necessary in order to grasp the transformation survived by the urban administrations.

WB began to show interest in cities in the seventies. The main reason behind this interest was the dense population of the Third World cities. The percentage of the population of Third World countries increased from 17 percent to 25.4 percent between the fifties and the early seventies. The discourse of the WB about the cities survived a change in eighties, though De Ponte pointed to the existence of an unbroken basic approach. According to De Ponte the basic discourse of the WB

¹⁶⁸ Ibid, p, 348.

about the urban areas sits upon the concept of economic efficiency since the seventies and the WB argued that its approach was composed of solely technical interventions. “To continue to try to rationalise the operation of the city and maximise its productive potential in order to set in motion, by means of technical measures, the process of growth and therefore of development” was the discourse of the WB during both periods.¹⁶⁹ Therefore, WB wanted to put forth the argument that the urban administration is a technical issue based on economic efficiency without any political content.

Despite the existence of this unbroken basic approach the shift in eighties was also significant. Pryke asserted that the vision of the WB that was formed in the aftermath of the 1980 was based on the idea of confining the cities to the broader objectives and measures of the economic development and macroeconomic performance. According the economic development and macroeconomic performance criteria emerged in the eighties the duty of urban administrators is “enabling, facilitating the development of market-based solutions to a range of issues from infrastructure to housing finance, through to the promotion of entrepreneurial activity within communities.”¹⁷⁰ Pryke supported the thesis that urban administrations were confined in these broad objectives by referring to a study conducted by two WB employees:

Structural adjustment policies at the macro level are intended over the longer term to create an enabling policy environment for more productive urban economies. Such an environment would increase the efficiency of firms and households, and would thus support the economy-wide adjustment and the resumption of growth. For many countries, however, these policy changes require a corresponding urban adjustment to support national adjustment goals. Such a process should result in more flexible institutional regulatory

¹⁶⁹ Giulia De Ponte, “The Changing Urban Discourse of the Multilateral Aid Institutions”, *International Social Science Journal*, No:172 (June 2002), p. 209.

¹⁷⁰ Michael Pryke, “City Rhythms: Neo-liberalism and the Developing World”, in Allan John, Doreen Massey and Michael Pryke (eds.), *Unsettling Cities* (London and New York: Routledge, 1999), p. 250

regimes at the city level to adjust to new macroeconomic realities. It would affect the production of goods and services and the broad context for investment, savings, resource mobilization and capital formation in urban areas.¹⁷¹

Another important change that the discourse of the WB was subjected during the eighties concerned the institutions that were considered as partners in urban projects. Although in the seventies, during the previous period, the relationship was built with the central government, after the eighties the WB addressed the assistance directly to the municipalities. The cause of this change emerging in the eighties must be the inefficiency of the WB projects in resolving the problems of the Third World cities. The degeneration of the public services due to the rising population and the increasing quantities of the urban poor remains as unsolved problems. The WB blamed the central bureaucracy, which was unable to use international aid effectively and properly for these continuing problems. With the coming of the eighties the WB pressed for decentralization in the urban management. Through decentralization the WB wanted to create efficiency by closing the gap between the service and its revenue. The WB also pressed for regional audition of these projects and presented that this is a method to link the urban development to the democratization process.

Parallel to this decentralization attempt different criteria and measures were set for the loans granted to the cities. Instead of sectoral and spatial loans, the WB preferred to support the projects that aimed to be consequential for the totality of urban administration and the projects that permitted institutional changes in the management of urban services: “[The new approach] was based on a close link between loans to municipalities and a series of institutional reforms at the local level, presented as conditions for the granting of such loans.”¹⁷²

¹⁷¹ Ibid.

¹⁷² Ibid, p. 210.

Another change is related to loosen the public management over the urban services through proposals based on public-private partnership. The main aim of this change is always to demolish the public monopoly over the urban investments despite the fact that the private partnership in these once public monopolies shifted according to the specific localities. Thus, on the one hand, local and central authorities that suffer from the lack of funds would be relieved; on the other, new investment opportunities would be created for the private entrepreneurs.

The Case of IWSA (Istanbul Water and Sewerage Administration)

The reflection in Turkey of this changing WB strategy can be seen in the organization of the IWSA. The handling of the management of the clean water and sewerage system of Istanbul by IWSA rather than Water Administration (*Sular İdaresi*) attached to ex Istanbul Municipality is a clear case of the practice of the new criteria cited above.

The WB contributed to the establishment of the IWSA. The WB involved in water and sewerage problems of Istanbul first during the seventies. The project financed by the WB credit aimed at utilizing the natural water resources of the Istanbul area to the public use failed because of the lack of central coordination among various responsible institutions. Furthermore, the 1976 bill that stipulated the constitution of a General Directorate to administer the water and sewerage system of Istanbul remained inconsequential.

At the end of this process the WB lost his faith in the efficiency of municipalities. This point could be pursued in the debates over the constitution of the IWSA that was made in the National Security Council. The President of the Council, Evren stated that: "It is understood that this duty can not be implemented through the

municipalities. If I'm not wrong the World Bank gave that credit with the condition of non-involvement of the municipalities. They said that 'I can finance this project, yet if the municipalities would be at charge they would spend that money in something else and water and sewerage problems remain unresolved.'"¹⁷³

In this point, the cited strategy change is better understood. What matters for the WB is not empowering local government against the central government. Rather, the WB wanted to contribute to the institutional reforms and organizations that can alter the nature of the urban services. IWSA was constituted with this mentality, as an independent organization from the municipality.

The support of the WB to IWSA was illustrated by the credits provided to this institution through the WB. The WB, which provided a credit worth of 88 million dollars during the constitution of IWSA perpetuated its support during the era when Motherland Party (MP) government changed the organizational structure of this institution. They provided another credit worth 218 million dollars this time in 1987. The budget of IWSA equaled that of the Istanbul Metropolitan Municipality in 1985 thanks to these foreign credits. As a result, the percentage of investments realized by IWSA also increased.

IWSA, which was established in 1981, was designed as an institution dependent upon the private law except for its personnel status with autonomous budget. This legal autonomous status remained unchanged until 1984 when the MP changed it. As a matter of fact, during the formative era, any possible connection established with the municipality in legal base attracted suspicions of the state officials. For instance, during the debates over the bill, an Article that could pave the way for coordinated initiatives with the municipality was rejected in the same

¹⁷³Milli Güvenlik Konseyi Tutanak Dergisi, Cilt:5, (26.10.1981-31.12.1981), (Ankara:TBMM Basımevi, 1982), p. 224.

ground. The Council member General Nejat Tümer stated that such a clause could irritate the WB.¹⁷⁴

The organizational structure of IWSA resembles the organization of a firm. This organization is composed of General Assembly, Executive Committee, Auditing Board and General Directorate. The Executive Committee and the General Directorate seemed to be the most important organs within this schema. The members to both of these organs were mostly selected by the government. The Law stipulated that the members these organs must be specialists in their domains. The majority of the General Assembly was also composed of cabinet members. Another significant point in the composition of the General Assembly was the inclusion of the representative of the Istanbul Chamber of Industry instead of members of the Municipal Assembly. This latter group, despite included in the first draft, excluded from the Assembly in the final bill.¹⁷⁵ The inclusion of the former group into the General Assembly can be perceived as an early example of the representation of civil society in the composition of autonomous institutions. This last trend is a more current phenomenon. This organizational structure suggested that IWSA was an institution conducted by the technocrats.

Although, just before the MP government, IWSA was subordinated to the municipality through a governmental decree and in 1985 its General Assembly was replaced by the General Assembly of the Metropolitan Municipality, IWSA maintained much of its autonomy. It is interesting to note that the Municipal Assembly was entered into the legal organizational formation of IWSA as its General Assembly rather than a municipal governing body. This preference demonstrates the

¹⁷⁴ Ibid, p. 226.

¹⁷⁵ Ibid, pp.238-242.

care in defending the legal autonomy of IWSA. However, it is obvious that the establishment of the Metropolitan Municipality strengthen the dominance of this new body over IWSA. Two important changes that prove this dominance are the ascription of the Presidency of the Executive Committee to the Metropolitan Mayor, and weakening the authority of the central government in the selection of executive personnel. During the parliamentary debates of this amendment, the governing party claimed that this change is a result of the transition to the democratic, civilian regime.¹⁷⁶ This changes empowered the administrators of the Metropolitan Municipality in the management of IWSA, which posses a financial capability equivalent to the Metropolitan Municipality. These changes are in line with the tendency that will be evaluated further below consisting of empowering the Metropolitan Municipalities and enlarging the domain of their authority. This last tendency does not contradict the cited mentality of the WB. The subordination of IWSA to Metropolitan Municipality goes hand in hand with the reorganization of Metropolitan Municipalities. From this perspective, the new organizational and institutional constitution of these municipalities was not the same with the preceding era that was blamed by the WB.

Another coincidence of the legal formation of IWSA with the WB vision is the compatibility of this formation with the privatization of the public services. This compatibility reflects itself also in the legal discourse. The legal texts permit implicitly the use of contractors in the implementation of the duties of the IWSA. The same discourse is also used in Law No. 3030 that would constitute the Metropolitan Municipalities. According to the second Article of the Law No. 2560, which constitutes IWSA, this newly established body could found partnerships with

¹⁷⁶ *Türkiye Büyük Millet Meclisi Tutanak Dergisi*. Cilt: 4, (23.05.1984-09.07.1984), (Ankara: TBMM Basımevi, 1984), p. 16.

private institutions. This context is congruent with the WB strategy of private-public partnership in the urban administration.

The pricing is another subject where interesting developments occurred. According to the IWSA model established in 1981, in pricing clean water the profit margin cannot exceed ten percent, yet in 1986 the MP government determined the ten percent profit margin as the minimum standard and decided to apply this pricing margin to every Metropolitan Municipality. The logic behind this change is in line with the WB's tendency of relying on pricing mechanisms in the management of clean water resources. This logic means in practice rendering the clean water tradable within the context of those who use must pay.¹⁷⁷

As this case illustrates IWSA that was modeled after the proposals of the WB cannot be considered simply as an attempt to ameliorate the public services. It must be considered within the wider context of the transformation of the public services. IWSA as a body that is consequential over the totality of the nature of the urban administration, was a model case of the WB's strategy emerged in the eighties.

These structural transformations that was realized to attract more capital flow is conducted parallel to a change in the mentality of urban administration. The Turkish experience can be worth evaluating at this point.

Municipal Mentality of New Right as a Reaction

Keyder and Öncü conduct a study to research the transformation of Istanbul in the aftermath of the eighties. Their approach was similar to Harvey: "hence, the legitimacy of the metropolitan municipality increasingly depends on carrying out the

¹⁷⁷ Birgül Ayman Güler (ed.), *Su Hizmetleri Yönetimi* (Ankara: TODAİE, 1997), p. 18.

investment activity designed to promote greater investment, and on creating the appropriate climate for entrepreneurship.”¹⁷⁸

Şengül also argued that the basic future of the New Right project is creating a competitive climate among the cities to attract the capital flow. According to Şengül, the transformation following the eighties is the transition from the urban administration that put the emphasis on the recreation of the labor to the urban entrepreneurship that emphasizes the recreation of capital. Şengül added that from the beginning of the eighties, the municipal administrations developed interference mechanisms susceptible to the demands of the capital.¹⁷⁹

In order to grasp the urban policy implemented by MP government, one must remember the basic feature of the New Right, which is its reactionary nature. As mentioned before, the New Right posited itself always challenging the compromises existing previously. That is why it is illuminating to consider the municipal understandings existed prior to the eighties.

The MP also won the municipal elections held in March 1984, four months later of its victory in general elections. It won the elections in 54 provinces out of 67, in 326 districts out of 580 and in 592 town-centers out of 1052. This municipal victory consolidated the MP rule. However, the genuine success came when it won the three Metropolitan Municipalities that were held by the leftists prior to the eighties. Republican Peoples Party (RPP) won the municipal elections in three major cities first in 1973. In 1977 it repeated this municipal success by introducing a programmatic dimension to its municipal policy. In 1984 the left was expected to

¹⁷⁸ Çağlar Keyder and Ayşe Öncü, *Istanbul and the Concept of World Cities* (İstanbul: Friedrich Ebert Stiftung, 1993), p. 36.

¹⁷⁹ H. Tanık Şengül, *Kentsel Çelişki ve Siyaset* (İstanbul: İstanbul WALD Akademisi, 2001), pp. 108-109.

hold its reign in these three major cities yet the MP victory was a huge win for the New Right project.

The squatter neighborhoods that began to convey their problems into the political domain from the end of the sixties, inclined to vote for the left in increasing proportions from the 1969 elections onwards. The votes from these neighborhoods contributed to the RPP victory in 1973. However, in this date RPP lacked a well-designed programmatic approach towards the local governments. Indeed, in the early seventies local government was not a domain of programmatic divide between left and right. In the 1973 elections, although the electoral discourse of the RPP candidates was based giving priority to provide public services to lower income groups and possessing expert cadres, these differences however did not reflect any programmatic difference from the JP candidates. All of the politicians were united in making general and unpersuasive promises.¹⁸⁰

The programmatic divide emerged as a reflection of the experience survived between 1973-1977. According to Tekeli, there existed two important conflictual dynamics determining this period. First of them developed between mayors who wanted to direct the resources to the lower income groups of the cities, and the petty entrepreneurs and craftsman who traditionally filled the municipal assemblies and who had contradicted interests with the consumers composed mostly of the lower income groups. The second conflictual dynamic developed between the central government hold by the right-wing parties and the local governments ruled by the left.¹⁸¹ The social democratic municipalities that were fighting in these two fronts on the issues of provision and distribution of the resources had to find alternative resolutions. According to Göymen, “that is the very reason why democracy was a

¹⁸⁰ İlhan Tekeli, *Belediyecilik Yazıları 1976-1991* (İstanbul: IULA-EMME, 1992), pp. 78-81.

must rather than a choice for Turkish local governments. The necessity of participatory democracy in local government emerged from operational structure and the existential reasons.”¹⁸² This new municipal approach led by a few members of the members of RPP declared the principles of their movement. At the origin of this movement lied compulsory necessities. According to them the local governments must be democratic, productive, consumption regulating, unionist and resource creating. Aydın Erim, who joined in the local government of Izmit hold by RPP between 1973-1980, described these principles. According to him, democratic municipality must be independent from the central authority and must rely on the participation of the citizens at every level. Thus, its ability to make binding decisions comes from this feature. The productive and consumption regulating municipalities had to direct and defend the city life against the urban rent-seekers and central governments. These two qualities of the local governments bring to the agenda the issue of resource creating. The unionist municipality, on the other hand, signified practical and essential solidarity among the citizens within this context.¹⁸³

The new social democratic approach had two basic objectives imposed by the center that it fought against. These were abolishing the tutelage of the central governments over the local governments and minimizing the urban rents. The movement aimed to abolish intermediaries at every level from the provision of daily needs to the housing. This desire to produce services to the advantage of the huge consumer groups and regulating the urban services and providing basic consumption material through collective organizations working according to the rules of the

¹⁸¹ Ibid, pp. 86-87.

¹⁸² Korel Göymen, “Türk Belediyeciliğinde Ankara Örneği”, in *Türk Belediyeciliği'nde 60 Yıl Uluslararası Sempozyumu* (Metropol İmar A.Ş.&IULA-EMME, 1990), p. 398.

¹⁸³ Aydın Erim, “1973-1980 Dönemi Belediyeciliği:İzmit Örneği”, *Türk Belediyeciliği'nde 60 Yıl Uluslararası Sempozyumu* (Metropol İmar A.Ş.&IULA-EMME, 1990), p.386.

participatory democracy gave the movement its democratic character. On the other hand, their emphasis on expertise, project and planning exposed the technocratic dimension of the movement. The movement wanted to resolve the housing problem through the cooperatives, they wanted also to register the members of the cooperatives to the firms producing the service in order to give them voice over the service production process. They wanted to create neighborhood representatives, to institutionalize partnership with professional associations and democratic mass organizations, and to establish cooperative markets (*Tanzim-Halk Pazarı*) in order to eliminate intermediaries between consumers and producers. These desires were motivated by the approach that emphasizes the organization of the urban life in the basis of use value rather than exchange value.¹⁸⁴

The military coup brought an abrupt end to this movement, yet it was already handicapped by various deficiencies. This movement was never supported wholeheartedly by the totality of the RPP and as the time elapsed the discrepancy existing between the party headquarters and local administrators widened. In 1977 municipal elections, the mayors who led the movement were not even allowed to run for the offices by the party headquarters. However, the real problem was the inability of these leaders firm relationships with the urban poor. The electoral victories could not be transformed into a social movement and remained as another reflection of middle class radicalism.¹⁸⁵

The approach of the MP that swept away the left in the municipal elections of the 1984 was devised as a reaction to this movement. For instance, when opposing the subvention, MP declared that: "Avoid pricing the public services under their costs. Our party is against to finance everybody without discriminating between rich

¹⁸⁴ Şengül, p. 84.

and poor. We are for the SOCIAL JUSTICE, only poor must be financially supported. SOCIAL DEMOCRATS stood for funding everyone in general, we are against the use of public services by the rich people in lower prices.”¹⁸⁶ In this referred manual, the pricing policy of the clean water was also explained. According to this information, the pricing must be progressive, while the lower strata enjoyed financially backed prices (the proposed backing was approximately a fifth), the higher income groups must be paid increasing prices for the clean water. This pricing policy would both discriminate between rich and poor and prevent the misuse of the clean water. However, the practice did not fit the manual. The pricing of the clean water during the MP government was mentioned above in the section on IWSA.

The cooperative markets initiated by the social democratic movements was also abolished. The MP philosophy claimed that discounting the prices is only possible by increasing the supply. And the supply increases if and only if competition exists: “Our municipalities must not interfere into the trade and industry. That is to say don’t undertake cooperative sails, we have a more important work to do. We must introduce the competition.”¹⁸⁷ According to MP, in order to provide cheap products to the consumer, the obstacles in front of the entrepreneurs must be eliminated rather than price controls or cooperative sails: “if the producer wanted to sell its tomato in the city, he must be able to do that without any restriction. The supply and demand equilibrium can be established only through this way. Every formality hardening the supply will increase the prices.”¹⁸⁸

¹⁸⁵ Ibid.

¹⁸⁶ Anavatan Partisi Basın ve Araştırma Merkezi, *Belediye El Kitabı* (Ankara: Renk Ofset, ??), p. 5.

¹⁸⁷ Turgut Özal, *Genel Başkan Turgut Özal’ın Danışma II Toplantısı* (Belediye Başkanları ve İl Başkanları Toplantısı Açılış Konuşması), ??, p. 20.

¹⁸⁸ *Belediye El Kitabı*, p. 8.

The municipalities were excluded also from the field of housing production. Ruşen Keleş complained about the exclusion of local governments from the single most important legislation promulgated by the MP government in 1984 in this field, namely the Mass Housing Law.¹⁸⁹ This action also contradicts the social democratic municipalism by denying the involvement of the local governments in the resolution of housing problems. The social democrats wanted to minimize the rents on housing, yet, between 1983-1988, the investments of the private sector in housing boom. Between 1983-1987 the annual ratio of real change in the private housing investments was 24.5 percent, in 1988 this figure reached 50 percent and this was the highest number within the private sector investments.¹⁹⁰

To borrow the term from Şengül, after 1980 the city was organized around the exchange value. Prior to this date, in compliance with the social consensus of the era, public services and policies included the domains that were not fully monetarized in order to reproduction of the labor. The following era, on the other hand, witnessed a rapid marketization in these very domains.

The New Municipal Structure

The transformation emerged in the municipal functions reflected into the structure of the municipality in compliance with the policies of the WB. The objective in this transformation is reaching an efficient local government. Especially the problems ravaging İstanbul turned to be a contentious issue during the seventies and a general consensus constituted on the need of a total reformation of the

¹⁸⁹ Ruşen Keleş, *Kent ve Siyaset Üzerine Yazılar* (İstanbul: IULA-EMME, 1993), p. 159.

¹⁹⁰ Erinç Yeldan, *Küreselleşme Sürecinde Türkiye Ekonomisi* (İstanbul: İletişim Yayınları, 2001), p. 46.

municipal organization of this city. An important document in that respect was referred by Öncü. This document is a report drafted in 1978 by INGLOV (Institute of Local Government Studies at the University of Birmingham) thanks to OECD financial support on the demand of Istanbul Municipality. This report “advocated metropolitan wide administration of certain functions coupled with decentralization in municipal administration entailing increased autonomy granted to municipal districts.”¹⁹¹ Metropolitan municipalities desined by MP government and legalized by the Law No. 3030 are the first and most important step in that respect.

The Law No. 3030

The story of the Law No. 3030 that formed the legal basis of the metropolitan municipalities is worthy of mentioning. As mentioned earlier, in the formation of the MP's local elections behavior, the competition from Social Democratic Party (SODEP) proved to be influential. A possible electoral victory in the municipal elections by SODEP, as the heir of RPP holding the municipalities in the major cities prior to the 1980, would harm the prestige of MP that won the general elections four months earlier in the absence of this former party. MP took precautions against this possible danger. Firstly, in the January of 1984, the Law No. 2792 concerning the elections of the local governments is promulgated. The major novelty in this Law is the mentioning of the elections of the metropolitan mayors. Metropolitan municipalities are mentioned earlier in the 127th Article of the 1982 Constitution. According to this Article, the administration of the metropolitan areas could be regulated by a special Law. The anomaly of electing mayors for a legally non-

¹⁹¹ Ayşe Öncü, “The Potential and Limitations of Local Government Reform in Solving Urban Problems: The Case of Istanbul”, in Heper, Metin (ed.), *Dilemmas of Decentralization: Municipal Government in Turkey* (Bonn:Friedrich Ebert Stiftung, 1986), p. 74.

existent entity is eliminated by the promulgation of a governmental decree three days before the election. The Law No. 3030 was prepared after this date.

The Law triggered two important developments concerning the administration of metropolitan areas. Firstly, a dual structure was built between the metropolitan municipality and the district municipalities. Secondly, most of the public functions that were in the hands of central government are transferred to the municipalities. Heper asserted that prior to this Law, most of the burden of the local government lied with the central government:

“for instance, responsibility for planning was not fragmented among various local governments. At least in three major cities the responsibility for physical planning belonged to the metropolitan planning bureaus. Economic planning was carried out by other units of central government. Some metropolitan area services such as education, health and public order had been shouldered by the central government. Even some local services such as drinking water, electricity, sewerage and city roads were also the responsibility of the central government.¹⁹²

From this point of view, the Law No. 3030 reorganized the local government by transferring the real burden to the newly established municipalities. The sixth Article of this Law cited the following functions among the duties of the metropolitan municipalities:

- Strategic investment planning, dealing with large infrastructure and facilities;
- physical planning, i.e., preparation and implementation of Master Plans for the metropolitan area;
- transportation, including the setting of transportation policies, construction of mayor roads and arteries, parking lots, terminals as well as the operation, directly or through concessions, of public transportation services;

¹⁹² Metin Heper, “Local Government in Turkey: An Overview with Special Referances to the Municipalities, 1923-1980”, in Heper, Metin (ed.), *Dilemmas of Decentralization: Municipal Government in Turkey* (Bonn:Friedrich Ebert Stiftung, 1986), p. 31.

- water supply and sewerage;
- establishment and operation of parks, gardens, green areas and recreational facilities;
- solid waste disposal;
- undertaking of large economic activities when their impact will be felt over the metropolitan area or when the necessary resources are beyond the local limits.

The metropolitan municipalities took the charge of some functions that was earlier provided by the central government such as drafting the development plan. The authority of drafting the development plans of metropolitan cities was a domain of vagueness. Although Master Plan Bureaus that were responsible for the preparation of master plans of metropolitan cities have been established in 1965, Tekeli stated that within the 1965-84 period development legislation provided for a steady increase in authority and supervision by the central government.¹⁹³ The supervision of the central government embodied in the Ministry of Reconstruction and Resettlement. Thus, the Law No. 3030 realized a transfer of authority from this ministry to the metropolitan municipality.

With regard to the district municipalities the sixth Article also cited the functions transferred to them:

- Construction and maintenance of streets which are not major arteries of the metropolitan area;
- health and veterinary services;
- street cleaning and waste collection;
- supervision of prices and control of markets; environmental and public health control;

¹⁹³ İlhan Tekeli, *The Development of the Istanbul Metropolitan Area: Urban Administration and Planning* (Istanbul: IULA-EMME, 1994), p. 180.

- detailed land use planning;
- granting building permits; control of buildings.

Ergüder, who claimed that the first four functions of the district municipalities cited above are neither new nor earthshaking, asserted that the last two transferred important responsibilities to the district municipalities because of the accelerating rate of population density.¹⁹⁴ The district municipalities became suitable for the distribution of small and middle sized urban rents. However what matters, for our subject is the fact that this new division of labor emerged between metropolitan municipality and district municipalities paved the way for the reorganization of the authority sharing.

The New Executive Board

The most striking feature of the structure of the metropolitan municipalities established according to the Law No. 3030 is the municipal execution, which was constituted around the elected metropolitan mayor. It is possible to argue that the ministerial control over the local government is greatly reduced. The Law stipulated that the Ministry of Internal Affairs is responsible for only the approval of the selection of the Municipal General Secretary. Moreover, the Ministry of Public Works and Resettlements does not possess any auditing authority over the metropolitan municipality unlike the pre-1980 period.¹⁹⁵

¹⁹⁴ Üstün Ergüder, "Patterns of Authority", in Heper, Metin (ed.), *Local Government in Turkey: Governing Greater Istanbul* (Bonn:Friedrich Ebert Stiftung, 1989), p. 33.

¹⁹⁵ It is important to note Ruşen Keleş's warning in this point. According to Keleş, the MP political stance on the autonomization is unclear when the other Laws promulgated by the same party is considered. Keleş especially pointed to the Laws such as Development Law (the Law No. 3194) and legally regulations related to tourism that eliminated the municipalities by taking their authority of approval of the development plans. in Keleş, *Kent ve Siyaset*, p. 251.

The dominance of the metropolitan municipal execution surfaced in the relationships of this former body with the district municipalities and municipal assembly. Therefore, the executive wing of the metropolitan municipality has great authority over both the organization of the metropolitan municipality and the dual structure established in the local government by the new Law.

Before going into the details of the new structure, it is interesting to refer to a document published by MP presidency of local government. This document entitled the MP's bill for local government is somehow a critique of the Law No. 3030 that this party was the architect. This document is published after MP lost the metropolitan municipalities. The differences existing between this bill and the existing Law is noteworthy:

- The inclusion of professional associations and trade unions representatives into the Municipal General Assembly as honorary members.
- The legalization of responsibility and duties of the municipal assembly that are regulated with statutes according to the existing Law.
- The decreasing of the proportion needed to overrule the decisions of the mayor in the municipal assembly to 1/2 from 2/3.
- The inclusion of five members of the Municipal General Assembly to the composition of the municipal council (*belediye encümeni*).¹⁹⁶

The proposed amendments to the Law proved beyond any doubt that the existing legal text weakened the Municipal General Assembly and undermined the democratic participation. In their stead, it empowered the mayor and his selected personnel in the administration of the municipality. Bedrettin Dalan the first metropolitan mayor of Istanbul claimed that he was the real architect of the Law No.

¹⁹⁶ Anavatan Partisi Yerel Yönetim İşleri Başkanlığı, *ANAP Yerel Yönetim Yasa Teklifleri* (Yayın no: 3, Ankara, 1993).

3030. The widened authority of the mayors seemed to support his case. This authority even enabled the personal preferences of the mayor to counterweight the decisions of Municipal General Assembly. The metropolitan mayor can veto the decisions by both the Municipal General Assembly and the district assemblies. To overrule this veto the assemblies had to revote their decisions with a 2/3 majority (Article 14). The statute regulating the functions of the Municipal General Assembly further empower the mayo .The 42nd Article of the statute gave the mayor the right to amend the decisions made by the Municipal General Assembly partially. Furthermore, while according to the previous Law (Law No. 1580), a 2/3 majority needed to impeach the mayor, in the Law No. 3030 this proportion augmented to 3/4. This new authorities enacted in the Law No. 3030 contradicted the previous regulation. The Law No. 1580 did not design such a hierarchical relationship between the mayor and the municipal assembly. Apart from some decisions concerning budget and debts, in the previous regulation the decisions made by assembly did not need any approval from higher authorities. The decisions that needed approval were not sent to the office of the mayor either. Administrative officers such as provincial governors etc. approved them. The only privilege of the mayor had under the old regulation is the right to oppose the decisions of the assembly in the administrative offices.¹⁹⁷ The Law No. 3030 abolished the tutelage of the administrative offices yet instituted the mayor as a hierarchical superior.

The organization of the municipal council (*Encümen*) reflects the same trend. Ekinçi asserted that transactions such as contract bidding, lend and lease agreements, plotting of the urban lands into parcels etc. that were related to monetary regulations

¹⁹⁷ Ruşen Keleş and Fehmi Yavuz, *Yerel Yönetimler* (Ankara: Turhan Kitabevi, 1983), pp. 159-160.

were left to the municipal councils devoid any democratic participation.¹⁹⁸ The Law No. 3030 showed deep differences from the previous regulation as illustrated above. In the previous regulation, the municipal council was composed of the mayor and the selected members of the Municipal General Assembly. The selected members had to serve a year in this council. Hence, the rotation in the office was realized. According to the Law No. 3030, on the other hand, the council is composed of under the presidency of the metropolitan mayor or someone who is selected by him with the participation of General Secretary and the selected department heads of the metropolitan municipality organization (Article 13). The council also had the duty to resolve the conflicts arisen between the district municipalities and the metropolitan municipality and among the district municipalities. According to the Article 24, the council had to intervene in these conflicts if the Municipal General Assembly is absent. Considering that according to 11th Article, the assembly convenes only three times a year, this function practically lies with the council.

Another important office empowered by the new Law is the office of General Secretary. This office is instituted to replace the office of deputy mayor existed under the previous regulation. Its duty is to coordinate the departments of metropolitan municipality. This office played many important roles when Dalan was in charge. The office of General Secretary and deputy General Secretary can be filled with contractual personnel. This demonstrates that this office is not designed as a traditional public chief administratorship. The department heads can also be nominated by contractual employment. This personnel policy proved that the organization of metropolitan municipalities exceeds the limits of classical public service.

¹⁹⁸ Oktay Ekinci, *Dünden Bugüne İstanbul Dosyaları* (İstanbul: Anahtar Kitaplar, 1995), p. 118.

Coordination centers occupied important roles in the provision of municipal services (Article 7). These centers are novelties created by the Law No. 3030. Infrastructure Coordination Center and Transportation Coordination Center that are responsible for the urban infrastructural and transportation services are composed of under the presidency of the mayor and with the participation of representatives of relevant public institutions. The district mayors can attend to the meetings of these bodies when matters related to their districts are in the agenda. The exclusion of the assembly from these bodies possessing great authority over the regulation of city life and related public institutions proved that the distribution of urban services was organized in a technocratic mentality.

As a matter of fact, it can be claimed that the distinctiveness between the two eras should not be exaggerated. The mayors of the major cities are always in sense strong mayors. What is altered though is the structural organization of this trend. Öncü illuminates the basis of power of the mayors of the ancient era, who enjoyed a wide popular support so as to confront the central authority:

in order to secure resources and generate action, the mayor of Istanbul played an essentially covert and individualistic game – individualistic and covert, because it precluded the essentials of what has been termed the management approach, i.e., a clear definition of priorities and policies through a systematic examination and evaluation of needs, realistic assessment of resources and expenditures based on authorized priorities, and regular monitoring of effectiveness and efficiency in order to improve policy and its implementation.¹⁹⁹

The Law No. 3030 legalized this informal power by granting it to the municipal executive.

The authority of metropolitan municipal executive emerges also in the relationships with district municipalities. The Law No. 3030 by establishing district municipalities alongside the metropolitan municipality seemed to stand for

decentralization, yet it reduced the powers of district municipalities to the advantage of metropolitan municipality hence handicapped the former bodies. The study conducted by Heper and others based on interviews with district mayors demonstrated the uneasiness of these people due to their lack of authority and the bureaucratic nature of the metropolitan municipality:

Apart from the metropolitan mayor and the metropolitan council, all other organs of the metropolitan municipality are appointed: the metropolitan municipal board, the center for coordination of transportation and the center for coordination of infrastructural services. We must add to this list of the office of the secretary-general, which, during the term of Mr. Bedrettin Dalan (the Metropolitan Mayor), has turned into a powerful office under the direction of Mr Atanur Oğuz. The main argument of the district mayors is that often, as elected mayors, they find themselves playing second fiddle to the non-selected metropolitan bureaucracy.²⁰⁰

The district municipalities resembles to the branches of metropolitan municipality rather than autonomous elected bodies because of their lack of financial capability, their dependence on the metropolitan municipality for additional financial resources, the direct authority of the metropolitan municipalities over some services provided in the districts and the hierarchical superior position of the mayor against the decisions made at the district level. The district mayors wanted the abolition of this administrative tutelage and the restriction of the authority of the metropolitan mayors to correct possible illegal acts made at the district level. Metropolitan municipality, on the other hand, rejected vehemently these suggestions. Heper argued that the metropolitan municipalities did not want a detail account of the divisions of functions between them and the district municipalities since such a move will restrict their domain of access. The metropolitan municipalities imposed their administrative supervision over the district municipalities.²⁰¹

¹⁹⁹ Öncü, p.63.

²⁰⁰ Ergüder, p. 42.

The Reshaping of Financial Structure

Basing their claims on the local administrative policies of neoliberal politics Brenner and Theodore emphasized two points in the finance of local governments. On the one hand, while these policies imposed “of fiscal austerity measures upon municipal governments”, on the other hand they created “of new revenue collection districts and increased reliance of municipalities upon local sources of revenue, user fees, and other instruments of private finance.”²⁰² Turkey followed a different path from this perspective. A characteristic feature of the post-eighty era is the increase in the funds directed to the municipalities. In the immediate aftermath of the 1984 municipal elections, Özal wanted from the mayors “to cease to be municipalities begging money from the central governments. In order to achieve this aim we will provide you better financial opportunities. Then, you must also try to gather whatever money the Law permitted. Finally, you must charge the services that you provided to the citizens. You must inform them on that respect.”²⁰³ These three points is highly illuminating for our case, the metropolitan municipalities.

Firstly, it must be underlined that MP government increased municipal revenues though this policy is a continuation of the military interregnum comprising 1980-1983. In 1981, the military rule decreed two regulations augmenting the municipal revenues. As a result of these two the municipal revenue items increased.

²⁰¹ Metin Heper, “Municipal Government in Istanbul: A Grassroots Perspective”, in Heper, Metin (ed.), *Democracy and Local Government: Istanbul in the 1980s* (Northgate: Eothen Press, 1987), p. 36.

²⁰²Brenner and Theodore, p. 369.

Moreover, the municipal tax base was widened by either enlarging their base or increasing their percentages. In total, the municipal revenues tripled. According to Keleş: "This does not mean that this partial reorganization totally abandoned the former uniformity of local revenue system: it simply gave some flexibility to local governments in order to increase tax revenues collected locally."²⁰⁴

MP kept its promise to the mayors. Through a Law promulgated in 1984, the municipal revenues were reorganized. In 1985, tax revenues were further increased and in 1986 they were coupled with the real estate tax and the fuel consumption tax. Through this supplementations the 6 percent ration that was directed to the municipalities from the total of tax revenues reached 13 percent in 1985 and never fall down from this level throughout the eighties.²⁰⁵

The financial policy pursued by the MP government concerning the metropolitan municipalities is organized under a special status. The revenue of these bodies is stipulated in the Law No. 3030 that constituted them. According to this Law, the revenue of the metropolitan municipalities is composed of their share from the total tax revenues, their share from the provincial tax revenue, the revenues from the municipal services and foreign and/or internal debts. In 1986, two new tax items that we cited were added to this bundle. The city of Istanbul has also additional resources. IWSA is attached to the Istanbul Metropolitan Municipality according to the Law NO. 3030. This doubled the municipal revenues of Istanbul since the budget of IWSA equaled the metropolitan municipality in 1985. Furthermore, Istanbul district municipalities attracted significant amounts of assistance from the central

²⁰³ Özal, *Genel Başkan Turgut Özal'ın Danışma II Toplantısı*, p. 30.

²⁰⁴ Ruşen Keleş, "Decentralization: Experience and Prerequisites", in Göymen, Korel, Hans F. Illy and Winfried Veit (eds.), *Local Administration, Democracy or Efficiency?* (Bonn: Friedrich Ebert Stiftung, 1982), p. 122.

²⁰⁵ Keyder and Öncü, p. 22.

government. In 1985, the 78.2 percent of the budget of the Istanbul Metropolitan Municipality was made of government assistance. In 1986, this ratio dropped to 39.8 percent.²⁰⁶ When all of these increases calculated “per capita municipal revenues in the Istanbul metropolitan area was 406 TL in 1976 and 419 TL in 1980, in current prices. It was about 17.240 TL in 1985 and since the budget of ISKI is as large as that of the city of Istanbul, one can assume that the services per inhabitant in monetary terms was twice this in the same year.”²⁰⁷

Keleş underlined the fact that the greater share of the municipal revenues came from the central government. In 1984, 28.6 percent of its revenues came from Ankara excluding the assistances. In 1985, this ratio increased to 78.1 percent.²⁰⁸ Highlighting this figures, Tekeli argued that MP did not interested in decentralization.²⁰⁹ MP later admitted this point. In the above-mentioned bill that MP prepared after it lost the municipalities the proposition to direct the shares from the urban rents created by the value-added municipal services. This can be accepted as a sign of searching local revenue basis for the municipalities.

The reason of this extended governmental financial support must be evaluated. Tekeli argued that such assistance contradicted the claims of Özal’s economic policies. While monetarist policies cut of internationally government spending, Özal reversed this policy in the context of municipalities. Tekeli cited two possible reasons for this reversal. Firstly, the government might undertake

²⁰⁶ Ruşen Keleş, “Recent Developments in Istanbul Municipal Finance”, in Heper, Metin (ed.), *Democracy and Local Government: Istanbul in the 1980s* (Northgate: Eothen Press, 1987), p.47.

²⁰⁷ Ruşen Keleş, “Municipal Finance in Turkey with Special Reference to Istanbul”, in Heper, Metin (ed.), *Dilemmas of Decentralization: Municipal Government in Turkey* (Bonn:Friedrich Ebert Stiftung, 1986), p. 50.

²⁰⁸ Ibid, p. 51.

²⁰⁹ Tekeli, *Belediyeçilik Yazıları*, p. 117.

infrastructural investments to attract foreign capital yet if this was the case they failed since the foreign capital did not flow to Turkey during the era. Secondly, in a country where the urban population exceeded 50 percent, MP tried to substitute the traditional rural power base of the center-right in Turkey with urban masses. Tekeli argued that this second option seemed more probable.²¹⁰ Keyder and Öncü suggested a similar possibility: “the dynamics of Istanbul’s rapid and dramatic transformation during the post-1983 period can best be understood in terms of an interaction between forces and pressures for internationalization on the one hand, and the dilemmas of an elected government attempting to reconcile them with the vagaries of populist politics, on the other.”²¹¹

The parallelism existing between the administrative structure of the metropolitan municipality and the increase in its revenues must be underlined. The initiative of the metropolitan municipality in the creation and spending of the budget reaching immeasurable levels carried a central importance. The best way to analyze the policy to institutionalize this transition pursued by the MP government is to focus on the distributional relationships accompanying that.

Cities and Capital Accumulation

Eraydın divided into three stages the relationship between cities and capital accumulation in Turkey. Cities did not bear any importance in the first stage beginning with the foundation of the Republic and reaching the mid-fifties. In this first stage, the capital accumulation was formed in the context of the relationships between agriculture and industry. The second stage began with mid-fifties and ended

²¹⁰ Ibid, p. 102.

in 1980. In this stage, the cities turned to be accumulation centers though the urban rents did not attract the interests of the big capital. The post-eighties made cities one of the formative elements of the capital accumulation. This process was possible due to financial resources, investments and administrative structure of the cities.²¹² Işık and Pınarcıoğlu also argued that prior to the eighties cities were not an important factor in the dominant capital accumulation regime. Indeed, there existed a compromise between the capital, state and popular sector. The state provided the basis of the capital accumulation through protective policies and in return the capital did not claim any rights over the urban rents. These rents were divided among the popular sector through various means. This compromise is destroyed after 1980. The transformation in the process of revaluation of capital made cities suitable places for capital accumulation, hence, the outlook of the cities also transformed.²¹³ The relationship between cities and capital accumulation is not one-dimensional. Tekeli cited four dimensions.²¹⁴ According to this classification the cities were basic places for the capital accumulation process since they are the places where surplus value created, they are the places where due to the urban and infrastructural services they themselves created capital accumulation, they are the places where the social formation is reproduced and finally they are the places where the distribution of capital is influenced by the urban rents. Tekeli preferred to evaluate the urbanization process from the necessities of the capital accumulation process. According to him, after 1980 it is intended to realize “a transformation from the city that is suitable to

²¹¹ Keyder and Öncü, p. 21.

²¹² see Aydın Eraydın, “Sermaye Birikimi Sürecinde Kentler”, *Defter* (No: 5 1988).

²¹³ Oğuz Işık and M. Melih Pınarcıoğlu, *Nöbetleşe Yoksulluk: Sultanbeyli Örneği* (İstanbul: İletişim yayınları, 2002 -Second Edition), pp. 120-121.

²¹⁴ İlhan Tekeli, “Kentleşmeye Kapital Birikim Süreçleri Açısından Bakmanın Sağladığı Açıklama Olanakları”, *Defter*. 5 (1988), p.131.

the needs of physically small capital to a city that is suitable to the scale and motives of big capital.²¹⁵

The increase in the investment ratios in the cities is a concrete expression of this transformation. The municipal spending, which formed 0.96 percent of the GNP in 1980, increased to 2.42 percent in 1986. The most rapid increase occurred in investments spending. They formed 17 percent of the total spending in 1980 and increased to 40 percent in 1986.²¹⁶

The investments of the Istanbul Metropolitan Municipality increased in proportion to the motives of big capital. The main reason behind the increase in investments seemed to be the vast financial capability and diversity of this municipality. However, Keleş pointed to another directions. In 1977, the personnel spending of the Istanbul municipality comprised 40 percent of total spending; this ratio remained unchanged until 1983. In 1984, it decreased to 13 percent. In the same period the ratio of investments showed the exact opposite of this trend. In 1977, it covered 26 percent of the total spending, remained approximately at this level until 1983 and in 1984 it jumped to 61 percent.²¹⁷ The increase in investment spending made possible through the reorganization of the budget that cut of the personnel spending.

Following the 1985, another important financial resource for the municipalities turned to be indebting. Until 1986, the municipalities were indebted to the public sector. The Bank of Provinces established to provide credit facilities for the municipalities transformed into a state economic enterprise in 1960. During the

²¹⁵ Ibid, p. 132.

²¹⁶ Birgül Ayman Güler, *Yerel Yönetimler: Liberal Açıklamalara Eleştirel Yaklaşım* (Ankara: TODAİE, 1992), p. 193.

²¹⁷ Keleş, *Municipal Finance in Turkey*, p. 51.

eighties the government undermined the main function of this institution. The Bank that provided the 30-35 percent of the local investments between 1978-1982, supplied only less than 10 percent in 1988. Another important decision made by the MP government in the finance of local governments was the prevention of the Central Bank from crediting these bodies in 1986. The local governments turning into investors in the same era had to find commercial credit on their own. The use of commercial credits did not follow a stable pattern. In 1986, the commercial credits reached 12 percent of the governmental financial support to the municipalities. In 1987, this ratio reached 29 percent. In 1989, on the other hand, the figure fell to 3 percent only. But in 1993, it returned to 26 percent.²¹⁸ The burden created by the interest rates of these commercial credits reached unsustainable amounts. This burden can be the reason of the low figure that was witnessed in 1989. When the proportion of the new credits to the transfer payments is considered, we see that it was 19 percent in 1986, 34 percent in 1987, 102 percent 1988 and 231 in 1989. At the end it seemed that, as Güler argued, the municipalities began to finance the banks rather than the way around.²¹⁹ In short, because of this financial structure the local governments are enslaved to the financial capital.

During the same era the foreign debts of the local governments also increased. Especially, the metropolitan municipalities preferred to use foreign credits. This tendency accelerated in the aftermaths of 1986. In 1986, the proportion of foreign debt owned by local governments covered 0.56 percent of the total Turkish foreign debt, although following an unstable pattern; this ration never fell down from 2.3-3 percent level during the nineties. In 1995, 45 percent of the foreign

²¹⁸ Güler, *Yeni Sağ*, p.p. 144-156.

²¹⁹ *Ibid*, p. 207.

debt of the local governments was from commercial banks, 19 percent of it was from bond markets. These figures depicted the relationship between Turkish local governments and international monetary markets.²²⁰

When the structure of the investment spending was evaluated it can be seen that its majority was directed to building and equipment expenditures. Especially after 1985 these expenditures rose to unprecedented levels.²²¹ Güler cited three groups benefiting from these expenditures. From 1986 onwards the Municipal Equipment Fair was organized. As this example shows the greatest share from this expenditure goes to big capital that produced machinery equipments and medium and small sized capital producing spare parts. Güler cited Koç, Sabancı, Alarko, En-Ka among the groups that have close and intimate relationships with the municipalities.²²² Another sector that benefited from the increasing building investments are the professionals such as project experts. Especially after 1985 this item increases its weight among the municipality spending.²²³ The building firms are the third group gaining from local government spending. Because of the contact bidding law that was in force during the eighties and the nineties big firms had an advantageous position in this field, though middle and small sized firms also benefited due to the subcontracts that they enjoyed. Subcontracting is a suitable method for the municipalities because it is devoid of the SPO control.²²⁴

It can safely be asserted that the greatest portion in the increase of the investment spending goes to metropolitan municipalities, especially Istanbul. This

²²⁰ see Tayfun Çına, "Yerel Yönetimler ve Dış Borçlanma", in Güler, Birgül Ayman and Ayşegül Sabuktay (eds.), *Yerel Yönetimler-Sempozyum Bildirileri* (Ankara: TODAİE, 2000), pp.577-593.

²²¹ Güler, *Yerel Yönetimler*, p.270.

²²² *Ibid*, p.211.

²²³ *Ibid*, p.270.

transformation reflected in the change in composition of the Municipal General assembly of Istanbul. During the seventies small entrepreneurs and craftsmen occupied the seats in this body. Their motives were to benefit from the urban rents. In 1977, 15.8 percent of the assembly was composed of craftsmen. After 1984 this figure fell to less than 2 percent. However, the ratio of entrepreneurs rose to 15 percent. Köksal and Kara conducted a survey among the members of 1984 Assembly. They stated that there existed a consensus over the investor feature of the municipality. Another important group that increased its share of representation in the assembly were the elites of mass immigration yet this is a subject of the following part of this chapter.²²⁵

Brenner and Theodore cited “creation of new opportunities for speculative investments in central city real estate market” as an important result of the articulation of the cities with neoliberalism.²²⁶ Ercan also underlined this tendency in cities such as Sao Paulo and Lima that were candidate to be “world cities”. If the price of land is fixed to 100 for 1959, it rose to 273.38 in 1978.²²⁷ Investing in urban rents to cope with its revaluation crisis witnessed in the late seventies was a beneficial alternative for the capital. During the eighties big capital joined in the looting of the urban lands. The forests and water basins of Istanbul are not invaded only by squatter town settlers but also by big building firms including the giant Koç group.²²⁸ Another plundering area is undoubtedly Bosphorus. After the coup the

²²⁴ Ibid, pp. 213-218.

²²⁵ see Sema Köksal and Nihal Kara, “1980 Sonrasında Yerel Siyasetin Örgütlenmesi ve Belediyeler”, *Toplum ve Bilim*. 48/49 (Kış-Bahar 1990).

²²⁶ Brenner and Theodore, p. 370.

²²⁷ Fuat Ercan, “Kriz ve Yeniden Yapılanma Sürecinde Dünya Kentleri ve Uluslararası Kentler: İstanbul”, *Toplum ve Bilim*. 71 (Kış 1996), p.81.

²²⁸ Mustafa Sönmez, *İstanbul'un İki Yüzü, 1980'den 2000'e Değişim* (Ankara: Arkadaş yayınevi, 1996), p. 78.

Bosphorus area was entitled as a special administrative domain under the control of an autonomous administration. This administration was transformed into a Directorate attached to Istanbul Metropolitan Municipality in 1984. During the reign of Bedrettin Dalan, the Development Law was amended so as to permit denser construction. The Constitutional Court annulled the amendment though the government postponed the promulgation of this court decision in the Official Gazette for 126 days. Within this time span, a total of 1071 blocs in 71 different land parcels took the construction license. Ekinci stated that this figure is unprecedented in Turkish municipal history.²²⁹ The Law to promote tourism (Law No. 2634) is another legal regulation related to our subject. In the basis of this Law between 1984-1991, the government decreed approximately forty places as the tourism centers enabling the construction of big hotels and plazas such as Park Hotel, Gökkafe, Ataköy Galeria, Sabancı Center and Hyatt Regency.²³⁰

The increase in the investments in the urban rents resulted in a similar increase in urban land prices. This triggered the deportation of the industrial enterprises out of the city center. In 1989, 1/4 of the total employment by the members of Istanbul Chamber of Industry was located outside Istanbul.²³¹ This decrease in the employment level is a harmful effect for Istanbul. The reason for this decrease is the increasing land prices caused by the speculation raising the cost for the industry to remain in Istanbul.

The tendency to establish commercial firms that will perform the municipal services must also be evaluated. Although these firms did not operate along the lines

²²⁹ Oktay Ekinci, *Istanbul'u Sarsan On Yıl 1983-1993* (İstanbul: Anahtar Kitaplar, 1994), p.61.

²³⁰ Sönmez, p. 81.

²³¹ Âsu Aksoy, *Küreselleşme ve İstanbul'da İstihdam* (İstanbul: Friedrich Ebert Stiftung, 1996), p. 26.

of classical commercial enterprises obeying the market rules and the municipality financially backs them, this process can be considered as a structural privatization. The municipalities also evade from the state auditing thanks to these firms. Moreover, establishing such firms other advantages including benefiting from the credit facilities offered by private banks to capital firms and evading the personnel regime imposed by the sentences of Public Personnel Law.²³² Istanbul Metropolitan Municipality is the leader in this respect too. In 2000, the metropolitan municipality had 18 such firms and transferred some key public services such as transportation (*Istanbul Ulaşım*) and delivery of natural gas (*IGDAŞ*).²³³ In this point, it must be underlined that the tendency to evade from the administrative auditing mechanisms at the governmental level that we mentioned in the previous section, is superimposed to a structural articulation with the markets through founding commercial firms at the level of municipalities.

Apparently, thanks to the Law No. 3030 the relationship of municipalities to capital fractions was transformed structurally. The cities that provided cheap labor and markets to the big capital prior to the eighties turned into a field of investment in the aftermath of this date. The cities played a major role for the capital in coping with the crisis of revaluation. Institutions of neoliberalism such as metropolitan municipalities intervened in this point. These institutions were modeled after the schema constituted at the level of central government. It seemed that they were left to the arbitrary management of a small group, namely the Executives. However, they

²³² see Recep Bozlağan, “Belediye İktisadi Teşebbüsleri ve Özelleştirme Tartışmaları”, in Güler, Birgül Ayman and Ayşegül Sabuktay (eds.), *Yerel Yönetimler-Sempozyum Bildirileri* (Ankara: TODAİE, 2000).

²³³ see Sezai Temelli, “Belediye Hizmetlerinin Özelleştirilmesinin Toplumsal maliyeti: İstanbul Örneği”, in Güler, Birgül Ayman and Ayşegül Sabuktay (eds.), *Yerel Yönetimler-Sempozyum Bildirileri* (Ankara: TODAİE, 2000).

changed structurally the relationship of local governments to capital circles beyond question.

The metropolitan municipalities are not nearly a link to capital circles. As mentioned in the final section of the earlier chapter, neoliberal restructuring is a result of a conflictual process and its institutions internalized these conflicts. Therefore, the organizational structures emerged after the eighties must be understood within this conflictual unity.

Urban Administration and the Poverty

One of the innovative aspects of the metropolitan municipality structure is its dual approach to the urban administration. The district municipalities that are established alongside the metropolitan municipality claimed to represent the decentralization of the administration. However, this decentralization is devoid of any real content since they are subordinated to the metropolitan municipality. Their importance surfaced only in the distributive mechanisms. The Law No. 3030 by making the metropolitan municipality responsible in drafting the development plans somehow decentralize the authority in that respect. The objective of this move is to enable the city to develop in its totality. However, some clauses of the Law No. 3030 as well as the Law No. 2981 that legalized the illegal squatter housing harms this totality. This legal contradiction is another reflection of the conflictual nature of neoliberal restructuring.

The Law No. 3030 granted the right of drafting detailed land use plans to the district municipalities. This right that is regulated by statutes is based on the granting of 1/1000 scaled planning to the district municipalities. The Law No. 2981, on the

other hand, ascribed to district municipalities the duty to draft improvement and development plans (*imar islah planı*) that are another mean of dispersing the totality of the development plan. District municipalities that get these privileges in the drafting of 1/1000 scaled plans and improvement and development plans began to occupy an important position concerning the local distributive mechanisms. The most important component of these local mechanisms was the gecekodu (squatter housing) policy.

Gecekodu Policy

According to Özal, at the center of the housing problem lie the bureaucratic obstacles. For him, the real problem is illegal housing that was created by the bureaucratic obstacles hardening the procedure of licensed housing rather than the gecekodus. Özal was clear on this subject: “I some times think if we abolish the license formality all together, if we allow the citizens to built as they know, wouldn’t be better. We have to facilitate the licensing procedure and restrict the formalities to simple rules.”²³⁴ He thought in the same way about the gecekodu issue: “when we facilitate the formalities gecekodus wouldn’t create any housing problem. Serious building would be constructed with real money. We estimated that in beautiful gecekodu districts such as Zeytinburnu, when the improvement and development plans are passed, the one-floor houses would turn into apartments.”²³⁵

The discourse by Özal is congruent with the perspective of WB. Following the seventies, the WB based its resolution suggestions on spontaneity. The WB preferred spontaneous resolutions to the housing problem due to the failure of the

²³⁴ in Gündoğdu Özbaş (ed.), *Kuruluş ve İcraatlarıyla*, p.30.

²³⁵ *Turgut Özal’ın İstanbul Sanayi Odası’nda*, p.24.

central government and official institutions in that respect: “during the seventies a consensus emerged that most capitalist Third World governments are incapable of building sufficient homes to remove spontaneous housing and that greater reliance must be placed on some kind of self-help policy.”²³⁶ According to this consensus, at the basis of the failure of the central governments and official institutions lies the inadequacy of the resources and the unpayable prices for the urban poor caused by the high standards. To cope with these two reasons self-help housing policy is put forth. The state that is unable to find necessary resources must direct its inadequate funds to improvement of gecekondu projects, hence, the standards that the urban poor can afford would not be exceeded. In its essence this perspective reflects the classical liberal approach. The public intervention cannot reach its objectives. The involvement of the public sector in the name of poor does not benefit the aimed popular sector and in its stead it benefits the middle classes. Therefore, the state uses the public resources to finance middle classes rather than those who need them. In order to evade the inefficiency of public intervention “the World Bank has no pretensions to be ‘solving the housing problem’ . Rather, the approach suggests that the housing problem should be capable of solving itself.”²³⁷ The state only has to pave the way for spontaneity.

In this approach the basic policy is to reduce the burden of the public sector and to promote the regulations fostering the spontaneity. As De Ponte said “In the field of low-income housing, this led to projects for the improvement of slums rather than razing of shanty towns. These projects included providing local collective

²³⁶ Alan Gilbert, “The Housing of the Urban Poor”. in Alan Gilbert and Josef Gugler (eds.), *Cities, Poverty and Development: Urbanization in the Third World* (New York: Oxford University Press, 1992), p. 140.

²³⁷ Peter Nientied and Jan van der Linden, “Approaches to Low-Income Housing in the Third World”, *International Journal of Urban and Regional Research*, Vol: 19 No: 3 (September 1985), p. 318.

facilities, home-improvement loans and a general process of regularizing ownership.”²³⁸ Site and services programs that were implemented in the Third World cities during the seventies were the result of such a logic. According to the figures provided by Gilbert, “as of 1973 sites and services projects were a part of the national development plans for 13 countries. By the same year, Turkey, Chile, India, Pakistan, and Iraq had each completed more than 50.000 sites and services plots.”²³⁹

The developments in Turkey followed a similar course. The first legal arrangement concerning the *gecekondu*s that was considered as a problem from the forties onwards was made at the end of the First Five Year Development Plan in 1966 (The Squatter Housing Law). This Law stipulated three kinds of transactions that are still in force; improvement, elimination and prevention. In the period of Second Five Year Development Plan the pressure created by accelerating immigration and the increasing urbanization made itself felt. The emphasis placed upon self-help projects indicates a shift of policy that is directly related to this process. Indeed, the characteristic feature of the period was emphasizing self-help projects because of the lack of funds for an unproductive sector like housing, was in the context of protective policies aimed at rapid economic development.²⁴⁰

Moreover, the increasing *gecekondu*s used as a supply of cheap labor for the developing industry. Within this social consensus the urban rents were distributed through legalizing *gecekondu*s in 1953, 1963, 1966 and 1976. However, this picture began to change from the mid-seventies.

²³⁸ De Ponte, p. 207.

²³⁹ Gilbert, p. 141.

²⁴⁰ Metin Heper, *Gecekondu Policy in Turkey* (Istanbul: Boğaziçi University Publications, 1978), pp. 21-31.

The basic reason behind this change was undoubtedly the extraordinary increase in the numbers of gecekondü. In 1980, 70 percent of Ankara, 50 percent of İstanbul and 20 percent of İzmir populace resided in gecekondü.²⁴¹ Parallel to this increase the gecekondü sector began to create an exchange value from within itself. The solidarity structures based on *hemşehri* relationships are substituted by the enclosure of public land by the first comers in order to sell these plots for additional gains: "Most of the state and municipal land on the periphery of large cities was already occupied by earlier cohorts of squatters; the adjacent agricultural land had been bought up by developers to be sold in tiny plots at the price of urban land. Thus, within the secondary land and housing market there had emerged sharp cleavages between the newcomers and the older cohorts."²⁴² To sum up, second hand house and land market became a medium of social mobilization for the emigrants, who have no other alternative to ameliorate their social status. But this mobilization medium is not equalitarian. It creates unequal relationships among the people of gecekondü sector.

Indeed, the Özal government did only use this trend emerged in the seventies. Keleş claims that "before 1980, there was a secret protection put into practice by the state and powers upon the state based. It forbade but protected also underhandedly. After 1980, there emerged a more cordial and maybe obvious support in favor of squatters."²⁴³ The most striking practice in that respect is the gecekondü licensing Law (the Law No. 2981) that MP government promulgated just before the municipal elections. The date of its promulgation reflects the traditional licensing mentality, however, this Law has a distinctive feature. The Law allowed gecekondü owners to

²⁴¹ Ayşe Öncü, "The Politics of the Urban Land Market in Turkey: 1950-1980", *International Journal of Urban and Regional Research*, Vol:12 No:1 (March 1988), p. 47.

²⁴² *Ibid*, p.59.

construct buildings up to four floor in their on plots, therefore, permitted for the first time the creation of urban lands over informal structures.

This innovation reflected itself in the building of *gecekondu* aimed at *apartmanlaşma* (multi floor building construction). The *gecekondu* regions transformed themselves by the construction of multi floor buildings over the ex-*gecekondu* by the constructors (*yapsatçılık*) or the owners of *gecekondu* themselves. Districts such as Sultanbeyli composed of illegal multi floor buildings emerged in the eighties from nowhere. The most striking component of the *apartmanlaşma* process is the improvement in the construction material used in these buildings. This improvement depicted the optimistic expectations concerning the future. The improved material used in the *gecekondu* made these simple buildings an investment for a possible *apartmanlaşma*. *Gecekondu* were no more means to provide shelter in the urban centers but also an investment mechanism.²⁴⁴

The *apartmanlaşma* process concretized the unequal relationships. The survey conducted by Işık and Pınarcıoğlu in Sultanbeyli comprising 611 households exposes pyramid-shape structure in house-ownership. 3 percent of the survey group have more than eight flats over their plots, 7 percent have five to seven flats, 49 percent have two to four flats and 41 percent have only one flat.²⁴⁵ Furthermore, the early comers have more flats both in Sultanbeyli and elsewhere compared to those who emigrated at the end of the eighties.²⁴⁶ Işık and Pınarcıoğlu argued that those who emigrated to Sultanbeyli prior to 1978 were the group that mostly benefited

²⁴³ *İmar ve Gecekondu Affi* (Ankara: Mahalli İdareler Eğitim Araştırma Geliştirme Merkezi, 1996), p. 17.

²⁴⁴ Ekonomi Forumu, *Türkiye 'de Gecekondu'nun 50. Yılı: Barınma İhtiyacından KentSEL Rant Paylaşımına Dönüşen Bir Sürecin Ekonomik, Sosyal ve Politik Boyutları* (İstanbul: Friedrich Ebert Vakfı, 1996), p. 17.

²⁴⁵ Işık and Pınarcıoğlu, p.308.

from the rents created by the latecomers. The second group that benefited most is the people, who settled in this district in the early eighties due to the increasing house rents in Istanbul center. The bottom of this pyramid-shape was occupied by the late coming south-easterners. These people immigrated to this district in the nineties and either bought or rented the flats and lands owned by the two former groups. Işık and Pınarcıoğlu labeled “shifting poverty” (*nöbetleşe yoksulluk*) this process in which every emigrant generation exploited the following generation by using them as a medium of rent creating.

To sum up, MP enlarged the continuing trend of marketization of the informal structures by accelerating the process and the rents created by the process made the social inequalities more intricate. In this period, the consensus of the pre-eighty period consisting of non-intervention of the capital into the urban rents was no more in force. These rents were no more monopolized by the elements of the popular sector. Işık and Pınarcıoğlu argued that the most striking feature of the informal sector in the post-eighty period is its ability to increase the total revenues for the vast popular sectors.²⁴⁷ What is emerging is a dynamic structure in which formal and informal sectors were united. In her survey conducted in Umraniye, Eder asserted that the house-owning process continued in the network of informal relationships yet the parameters of these relationships gains a formal feature. The house-owning process that is transected between relatives and kinsmen were also regulated according to the market rules determined by the costs of house building and land prices.²⁴⁸

²⁴⁶ Ibid, p. 297.

²⁴⁷ Ibid, p. 43.

²⁴⁸ Sema Eder, *Istanbul'da Bir Kent Kondu: Ümraniye*. (İstanbul: İletişim Yayınları, 2001-Second Edition), p. 263.

District municipalities played a major role in the legal organization of this process. These municipalities possessing the privilege of altering development plans at the lowest level thanks to their authority over 1/1000 scaled implementation plans and improvement and development plans, played their part in the distribution mechanisms. Not only the MP municipalities but also their social democratic heirs used frequently the improvement and development plans in that respect. The regions where the tendency to built gecekondu was spotted were opened for housing through these plans. Therefore, this practice aimed to prevent unplanned and distorted housing was used for other purposes. The improvement and development plans prepared by district municipalities accelerating the pace of *apartmanlaşma* process in the gecekondu regions. The district municipalities also used this privilege in order to create urban rents by the construction of shop-complexes and cooperative housing from regions where gecekondu building is non-existent. Therefore, the improvement and development plans functioned as the transfer of public lands to the private interests through the practices of district municipalities.²⁴⁹

All in all, the aim of providing the totality of the development plan was ravaged by the partial transfer of this function to district municipalities. This was a simply a result of the contradictory nature of the neoliberal restructuring. This contradiction was built upon the ability to include different social interest groups. Keyder and Öncü claimed implicitly that the dual structure emerged in the metropolitan areas represented the two different agenda of the neoliberal approach: “The new system of metropolitan and district municipalities has shifted the traditional levers of patronage politics down to local districts, and the metropolitan

²⁴⁹ Ekinci, *Istanbul’u Sarsan On Yıl*, pp. 125-134.

level now is able to concentrate on investment activity.²⁵⁰ Keyder and Öncü argued that this dilemma would determine the future of metropolitan administration.²⁵¹

The metropolitan municipality as a structure created by the New Right included within itself the contradiction of the social formation. It is modeled after this contradiction as this chapter tried to prove. Parallel to the increase in fiscal and investment capability, the administrative mechanism was restructured in a central and non-participatory way. Undoubtedly, this development resembles to the restructuring of the central government summarized in the previous chapter. It is not aimed in this chapter to prove that the previous municipal model was not naturally more democratic or open to participation. Rather, it is stressed that opposite to the popular claim that the Law No. 3030 is the most important step towards democratization, the new model is neither democratic nor participatory. In fact, this Law may have brought about decentralization somehow, but what is of crucial importance is whether decentralization necessarily followed by democratization or not. According to claims of this chapter, the answer is negative.

In this point, the influence of neoliberal restructuring whose effects on the central government was taken into account in the previous chapter was analyzed at the level of local governments. At this level a centralization tendency is also effective. Reducing the municipal services to technical matters further legitimized this restructuring. Celal Doğan, the left originated mayor of Gaziantep, who delivered a speech in a congress convened by TUSIAD in 1995 concerning the local governments that came to the forefront of the public agenda in mid-nineties illustrated the technocratic legitimacy of the organization of the municipal services:

²⁵⁰ Keyder and Öncü, p. 36.

²⁵¹ Ibid, p. 38.

“our unique well-functioning organ is the municipal council. There is only one institution within the metropolitan municipality, municipal council. Because this body does not include any elected member, only technocrats work in this body.”²⁵² These words used by a social democratic mayor, who historically represents the movement of participatory municipalities are important in demonstrating the transformation in the municipal mentality.

Another important subject evaluated in this chapter is the transformation of the nature of the relationships between state and social groups. The very nature of the metropolitan municipality created a new mode of relationships between the capital and local governments. Furthermore, the local governments where the lower social strata meet the state most frequently, created deep transformations with respect to the organization of the informal in the post-eighties, and caused the alteration of the modes of social inclusion of these groups. In the light of all these remarks, the next chapter will be devoted to the modification in state society relationships caused by the New Right oriented restructuring, and the Turkish literature on this subject would be critically evaluated.

²⁵² TUSİAD Demokratikleşme Standartlarının Yükseltilmesi Paketi Tartışma Toplantıları Dizisi 3, *Yerel Yönetimler* (İstanbul: TUSİAD, Yayın No: Tüsiad-T/97-10/219, Ekim 1997), p. 32.

CHAPTER V

CONCLUSION:

CONSIDERING THE NEW RIGHT

As elaborated throughout this thesis, the project of the New Right in Turkey was about the restructuring of the state apparatus so as to loosen and/or eliminate the social and/or bureaucratic-institutional obstacles in front of the rapid capital accumulation. What is more, this was not a peculiarity of the Turkish experience. 1980's witnessed the strengthening of the executive power in general, and the managerial teams in particular, and as stated in the first chapter, this change of the balances of forces within the state apparatus was one of the particular features of the neoliberal agenda implemented firstly in the developed capitalist countries. Although the institutionalization of this process may change depending on the existing institutions of the country under consideration and/or on how it is integrated into the world economy, the concern of the neoliberal governments remain similar, namely curtailing the authority of the elected institutions and the traditional bureaucracy so as to confine the state power to the higher layers of the executives and the new managerial bureaucracy.

In this chapter, reflections on the Turkish New Right, which are relevant with the subject of this thesis, will be considered. As a matter of fact, as will be

highlighted below, the main concern of this chapter will be on this basic question: Did the state-society relation change during the MP government? Although there is nobody who claimed that everything remained the same, there appeared serious arguments, which emphasized that essentially the mode of this relation remained unchanged or unreformed.

Although the MP government was mostly regarded as the bearer of the liberal values and politics, there were also claims voiced by significant people, which insisted that the MP had nothing to do with these values. Demirel said: "It is not possible to call them as liberals or as advocates of the market economy. Obviously, it is a *sui generis* command economy."²⁵³ This presupposition of Demirel will be taken into consideration with regard to three different points, namely the use of the state power, the autonomy of the state and the hegemonic dimensions of the New Right policies. The aim will be to glance at the relevant literature with a critical stance and according to the findings of this thesis.

The Use of the State Power

As regards Turkey, it is mostly argued that the concentration of the state power has been a perpetual characteristic of administration from which the governments and bureaucratic elites have been benefiting from the very beginning. From this point of view, rather than break, it is more plausible to mention about the continuity of a state tradition in Turkey. This so-called tradition can be described in short as the governments' self-conception, and for the most part usage, of their political power in an unrestricted way. As to this viewpoint, this continuity involves

²⁵³ In Hıdır Göktaş and Ruşen Çakır, *Vatan Millet Pragmatizm. Türk Sağında İdeoloji ve Politika* (İstanbul: Metis Yayınları, 1991), p. 23.

not only the Republican era but it could, and should, be extended back to the Ottoman period. Based on the assumption, which is “strong state and weak civil society”, or in other words, the lack of appropriate mediating institutions between state and society, this approach tends to interpret the role of the state elites as autonomous vis-à-vis the other social actors and emphasize their arbitrary use of the state power. As Heper writes “all matters of politics and law could easily be transformed into matters of ‘administration’, which meant, for the most part, heavy doses of arbitrariness on the one side, and irresponsibility on the other. These patterns of behavior fed on each other.”²⁵⁴ According to Heper, Turkey could not be understood within the terms of pluralism, which “requires a government basically responsive to civil society”, or corporatism, which “necessitates a harmonious relationship between the State²⁵⁵ and civil society.” What, for Heper, defines the Turkish polity is the great degree of its stateness, which provide the state elites to determine the policy-making process by themselves rather than through a reciprocal decision-making process realized with the components of the civil society.²⁵⁶ By drawing on this assumption, and with regard to the policy implementations of the MP government summarized in the third and fourth chapters, it is not difficult for Heper to come to the conclusion that the monist approach of the Turkish state has lingered during the MP era. By emphasizing the policies implemented by the MP government, and considered throughout this thesis, Heper states in one of his articles on the post-1983 era that “the Turkish case shows that just as the state may be isolated from civil society, ‘politics’ too can be carried out virtually independently of civil societal

²⁵⁴ Metin Heper, *The State Tradition in Turkey* (London: The Eothen Press, 1985), 149-150.

²⁵⁵ The capital letter “S” for the concept of the state appears in the original text of Metin Heper that is referred.

³ Metin Heper, “The State and Interest Groups with Special Reference to Turkey”, in Metin Heper (ed.), *Strong State and Economic Interest Groups. The Post-1980 Turkish Experience* (Berlin-New York: Walter de Gruyter, 1991).

elements. The latter situation would be encountered particularly in those polities infused with a state tradition.”²⁵⁷ Heper also indicates that the same era, on the other hand, witnessed a great tendency of debureaucratization, which means to release the state apparatus from its traditional bureaucratic content.²⁵⁸ According to him, “the Turkish polity of the 1980s was characterized by both a fairly high degree of stateness and a virtually complete debureaucratization of government, a combination, which had not been foreseen in the recent literature on the state.”²⁵⁹

Another example would be the considerations of Saybaşılı. According to Saybaşılı, The state tradition that has been lingering from the Ottoman period can be defined as the Platonist state tradition, of which characteristics are an absolute authority based on the absolute knowledge and a society organized hierarchically due to its functional components. For him, the MP era met all these conditions by using its authority in an authoritarian way and emphasizing the religious aspects of the social life in order to secure the social harmony. Beyond the ideological dimensions of the era, what Saybaşılı means with “the authoritarian usage of the state authority” does not include any other forms that are considered in this thesis. Indeed, for Saybaşılı, the most obvious proof for this kind of a usage would be the enormous number of the decrees promulgated throughout the era.²⁶⁰

Regarding the relationship between the business circles and the state, also Buğra prefers to underline the continuity of the so-called “state tradition” in Turkey. What Buğra emphasized is the lack of “a clearly defined legal system setting the

²⁵⁷ Metin Heper, “The State, Political Party and Society in post-1983 Turkey”, *Government and Opposition*, Vol:25 No:3 (Summer 1990), p.333.

²⁵⁸ Metin Heper, “The State and Debureaucratization: the Case of Turkey”, *International Social Science Journal* 126 (November 1990).

²⁵⁹ Ibid, p. 613.

²⁶⁰ Kemâli Saybaşılı, *İktisat, Siyaset, Devlet ve Türkiye* (İstanbul: Bağlam Yayınları, 1992).

rules of the game for both actors -the state and the business community-.”²⁶¹ Thus, according to Buğra, governments’ policy implementations have mostly originated from their pragmatic concerns rather than a long-term perspective constituted through a consultation process between the business circles and the state, and therefore they have created instabilities within the market by intervening steadily and in an arbitrary way. Indeed, the most serious problem of entrepreneurs has always been the government-induced uncertainty about the parameters of the economy.²⁶² The MP government was not outside of this tradition, on the contrary, it may be considered as the peak of it: “In terms of the extent of arbitrary meddling in the rules of the game and the ensuing instability, the 1980s, in fact, compares quite unfavorably with the 1930s.”²⁶³

In fact, the usage of this approach has become very common in Turkish literature, especially after 1980. Indeed, for the most part, this label is used as a shortcut explanation for the antidemocratic behaviors originated from the Turkish state. Therefore, it is not exceptional to meet any text that uses this approach as *a priori* and without any theoretical background. The considerations of Öniş can be taken in this respect. Although he emphasizes the importance of the institutional change within the state apparatus and the novelty of the emerging managerial bureaucracy, and in addition, the transformation of the economic policy pursued after 1980, he still keeps underlining the continuity of the form of the relations between state and society:

²⁶¹ Ayşe Buğra, *State and Business in Modern Turkey* (New York: State University of New York Press, 1994), 97.

²⁶² *Ibid.*, pp. 156-169.

²⁶³ Ayşe Buğra, “Political Sources of Uncertainty in Business Life”, in Metin Heper (ed.), *Strong State and Economic Interest Groups. The Post-1980 Turkish Experience* (Berlin-New York: Walter de Gruyter, 1991), p. 162.

Hence, instead of a retreat of the state, we observe a significant reorganization as well as further centralization of the state apparatus. Moreover, the reconstitution of the state has not been accompanied by an “expansion of society”, which we would associate with the development of autonomous organizations in civil society, as measured by their ability to bargain with the state elites and the degree of their institutionalized participation in the policy formulation and the implementation process.²⁶⁴

Öniş and Webb also mention about the contradictory effects of the “patrimonial state tradition” to the adjustment process in 1980s. According to them, while, on the one hand, this state tradition helped the government to initiate stabilization and structural adjustment, on the other hand, it was also the main reason of the failure in consolidating, institutionalizing, and thus maintaining the economic reform process due to the lack of formal links within the social groups.²⁶⁵

A detailed discussion on the correct and incorrect usages of this approach or the appropriateness of the usage of this approach for the whole Turkish history by disregarding the notion of change is not one of the concerns of this thesis. However, the usage of this approach should be questioned theoretically in order to face with the very idea of the above-mentioned considerations, which is “there was nothing changed in 1980s.”

It is significant to acknowledge that all these considerations share the same basic approach relating to the state-society relations, namely they try to determine “the nature” of these relations by focusing on the decision-making processes. Put differently, all these considerations take for granted that state and society are natural sides of any social matter and that the characteristics of the roles of these actors would give us the nature of the regime. Thus, the only possibility of discussing the nature of the state-society relations has been confined to the direction of the action

²⁶⁴ Öniş, p. 255.

²⁶⁵ Ziya Öniş-Steven B. Webb, “Turkey: Democratization and Adjustment from Above”, in Ziya Öniş (ed.), *State and Market* (Istanbul: Boğaziçi University Press, 1999), p. 329.

between these actors. For that reason, the conclusion would be to consider the “state tradition” in Turkey as monist because it only involves one direction of action, namely from the state to the society.

Actually, the crucial factor in the state tradition approach is not the extraordinary autonomy of the state but the assumption that the state can act according to its own measures and in its own way. In this sense, the tone the state tradition approach possesses seems to resemble to that of the statist approach, which prevailed in social analysis especially in nineties. In order to criticize the theoretical “society-centered approaches”, culminated in Marxism and which tend to explain the “nature of the state” by relating it strictly to the realm of social relations, the “state-centered approaches” prefer to underline the characteristic of the state action by putting too much stress on its subjectivity in its own right and its capability to pursue its own objectives. Although different “state-centered” theorists, such as Skocpol and Nordlinger, have emphasized different factors, “the conclusion remains the same: the state is a force in its own right and does not simply reflect the dynamic of the economy and/or civil society.”²⁶⁶ According to this approach, the state enters into the social sphere as a determinant actor with its capability of changing this sphere. Although the society-centered approaches do not refuse the role of the state as a determinant actor, they usually expressed that the act of the state should be explained due to the dynamics of the social sphere. On the contrary, as Yalman denotes, the statist approach states that the state functions as an *explanan* (which explains) rather than being considered as an *explanandum* (which should be explained) itself.²⁶⁷

²⁶⁶ Bob Jessop, *State Theory. Putting the Capitalist State in Its Place* (Cambridge: Polity Press, 1990), 279.

²⁶⁷ Yalman, p. 91.

What makes the state tradition approach resemble to this statist approach is their common attitude towards the state. Both prefer to regard the state as an autonomous actor. However, what renders the state autonomous is not usually explained theoretically. Drawing upon the historical continuity argument, the state tradition approach takes the autonomous feature of the Turkish state as a phenomenon, which is a result of a very peculiar historical process. What we encounter is the exaggeration, and thus degeneration, of the continuity notion of the history as a social science.

On the other hand, the autonomy claims of both of these approaches are based on a simple theoretical choice. As Mitchell indicates while criticizing Nordlinger, who is one of the advocates of the statist approach:

Nordlinger's decision to begin at the subjective level is not explained on theoretical grounds. We are simply told that an analysis of state autonomy may profitably begin there. Yet it is the choice of this starting point that creates the effect of an autonomous state. The starting point determines the nature of the state as an originally subjective entity composed of individual preferences, thoughts, decisions, and other ideational phenomena –a person writ large.²⁶⁸

Although, the above mentioned academicians who take the strong state tradition as granted do not suggest to analyze the state without any reference to the changing relations between state and society, the main problem remains because, thanks to their basic treatment to the state as a separate entity from the social realm, it is not possible to accept for them that any shift within the state-society relations might change the "nature of the state". For that reason, in order to highlight the rupture from the so-called state tradition, it is of crucial importance to consider the state within the ensemble of social relations rather than an apparatus of decision-making process solely. Jessop writes: "if one posits the need to choose between the

²⁶⁸ Timothy Mitchell, "The Limits of the State: Beyond Statist Approaches and Their Critics", *American Political Science Review* Vol: 85 n:1 (March 1991), p. 83.

state and society as the independent variable in social analysis, one implies that both exist as independent entities which are fully constituted, internally coherent and mutually exclusive and that one always unilaterally determines the other.”²⁶⁹

Rather than regarding the state as an organ with its own decisions, we prefer put the stress on the social content of its apparatuses. However, what is of crucial importance is to understand that this social content does not derive from the policies created by the state elites and implemented through these apparatuses. Rather, the social content of the apparatuses is intrinsic to the very organization of the apparatuses. Thus, focusing on the reorganization of the state apparatuses may provide us insights for the shifting social balances within the society. Therefore, focusing on the institutionalization process of the social relations within the state apparatus should be taken as a theoretical choice to overcome the state society dichotomy.

As expressed above, what, according to Özal, lacked in Turkey was not foreign exchange, nor savings, nor labor, but rather efficient mechanisms. Thus, restructuring the state apparatus is the most crucial agenda of the New Right project not only in Turkey but also in developed capitalist countries. The point for the New Right was to struggle with any existence of the Keynesian consensus or the social state or populism related to the lower strata etc. depending on the peculiarity of the existing relations between state and society. Thus, the organs of the state apparatus became the arena of this struggle since it was these organs where the state and society relations have been embodied. In short, the state as a whole became the target of the hegemonic attempt of the New Right.

²⁶⁹ Jessop, p. 287.

Although, at least for 1980s, it is possible to consider the New Right as a reactionary movement with the aim destruction of the ideological superiority of the Keynesian consensus and the control mechanisms of conventional bureaucracy, the creative aspects of it should not be underestimated. According to Brenner and Theodore, it is possible to talk about two dialectically intertwined but analytically distinct moments of neoliberalism, namely “the (partial) destruction of extant institutional arrangements and political compromises through market oriented reform initiatives; and the (tendential) creation of new infrastructure for market-oriented economic growth, commodification and the rule of capital.”²⁷⁰

As a matter of fact, it is possible to claim that this project had a wider aim and opinion than using the power of “the existing strong state.” As highlighted in the second and third chapters, the crisis emerged in 1970s was in short the dispersion of the state action in front of the different social segments in general and capital factions in particular. The attempt of the New Right should be taken in that respect. The project of the New Right was not to rebuild the strong state in its place, but to modernize the state apparatus parallel to the new economic strategy, which is integration with the world economy. In this sense, the New Right governments in general appear as reformists. As Gamble writes for the English New Right:

But a free economy was also understood by some to mean a state strong enough to intervene actively in all institutions of civil society to impose, nurture and stimulate the business values, attitudes and practices necessary to relaunch Britain as a successful capitalist economy. This would make for the first time a bourgeois modernising party with no qualms about the radical restructuring of all institutions in state and civil society in the interests of increasing economic efficiency.²⁷¹

²⁷⁰ Brenner and Theodore, p. 362.

²⁷¹ Gamble, p. 232.

Put differently, the New Right policies should be taken as the implementation of the reforms that urged themselves throughout the 1970s, and as argued strongly throughout this thesis, the content of these reforms was curtailing the democratic procedures and empowering the market mechanisms. Emphasizing that this tendency had a widespread effect both on the developing and developed countries is, again, one of the main concerns of this thesis. Hence, disregarding the question whether the strong state approach could suffice to grasp “the nature of the pro-1980 state” or not, one can easily claim that the post-1980 state can not be understood with reference to the so-called strong state. As Yalman indicates, what the strong state approach suffers is the choice of putting too much stress on the differences between state-forms of developed and other capitalist countries; hence, it misses the similarities:

In particular, they gloss over the possibility that the centralization of the decision-making process might not necessarily be a reflection of the increased autonomy of the state vis-à-vis the interest groups, but rather reflect the prevalence of a tendency which has also been increasingly observed in the capitalist states of the developed world from the 1960s onwards.²⁷²

The very meaning of the increasing level of the intervention of the New Right governments in general, and the MP government in particular, should be regarded in this sense. Rather than interpreting the experience of the Turkish New Right within terms of the so-called peculiar tradition of the Turkish state, it is more plausible to consider it as a peculiar reflection of a tendency prevailed in all capitalist countries as a response to their own crisis. On the other hand, it must be also emphasized that the project of the strengthening the executive power put into practice by the New Right was a wider project than simply benefitting from the advantages of the strong state tradition.

²⁷² Yalman, p.242-243.

The foundation of the metropolitan municipalities can be taken in this respect. As elaborated in the preceding chapter, the MP government constitutes these municipalities as local state apparatuses, which are governed in a non-participatory way but articulated to the interests of different capital segments. In other words, in the case of metropolitan municipalities, it appears that strengthening the executive power and reforming the existing institutional structure in accordance with the market mechanisms are the different sides of the same medal. Moreover, although it can be plausible to relate the Turkish New Right's attempt of the strengthening the central state apparatus with the strong state tradition, it would be difficult to interpret the municipal reform implemented by this government in this way since it transmitted some significant authority of the central government to the local level that meant a shift from this strong state tradition. A more comprehensive interpretation would be to consider that the vision of the New Right was not to continue with the so-called strong state tradition, but instead, to create its own institutions equipped with an executory power.

On the other hand, the attempt of the New Right was also about the transformation of the executive power. Novelties that mentioned in the preceding chapter, such as the allowance for constituting the executive team of the new municipalities through the contractual personnel system or paving the legal way of assigning the governance of legal services to firms founded by the municipalities, provide us insights about the shift within the mentality of the execution. Infiltrating the market-like procedures or bodies into the very structure of the municipalities, the MP government aimed to rationalize the local governance in accordance with the rule of capital. Such a viewpoint, by emphasizing the changes concerning all levels

of institutionalization rather than limiting itself to the arrangements put into practice at the central level, also helps us to grasp the integrity of the New Right project.

The State as an Autonomous Actor?

As emphasized at the end of the second chapter, the crisis experienced in 1970s was about the increasing incapability of the state in intervening to the social and economic realm autonomously. As a matter of fact, using the definition of autonomous action of the state is not beyond questioning. Moreover, with regard to the relevant literature, it is possible to expose different usages of this phrase.

According to Barkey, the post-1980 regime in Turkey fulfilled all the requisites for a bureaucratic authoritarian state. Backed by the military intervention, what this new regime achieved was to eliminate the pressures of the vested interests that hindered the state from pursuing a rational economic policy throughout the 1970s. Barkey claimed for the state after 1980 that “armed with this newly gained autonomy, the state was able to eliminate the basic import substituting premise of the political economy, and the economic rents upon which the industrial sector had been built. Under such conditions the state could nurture new groups, such as exporters of goods and services, which previously would not have seen the light of day”²⁷³ Thus, for Barkey, the autonomy of the state rebuilt after 1980 was instrumental in changing the existing accumulation strategy that did not realize a change in the nature of the relationship between the state and the capital circles. The state kept nurturing other factions of the capital. Hence, for Barkey, the state autonomy means the capability of the state to make a preference among the capital factions.

²⁷³ Barkey, p. 190.

As a matter of fact, it seems that Barkey is right by indicating the unchanged nature of this relationship. The incentives, which this time flowed to exporters, reached to significant amounts²⁷⁴ and remained as one of the significant sources of the rent-seeking activities as became obvious in the case of the Foreign Trade companies. In addition, as taken into account earlier, the fund system has also functioned as a mechanism of resource transfer to various capital groups. On the other hand, parallel to the very subject of this thesis, Boratav et al. emphasize the change within the rent distribution mechanisms. As elaborated throughout the second chapter, by eliminating the bureaucratic control mechanisms over the rent distribution process and constituting its own institutions and mediations, the neoliberal government, which is in fact the managerial team, became itself the center of the rent-creation and distribution. In this sense, the break between the pre and post-1980 regimes were not concerning the existence of the phenomenon of rent-seeking but its mechanisms. According to them, after the abolition of the *modus vivendi* of the 1961 Constitution, or in other words after the bureaucratic guide upon the rent distribution mechanisms has been undermined by unstable coalition governments, “it was totally destroyed when, during the second half of the 1980s, a number of functions traditionally the prerogative of the bureaucracy were definitely transferred to the political sector, i.e. directly to Ministers or the Prime Minister.”²⁷⁵ Drawing upon this replacement, and thus loosening, of the control mechanisms, they claim “the more liberal the economic regime, the broader appeared to become the

²⁷⁴ Between 1983-1989, the export incentives reached to 22% of the revenues of the consolidated budget; in Metin Altıok, “Yeni Liberal İstikrar ve Yapısal Uyum Programları: Türkiye Ekonomisinde Sermaye Birikimi ve Kriz”, *Praksis* 5 (Winter 2002), p. 99.

²⁷⁵ Korkut Boratav, Oktar Türel and Erineç Yeldan, “Distributional Dynamics in Turkey Under Structural Adjustment of the 1980s”, *New Perspectives on Turkey* (Fall 1994), p. 65.

scope for rent-seeking, rent-creation and rent-realization.²⁷⁶ They prefer to interpret this continuity as a peculiarity to the Third World countries

In this context it should be noted that in most Third World countries the bourgeoisie itself is a creation of the state and this historical phenomenon has created cultural, sociological and economic traits, which do not disappear with changes in the policy model. The very process of rent-seeking emanates from the bourgeoisie, not from the state *per se* and this is a well-known, everyday characteristic of the Turkish scene, which only academic liberals ignore.²⁷⁷

Drawing on this tendency, some scholars argue that the MP government pursued a two-track policy. Biddle and Milor argue that “although the ostensible aim of the incentive program consisted of easing the burdens of the adjustment, there was also a quasi-political rationale aimed at rendering painful economic reforms politically palatable by creating direct stakes for them in the ranks of domestic-market oriented industrialists and broadening the scope of the beneficiaries.”²⁷⁸ Batur’s claim is much more radical. According to him, thanks to the capability of the MP government of implementing arbitrary incentive policies, it would be more suitable to mention about the party autonomy rather than the state autonomy. For him, Özal and his team used the incentive and funding system as “a means of reciprocal exchange with a network of clientele trying to penetrate the state and to establish a strong electoral base” as the equivalent of the traditional networks from which the JP benefited throughout the seventies.²⁷⁹ In short, these arguments are based on the assumption that there is a negative correlation between the adjustment process and the economic policies pursued by the MP government parallel to its political concerns.

²⁷⁶ Ibid, p. 62.

²⁷⁷ Ibid.

²⁷⁸ Jesse Biddle and Vedat Milor, “Economic Governance in Turkey: Bureaucratic Capacity, Policy Networks, and Business Associations”, in Sylvia Maxfield and Ross Schneider (eds.), *Business and the State in Developing Countries* (Ithaca and London: Cornell University Press, 1997), p. 288.

²⁷⁹ Batur, p. 403.

In that point, we encounter with a different kind of consideration upon the state autonomy. According to Biddle and Milor, the Turkish adjustment process suffered from the lack of sufficient monitoring upon the incentives. They claim that there is a lack of insulation from rent-seeking pressures in the economic bureaucracy.²⁸⁰ Basically, this argument is based on the assumption that the state by pursuing incentive policies without any monitoring mechanism has continued to remain simply as a weak state since instead of implementing strategies which would have served to the general benefits of the capital, it prefers to pursue particularistic strategies due to the benefits of the particular capitalist groups. Although the MP government succeeded to establish a central mechanism with a great authority, it failed -or preferred as explained throughout the second and third chapters of this thesis- to insulate this apparatus from short-term rent-seeking activities. Batur claims that the restructuring of the state apparatus after 1980 created a despotic autonomy rather than a strong state. He writes:

Despotic autonomy-building actually weakens the state thus is associated with a weak state hindering long-term economic change. Neoliberal centralism in early 1980s incorporating both the military regime and the early Özal government decades has thus been oriented towards a despotic restructuring of the state directed towards serving the short-term requirements of industrial capital.²⁸¹

Öniş also prefer using the same terminology. According to him, strong state does not mean the state with a despotic power. In contrary, strong state “signifies the ability of the state to penetrate society, organize social relations and implement policies through a process of negotiation and cooperation with key groups in

²⁸⁰ Biddle and Milor, p. 293. What is interesting is their emphasis on the specific position of the Bureau -or the Directorate of Incentives and Implementations-, which was established in 1968 by Özal as explained in the third chapter and reactivated in 1980s again by Özal, in this rent-seeking process.

²⁸¹ Batur, p. 372.

society.”²⁸² With regard to Turkey, instead of designing the decision-making process to involve organized groups in civil society, the MP government preferred to transfer the policy-making authority from the traditional ranks of the bureaucracy to the new political elites, and thus kept acting according to premises of the patrimonial state. Drawing upon this assumption, Öniş emphasized that the Turkish experience of constituting a strong state in the early phase of the 1980 failed due to the political concerns of the MP government. Whereas, on the one hand, the MP government kept stimulating the rent-seeking process due to its political interests by implementing arbitrary incentive policies, on the other hand, it also sought after to protect the wide popular coalition by inducing inflationary policies through the continuing weight of the public sector within the economy.²⁸³ However, Öniş adds that

It would be misleading, to associate the demise of the state autonomy with regime types. It is undoubtedly the case that transitions to democracy generate a new set of constraints to which state elites need to respond. Yet, it is not the transition to democracy *per se* but rather the way that the new democratic regime is institutionalized that creates the conditions for the erosion of state autonomy.²⁸⁴

In other words, Öniş claims that the crucial point is not the social pressures derived from different circles but the way the MP government incorporated them. In fact, the content of the phrase of strong state is similar to that of Evans’ conceptualization, which is “embedded autonomy”. With this conceptualization, Evans refers, for the most part, to the experiences of the developmentalist states of the southeastern Asian countries, which succeeded to implement a strategy aimed to deepening the industry by establishing a stable and coherent bureaucratic apparatus

²⁸² Öniş, p. 240.

²⁸³ This second point is emphasized also by Waterbury. For a detailed explanation of the usage of the public sector for the coalition building process see, Waterbury, “Export-Led Growth and the Center-Right Coalition in Turkey”.

²⁸⁴ Öniş, p. 256.

that function beyond the social pressures. Öniş states that, in its essence, Evans' conceptualization of the Third World policies has its counterpart in the corporatist literature of a strong state in the context of advanced industrial economies.²⁸⁵ Öniş' preference of referring to the western corporatist experiences is originated from the difference between these two experiences. Whereas the former one involves institutional relationship with special capital segments, the latter's content is more democratic since the corporatist arrangements involve peak associations of both labor and private business. In short, according to Öniş, the strong state is a state, which can keep its autonomy while incorporating various social demands to its policy preferences and which establish its economic policy with a long-term perspective and with the participation of various social segments. In that respect, it is not possible, for Öniş, to claim that the MP government constituted a strong state.

All in all, contrary to Gamble's phrase of strong state, these scholars prefer to regard the state restructured after 1980 as a weak state. However, this preference is not beyond questioning. First of all, it can be said that the conceptualization of weak state refers to the lack of hegemony, if translated into the terms of another terminology. According to the Gramscian terminology, the concept of hegemony implies the incorporation of the dominated classes to the strategy of the dominant class thanks to the consent and coercion mechanisms, which are effective in the same time. In its essence, hegemony refers to the constitution of the rule of the dominant class that goes beyond the imposition of its economic-corporate interests and built itself upon the general rather than particular interests of the capital. The difference between these different conceptualizations is not to be underestimated: Hegemony belongs to a class whereas the weak or strong state reveals itself as an apparatus

²⁸⁵ Öniş, p. 213.

lacking any class character. Thus the above-mentioned scholars prefer using a terminology that is based on the assumption that the state could be regarded as an administrative tool out of any class character. In fact, this preference resembles to that of the statist approach elaborated above, namely the state could be taken as separate from its social ties and as an autonomous actor, which can act in its own right. Again, by emphasizing the decision-making process as the main factor in determining the character of the state, this approach failed to comprehend how the state is structured as a social reality. In that respect, this approach can be criticized by the same arguments used above for the statist approach.

On the other hand, this approach also fails to give a satisfactory interpretation of the project of the New Right. As denoted in the third chapter, at the heart of the New Right project lay the vision of technicization of politics. In fact, this is strictly related with the hegemonic project of the New Right. As Yalman said, the hegemony constituted after 1980 was based on the aim of putting an end to class-based politics.²⁸⁶ Basically, the tendency of technicization of politics is the reflection of this hegemonic strategy. This point is of crucial importance for a comprehensive interpretation of the consensus between different capital factions. Since the rising militancy of the working class throughout the seventies became the most significant threat to the general interests of capital, the intertwined strategies of the military intervention based on repressing and the MP government based on technicization, were the main convergence point between the general interests of the bourgeoisie and the restructuring process. Put differently, the restructuring of the state apparatus by the New Right with an emphasis on technicization of politics was the main point for the hegemony of capital in general since it was the extent of the class struggle

²⁸⁶ Yalman, p. 225.

that threatened the general interests of capital. From this point of view, it became possible to claim that constituting a strong state might mean to put emphasis on the technical dimension of governance that would exclude any social content from the realm of governance. Rather than focusing on the decision-making process and searching for a participatory dimension, “the nature of the state”, in other words whether it is strong or weak or whether the hegemony exists or not, should be searched within the very structure of the state apparatus that linked the content of it with the general interests of the capital.

Although avoiding using the strong-weak state terminology, Boratav's arguments are similar to those mentioned above.²⁸⁷ According to Boratav, the regime constituted after 1980 had some dimensions that concern the general interests of the capital, such as disciplining the labor market and regulating it repressively and changing the taxation system in favor of the capital. However, Boratav thinks that by advocating this short-term repressive strategy of the military regime, and then of the MP government, the capitalist class in Turkey proved that they lacked a long-term perspective since according to Boratav, a long-term perspective should be based on the strategy of overcoming the existing crisis through democratization and a social contract between the labor and capital, in other words, on inclusion of the popular sectors rather than exclusion of them. In addition, on the class character of the state after 1980, he states that this class character developed not into a direction of maturation, but on the contrary, degeneration. This degeneration process was built upon two significant phenomena, as accepted by the scholars mentioned above: increasing arbitrariness of the incentive policies, which caused to rise of the rent-seeking activities and the extra-centralization of the policy-making process in the

²⁸⁷ Korkut Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm* (İstanbul: Gerçek Yayınevi, 1995), pp. 86-101.

hands of political sector at the expense of bureaucracy as a control mechanism, which resulted in the degeneration of politics in general. Thus, Boratav accepts, without denying the class character of the state, that the state-capital relations have degenerated throughout the 1980s.

Yalman takes a further step and claims that there is nothing to prevent the individual members of the dominant class from pursuing their private interests through rent-seeking or other mechanisms, while the restructuring process continues.²⁸⁸ Yalman reminds an important notion of the Marxist conceptualization of the class struggle by quoting from Marx: "If all the members of the modern bourgeoisie have the same interests inasmuch as they form a class as against another class, they have opposite, antagonistic interests inasmuch as they stand face to face with one another."²⁸⁹ In other words, the nature of the state-capital factions relations cannot provide us with a sufficient insight concerning the nature of the state. For a more comprehensive explanation, social analysis should focus on transformation of the content of state realized through the restructuring of its form, namely its apparatuses.

With regard to the metropolitan municipalities, it is possible to claim that the MP government succeeded to reorganize the local policies in a technicist way. As contrary to the social democrats, which claimed to pursue local policies that would concern the interests of the lower classes and prevailed in three metropolitan cities in the seventies, the New Right constitute these institutions with a technicist vision that excludes the class-based politics and with regard to the benefits of different capital segments. Although the metropolitan municipalities remained as one of the crucial domains of rent-seeking activities and degeneration, as became obvious with the

²⁸⁸ Yalman, p. 230.

²⁸⁹ Ibid.

IWSA scandal (*ISKI skandalı*), the structure of the metropolitan has not become the subject of discussion. Although different political cadres with different political visions took the office in these institutions, such as the social democrat and Islamic parties, the technicist and non-participatory structure of these institutions have questioned hardly. As regards the capital circles, although the local governments appear as one of the suitable bodies where special decision-making mechanisms authorized, like the QUANGOs (Quasi-Autonomous Non-Governmental Organization), which consist of local administrators and entrepreneurs, the Turkish bourgeoisie have not voiced such an offer yet.

On the other hand, hegemony is a concept that, essentially, concerns the mode of relationship between the dominant and dominated classes and without doubt, the case of metropolitan municipalities provides us with insights regarding the mode prevailed after 1980.

The Hegemony of the New Right: Inclusive or Exclusive?

Doubtless, a social analysis based on the concept of hegemony must say more than this. A comprehensive analysis should also consider the mode of governance with regard to the lower classes. By “mode of governance”, it is usually meant the strategy regarding the character of the hegemony, namely whether it is inclusive or exclusive. Obviously, such an analysis of the hegemony constituted after 1980 might be a subject of another work yet this thesis might mention about it to the extent of its concerns.

In the relevant literature, it is usually argued that the New Right failed to establish its hegemony. One of the most elaborated works on the hegemonic attempt

of the Turkish New Right belongs to Muharrem Tünay. Tünay claims that the hegemonic attempt of the New Right failed because of its narrow social base.²⁹⁰ According to Tünay, contrary to its counterparts in other countries like the Thatcherite government in Britain, the MP government did not succeed to pursue a “two nations strategy”. Two nation strategy means, in short, to create a coherent social base that consists of the crucial segments of the nation rather than trying to gain the supports of the whole nation. This is not simply an economic issue. As Jessop et al. said: “the two nations approach requires that the productive be rewarded through the market for their contribution to production... conversely the parasitic must suffer for their failure to contribute adequately to the market.”²⁹¹ Put differently, two nations strategy is a hegemonic strategy that used the market mechanisms both for its economic and ideological concerns. However, as all other ideologies, this one also should have a reciprocity with the real world or in other words, to become successful the governments that implemented a two nations strategy should create a social base that benefited from the policies pursued. The character of this hegemony based on a strategy that is both inclusive and exclusive and an ideology that marked those included and excluded with regard to their success within the rule of the market.

Drawing upon these necessities, Tünay claimed that the hegemonic attempt of the Turkish New Right failed because it failed to create a wide social base, which consists of segments of different social classes that benefited from the policies pursued:

In contrast to England, for example, the Turkish New Right political power failed to divide the working class according to levels of skills and degrees of

²⁹⁰ Muharrem Tünay, “NewRight’s Attempt at Hegemony”, in Atilla Eralp, Muharrem Tünay and Birol Yeşilada (eds.), *The Political and Socioeconomic Transformation of Turkey* (Westport: Praeger, 1993), p. 25.

²⁹¹ Bob Jessop, Kevin Bonnett, Simon Bromley and Tom Ling, “Authoritarian Populism, Two Nations and Thatcherism”, *New Left Review* 147 (September-October 1984), p. 51.

productivity. This necessarily enlarged the size of the second nation to an unprecedented degree so that it encompassed the whole of the working class, the majority of agricultural producers, government employees, millions of the unemployed, professionals, artisans, tradesmen, pensioners, and so on.²⁹²

Tünay states that although the MP pursued at the beginning a popular strategy by presenting itself as the party of the *orta direk* (main pillar, i.e. a concept that refers to the lower strata) and by underlining its aim of struggling with the inflation, owing to the lack of social and economic success, it turned to pursue a passive revolution strategy, which means immobilization of the masses through neutralization of the interests and demands of the subordinate classes. However, it also failed to pursue this strategy since it also failed to neutralize these interests and demands due to the same reason. In short, Tünay thinks that the hegemonic attempt of the Turkish New Right failed as a whole.

Also Özkazaç agreed with Tünay on the assumption that the Turkish New Right failed to constitute its hegemony and that the Turkish New Right pursued a passive revolution strategy rather than an inclusive hegemonic strategy.²⁹³ Nevertheless, despite the failure of its hegemonic attempt, the New Right succeeded to create a common understanding, which based on the assumption that the opportunities should be sought after individually. Rather than the concrete benefits, this strong belief has become the main factor for the partial success of the Turkish New Right.²⁹⁴ On the other hand, Özkazaç claimed that the passive revolution strategy pursued by the MP became threatening for the rule of capital for two reasons. Özkazaç states that whereas, on the one hand, especially in the second half of the eighties, the level of the exclusion of the masses reached to its limits and

²⁹² Tünay, p.25.

²⁹³ Alev Özkazaç, *Türkiye 'de Siyasal İktidar ve Meşruiyet Sorunu: 1980'li Yıllarda Yeni Sağ*. Unpublished PhD dissertation. Ankara University, Institute of Social Sciences, 1998, p. 222.

²⁹⁴ *Ibid*, p. 226.

became the very reason of the fears of a possible social explosion, on the other hand, this exclusion did not bring a coherent economic strategy based on the autonomy of the state in front of the various capital factions. Put differently, Özkazanç points at two different failures of the passive revolution strategy pursued by the MP government. The first one is similar to that of Tünay's and the second one can be considered as the transfer of the assumption put forth by the above-mentioned scholars such as Öniş and Batur into a Gramscian terminology. According to Özkazanç, the passive revolution strategy, which excludes the masses, also failed to establish an autonomous state that would pursue a coherent economic policy, and thus caused to destruction of the systemic integration of the power bloc. In short, the New Right succeeded neither to include the masses nor to create an integrated power bloc.²⁹⁵

All in all, it seems that these two scholars emphasize that the Turkish New Right failed to constitute its hegemony because of its tendency of excluding the masses from the socio-economic policy agenda. As a matter of fact, with a general outlook, this is a strong argument. It is well known that the masses suffered from the economic policies pursued by the MP government. Therefore, we will not claim that these scholars make a mistake by underlining the failure of the hegemonic attempt. Nevertheless, drawing upon the *gecekondu* policy explained in the fourth chapter we would argue that the special role of some specific coalition-building policies should not be underestimated.

In the last part of the fourth chapter, it is argued that the *gecekondu* policy pursued by the MP government implied a shift in the populist kind of politics. Whereas the traditional *gecekondu* policy was functioning as an informal social

²⁹⁵ Ibid, p. 366.

policy mechanism, it is claimed that beginning with the late seventies, there emerged a transformation in this social phenomenon, on which the MP built its policy preferences. As stated before, the *gecekondu* sector created its own market and this marketization process has been stimulated by the MP government. The immediate result of this marketization process was the emergence of new and intricate unequal relations within the popular sector. Thus, it is possible to claim that, through the increasing and stimulated marketization of the *gecekondu* sector, there emerged segments benefiting from the opportunities of this sub-market and those who did not. Put differently, the newly emerged sub-market created its own mechanisms of exclusion and inclusion.

As a matter of fact, this point is of crucial importance for grasping the ideological dimension of the New Right project. It is generally assumed that the Turkish New Right succeeded to create a popular ideology, which can be called as populist individualism. Instead of the idea of social salvation, this ideology, by putting the emphasis on the individual, realized a break from the ideologies prevailed in pre-1980 era. In short, what this ideology encouraged was the individual upgrading strategies. Thus, these strategies involve simply economic concerns and avoid referring to politics. Put differently, populist individualism can be taken as a peculiar reflection of the thesis of Mulgan outlined in the first chapter, namely a practical stance based on the disappointment of the masses from the modern politics and its salvation claims. However, for gaining a popular support, social mechanisms that give the individuals the chance of pursuing such strategies should be appearing. These sub-systems can be taken as social phenomenon that persuades the masses to pursue their own strategies. Ideology cannot become a coherent one unless it corresponded to the reality, albeit partially.

As a matter of fact, the role of newly emerged or transformed sub-systems should be taken into account for a more intricate social analysis since these sub-systems do not only function as supplementary economic mechanisms but also as significant factors regarding the socio-politic formation of the masses. In their magnificent work concerning the relationship between the neoliberal agenda and Islamic movements, Birtek and Toprak claim that religious groups, due to the opportunities created by the neoliberal agenda, became one of the significant mechanism of socio-economic upward mobilization.²⁹⁶ The most striking result of this phenomenon was the decrease of the role of these groups as the radical opposition mechanisms of the lower classes, as experienced in other countries like Egypt. Put differently, the articulation of the religious groups to the agenda of the New Right helped to decrease the potential class content of the Islamic movements and make them act within limits of the this agenda.

By emphasizing the role of the sub-systems in creating new opportunities for upward mobilization at best or surviving at least, our aim was not to claim that the New Right succeeded to create satisfactory alternative mechanisms. Contrary, it was obvious that towards the nineties the MP government has lost all its popular support. However, focusing on these sub-system mechanisms can help us to find an answer to the popular question, which emerged after the upheaval of the Argentine people in 2002 against the neoliberal policies pursued for years. It was a very simple one:

“Can Turkey become another Argentina?”

²⁹⁶ Faruk Birtek, Binnaz Toprak, “Türkiye’de Siyasal İslamın Yükselişi ile Neoliberal Yeniden İnşaanın Oluşturduğu Çatışmalı Gündemler”, *Mürekkep* 4 (Güz 1994).

APPENDIX

ORIGINAL TEXTS OF PASSEGES THAT APPEAR IN THE TEXT

Page	Note
38	63 Bu Anayasa'yla Türkiye idare edilmez diyen benim, ben bunu 1969'da söyledim. Aradan 11 yıl geçti. Bizim 1969 seçim beyannameyle Anayasa'ya getirmek istediğimiz yeniliklerin önemli bir kısmı 1971 bunalımı sırasında gerçekleşmiştir. Fakat bunların bir kısmının dozu noksandır. İlacı vermek kâfi değil, ilacı dozunda vermek lazımdır.
40	67 Demokrasinin, merkez sağ söylem tarafından, başından itibaren 'milletin gerçek temsili' olarak tanımlanması, sağ siyasetin kendine özgü demokrasi anlayışının oluşmasında çok önemli bir husustur
40	68 O halde siyasi iktidarı tesbit ve tayin için milli iradenin izharı, sadece yasama meclisi üyelerinin seçilmesi şeklinde anlaşılabilir. Devletin idaresini, tüm devlet yetkilerinin kullanılması ve tamamının denetlenmesi mânasında milli irade izhar edilmektedir. Şu halde, Devlet organlarının faaliyetlerinde Devlet otoritesinin tekliği, üstünlüğü ilkesi feda edilemez. Herhangi bir organı milli iradeden kopuk bir Devlet şekli ve birliği düşünülemez. Hâkimiyet Milletindir kaidesi feda edilmedikçe bu esaslara itiraz mümkün değildir.
40	68 (in the footnote text) Demokrasi milli irade demektir...Milli irade ise milli kültür demektir. Şu halde bir iktidar ne kadar sandıktan çıkmış olursa olsun, eğer milletin hakiki iradesi demek olan milli kültüre hizmet etmiyorsa, milli iradenin gerçek temsilcisi de olmamış demektir...zira demokrasi milli irade yoluyla milli kültürün iktidara gelmesinden başka birşey değildir
41	71 Türkiye Parlamentosu üzerinde Anayasa Mahkemesi, Türkiye Cumhuriyeti Hükümeti üzerinde Danıştay mevcut olursa yasama ve yürütme organı büyük sıkıntılar içine düşer... Yasa yapmada nihai organ meclisler olmalıdır.
42	74 (in the footnote text) TRT Millet parası ile ve millete hizmet için kurulmuştur; CHP parası ve CHP'ye hizmet için değil

- 43 76 Bunlardan tedirgin mi oldunuz? Önlenmesini mi istiyorsunuz? 1961 Anayasasına göre hukuk içinde kalarak bunların önlenmesi pek kolay değildir
- 44 79 İstikbalin demokrasisi bu otoriter demokrasi olacaktır. Otoriter demokrasinin esasları dünyadaki gidişten belli olmaya başlamıştır. Bu esasları şu sacayağında toplayabiliriz: Nizam-seçim-yetki. Otoriter demokraside cemiyet nizamı üstün tutulacak ve korunacaktır. Seçim esas yol olacak ve iktidarı seçim tayin edecektir. Yetki kesin ve tam olacaktır, seçenler seçilenleri gerekli yetkilerle tam olarak teşhiz edecekler ve bu yetki kimsenin göztünün yaşına bakmadan kullanılacaktır.
- 52 96 Demek istiyorum ki, serbest teşebbüs, Türk vatandaşının istediği işi tutabilme hakkı, Türk Anayasasında Türk vatandaşına tanınmış bir haktır ve hakkın özüdür... şimdi bu plan demokratik bir plandır, dediğimiz zaman plan ferdin haklarına dokunmamakta, bu hakların ozone dokunmamakta, aynı zamanda bu gelişmenin, bu memleketin vatandaşlarının bu memleketin kaderini tayin etmesi meselesinde de Anayasamızın getirdiği tam espriyi içine almaktadır.
- 54 97 Bu konudaki görevimizi elbette sonuna kadar yapacağız. Fakat ben bunun için çok büyük bir mücadeleye de gerek olmayacağı kanısındayım. Çünkü, dediğim gibi, CHP karşı çıktığı sürece Anayasa değiştirilemez. Yürürlükteki Anayasa'ya aykırı olarak, çalışanların haklarını kısıcı yasalar çıkarılmak istenirse, buna da, Parlemeto'daki gücümüz oranında engel olacağımız gibi, biz yeterince engelleyemezsek bile, Anayasa Mahkemesi'nin bunları mutlaka bozacağı kanısındayım.
- 55 100 İttihat ve Terakki'yle başlayan "milli burjuva" yetiştirme hedefi, Cumhuriyet tarihini de katedip 1960'lı yıllarda ürünü verdi. 1950'li yıllarda zenginleşen büyük toprak sahipleri, yabancı şirketlerin temsilciliğini alan tüccarlar, genişleyen eğitilmiş insan gücü tabanından gelen meslek sahipleri yeni sanayi burjuvazisini oluşturdu. Getirilen vergi kolaylıkları da "holdingleşme sürecini başlattı; büyük girişim olgusu gündeme geldi.
- 59 107 Siyasal önderler, ancak ekonomi bütün hiziplere büyüme fırsatları sunacak bir genişleme gösterdiği zaman bu gruplarca seslendirilen çatışmalı talepler arasında seçiş yapma zorunluluğundan kaçınıbiliyorlardı. Gelgelelim bunalım sırasında, katlanılacak "yaratıcı yıkımın" niteliğini ve doğrultusunu büyük ölçüde hükümet politikaları belirliyordu. AP... yürekli bir seçiş yapmakta yetersizliğini gösterdi ve burjuvazinin tümünün partisi olarak kalmak istedi. Bu yüzden de bir dizi siyasal tercihin dile getirilmesi askeri rejime bırakılmış oldu
- 61 110 Teşvik uygulamalarından çoğunlukla büyük ölçekli sanayi kesimi faydalandığı için böyle söylemiş olabilirler.

- 62 111 İthalat, ham madde, yardımcı madde, yedek parça, yatırım, cihazlanma gibi, işletmelerin kapasite genişletmelerine imkân verecek mallarda katıyen kısıtlayıcı olunmayacaktır.
- 66 118 Türkiye'nin kuvvetli bir devlete ihtiyacı vardır... Kuvvetli devlet, hür ve demokratik olmayan toplum demek değildir. Aksine, güçsüz devlet, kendisiyle birlikte demokrasinin yıkılmasına, hürriyetlerin ayaklar altına alınmasına seyirci kalır ve yerini ya komünizme, ya da faşizme terkeder.
- 70 123 Mühendisler ideolojisinin, jakoben, resmi ideoloji tarafından daima reddedilen muhafakâr değerleri, hakiki rasyonellik olan ütopyadan uzak ekonomi rasyonelliğiyle temsil etmesi.
- 71 126 24 Ocak kararlarıyla Marksistleri mağlup ettik. Yıllardan beri 24 Ocak kararlarının alternatifini arıyorlar. Hâlâ arıyorlar. Bulamayacaklar.
- 71 127 Türkiye'nin kaynakları belli, imkânları bellidir. Döndürmemiz gereken değirmen bellidir, su bellidir.
- 72 128 Sosyal Devlet ibaresi sosyalist devlet yorumuna götürdüğü için bu ibare kesin olarak başlangıçtan ve diğer maddelerden çıkarılmalıdır.
- 73 131 Ekonominin zor dönemlerinde vazife yaptım. Şunu gördüm, bir kere bir ekonomiyi düzlüğe çıkarmak için bir takım çalışması lazımdır. Aynı ayrı kararların ayrı ayrı yerlerden verilmemesi lazımdır. Bir orkestra tasvvur ederseniz, bu orkestranın bir şefi olması lazımdır.
- 81 145 Bizim en önemli kanunlarımızın hepsi Başbakanlıkta hazırlanmıştır. Hepsinin yazılmasında da, benim tek tek katılımı vardır... reform yaparken, tek tek detaya inmediğiniz takdirde, çok probleme düşersiniz. Yani öyle şeyler koyarlar ki kanunların içine, sonra altından kalkamazsınız... 1984-86 işte öyle bir devredir. Çekirdek bir ekip, benim başkanlığında, çok yoğun çalışmıştır.
- 101 173 Belediyelerle bu işin yürütülemeyeceği anlaşılmalı. Hatta hatırladığım kadarıyla Dünya Bankası' da bu krediyi verirken belediyelere bu yetkiyi vermemek kaydını ileri sürmüş, "ben size bu krediyi veririm, eğer belediyelere devrederseniz bu paraları başka yerlere sarf ederler ve bu kanalizasyon ve su işi yapılamaz" demiştir.
- 107 182 Bu anlayışa göre, Türkiye'de yerel yönetimler için demokrasi bir tercih sorununun ötesinde zorunluluktur. Yerel yönetimde katılımcı demokrasinin zorunluluğu ise işlevsel yapıdan ve varolma nedeninden gelmektedir.
- 109 186 Vatandaşa verdiğiniz hizmeti maliyetinden ucuza vermeyin. Biz ANAVATAN Partisi olarak genelde ve zengin-fakir ayrımı yapmadan herkese verilen sübvansyona karşıyız. Biz SOSYAL ADALETÇİ bir partiyiz. Sadece fakire yardım ve sübvansiyon

yaparız. SOSYAL DEMOKRATLAR'ın savunduđu gibi genelde herkese sübvansiyon yaparak zenginlerin de verilen hizmetlerden ucuza yararlanmasına karşıyız.

- 109 187 Hemen şunu ifade edeyim, belediyelerimiz, ticarete, sanayie müdahale etmesinler. Yani buralarda, vaktiyle bazılarının yaptığı gibi tanzim satışları heveslerine fazla kapılmayın. Bizim yapacağımız önemli iş, rekâbeti ortaya getirmektir.
- 109 188 Eğer üretici domatesini getirip şehirde satmak istiyorsa, hiçbir zorlukla karşılaşmadan bunu yapabilmelidir. Arz-talep dengesi ancak bu şekilde oluşabilir. Arzı engelleyen her formalite fiyatları yükseltir.
- 120 203 devamlı açık veren, devamlı elini Merkezi Hükümete açan belediyeler olmaktan kurtarınız. Bunun yolları şudur: Bir tanesi, biz size imkân sağlayacağız, bugünkü imânlardan muhakkak daha yukarıda imkân sağlayacağız. İki: Siz kendi kanunuzun verdiği yetkiyle makul ölçüler içinde parayı toplamaya gayret edin. Üç: yaptığınız hizmetin de karşılığını alın. Ve bunu da açıkça halka söyleyin.
- 125 215 fiziki formu küçük sermayenin faaliyet ölçeklerine uygun olarak belirlenen bir kentten, büyük sermayenin birikim güdülerine ve faaliyet ölçeklerine göre belirlenen bir kente geçiş.
- 132 234 ben bazen şöyle düşünüyorum: acaba hiç ruhsat formalitesi olmasa, vatandaşa desek ki, bildiğin gibi yap belki bundan daha iyi olur ama, tabiiyle basit kaideler koyarak bu meseleyi muhakkak suretle bir kere daha basitleştirmek mecburiyeti var.
- 132 235 Formaliteleri basitleştirdiğimiz zaman, konut sorunu gecekonduluktan çıkar, hakiki paralarla ciddi inşaatlar yapılmaya başlanır. Biz şunu da tahmin ediyoruz. Çok güzel gecekondu bölgelerimiz vardır. Mesela Zeytinburnu gibi. Oralarda imar islah planı da geçilir geçilmez, tek katlı binaların çođu yüksek apartman haline gelir
- 136 243 1980 öncesinde devletin ve onun dayandığı güçlerin gizli bir koruması söz konusudur. Yasaklıyor, fakat el altından gizlice koruyor. 1980 sonrasında belki daha samimi olmak üzere, açıktan gecekondunun desteklenmesi vardır.
- 140 252 Bizim doğru dürüst çalışan tek organımız vardır, encümenimiz. Büyükşehir belediyesinde bir tek kurum vardır, encümen. Çünkü onun içinde seçilmişler yoktur. Teknokratlar görev yaparlar.
- 142 253 Bunlara ne liberal demek mümkün, ne piyasa economicisi demek mümkün. Açık seçik, nevi şahsına münhasır bir kumanda ekonomisidir.

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