

**LIMITS OF REPUBLICAN ELITES' ECONOMIC
MIND: THE PROBLEM OF MARKET AND ITS
POLITICAL IMPLICATIONS**

Thesis submitted to the
Institute of Social Sciences
in partial fulfillment of the requirements
for the degree of

Master of Arts
in
International Relations

by
İçten URAL

Advisor: Assoc. Prof. Dr. Gökhan BACIK

Fatih University

July, 2010

© İten URAL

All Rights Reserved, 2010

*To people who shaped my mind; my
grandma, grandpa, mother, and my father,
to person who developed my mind: my beloved husband,
and to person whose mind is progressing with me; my son, ORHAN.*

APPROVAL PAGE

Student : İten URAL
Institute : Institute of Social Sciences
Department : International Relations
Thesis Subject : Limits of Republican Elites' Economic Mind: The
Problem of Market and Its Political Implications
Thesis Date : June 2010

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Arts.

Assist. Prof. Dr. Savař GEN
Head of Department

This is to certify that I have read this thesis and that in my opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Arts.

Assoc. Prof. Dr.
Gökhan BACIK
Supervisor

Examining Committee Members

Assist. Prof. Dr. Savař GEN

Assist. Prof. Dr. řammas SALUR

It is approved that this thesis has been written in compliance with the formatting rules laid down by the Graduate Institute of Social Sciences.

Assoc. Prof. Dr. Mehmet KARAKUYU
Director

AUTHOR DECLARATIONS

This thesis was written to comply with the rules of scientific ethics; in the case benefits from the other studies have been referred in accordance with scientific norms. The data are not made any alteration and any part of this thesis is not used in another study in Fatih or another university.

İçten URAL

July, 2010

ABSTRACT

İçten URAL

July 2010

LIMITS OF REPUBLICAN ELITES' ECONOMIC MIND: THE PROBLEM OF MARKET AND ITS POLITICAL IMPLICATIONS

The purpose of this study is to understand why Republican elites of Turkey have employed an ideology based worldview in which value based concerns dominate all other, including the ones of economy. Two factors mainly determined Republican elites' economic mind formation. First one is inheritance of Ottoman Empire's state tradition which was patrimonial in its essence and aimed to prevent market conditions which may challenge overall social system. Second factor lies in the sociological formation of Turkish Modernization. Forerunners of Turkish Modernization came to power through routinization of Atatürk's charisma after the War of Liberation. Republican elites mostly consist of ruling bureaucratic class members employed an ideology based economic mind between the limits of charismatic appropriation of economic resources and charisma's ideology. Understanding economic mind of Republican elites is also important in evaluating political events like party closures and civil-military relations in contemporary Turkey.

Key words:

Republican elites, economic mind, economic rationality, routinization of charisma, charismatic appropriation.

KISA ÖZET

İçten URAL

Temmuz 2010

CUMHURİYET ELİTLERİNİN EKONOMİK ZİHNİYETLERİNİN LİMİTLERİ: PAZAR PROBLEMİ VE POLİTİK SONUÇLARI

Bu çalışma Türkiye'nin Cumhuriyet elitlerinin ekonomik olaylara neden ideolojik endişelerle yaklaştığını anlamayı amaçlamaktadır. Bu çalışmada özellikle iki faktörün Cumhuriyet elitlerinin iktisadi zihniyetlerinin oluşumunda etkili olduğu görülmüştür. Bunlardan birincisi Osmanlı İmparatorluğu'nun patrimonial devlet geleneğidir ki bu devlet geleneği genel olarak Osmanlı sosyal yapısını değiştirme olasılığı bulunan pazar şartlarının ekonomik alanda oluşumunu engellemeyi şart koşar. İkinci factor Türk Modernleşmesi'nin sosyolojik oluşumunda saklıdır. Türk Modernleşmesi'nin başat güçleri politik güçlerini Kurtuluş Savaşı'ndan sonra Atatürk'ün karizmasının rutinleşmesi sürecinde elde etmişlerdir. Cumhuriyet elitlerinin çoğunlukla bu bürokratik yönetici sınıfın mensupları olarak iktisadi zihniyetleri ideoloji temelli olup, karizmanın ekonomik ve ideolojik paylaşımının sonucudur. Cumhuriyet elitlerinin iktisadi zihniyetlerini anlamak ayrıca parti kapatma, asker-sivil ilişkileri gibi günümüz Türkiye'sinin politik olaylarını anlamamıza yardımcı olacaktır.

Anahtar Kelimeler

Cumhuriyet elitleri, iktisadi zihniyet, iktisadi rasyonellik, karizmanın rutinleşmesi, karizmatik paylaşım.

LIST OF CONTENTS

LIMITS OF REPUBLICAN ELITES ECONOMIC MIND:

THE PROBLEM OF MARKET AND ITS POLITICAL IMPLICATION.....	I
APPROVAL PAGE.....	IV
AUTHOR DECLARATIONS.....	IV
ABSTRACT.....	VI
KISA ÖZET.....	VII
LIST OF CONTENTS.....	VIII
LIST OF ABBREVIATIONS.....	X
PREFACE.....	XI
ACKNOWLEDGEMENTS.....	XII
INTRODUCTION.....	1
CHAPTER I.....	7
REPUBLICAN ELITES' ECONOMIC MIND FROM ECONOMIC RATIONALITY PERSPECTIVE AND ITS DEVELOPMENT THROUGH HISTORY.....	7
1.1. Economic Rationality in Perspective.....	7
1.2. Ottoman Elites' Economic Mind.....	10
1.2.1. Classical Structure of Ottoman Economy.....	11
1.2.2. Asian Mode of Production in Ottoman Economy.....	13
1.2.3. Challenges to the System and Reform Perspective.....	18
1.2.4. Summary.....	23
1.3. Republican Elites in Charge: Turkish Modernization on Economic Front.....	25

1.4. Party Closure: The Endemic Nature of Turkish Democracy	39
1.4.1. The SCF from a Different Perspective	45
1.4.2. AKP Experience in Comparision with SCF.....	50
1.4.3.Deduction.....	59
CHAPTER II	60
ROUTINIZATION OF CHARISMA: A KEY TO UNDERSTAND REPUBLICAN ELITES' ECONOMIC MIND	60
2.1. Charisma's Evaluation and Evolution Regarding the Turkish Case.....	60
2.2. Charisma Impact on the Economy in the Turkish Republic	66
2.3. Turkish Etatism as a Reflection of Charismatic Appropriation.....	69
2.4. Military Coups for Charismatic Appropriation.....	77
CONCLUSION	98
BIBLIOGRAPHIE	106

LIST OF ABBREVIATIONS

F. U.	Fatih University
I. S. S.	Institute of Social Science
M. A.	Master of Arts
i.e.	that is, in other words
ed., eds.	edited
p., pp.	page, pages
trans.	translated
AKP	Adalet ve Kalkınma Partisi
ANAP	Anavatan Partisi
ATO	Ankara Ticaret Odası
CHP	Cumhuriyet Halk Partisi
CUP	Committee of Union and Progress
DP	Demokrat Parti
EU	European Union
IMF	International Monetary Fund
ISE 100	Istanbul Stock Exchange
MGK	Milli Güvenlik Konseyi
MÜSİAD	Müstakil Sanayici ve İşadamları Derneği
NIC	Newly Industrilized Countries

OYAK	Ordu Yardımlaşma Kurumu
SCF	Serbest Cumhuriyet Fırkası
SEE	State Economic Enterprises
TAF	Turkish Armed Forces
TMMOB	Türkiye Mühendis ve Mimar Odaları Birliği
TOBB	Türkiye Odalar ve Borsalar Birliği
TÜSİAD	Türkiye Sanayici ve İşadamları Derneği

ACKNOWLEDGEMENTS

First of all, I would like to express my deepest gratitude to my thesis advisor, Assoc. Prof. Dr. Gökhan Bacık and for his guidance, insight and invaluable feedback and everything he has done for me since the beginning of the master's program. I would like to thank also Assist. Prof. Dr. Savaş Genç and, and Assoc. Prof. Dr. Macit Kenanoğlu. Their sincere encouragement and excitement about my work made this learning process much more meaningful and pleasant for me. I wish to thank my committee member Assist. Prof.Dr. Şammas Salur for their interests in my work and their insightful suggestions and comments.

I should also mention Assist. Prof. Dr. Özlem Demirtaş Bagdonas, Assist. Prof. Dr. Michelangelo Guida, and Assoc. Prof. Berdal Aral for their contributions to this study.

I would like to thank my dear friends Halime Çetin, Tülin Tuna, Engin Şahin, Elçin Karlı, and Oğuz Uras for always being ready to listen to me.

PREFACE

The big court cases which brought the attention of international press on Turkey is party closure cases. Adalet ve Kalkınma Partisi (AKP) case became very popular on international agenda because the accused party has got landslide election victory just three months before the case opening. On the other hand, when not considered O.J. Simpson Case, the most popular case from United States was about the international firm Microsoft where Microsoft was accused to be monopole in the economy. This difference gives idea what is political is more important than what is economical in Turkey.

Actually, Turkish main economical problem is political and economical problems cannot rise above political ones. That's why I decided to look for historical and structural reasons to understand how Turkish economic mind was shaped. I choosed elites as target group while they are decision makers and they constitute cultural center of Turkey.

This thesis aims to undestand what kind of economic rationality perspective faounders of Turkish Republic and their intellectual inheritors today have employed and where they stand between ideological and economical concerns. Furthermore, the cases studied; privatization, import

substitution economy, party closures, military coups will help to better understand how ideological concerns are shuffled with economic ones.

I hope this study will help to understand Turkish politics from a different perspective.

INTRODUCTION

The founding elites of the Turkish Republic, particularly the organic and statist ones, including their intellectual inheritors today, have historically tended to overlook how economic problems or deficits may play a significant role in regime stability. Unlike western examples, Republican elites have employed an ideology-based worldview in which value-based concerns dominate all others, including economic ones.

The subject of this thesis is the different approach taken by Republican elites to economic concerns. The main distinction lies in the fact that the economy has been seen as a “means” and not an “end” itself. This thesis aims at finding first, the historical and sociological foundations of the Republican elites’ economic mind and then at calling attention to the behind reasons of this mind.

The overall purpose of the study is to present a new perspective through the lens of economic rationality. Moreover, this thesis aims at deconstructing how the Republican elites have employed a different economic rationality and understanding where they stand between ideological and economical concerns.

When studying the economic mind, two points are very important; The first is the clarification of the economic mind of a particular time or group. The second concerns searching for the underlying reasons for that

particular economic mind (Ülgener, 2006a:6). Regarding the first point, Republican elites in particular were chosen because elites shape the society in general and they are the power holders.

The Republican elites phenomenon is not a new one but what is meant is Şerif Mardin's well-known "center" phenomenon which struggles with "periphery" one. The center-periphery struggle is presented as a major way through which the Turkish political structure can be comprehended. It may also be a key to understanding Turkish economical structure.

The Ottoman political system depended on a version of center-periphery division that was more rigid than in other social systems (Türköne, 2009:403). The Ottoman political system had a very well institutionalized center. The Ottoman center had three main characteristics. First, the rise of a new social group that might challenge the power of the center and change the system, which consisted mainly of ruler and ruled classes, was prevented. That's why the center was suspicious about the social and economic activity in the periphery. Second, the economy was controlled through political power. In fact, in Ottoman society, political power holders were more important than traders (Mardin, 2007c:401). Third, it had military elements, with the ruling class being called *askeri*¹ (Mardin, 2007c:42).

Although the Turkish Republic rejected its Ottoman heritage with all its institutions, center-periphery relations continued under the Turkish Republic. That's why, in order to understand the economic mind of

¹ Means "about military"

Republican elites, the Ottoman legacy in the social system is worth investigating.

Kahraman described Mardin's "center" phenomenon as the "Historical Block," which consists of the military, intelligentsia and bureaucracy (2008:123). Cizre (2008:132) describes who form Republican elites in state as guardians of secular establishment of Turkish Republic as follows:

...Turkish military is a prominent member of the secular establishment comprising the president of the republic, the segment of the judiciary dealing with regime and national security issues (i.e., public prosecutors, the constitutional court and the former state security courts), high echelons of the civilian bureaucracy and, especially, the foreign ministry, which has historically formulated and conducted foreign policy in close coordination with the Turkish General Staff.

This state establishment is also supported by a group of civilians which consist of some NGO's, some members of media, and some businessmen of big conglomerates.

The emphasis on "Republican" in this thesis is a response to the argument that the "center" became "charisma in office" after the Turkish Republic's foundation. In other words, the actors of "center" did not change and the importance placed on economic control was not altered. However, Republican elites have given more attention to moral values in legitimizing themselves, where they differ from the Ottoman elites who legitimize the system through justice. The reason why Republican elites employed ideology-based concerns lies in the fact that Republican elites came to power

after the routinization of Atatürk's charisma in the aftermath of the War of Independence.

For second point, which is about how the economic mind of elites was shaped, a new argument was presented based on Weberian concepts: routinization of charisma, charismatic appropriation, economic rationality in this thesis. Weberian sociology was chosen because Weberian sociology about bureaucracy is the dominant paradigm for the study of formal organizations (Rudolph & Rudolph, 1979:195).

Emrence summarized state-centered approaches to the Turkish state as follows. The first approach focuses whether the Turkish Republic is an agent that is despotic, patrimonial and distant from society's needs. The second questions whether the Turkish state is a political project of étatist, centralist elites who follow their class interests (2006:20). Was the Turkish state's economic code based on patrimonial instincts because it was heir to the Ottoman Empire? Or was the Turkish economy a manifesto of the class project of étatist elites that had as its source of inspiration the Ottoman civil-military bureaucratic elite?

Accordingly, the question "How was the economic mind of the Republican Elites shaped?" needs to be answered first. First, the Ottoman Empire, with its sultan and his administrating staff, constitute a good example of patrimonialism. The patrimonial aspects of the Ottoman Empire are studied in the first part of the thesis in order to determine how those patrimonial instincts affected Turkish Republican elites.

While the composition of the economic mind of Ottoman elites is the subject matter, the Ottoman Empire economic system is analyzed using the principle of economic rationality, which was conceptualized by Weber. For this purpose, a short summary is provided to understand the principle of economic rationality and its connection to authority types. An attempt will be made in the first part to determine the extent to which wealth was used as an end itself or as a means of reaching political goals; the development of a market or money economy was prevented; and economic actions were rational or planned according to substantive rationality in Ottoman Empire, bearing in mind that the Ottoman Empire was patrimonial.

By comparing two parties, Adalet ve Kalkınma Partisi² (henceforth, AKP) and Serbest Cumhuriyet Fırkası³ (henceforth, SCF), in different periods of the Republic, looking at the groups that supported them and examining how they were accused of being a threat to the secular establishment of the state gives us clues about whether there is any consistency in the economic mind of Republic elites and how this mind was effected by the Ottoman state tradition.

The second part of the study seeks to understand whether the Turkish economy is a reflection of class interests of étatist, centralist, organic Republican elites. It is concluded that besides the historical legacy of the Ottoman Empire, sociological formations like routinization of charisma and its

² Justice and Development Party-JDP

³ Free Republican Party-Free Party

consequential appropriation by the charismatic staff also played an important role in the formation of the economic mind of Republican elites and, naturally, in the étatist economic policies they pursued. Furthermore, this study aims at finding whether military coups have been related to this economic mind of Republican elites.

CHAPTER I

Republican Elites' Economic Mind From Economic Rationality Perspective And Its Development Through History

1.1. Economic Rationality in Perspective

In their studies Mill and Weber tried to understand why people belonging to a particular geographic and historical context tend to behave under one motivation, the "desire to wealth" (Zouboulakis, 2001:34). As people of western states desired to reach wealth, so did the people of Ottoman Empire and their inheritors in the Turkish Republic also, but with a big difference. For first group wealth is an "end" while for the second wealth is used as "means."

When comparing Asiatic civilizations with Occidental civilizations, Weber discovered that inter-caste taboos and clan prohibitions against commensalism⁴ and connubium⁵, which belong to Asiatic civilizations, lessened likelihood of the rational organization of labor, which is a pre-condition for rational market system (Seidman & Gruber, 1977:499). In other words, any prevention of social interaction obstructs the development of

⁴ Definition from Merriam-Websters Online Dictionary: a relation between two kinds of organisms in which one obtains food or other benefits from the other without damaging or benefiting it

⁵ Definition from Merriam-Websters Online Dictionary: marriage

market conditions. The emergence of a market economy, where social action is fully rationalized and depersonalized developed capitalism and constructed the necessary environment for the rise of formal rationality in bureaucratic structures. Money, which is a medium of exchange between market participants, helps to regulate social relations quantitatively and is used as a means in rational calculation, which is a must in modern capitalist economy (Seidman & Gruber, 1977:503).

Weber categorized four types of social action as distinguishing characteristics of human-beings; affectual (emotional), traditional, value-rational, and means-end rational action (Karlberg, 1980:1148). The affectual is determined by people's emotions in a given situation. Traditional action is determined or motivated by habit or tradition. Value-rational action is based upon one's values and morals. Finally, means-end rational action or instrumental rational action is behavior in which the means and ends of action are rationally related to each other. In other words, in means-end rational action you do something to achieve an end.

Weber uses the term 'rationalization' mainly in three different ways. Mostly he uses the term 'rationalization' to describe rational action which needs means-end calculation, using most efficient means to reach a desired end.

There have been several social forms by which human beings organized. In the modern world human beings are generally organized in bureaucratic forms. Bureaucracies are there for rationalizing all tasks and

interactions through means-end calculation. Certain social factors defined as preconditions for rationalization by Weber lead to the organization of human beings in systems based on reasons rather than emotions or traditions. The development of markets and money economy are not only preconditions for rationalized economy but necessary for its proper continuity (Weber, 2006:307).

Weber says that an action can be categorized as "economically oriented" when if it is performed to fulfill an aspiration of benefiting from that economic action (1978:63). If taking advantage is impossible or of little benefit, human beings do not attempt to do so for economic reasons unless, there are other stimuli. An economic action was born from the simple desire of peacefully gaining from resources owned. An economic action is rational only if it is consciously planned to reach an economic end (Weber, 1978:63). For this reason, an economic action needs to be carried out in calculable terms. In contrast, substantive rationality includes a lot of uncertainty because it is figured according to definitive values which can be ethical, political, egalitarian, or static (Weber, 1978:85).

Weber says that all kind of power should establish recognition on its legitimacy in order to be steady. The type of legitimation affects the type of power recognition, which kind of bureaucracy will be in charge, and how authority is to be applied. That's why Weber categorized types of authorities according to the types of their claims to legitimacy. (Weber, 2006a:36) Legitimacy basically rests on three bases. The first is the legal-rational basis

wherein legitimacy lies in the normative rules and belief in the right of holders of authority, who strictly follow these norms, to issue commands. In other words, legally established, impersonal order is the claim for legitimacy. The staff for legal-rational type of order is bureaucracy, which works like a machine (Weber, 2006a:40).

Another basis for the claim to legitimacy is traditional, in which legitimacy comes from "belief in by virtue of the sanctity of age-old rules and powers. Obedience is owed not to enacted rules but to the person who occupies a position of authority" (Weber, 1978:226). When traditional authority required an administrating staff or developed one, then it is categorized as patrimonialism; members of this staff are "personal instruments of the master" (Weber, 1978:231).

1.2. Ottoman Elites' Economic Mind

Ottoman Empire had been not feudal. Historically it resembles to Byzantine Empire, East Roman Empire, Seljuk Empire, and Anatolian Seljuk Empire. Ottoman Empire's legitimacy was recognized on traditional values. Consequently, Ottoman economy was managed under the effect of traditional values. The Ottoman economic mind ultimately focused on consolidating and strengthening ruler's power. For that purpose, increasing state revenues and keeping the traditional organization of the society intact were very important.

1.2.1. Classical Structure of Ottoman Economy

The classical structure of the Ottoman Empire consisted of free peasants who owned similar portions of land and gave agricultural surplus in the form of tax revenues to the state via state officials. What is unique about Turkish society is the absence of a father-to-son aristocracy. The Ottoman social system consisted of two basic classes. One is the ruling class, referred to as *askeri*. The *askeri* class included the *ulema* which were in charge of religious affairs and jurisdiction and a second group, which had executive duties. The other class consisted of rest of people who did not belong to ruling class and was referred to as *reaya*. *Reaya* includes peasants living in villages as well as cratsmen and traders of cities.

Ottoman officers acquired their status neither because of heritage nor from their local influence, as was the case with European aristocracy, but rather from their posts, obtained from the central authority. This meant that their privileged positions continued as long as they were in charge. That is why any attempt to change this relationship between peasants and central authority met resistance, not only by peasants but most importantly by the central bureaucracy (Keyder, 2003:15-22).

Bureaucratic administrative staff of traditional authority differs from the bureaucracy of legal-rational authority at certain aspects. The bureaucratic administrative staff of traditional authority is not subject to full fitness to impersonal rules but they fit orders of a master. Since they are dependent on the wishes of their master, usually a rational hierarchical order

and technical training as a usual prerequisite of legal-rational bureaucracy are absent (Weber, 1978:229).

Under traditional domination like patrimonialism, the aim of economic action is supporting the legitimacy of traditional domination and general financing of traditional structure. For this aim, the development of market conditions needs to be prevented. Market conditions are prevented by using production capacity of the individual economic units to serve ruler's needs not for reproducing (Weber, 2006a:70-76).

Theoretically, only the Ottoman dynasty had uninterrupted privileged status. This system can only continue as long as the absolute power of monarch can be saved. This required an effective blockage of possible power groups (Keyder, 1979:4). As long as they had similar interests in the system, Ottoman bureaucratic elites shared a similar ideological perspective and political attitude (Keyder: 2003:40). That's why the reform perspectives of the Ottoman bureaucratic were limited by their social role and aimed at saving their privileged position. Consequently, it is quite normal that bureaucratic elites would oppose any transformation in the economic or ideological system. Like other ruling classes, the Ottoman bureaucracy had two aims. They were continuing the system to legitimize themselves and controlling economic surpluses. The continuity of the system depends on legitimating through management with justice. But if social justice system fails, the bureaucratic class' second aim, which is controlling economic surplus shadows first aim, which is not losing control on economic recourses

and prevent ruling class to make necessary reforms on economic system (Keyder, 2003:40-42). What Ottoman ruling bureaucracy understood as economic reforms was aiming at protecting the system as it was and blaming for poor management and not criticizing the system as a whole.

Two important bases of rational economic action are absent in a traditional economy; first of all, there are many ambiguities with respect to economic action and second, private enterprise is obstructed (Weber, 1978:237-241). The traditional economy may move in the direction of rational economy only if the ruling group is from patrician (urban) origin, which was the case only in the West.

1.2.2. Asian Mode of Production in Ottoman Economy

In his study, Divitçioğlu tried to explain the Ottoman economic system in light of the Marxian concept of Asian Mode of Production. Divitçioğlu argues that the Ottoman economic system resembled Asian Type Production model and the Ottoman economy was a pillage economy, which exploits internally and externally (1981).

When bureaucratic development during the Ottoman Empire is examined, two important distinctions were observed regarding its staff. First, the recruitment system, which separated bureaucratic staff from society; the second, the economic system, which empowered the bureaucracy but excluded local notables from power and prevented emergence of a leading important middle class.

Starting in the 14th century, positions in the civil and military bureaucrats were filled, in part, through the devshirme system. This system functioned by collecting boys of to specific criteria, to be educated and recruited to royal institutions, which included the Palace, the Scribes, and the Military. Although devshirme boys were classed theoretically as slaves of Sultan, they may become very powerful because their loyalty was critical for the power of sultan. Ottoman elites were those servants of sultan who were alien to their origin as well as Ottoman society. The impetus behind the devshirme system was generating an elite class whose members were loyal only to the Sultan rather than to Ottoman nobles; in other words, the aim was offsetting the power of Turkic nobles.

On condition that, there was not powerful bourgeois class and power of Turkic nobles was prevented by Ottoman statesmen, devshirme class constituted primary office of Ottoman state.

Although Ottoman statesmen were powerful, they were slaves of the Sultan and the reason of their existence depended on continuity of central authority.

The Ottoman Empire continued previous forms Turkish social stratification tradition in the tradition of the Seljuk and Anatolian Seljuk Empires, in which there were mainly two different social groups the ruling class and ruled class.

In the Ottoman system, individual could not exploit other individual. The exploitation of the *reaya* who made up the productive class, was by the class that carried out the administration of the state.

In western societies, the dominant classes were composed of classes that owned production sources. The feudal lords owned the land and were entrepreneurial in agricultural production. The bourgeois owned capital and were entrepreneurial in industrial production and trade. Even in socialist economies the proletariat owned labor. Ottoman statesmen were owners of neither land nor capital. They were salaried state servants. As long as those civil servants had no organic ties to society, they were unfamiliar with production processes and, consequently, did not understand the needs of the *reaya*, who formed the productive class.

Exploitation in the Ottoman Empire took the form of exploiting *reaya*, who produced, by bureaucracy, which performed state tasks. Either from the civil or the military, bureaucracy members worked hard to save their powerful, privileged class position. The Ottoman Empire was a perfect example of a central authority which was ruled through assigned functionaries specifically educated for state duty.

In the Asian type of production, private ownership does not exist; lands are owned by the state and the individual has the right to use them. Production is for consumption not for the market. Surplus production is not used for reproductive activities but is transferred to the center. Commercial activities are not a changing factor for production style. Usually part of the

surplus passed to state is used for public works like building irrigation canals, however, how much of the surplus is used for public works may vary. Also, part of the surplus is set aside for the consumption needs of state rulers⁶ (Divitçioğlu, 1981:17-42).

In Ottoman state tradition, land was owned by the sultan. The Ottoman *timar* system differs from European landlord institution as long as landlords owned the land and Ottoman cavalry were civil servants. In the Ottoman economic system, the state owned the land and the land was used by ruled class, the *reaya*. The state was represented by a dominating class consisting of the sultan, military and civil bureaucracy. On condition that land was owned by the state, the surplus of production belonged to the state and in the Ottoman system this surplus was transferred to the state through the tax mechanism. The Sultan and the civil-military bureaucracy constituted the ruling class while the *reaya* made up the ruled and dominated one. In the Ottoman economic system, the ruling class, which performed state tasks, exploited the *reaya*-the ruled class, which engaged in production. It is certain that part of the surplus was used for public works in the Ottoman Empire (Divitçioğlu, 1981:92). However, public works carried out by the Ottoman ruling class did not include any production activity and were not related to production. In agricultural economies, production depends on three factors: land, climate and human. The Ottomans did not have any problem with first two factors, which may negatively affect productivity.

⁶ This part is a summary of Asian Mode of Production from Divitçioğlu's book.

That's why public works focused on the individual through charities (Divitçioğlu, 1981:121). Surplus was consumed for nonproductive activities through the *waqfs*. Social discontent was prevented until the 16th century because one part of the surplus was directed to public works. When eastern trade routes lost their importance and war booty declined, social conflicts broke out.

The Asiatic type of production had political consequences in addition to economic ones. One of them was that basic economic conflicts within the ruling class were interpreted as political ones (Divitçioğlu, 1981:61). This situation limited the Ottoman bureaucracy's economic rationality and led to economical problems being interpreted as political. In the following years, this tendency of the economic mind would create problems when economic conflicts occurred between the ruling and ruled classes.

There was huge disproportionality in incomes between the ruling and ruled classes. It was possible for a vizier, who is civil servant of state, to loan to the state. However, confiscation of property,⁷ which could result in a sudden loss of class, was also common. Thus, a wealth-losing psychology led to wealth being used for political purposes - and not with the rationale of economic reproduction. Mardin asserted that the Ottoman ruling elites appreciated wealth as means for political power and status and they were far away from understanding wealth as an end (2007b:25), which is crucial for economic rationality. Ülgener, too, emphasized wealth as being used to

⁷ Müsadere

obtain or strengthen status and its being used for ostentation in traditional societies (2006b:54). Accordingly, wealth is not accumulated for productive economic activities but non-economic purposes.

To summarize, the Ottoman economic system placed great importance on the center and political power there. It was the center that closely controlled production and the market. Acquiring wealth was a matter of status, not production. In other words, prebendary income was the source for wealth and wealth was legal only when it was recognized by state. Private ownership and its necessary institution, legal entity, were not established in Ottoman social and economic code. Consequently, law was not based on regulating market relations. Instead, it developed as penal code. Society consisted of two classes, one of which was the ruling class, which also assumed the role of guardian. The other class was the ruled, who were the ordinary people. Most importantly, economic surplus growth was not allowed because it would lead to a new class, which might endanger the ruling class' hegemony, thereby destroying social harmony (Mardin, 2007b:196-197).

1.2.3. Challenges to the System and Reform Perspective

Challenges to the classical structural system did not come from alternative hegemonic projects but rather as a need for an alternative economic system when the Empire got affected by capitalism (Keyder, 2003:23-24).

The classical structural system was first challenged by local power groups - *ayan*⁸, who had a close relationship with the growing capitalist economy of Europe. The rising power of the *ayan* started to decline when the Great Powers sided with the central authority. The support of the Sultan by the Great Powers became apparent with the Kavalalı Mehmet Pasha event. Kavalalı Mehmet Pasha's military defeat stopped national economy experience (Keyder, 2003: 27). The *ayans* were local helpers of central authority from locally strong and respected families when the center was powerful. What most distinguished the *ayan* from Ottoman statesmen was their involvement with production.

There was no oligarchy in the Ottoman system powerful enough to control the market. That's why many merchants engaged in the trading of products produced by small peasants. Merchants in Ottoman Empire were generally from the non-Muslim minority. The most important reason for this was that the non-Muslim minority had gained an advantageous position vis-à-vis the state compared to Muslims. When trade with Western World increased, Europeans started seeking to establish institutional networks with the Ottoman Empire to organize their trade activities. There were two ways this was done. One option was to form a connection with a specific group and then provide it with advantages. Another was to make the Ottoman system conform to theirs. The European powers chose both (Keyder, 2003: 36). That's why, as a result of the first option, the central authority gave

⁸ etat

some rights to the non-Muslim minority in the 19th century. *Tanzimat*⁹ reforms included securing individuals' lives and property. Another consequence of the first option was that the non-Muslim minority built a comprador class between the small peasants and foreign capital. While the compradors were mostly from the non-Muslim minority, religious and ethnic differences shadowed rising of a new class besides ruling bureaucratic class and the ruled *reaya*. Actually, what the bureaucrats opposed was the rise of the new class and the possibility of the social system changing. Moreover, Ottoman statesmen were confused about how to categorize the Rum Orthodox workers who had struck against French employers and carried Greek and Ottoman flags. Because, the bureaucratic elites' lack of economic rationality prevented them from understanding those strikes as a matter of class interest. The state-minded bureaucratic elites could not internalize bourgeois rights and freedoms.

Beginning in the 18th century, palace bureaucrats engaged in European diplomacy and the civil bureaucracy started to differ from the religious bureaucracy. Secular Ottoman reformers' reform mind was stuck in the limits of diplomatic mind (Keyder, 2003:43). Although Ottoman intellectuals who initiated reforms for the most part received their education in Europe or in western-style schools, they differed from their European counterparts in that they were state officials. Although they were educated to serve state, they were not simple technocratic staff working just for

⁹ ordering

management. They also lacked the humanist and critical characteristics of European intellectuals. Ottoman intellectuals were part of Ottoman bureaucratic class and their reform perspective was basic concerned with saving the state. To achieve this objective, their efforts focused on renovating the administrative staff. Any transformation in state structure was not even considered. Consequently, neither ruling nor ruled classes were integrated in a new economic system. Furthermore, the Ottoman economic system, which resembles the Asiatic mode of production, prevented *ayan* revolution, industrial revolution and market mechanisms. As long as market mechanisms did not operate, civil society did not emerge in Ottoman social system (Mardin, 2007b:42). The typical and well-functioning Ottoman socio-economic system began to deteriorate because of internal and external reasons starting from the 18th century. This period is also agreed to be when Ottoman rulers began searching for a way to revitalize the system via Westernization. The *Tanzimat Fermanı* (Edict) of 1839 was the document certifying the beginning of reforms. With *Tanzimat* reforms, the central bureaucracy guaranteed their position and replaced old bureaucracy who were strictly committed to sultan (Aslan & Yılmaz:290).

Another important event of the Mahmut II era was the signing of the *Sened-i İttifak*, which laid out the rights and duties of the *ayan*. In the 19th century, the Ottoman bureaucratic elites changed their mind and supported existence of an intermediary class that would consist of Turkish entrepreneurs; however, it is uncertain whether they settled for autonomy of

this class. In the following years, it would be understood that a dependent Turkish bourgeoisie was imagined.

Mardin noticed that the reform process starting in 18th century succeeded in increasing the power of the central authority and political power passed to the central bureaucracy from the sultan (2006:126). However, Mardin observed that the new bureaucratic elites of the Ottoman Empire were reminiscent of traditional Ottoman elites, both of which had looked down society and thought themselves to be superior to other classes in society (2006:137-138).

The Committee of Union and Progress (henceforth, CUP) Movement was a civil-military bureaucratic elite movement and did not emerge either as a class or civil society movement and did not have an economic background. With the 1913 Bab-ı Ali Coup, arranged by CUP, the power of the civil-military bureaucratic elites was established.

The CUP regime, which was under the sway of positivist ideology, favored greater control over the economy, as did its precedents, in order to build a national economy.

Secular Ottoman reformers did not only clash with the religious elements of the bureaucracy, but also with liberal ones. This shows that the reason for the clash between the secular bureaucrats and pro-Islamist ones was not about the resistance of the religious to modernization but rather control of the economy. Those liberal bureaucrats were people who had

worked for the *Düyun-u Umumiye*¹⁰ and had been influenced by the market-based economic mind because of their European colleagues. Although they supported Young Turks and the Kemalists, in subsequent years, they came into conflict over the nationalization of economy because they had more liberal thoughts about social and economic system (Keyder, 2003:62). Actually, the Young Turks and their followers, the CUP administration, tried neither to deeply investigate the economic stand of their society and nor to understand how the mechanism of imperialism worked. Instead, they focused on saving the state, which was a symbolic expression of saving the privileged position of the bureaucracy (Keyder, 2003:77-78).

1.2.4. Summary

The Ottoman Empire's claim for legitimacy was traditional and its authority was patrimonial, where the social system included two classes, the ruling and the ruled. Ruling class consisted of the sultan and his administrative staff, the civil and military bureaucracy. In the classical structure of the Ottoman Empire, ruled class was formed by free peasants who owned similar portions of land and gave agricultural surplus in the form of tax revenues to the state via state officials. Ottoman officers gained their status neither because of heritage nor from their local influence, unlike the European aristocracy. Rather, they obtained their status from their posts acquired from the central authority. It meant that their privileged positions

¹⁰ Institution, which inspects Ottoman debts.

continued as long as they were in charge. That is why any attempt to change status quo was met with resistance first by the central bureaucracy. In the Ottoman economic system, the status quo was maintained by preventing the birth of market conditions; private enterprise, in particular, was obstructed. This is the reason why any possible power group which may have challenged the privileged position of central bureaucracy did not emerge. A possible candidate for such a challenge might have been the Turkic nobles who have been eliminated from power through the special recruitment system. This recruitment system, called the devshirme system, empowered a central bureaucracy that had no origins or ties with society. Accordingly, they were unfamiliar with the production process, which was handled by ruled class. The political consequence of this disconnection appeared several times while the economic claims of ruled were understood as resistance to the power of the central authority and economic problems were interpreted as political conflicts.

While private enterprise was thwarted, wealth was not an end itself but rather used as a means of reaching political power. Accordingly, wealth was not accumulated for productive activities or for economic ends. Growth in economic surplus was discouraged because it would lead to a new class formation that might challenge the privileged status of the central authority's hegemony. However, challenges to this hegemony did not come from an alternative hegemonic project; it existed as a result of Ottoman Empire's encounter with capitalism. Ottoman landlords' challenge of the system was

impeded with the help of the Great Powers. The challenge to the system by the compradors, mostly consisting of non-Muslim minorities, was not seen as an economic demand. At the same time, religious and ethnic differences overshadowed the importance of the emergence of a new class. The challenge by the non-Muslim compradors was eliminated because great number of them left the country during World War I and after the War of Liberation. During World War I, CUP government backed the national bourgeoisie, but this support created the emergence of a dependent bourgeoisie. Consequently, an effective civil society movement which may challenge and change traditional social system did not emerge.

1.3. Republican Elites in Charge: Turkish Modernization on Economic Front

Turkish modernization basically has failed in two areas: first of all, Turkey still does not have a stable democratic regime and has experienced military interventions almost every ten years. Another failure of Turkish Modernization concerns the economy; although the Turkish economy managed to grow continuously, it failed to correct the growing income inequality or to distribute state resources fairly. In other words, the social and economic expectations of most member of Turkish society have not been fulfilled. Furthermore, there have been periods in Turkish democracy when access of some major groups to the political system was denied.

Although, Republican modernization attempted to solve the structural problems of Ottoman economy, those of the Turkish economy can be traced back to the end of the classical Ottoman age, i.e., the beginning of the 17th century. Turkey's main economic problem is actually political and it is not easy to overcome with it.

In Modelski's model of the distinctions between agricultural and industrial societies, one of the most important the use and sharing of resources. If political authority controls the distribution in order to reach certain goals and keeps market conditions from developing by preventing free competition, it is impossible to become industrial society (Dougherty & Pfaltzgraff, 1980:123-124). As said by Mardin, the Republican regime desired to control economic life from the beginning (2007a:144).

Modelski also distinguished industrial societies from agricultural ones through their promotion criteria. Promotion is based on ability and achievement in industrial societies. Promotions are given in Turkey according to the level of one's attachment to already set rules and values. That's why nepotism is one of the characteristics of Turkish politics. The Civil-military control of economy was also supported by a group of private sector agents who became richer through benefits gathered through their relationship with the bureaucracy. During World War I, a dependent Muslim bourgeoisie grew, taking advantage of the business and land left behind by the Greeks and Armenians. This dependent Muslim bourgeoisie gave the

greatest support to the Turkish Liberation movement, where the motivation for this support can be fear of the return of Greeks and Armenians.

In plain words, the Republican elites planned for a division, distribution, and production model which nurtured their authority and aspired to prevent market conditions, which would be contrary to their interests, from developing.

The Ottoman Empire controlled the economy to ensure continuity of the system of ruled and ruling. This control prevented dynamism in economy. It was inevitable that Ottoman patrimonialism also shaped the Republican mentality in both the social and economic fields. The mentality of the Ottoman civil and military bureaucracy had an impact on the ideological formation of Republican bureaucrats, too. This ideology was based on ensuring the survival of the state, which was also their *raison d'être*. Insel says that the efforts of the Ottoman civil bureaucrats, especially in when the Empire was collapsing, were not directed at saving the "homeland or nation" but rather saving a piece of land that was sufficient enough for their survival (1996:84).

Ottoman bureaucrats finally succeeded in establishing political control of the economy during World War I and prevented the empire get into market mechanism. Turkey lost a large part of its bourgeois class, which could have opposed the traditional system during and after World War I. Also, during the 1920s, the bureaucracy defeated class rivals, who were mostly liberals. Blockage of any possible power groups was the Ottoman

tradition, where the aim was ensuring the continuity of the system: the maintenance of the structure of ruling and ruled. In the following years, defeating rivals in the economic area caused a kind of ignorance of economic problems in the bureaucratic ruling class. Furthermore, Kemalism and its ideological line, especially before 1950, were not based on class; it was a cultural one and did not engage in cooperation with any class (Kahraman, 2008:188).

After the war, the management of state again followed the strong state tradition of the Ottoman Empire, where control was again in the hands of the civil-military bureaucracy. In his study about post-traditional societies Eisenstadt argues that in a society which was once patrimonial, decision-making power remains in the hands of particular group of elites which may consist of bureaucracy, army members, politicians and power groups. If such a group exists, the natural characteristic of this group is to try preventing access of periphery to political and economic resources (2007c:12). In Turkey, members of this group, especially the civil and military bureaucracy, tried to influence the policy-making process within the limits of some political principles like nationalism, étatism and secularism. Any opposition against center was labeled as a reactionary response to modernization, especially against secularism. That's why a common center-periphery conflict manifested itself as a conflict between secular and Islamic values. As it was the case also for Ottoman Empire; an economic problem was taken as a cultural problem. The civil and military bureaucracy, who

represented the center, became the guardian of a secular Turkish Republic against the periphery's Islamic tendency.

The strong Ottoman state tradition was manifested in the economy in the form of Turkish *étatisme*. Turkish *étatisme* was based on economic planning, which intrinsically requires bureaucratic planning. Consequently, political parties were unable to offer competing policies since they were already set. Liberalism was not welcomed because it would empower political parties, which happened after the 1980s. Marxism and socialism were rejected because they would give rise to proletariat rule. The Turkish type of *étatisme* was invented in order to continue civil-military control of the economy.

In 1931 the CHP inner-party meeting¹¹, the political system was defined as a one-party regime and in the economic realm, the party would be the defender of populism and would keep society from being divided by classes. Instead of class struggles, national order was the aim (Keyder, 2003:136). In other words, the economic actions of the newly established Turkish Republic were not oriented economically but rather in terms of subjective values that would block rationality in the economy.

The reason for the emphasis on national order was the fear of diversity in the Turkish public. During the War of Independence, the fear of division through group lines emerged and created problems in Kemalist politics (Mardin, 2007c:52). Through Kemalism, with the aim of nation-

¹¹ kurultay

building, founding fathers of Turkish Republic imposed social norms, and the followers of them forced and are forcing society as a whole to conform to that model. In addition, from liberty they understood not the abolition of coercion, but rather the search for and achievement of absolute collective purpose. So they started their fight against religion and tradition without realizing that they had actually created another source of dogmatism. The French Revolution and French thinkers, most notably, Rousseau, had a more decisive effect on Turkey than did Anglo-American ideas and experience. From Rousseau and the French model, the Turkish founding fathers inherited a strong *étatist* orientation, both political and economic. The ideas of Rousseau were a good alternative to liberal-pluralist tradition because they support power and authority. The Turkish Republic was founded as a corporatist state with its state-directed economy and state subsidies.

In his remarkable work, the "Social Contract," Rousseau tried to find a basis for legitimate political order. According to Rousseau, individuals should abandon their claims of natural rights and join together through social contract. When individuals reach a social contract they can protect themselves from others and also can succeed in remaining free. Social contract can be reached through obeying and respecting the authority of *volenté général*.¹² In order not to be subordinated to the wills of others, individuals should obey the authority of the general will. Through obeying the authority of general will, individuals actually are obeying themselves

¹² General will

because they are part of general will; in other words, they are the authors of general law. This is because if individuals bind themselves to the general will of the people as a whole, the situation will be same for all individuals. If the situation is same for every individual, then no individual has the motivation for changing the status quo (Rousseau, 1999:25-26).

Rousseau's doctrine of the general will was identified by Jackob Talmon as a totalitarian democracy in which individuals are forced to follow the infallible wills of the majority. Rousseau characterized the general will as inalienable, infallible, indivisible and absolute. According to Talmon, coercions of states like Nazi Germany and the Communist Soviet Union were justified through the doctrine of Rousseau's general will to create a harmonious, democratic, and free future. Rousseau's "general will" concept promotes collectivism through which people can reach true freedom. And collectivism gave birth to totalitarian democracy, which was a common feature of all totalitarianisms, from the Jacobins to the Bolsheviks.¹³

It is debatable whether the Turkish founding fathers deliberately chose the French model because it fit their hegemonic project or its appliance caused a strong étatist control in social and economic areas. Regardless of which is the case, the Turkish Republic was founded as a corporatist state with a state-directed economy and state subsidies.

The international conjuncture helped the Republican elites to establish their control on the economy. The Great Depression prevented the newly

¹³ Rasmussen, C. Dennis. www.brown.edu/Research/ppw/files/Rasmussen_PPW.pdf, p. 3.

developing national bourgeoisie from becoming autonomous from state. Measures taken for economic crisis became characteristics of the relationship between the bourgeoisie and the bureaucracy. With its help, the bureaucracy, with its superior status, became the bastion of economic control.

The reasons for economic backwardness were not well examined during the Ottoman era. Backwardness was evaluated in terms of its political and institutional aspects. The approach of the Republican elites toward economic problems reflected the same ignorance. They thought that imposing laws was enough to direct the economy. Directing the economy from above is a tradition in states where the bourgeois class is not independent and mature enough to challenge rulers. In Turkey, after the expulsion of the non-Muslim bourgeoisie following the War of Independence, in 1920s there was no effective bourgeoisie that could support the economy and structure the culture of civil society.

One of the important distinguishing features of capitalism is that production and exchange mechanisms are owned by the private sector. The rulers of the Ottoman Empire, the founders of the Republic and their inheritors today always aimed at a controllable economy. It is ironic that while westernization has been the state's motto since its founding, essential economic and political reforms such as privatization and establishing a stock exchange began at the end of 1980s, almost at the same time that it did in former communist countries.

In his studies of the collapse of the Soviet system, Gerhard Wettig defined a powerful state as one that provides personal rights to its citizens, does not prevent them from participating to politics and also satisfies them by improving economic welfare. On the other hand, a weak state restricts the individual and democratic rights of its citizens, which in turn alienates the citizens from the state, and alienated citizens will start to question the legitimacy of the system. In addition, continuous economic problems will cause widespread poverty and inequality, which lead people to engage in illegitimate ways of making money, which brings about further deterioration (Wettig, 1995:130-145).

Mehmet Uğur described the Turkish state as either 'too strong' or 'too weak' towards civil society. Turkish state is dominant over civil society when its strength in regulating economic environment and in implementing democratization is considered. On the other hand, it is weak when legitimizing the regime; it answers societal demands with distribution of quasi-private goods (by feeding rent-seeking behavior of private sector) instead of efficiently regulating the economy (2000:219). The extensive involvement of state showed itself as discretion (individual judgments, individual choices) of economic policy in general. Discretion of economic policy and distributing rents to the private sector is necessary to legitimize the regime when it is ineffective with coping with economic problems and when the regime lacks the necessary democratization in terms of giving individual rights and democratic representation. While the state is aware of

the rent-seeking behavior of powerful interest groups, their demands for democratization remains ineffective. Furthermore, interest groups blame 'bad government' for the lack of democratization however 'bad government' is an outcome of state-society relation in which rent-seeking is a pattern (Uğur, 2000:220-225).

Although Turkey's economy managed to grow continuously, it failed to solve the problem of increasing income inequality and to distribute state resources fairly. State elites who define themselves as the sole protector of national interest limited the scope of political parties when the latter tried to suggest alternative programs. After the transition to the multi-party period, until Özal, governments could not made radical changes in the economy and continued to be attached to Republican periods' étatist economic model. While political parties are unable to compete over differences in their programs, they tend to act as interest groups. The socio-economic policies produced by political elites since multi-party period are examples of political patronage.

Öniş and Şenses define Turkey as a 'reactive state,' similar to any Latin American countries, in economic sphere. On the other hand, they define East Asian hyper-growth cases like Japan, South Korea, Taiwan and China as 'pro-active' states. By the notion of 'reactive state' they mean that major policy shifts in economic sphere happen as a consequence of the incentives originating from external dynamics (2007:2).

Compared to other emerging markets, Turkey has failed to overcome the growth/inflation dilemma and fiscal and monetary crises that have become characteristic of the Turkish economy. 'State capacity' is an important element in the global neo-liberalism era in order to be able to take advantage of potential benefits and to minimize causalities of neo-liberal globalization. Although early suggestions that globalization would weaken power and influence of nation states, time has proven that state intervention with innovative mechanisms and institutions is a very necessary element in economic success (Öniş & Şenses, 2007:25). In terms of 'state capacity' to cope with neo-liberal globalization, Turkey can be labeled as weak. In her famous study "Globalization and the Myth of the Powerless State," Linda Weiss strongly emphasizes the growing importance of state power in the new international environment. Although globalists emphasize the disintegration of national economies and the demise of the domestic power of states during globalization, Weiss points out that globalists undermine state capacities in order to adapt to international economic change. For instance, second generation NIC's¹⁴ differ from first generation ones in terms of number, quality and organizational commitment of bureaucrats. After the currency crisis in Thailand, many critics suggested that Thailand should overhaul its bureaucracy. In Thailand, the bureaucracy had failed to coordinate investments properly which resulted in speculative activities and a currency crisis. On the other hand, during the same stage of

¹⁴ Newly Industrialized Countries

development, Korea and Japan had carefully coordinated their respective investment strategies.¹⁵ Öniş and Şenses says that the Turkish bureaucracy lacked autonomy compared to East Asian counterparts because of clientelistic political pressures (2007:24-28). While the autonomy of the domestic bureaucracy is important, so is its effectiveness. The capacity of the Turkish bureaucracy to answer the needs of business groups is limited. Indeed, the Turkish bureaucracy chose to implement guidelines submitted by orthodox neo-liberal institutions like the IMF and World Bank while integrating into the world economy. The limited state capacity to answer the needs of a liberal financial and capital environment resulted in major macroeconomic and financial crises, which have had devastating effects on Turkey.

In sum, although Republican elites controlled economy closely, they did not accomplish to intervene into economy with innovative mechanisms and institutions. Lack of innovation is a cause of seeing wealth as a 'means' not an 'end' itself. State control on economy was used as a source of social status for Republican elites not for coordinating investments. In other words, Republican elites did not use their authority on economy for organized development.

While political elites are concerned with gaining more and more votes in order to stay in power, they build connections with prominent economic

¹⁵ Weiss, Linda, "Globalization and the Myth of the Powerless State"
<http://www.adm.ufba.br/milani/Linda%20Weiss%20Myth.pdf>

interest groups and key persons like local notables who can collect votes for them. They do not establish relations with civil society (Heper & Keyman, 1998:261).

On the other hand, state elites for which Republican norms have priority over socio-economic achievements have not been responsive to the needs of civil society, either.

Turkish modernization aimed at creating a new social structure in which national identity is built on secular and national values. The identity which was inherited from the Ottoman Empire was rejected. An artificial constitutional identity was preferred instead of a natural cultural one.

Anthony Smith categorizes the sources of national identity into five groups: One is, "A common economy in which people act freely without any reservation or without concession to anyone" (2007:31-32). According to Smith, one of the main ways to make the concept of national homeland feasible is participating in this national market (2007:33). In other words, a national market is only national when every part of the nation can participate in it without difficulty. However, one of most important failures of Turkish modernization is not expanding Turkish national market to every region of the country on an equal base. Through media and especially through TV, people from poor regions become aware of economic opportunities of other regions. State opportunities like education, health and other opportunities such as the stock market and factories are concentrated in the western part of Turkey. That's why there is extensive migration from east to west.

Kalaycıoğlu showed that after 1950, social mobilization accelerated and peripheral groups started to seek improved standards of living. However, those standards are beyond the reach of the great majority in Turkish society. This has caused disappointment and subsequent estrangement towards the central authority of state that decides on socioeconomic and political regimes (2007:236).

Since the 1980s, the Turkish economy has begun expose itself to world financial markets. Only at the end of 1980s did Turkey liberalize its capital accounts. On the other hand, with the impact of liberal economy, the Turkish economy began sharing some of the characteristics of Latin American economies, such as high-income inequality, instead of those of newly industrialized east-Asian countries, which have successfully achieved industrialization and are ready for the information age. Furthermore, patrimonialism and clientelism have been identified as features of the Turkish political system. Fiscal crises have been very common. Turkish politics and economy have remained under the influence of classical structural problems: democratically elected governments follow populist policies in order to gain more votes and this causes fiscal crises. Major economic crises were used as excuses for the collapse of democratic regime and the start of military rule.

1.4. Party Closure: The Endemic Nature of Turkish Democracy

Serbest Cumhuriyet Fırkası and Adalet ve Kalkınma Partisi are parties which, while having been formed at different times in Turkish Republic, resemble one another in many respects. The two ways in which they are most alike is being able to establish cross-class popular support and being accused of contributing to a questioning of the regime. By examining these two parties, it can better be understood whether there has been any consistency in the economic mind of the Republican elites and, how this mind has been affected by Ottoman state tradition.

Cem Emrence conducted a study of the SCF in which he examined the SCF experience from a different perspective. He looked at the SCF in terms of party supporters and party organizations. If the AKP were substituted for the SCF put in the study, the outcome of the study would not have been much different. This is because what the SCF experienced seventy years ago was not unlike what the AKP is experiencing considering party closure case opened against AKP. AKP-SCF comparison may show whether the economic mind of Republican elites was ideologically close to that of the Ottoman, from which it descended.

Since the early years of Turkish Republic, there has been an ongoing regime debate. In the one-party period, two established opposition parties,

Terakkiperver Cumhuriyet Fırkası¹⁶ and SCF and during first years of multi-party period, Demokrat Parti¹⁷ were held responsible for a questioning of the regime. During the 1980s, Anavatan Partisi¹⁸ (hereafter, ANAP), during the 1990's, Refah Partisi¹⁹, and finally, during the 2000s, the AKP were accused of being opponents of the regime and held responsible for causing regime questioning. The accusers are representatives of the secular, bureaucratic, centralist and elitist center. In fact, what state establishment expects from political parties is serving in state by controlling the societal demands rather than representing and channeling them (Çınar, 2008:109).

In the literature, there are mainly three types of regimes described for modern times: totalitarian, authoritarian, and democratic. A totalitarian system has totalitarian ideology, a single party that strictly follows that ideology, a secret police, and total control of the mass media, the economy and professional life (Friedrich, 1969:126, Brzezinski, 1962 cited in Linz, 2007:33). Linz says an authoritarian regime has limited political pluralism. An authoritarian regime has not a guiding ideology but has a particular mind which is not able to create widespread and intensive mobilization. In authoritarian regimes, a leader or a group may use power within predictable limits (2007:137). The minimum prerequisite for a regime to be called democratic is the holding of elections and the presence of an opposition party that has the possibility of winning (Prezeworski, 1996:39). According to

¹⁶ The Progressive Republican Party

¹⁷ The Demovratic Party

¹⁸ The Motherland Party

¹⁹ The Welfare Party

Prezeworski's minimal description of democracy since passing multi-party period in 1950, the Turkish Republic's regime type has been a democracy, even though it has been interrupted by military interventions almost every decade. If the Turkish democracy experience is examined closely, it can be seen that the Turkish political regime is a hybrid; while all democratic institutions were established, the way in which the regime has acted in general and its essence sometimes resembles authoritarian regimes (Karadağ & Göktolga, 2009:245).

In Turkish Republican history, representatives of the secular, bureaucratic, centralist and elitist center have accused parties representing the periphery of causing regime questioning and of opposing the Kemalist regime.

In this thesis, the focus will be on clash between the center and periphery over economic relations. The strict state control of the economy shows how the center has tried to maximize its importance over periphery.

The processes of transition to and consolidation of democracy are perceived as regime questioning by state elites. There are several reasons why the state elites' perception of democratization was limited and led to regime questioning. One of them is the state tradition in Turkey. The level of stateness varies from transcendentalism to instrumentalism. It depends on how a society's objectives are set and defended by the state and civil society. Berki argues that if society's needs prevail over those of the individual, the state is a transcendental component of political culture (Berki, 1979:2-4 cited

in Heper, 2003:27) Transcendentalism makes duty holy and enforces individuals to direct their efforts to the fulfilling that duty. On the other hand, in instrumentalism, priority is given to individuals' needs, identities, values and aims. Instrumentalism promotes freedom, diversity and plurality (Heper, 2003:27-28).

In Turkey, state elites, i.e., politicians, bureaucrats, and officers, perceive and find themselves responsible for protecting long-term interests of the country. They are unable to identify political elites representing socio-economic groups eligible for that mission. The distinguishing feature of Turkish democracy is that transition to democracy by the late 1940s had been accomplished by state elites who did not promote expanding political participation. They favored rational democracy where priority is given to issues involving 'high politics.' Political discussions in Turkey have focused on 'high politics' issues like secularism, national security and have not paid sufficient attention to the daily needs of the society such as poverty, unemployment, environmental problems. Reaching a consensus about issues involving 'high politics' is naturally much harder than agreeing on daily concerns. This situation has created an ongoing tension in the Turkish politics. For a stable democratic system, a moderate and sensible conflict is needed between opposing parties. Furthermore, the key dividing issues should be resolved before new ones come up. Delaying problems may cause fundamentally opposing worldviews and perspectives. People with fundamentally different worldviews lack tolerance and are unable to

compromise. Therefore, they tend to see the political victory of their opponents as a big threat. Opponents cannot integrate to solve the problems of the society (Lipset, 1959:92). When there is such a historical controversy and no value-integration even low-tension problems like those in economy may turn into ideological problems. Effectiveness, in other words, meeting defined instrumental needs of the population, especially in developing countries, is very helpful to moderate intensity or partisan debates. There are two reasons why working on effectiveness moderates partisan conflict. The first is that agreeing on low-politics issues, like the economy, is much easier than agreeing on high-politics issues, like security problems. The second is that growth of urbanization, education, communications media, and increased wealth promote political cosmopolitanism (Lipset, 1959:98).

The 1920s was a period of war and re-establishment for Turkey. Political concerns and reforms received more attention than economic ones. However, worldwide depression and the resulting impoverishment also badly affected Turkey. The economic problems experienced after the Depression in the 1930s resulted in rising discontent and shaped society's mind against bureaucratic ruling elite. While the government protected industrial products, the purchasing power of peasants even for the most basic needs such as sugar and kerosene declined. Moreover, traders suffered from state protectionism in trade, which caused a decrease in the volume and space of trade. Benefits obtained through imports were available to only a small group of people who were supported by bureaucratic center.

The rising discontent due to economic depression led Mustafa Kemal to suggest the creation of an alternative party and he promised to be impartial. The reason behind the establishment of the SCF was the crisis of popular confidence in the Cumhuriyet Halk Partisi²⁰ (henceforth, CHP) after 1930. SCF suggested greater emphasis on the development of free enterprise and the prevention of excessive state intervention.

The SCF defined itself as a follower of western liberalism and free market. Supporters of the SCF were groups which could not take advantage of the RPP's political economic policies. After its establishment, the SCF became the center of popular opposition to the CHP.

The SCF was founded by Ali Fethi Okyar in 1930 and, although it lasted just 99 days, it produced incredible political mobilization. The party was theoretically dissolved by its founder, but it was closed practically because of pressure exerted by the state establishment. The party was accused of leading to a questioning of the regime and of being a threat to the secular establishment of the Turkish Republic. As mentioned before, representatives of the secular, bureaucratic, centralist and elitist center accused parties representing the periphery of giving rise to regime questioning and opponents of the Kemalist regime. The most recent party to be accused of this is the AKP.

Formal history implements the founding of the SCF as Ataturks and other elites' democracy rehearsal and realizes its end as a result of being

²⁰ Republican Peoples Party

house for opponents to secular establishment of the regime. Cem Emrence's study examines the SCF from a different perspective. He sought to identify the social groups that supported the SCF and the reasons why they did. Comparing the SCF and AKP cases will provide clues about the big picture where there is an ongoing contest between the centralist, statist, Jacobean, bureaucratic, elitist center and the economic liberals who gained the political support of periphery.

1.4.1. The SCF from a Different Perspective

It has been said that the groups supporting the SCF were Islamists; however, looking at the SCF's Western Anatolia Tour, the 1930 Local Elections and the party's local organizations, it can be seen that economic factors formed the basis for the support of the SCF. In the late 1920s, Turkey started to feel the severe effects of the Great Depression. The groups supporting the SCF consisted of economic groups who supported the War of Independence and were mostly located in Western Anatolia (Emrence, 2006:18). The economic groups in Western Anatolian and the coastal Anatolian cities became integrated with the international markets while exported products were the primary production of those parts of Anatolia. Thrace, Southern Marmara and Central Anatolia were other parts of Turkey that were integrated with the national market. SCF party organizations concentrated on these areas. The primary characteristics of SCF's support group were its connection to markets and market economy. In other words,

market economy participants who suffered most from the effects of the Great Depression and the trade monopolies and excessive taxes of CHP governments made up the groups supporting the SCF (Emrence, 2006:18-19).

Although the SCF's party program focused on the interests of merchants and exporters, the party also attracted the attention of poor people and peasants. The party was supported by different groups who had conflicting interests (Emrence, 2006:36). In short, the SCF received the support of a broad-based coalition.

At the end of the 1920s, prices of agricultural products decreased dramatically. Consequently, the young Republic found itself in the middle of huge economic crisis while Turkey's exports consisted mainly of agricultural products. First the coastal provinces and then the villages started suffering from the crisis, where people's purchasing power decreased two-three times. Furthermore, peasants also had to deal with taxes which are many and high. The severe effects of economic crises spread all over the country before the nationalist Kemalist elites were aware of them. When they did realize the situation, they did not take necessary measures to solve the peasants' problems or the high prices in cities. Instead, they continued to give monopolies, which help only to increase the income of a privileged group, and protected industry from foreign competition (Emrence, 2006:74). Urban people, merchants and peasants were among those who suffered most from monopolies.

The first clause of the SCF's party program stresses that the party is strongly committed to the nationalist, secular and republican founding of state. On the economic front, the party supports liberalism and market economy and is against state planning, which was inspired by Soviet Russia. Moreover, in the social realm, the party defines itself as an alternative to top-down modernization and argues that the development of civil society can succeed only through social actors.

The 1930 local elections were proof that the SCF was supported mainly by economic groups because the party gained votes from areas which were economically modernized at the beginning of 20th century (Emrence, 2006:184).

After the Western Anatolian meetings and the 1930 local elections, the nationalist state elites feared the success of SCF's social mobilization and used strategies to exhaust the SCF movement. First, they accused party of being a bastion of regime opponents in order to undermine its legitimacy. Second, they used bureaucratic instruments like the police and the gendarme to suppress SCF supporters (Emrence, 2006:195). Consequently, Okyar dissolved the party and centralist, statist, elitist bureaucratic state elites became even more powerful than before.

On the other hand, the SCF experience gave the idea that the lack of political participation of groups like peasantry or the petty bourgeois would cause problems. Republican elites followed the same approach as their Ottoman ruling elite predecessors and thought they could easily control the

economy and politics without letting social groups get involved. Although the SCF experience clearly showed that excluding those groups from political life was problematic for regime stability, after the closing of the SCF, Republican elites continued to apply even sterner measures both the in economy and social life, and took greater ideological stand in the following years.

During World War II, people became more impoverished; only a small group of people, those backed by the bureaucracy, got richer because of the war-time black market. The 1950 Demokrat Parti movement did not only consist of social groups from the periphery. Actually it started with a split in the CHP. It is true that first peasants were disturbed through two acts. The Milli Korunma Kanunu,²¹ which was passed in 1940 and gave right to government to intervene in the economy directly. For example, peasants placed their oxen under government control. The Toprak Mahsulleri Vergisi²² Act increased taxes on agricultural products and replaced the *aşar*²³ tax from Ottoman times, which Republican elites had been proud of lifting of it. The Varlık Vergisi²⁴ alienated the non-Muslim minority from the CHP. Finally, the CHP conflicted with big landowners with the enactment of the Çiftçiyi Topraklandırma Kanunu.²⁵ Finally, the CHP became a party which was not supported by any economical class (Kahraman, 2008:199-203). That's why, contrary to general agreement that Demokrat Parti (hereafter, DP)

²¹ National Protection Law

²² Agricultural Products Tax

²³ Dime levy

²⁴ Wealth Tax

²⁵ Provision of land to agricultural laborer law

represented just the periphery, the DP was supported also by a coalition consisting of repressed intellectuals, small peasantry, big landowners, comprador bourgeoisie, and owners of wealth (Kahraman, 2008:204). The economic policies of the CHP paved the way to DP election victory.

The question here is why the CHP followed a political course of action without the support of the various economic classes. Kahraman maintains that the CHP was under the influence of its own created ideology and put state interest above class interest with its corporatist understanding (Kahraman,2008:204-205). In other words, Republican elites employed an ideology-based worldview in which value-based concerns dominated all others, including economic ones.

It has been argued that with the transition to multi-party politics in the late 1940s in Turkey, laicism was one of the first principles of Kemalism to be damaged. Different proof is provided for this. For example, the acceptance of religious education by the CHP in 1947 (Mardin, 2007b:187). Republican elites criticized the Demokrat Parti to attract the attention of opponents of the regime. But the point is not how some social groups suffered from strict state control of the economy and social life. What made those social groups angrier was that a small group of bureaucratically backed people were enriched. An analysis of the CHP's connection with several social groups will show that the CHP was not successful in creating a group supporting it; no labor rights given to workers, the black market conditions of

the war years had weakened the urban petty bourgeois and, finally, landlords and peasants suffered huge declines in the prices of agricultural products when those for industrial products were increasing. Moreover, national emergency measures further worsened circumstances. In the following years, any opposition to central authority, including opposition which emerged for economic reasons, would be labeled as opposition to the regime.

1.4.2. AKP Experience in Comparison with SCF

When entering into a new social structure there are two possible reasons for a legitimacy crisis. First, when major groups are denied access to the political system when they develop political demands and second, the status of old major power groups is endangered. The new groups may become politically active through economic organizations and the suffrage. Whenever they become politically active, they will seek access to economic and political power. If their access is denied for long time, they may feel alienated. Political systems which deny new strata access to power, launch unrealistic objectives into the political arena. If those objectives cannot be reached, a legitimacy crisis is inevitable (Lipset, 1959:87).

Strict implementation of Kemalist principles - nationalism and secularism - caused the segregation of some groups in Turkey from the formal political realm.

The twin crises of November 2000 and February 2001 were the deepest in modern Turkish history. All segments of the Turkish population, including educated white collar workers and small and medium-sized businesses were severely affected by the causes of the crises. A massive wave of unemployment and bankruptcies hit all sections of society. It created great loss of legitimacy of the ongoing system in the eyes of the Turkish people. Even in legitimate systems, a lengthy period of ineffectiveness may cause regime instability (Lipset, 1959:91).

The devastating effects of the deepest crises in modern Turkish history, of course, were reflected in the general elections. The November 2002 elections clearly showed that Turkish voters would no longer stand historical defects of Turkish politics, such as economic populism, clientelism and corruption. The general context of the previous elections in 1995 and 1999 revolved around protecting the secular and unitary foundations of the Turkish Republic, which were threaten by Kurdish and Islamist movements. Value-based concerns dominated economic ones. Actors involved in the 1995 and 1999 elections were political parties and state organs but in the 2002 elections non-state actors like economic pressure groups, civil society organizations and even international organizations, for instance, the European Union (henceforth, EU) and IMF, were involved. In other words, the center of attraction in the 2002 elections was economic crises and widespread poverty and inequality rather than value-based concerns (Keyman & Öniş, 2007:163). Concerns over regime stability shifted from the

ideological to the economic. AKP was successful in the 2002 elections because it stood close to economic actors and civil society organizations rather than to the state establishment.

In a study profiling Turkish voters in 2007, AKP's success in winning 47% of total votes resulted from its economic performance. Voters for AKP generally valued economic concerns over ideological ones (Çarkoğlu, 2008:340).

AKP was successful in consolidating a broad-based coalition as its support group. AKP attracted the attention of both losers and winners in the neo-liberal globalization process. The neo-liberal transformation of economy after 1980, aided by Özal's economic policies, produced a considerable middle class consisting of entrepreneurs and educated professionals. Business groups comprised of small and medium-sized companies constituted an important element for AKP's electoral achievement. A study about socio-economic status of AKP members in its provincial organizations showed almost half of them are engaged in trade and small-scale retailing (Aydın & Dalmıs, 2008: 205). At the same time AKP promised social justice; the growing income inequalities was one of the reasons why AKP was supported also by the poor and underprivileged social groups, which are groups suffering most because of neo-liberal globalization (Keyman & Öniş, 2007:261). Kalaycıoğlu indicates that the attraction of the masses in Turkey is possible only by promising development in general socioeconomic conditions and showing attachment to conservative moral values

(Kalaycıoğlu, 2007:240). The illusion of state elites starts when they label AKP only as religious conservative party and ignore what this party promises both winners and losers of the neo-liberal globalization process. In a study of urban squatters' voting preferences, Özler argues that the rising support for pro-Islamist parties cannot be simply because people are becoming more conservative; they voted for these parties mainly for pragmatic and rational reasons to enhance their welfare (2000:54). Aydın and Dalmis argue legacy of Özal's ANAP is also very effective on AKP's vision besides National Outlook Movement's heritage (2008:201).

The strong-state tradition in Turkey is experiencing legitimacy crises after crippling economic crises and a failure in establishing a stable economy. It is obvious that a strong state fails to respond new socio-economic problems of its people. Furthermore, a new middle class with alternative models of modernity is coming on stage (Keyman & Koyuncu, 2005:110). This new-type of middle class, which is economically liberal but culturally conservative, emerged in opposition to the traditional Republican bourgeois. The AKP is the political representative of this new middle class. While socio-economic needs of Turkish people have to be met, parties with effective socio-economic policies will legitimize themselves through economic accomplishments and social reforms although they are in disagreement with the strong-state tradition. The AKP's successive electoral successes in the general elections in 2002 and 2007 are signs that the Turkish people approve

of economic development and prosperity in addition to further democratization.

As mentioned before, in the 1995 and 1999 elections, political parties competed on 'high politics' issues and no majority government was established. Effective governing or producing effective socio-economic policies had not been the concerns of political parties in Turkey.

Actually, implementing effective socioeconomic policies was not concern also for state establishment. The important difference between Ottoman Empire and Turkish Republic lies in their regime legitimizing. Ottoman Empire was patrimonial and its legitimacy depends on implementing age old rules and traditions. As Keyder emphasized, continuity of the Ottoman system depends on legitimating through management with justice. (2003:40-41) In the Ottoman system, part of surplus received from *reaya* must spent in public services. Ottoman state authority and its control on land depended on giving public services in just. (Divitçioğlu, 1981:94) Revolts against state started only after Ottoman justice system deteriorated and Ottoman state could not give public services in order because of fiscal crises. On the other hand, Republican legitimacy lies on Kemalism and its Westernization motto. Kemalism is a *Weltanschauung par excellence* (world view) according to Heper but became a closed ideology by bureaucracy. (2006:130) Bureaucracy used Kemalism as a set of values to follow in order to legitimize their power. Bagdonas defines Kemalism as charismatic and she says Ataturk's charisma did not come from the success in transition from one

system to other but because of its intention in Westernization. After World War I politico-cultural values which are étatism, nationalism, republicanism and secularism built on nation-state institutions and national economy principles of Western Europe used to fit to Kemalist values. However, after Second World War as Western European paradigm shifted from nation-state values to democracy and human rights, values of Turkey started to differentiate from Western European ones. Consequently, Kemalism's motto reaching socio-economic Western civilization level was not accomplished by followers of Atatürk's charisma: Republican elites. While socio-economic goals were not realized, Republican elites emphasized on ideological sides of Kemalism, which has heavy emphasis on secularism and nationalism. That's why, Republican elites have employed an ideology-based worldview in which value-based concerns dominate all other including the ones of economy. The reason on heavy emphasis on these values is for legitimizing their authority and also control on economy while the other legitimizing factor reaching Western civilization level did not accomplished.

The strong state tradition, which was not responsive to the socio-economic needs of the people, started to lose its legitimacy. The limits of state-centric Turkish modernization and the Republican elites' economic mind become apparent with economic crises at the beginning of the 21st century. Indeed, it is understood that being a party having strong-state tradition is not enough to garner votes. The other party that managed to get into parliament after 2002 election was the CHP. Öniş points out that CHP was

not able to attract nationwide attention because of its leadership's nationalistic, statist, and inward-oriented understanding (2006:19). Consequently, CHP politics emphasized high-politics issues, with heavy emphasis on secularism, and ignored how economic issues are important for electoral success. Furthermore, the CHP was far from its discourse of answering the needs of new bourgeoisie consisting mainly small and medium-sized enterprises settled mostly in Anatolia, and aimed at enhancing their social status and access to state resources. In sum, during its tenure in Parliament, the CHP's opposition focused single-mindedly on a narrow understanding of secularism.

Many of the issues that could have formed the basis of a social democratic agenda, such as the reform of the economic role of the state, elimination of corruption, promotion of policies to encourage small and medium-sized businesses, were delegated into the background.

Turkish Modernity has changed its nature and the Kemalist modernization project has been challenged since the 1980s when the Turkish economy began to integrate into global markets. Economic and cultural globalization has showed that Turkish modernization is no longer competent to muddle through the socio-economic changes Turkey is experiencing. Market liberalization, in particular, created the need for a regulating state with rational and long-term strategies. In sum, globalization showed that a bureaucratically strong state does not have necessary dynamics and slowdowns the socio-economic life in the name of security and stability.

Actually, the security agenda of new world after Cold War includes softer threats like economic and social conditions, too (Drorian, 2005:255).

Challenges to a strong state did not come from alternative hegemonic projects but rather come into being as a result of Turkey's engagement with the neo-liberal globalization process. Similar challenges were also experienced by the Ottoman strong state. Effective prevention of a rising new class alongside the ruling and ruled classes, both in Ottoman Empire and Turkey, prevented the birth of an alternative hegemonic project to some degree. However, irresistible engagement with capitalism of the Ottoman Empire and with neo-liberal globalization of Turkey resulted in the emergence of new economic groups. In the Ottoman Empire, these groups emerged from the non-Muslim minority because they had ties with the European great powers. In Turkey, small and medium sized companies of Anatolia, which are called also the "Anatolian tigers," turned their face to international markets because they could not compete with the big conglomerates of the established bourgeoisie and take advantage of the rent allocation of the state. The more Anatolian capital deal with international markets, the more they become economically rational and started to challenge ideological orientation of strong state. However, the economic claims of Anatolian capital are interpreted as political, as was the case for the non-Muslim minority. The religious and ethnic differences of the non-Muslim minority shadowed their emergence as a new economic group. Also, some members of Anatolian capital are labeled as "green capital" and are accused

of funding regime opponents. That's why their economic activities were prevented especially during the 28 February process.

Preventing the rise of SCF was simpler than precluding AKP movement because the national bourgeois of the 1930s was in favor of an étatist approach of state, which supported them. Furthermore, the national bourgeois was not mature enough to survive without support of the state.

Since the beginning of the 1980s, Turkey has experienced deep-seated changes. Especially the years after the 1990s can be defined for Turkey as the years of change; change needed for a better and more stable Turkey. The need for change or "wind of change" is tangible in every sphere of social and economic life in Turkey. This "wind of change" blows from global and regional changes as well as from national and local renovations.

Things are different in Turkey today because there is greater economic prosperity, dynamism, and a solid prospect of continual investment, trade and economic growth, all of which provide a stronger base for democracy and a significantly larger middle class. Globalism demands democracy. If a regime is too corrupt, too inefficient, too patronage dominated then local capital has the option of going elsewhere, dragging down the economy and with it, the political system. Because of globalization foreign capital will head elsewhere.

1.2.4. Deduction

During Ottoman history and as well as Turkish Republican history centralist, organic, egalitarian center clashed with periphery. The reason of clash in economic terms with periphery lies center's ongoing insistence on preventing access of periphery to economic sources which may cause also access to political power in the future. On the other hand, center eliminated groups in itself which suggest different mostly liberal socio-economic policies. Overall, clash for gaining economic control was manifested in terms of value-based concerns and economic claims of the periphery were interpreted as political conflicts and labeled as reactionary response to regime values: nationalism and secularism. Economic issues about low-politics turned to regime questions about high-politics because Republican elites have employed ideology-based worldview even in economic subjects. As a matter of fact reaching consensus became impossible and ongoing tension between center and periphery continued.

CHAPTER II

Routinization of Charisma: A Key to Understand Republican Elites' Economic Mind

2.1. Charisma's Evaluation and Evolution Regarding the Turkish Case

The Turkish Republic inherited strong state tradition from the Ottoman Empire. Moreover, the Turkish Republic took over the social system of Ottoman Empire, which consisted of two groups, the "ruling" and the "ruled". Consequently, the Turkish Republic inherited from the Ottoman Empire an economic mind that emphasized state control of the economy.

Although many similarities between the Ottoman Empire and the Turkish Republic can be noted, there is an undeniable difference between them. The Ottoman Empire's claim for legitimacy is traditional: legitimacy comes from "belief in by virtue of the sanctity of age-old rules and powers. Obedience is owed not to enacted rules but to the person who occupies a position of authority." (Weber, 1978:226) On the other hand, the Turkish Republic's claim for legitimacy is legal-rational, wherein legitimacy rests upon normative rules and belief in rights of issuing commands of authority holders who strictly follow those normative rules. More simply put, legally

established, impersonal order is the claim for legitimacy for Turkish Republic. However, the roots of Turkish Republic's legal-rational authority differed from the roots of Western one. The difference lies in the nature of Turkish Modernization, which occurred in a top-down fashion. In contrast, the western type of modernization emerged as a result of a transformation in the economic and social system, which gave way to change in the political system. Because of this significantly different historical genesis, the Turkish bureaucracy differs from its western counterparts in the form of its legal-rational authority. Western bureaucracy developed as a means within a pluralistic power structure that can be categorized as democratic bureaucracy. On the other hand, the social pyramid in Turkey was capped by a bureaucratic ruling class through the routinization of charisma, which resulted in the Republican bureaucracy becoming an authoritarian one.

In this part of the study, the main focus will be the economic mind of Republican elites from a different perspective, aided by Max Weber's concept of the routinization of charisma. The thesis aims at determining whether the approach to economic issues taken by Republican elites was rational in a Weberian sense of economic rationality. Focusing on the routinization of charisma will help to re-interpret breakdowns of Turkish democracy.

Bagdonas defines Ataturk's leadership as an example of "concrete and dramatic example of charismatic authority." (2008:101) Rustow also characterizes as charismatic the shift in leadership style from Ottoman sultanism to leadership under Ataturk in the Turkish Republic (1968:793).

In addition to traditions and norms, another source for a belief in the legitimacy of an authority is charisma. Strong structural traditions or routines of everyday life may collapse and in those moments of distress extraordinary needs are satisfied charismatically (Weber, 2006:96). In other words, charisma may be born only under extraordinary conditions such as war or economic depression. There were enough conditions for distress and extraordinary circumstances for the Ottoman Empire at the beginning of 20th century. World War I caused a national disaster in social and economic life; moreover, the country was under foreign military occupation. Consequently, the reputation of the power holders in the Ottoman Empire was damaged. Weber defines charisma as "the quality of an individual personality by virtue of which he is considered extraordinary and treated as endowed with supernatural, superhuman, or at least specifically exceptional powers or qualities" (1978:241). Moreover, more important than having a virtue for charisma is its recognition of that virtue which is true or not does not matter. Heper argues that most important test for Ataturk's charisma occurred when he decided to quit his official duty in Anatolia and did not go back to Istanbul (Heper 1981, cited in Doğan 2007, p.77). Although he gave up his formal rank, others, including high-ranking soldiers, continued to follow him because they believed in the virtue of Ataturk's mission. Ataturk made radical changes to the old system of the Ottoman regime, which had lasted six hundred years, and abolished its most important institutions, the sultanate and caliphate. Finally, he personalized power as all charismatic leaders do.

One of the important features of charisma is that it is at odds with rationality and rules. Hence, charisma is contrary to rationality. The charismatic wanting satisfaction is anti-economic in nature according to rational economic activity approach. (Weber, 1978: 244-245) Especially in the economic sphere, the charismatic order differs from legal-rational one in many respects. Mainly, the charisma does depend on regular income that needs to be earned through systematic and rational ways. (Weber, 1978:254) Weber argues that pure charisma survived only in *statu nascendi*. That's why it must necessarily *routinize*²⁶ itself. In other words, charisma must transform itself and should be converted into either traditional or rational or an arrangement of both (Weber, 1978:246).

The main forces behind the transformation of charisma are the material interests of either the followers or the members of the administrative staff that can be only fulfilled when charisma maintains its hold on the community. Also administrative staff members of charismatic order need *routinization* to stabilize their positions. The interests become obvious when charismatic leader's loss and following succession period.

Weber defines several different types of succession; the first is looking for new charismatic leader who can fit charismatic qualities. Ismet Inonu, who was commander during the War of Independence, demonstrated his willingness to take over Ataturk's charisma. For example, he put his pictures on coins and in public offices. Inonu did not succeed in acquiring Ataturk's

²⁶ To discipline in or reduce to a routine

charisma on his own, but rather help to establish a state built upon bureaucracy. Another kind of succession involves setting a legitimate technique to select a new charismatic leader. Thirdly, the original charismatic leader may pick his own successor. Designation of a successor by an administrative staff followed by followers' recognition is also an option; charisma may also be passed on through heredity, which is called *hereditary charisma* by Weber. The last form of succession is the separation of charisma from the individual and turning it into, as Weber defines, "an objective, transferable entity" into a "*charisma of office*" (Weber, 1978: 248).

Heper says that Ataturk worked on establishing a bureaucracy which operated like a machine (2006:124). In other words, Ataturk imagined bureaucracy as a means and as impersonal. However, he also wanted bureaucracy to safeguard Kemalist ideas and reforms. This dilemma resulted in the bureaucracy not accepting a subordinate role towards governing politicians. Heper also argues that when the revolutionary effect of Ataturk's charisma weakened, the bureaucracy went back to its routine. (2006:125) Rustow claims that Inonu initiated the period of routinization of charisma and bureaucracy became a charisma in office (1968:794).

Soviet Russia is typical example of a case where the top of the social pyramid became occupied by a bureaucratic ruling class that had come to power through the routinization of charisma after the Bolshevik movement (Constas, 1958: 401). Routinized bureaucracy is different from the legal-rational bureaucracy of a state, as well as from corporate, industrial

bureaucracy, in many respects. Weber assumed that at the end of the rule of the charismatic, bureaucracy would become transformed into the legal-rational type. This is especially the case when charisma is attached to the office not to another person (Constas, 1958:401).

Most of the disciples and followers will find it irresistible to gain materially from their "calling" (Weber, 1978:249). Thus, Weber argues that routinization of charisma may come about through the "appropriation of powers and economic advantages by the followers or disciples and of regulating recruitment" (1978:249). The motive behind the routinization of charisma is its need to secure and to legitimate social prestige and economic advantages benefited by the followers.

When we look at the historical experience of bureaucracy, we see mainly two different types of bureaucracy. The first is legal-rational, which is Weber's ideal type; it is type of bureaucracy that emerged in plural, democratic power structures and served as a means. In the second type, charismatic authority is institutionalized in bureaucratic form and bureaucracy becomes a ruling class that tends to have ruling power (Constas, 1958:402). These two forms of bureaucracies, which have different sources, vary from each other in their moral components. Bureaucracy as an offspring of legal rational order has limited claims on moral authority in nature. However, bureaucracy as a result of routinization of charisma has direct claims on moral elements. This is because charismatic peculiarities need to be saved in order to maintain the honor of charismatic status

(Weber, 1978:251). From another perspective, giving that success of charisma depends on the loyalty of the ruled and their approval of the chosen successor, which can be a bureaucratic ruling class, is crucial. For this approval, value-based concerns about charisma may dominate all other concerns. That's why, as Heper states, after the routinization of Atatürk's charismatic political management, the bureaucratic intelligentsia transformed Kemalism into a closed ideology (2006:130). The principles of secularism, étatism and nationalism of Kemalist ideology, particular, became values for charismatic appropriation.

2.2. Charisma Impact on the Economy in the Turkish Republic

In this thesis, it is argued that the Republican civil and military bureaucracies have non-rational elements, especially in the economic sphere, because of their very charismatic nature. In other words, because they have charismatic origins and they are charisma in office they cannot be value neutral and are committed to charismatic dogmas. For the sake of those charismatic dogmas they cannot be economically rational and have employed an ideology-based worldview in which value-based concerns dominate all others, including economic ones. Moral elements are very important for the charismatic staff to legitimize social prestige and economic advantages gained via charisma.

The appropriation of economic resources by followers of charisma is the reason and also the result of routinization of charisma. Appropriation is acting or aiming at taking possession of something or appointing a purpose to properties or ideas. We see a similar appropriation of economic resources and ideas of Kemalism during Turkish Republic.

When charisma is transformed into a regular phenomenon, its anti-economic character has to be altered and adapted to everyday economics. A monetary, financial and overall economic organization are necessary for improving taxes and contributions, which is necessary to fulfill the material interests of followers (Weber, 1978:251). Furthermore, Republican elites needed to establish a general economic organization to differentiate themselves from the Ottoman economic system, which they criticize, and get the masses to believe in the virtue of their charisma.

While the economy grows, so do the everyday needs of the followers and this reinforces the tendency for routinization (Weber, 1978:252). Weber also describes charismatically ruled masses as tax-paying subjects or law-abiding 'citizens' (1978:1122). To achieve all these objectives there is a need for tight control of the economy.

In a bureaucratic society, the state controls social, political and economic life completely. States which have a bureaucratic ruling class differ from states which have a legal-rational bureaucracy where bureaucratic staff is used as means. They differ from each other especially in the area of

controlling the economy. States with charismatic bureaucracies tend to be supreme in economic affairs and prefer to hold economic affairs in the hands of the state. One of the distinctive features of a bureaucratic society is having an economy managed by a bureaucratic ruling class through the monopolistic control of economic resources (Constas, 1958:400). After the routinization of Ataturk's charisma, the civil and military bureaucracy followed economic nationalism, which strengthened the role of the bureaucracy in the management of the economy. Moreover, they distanced themselves from Ataturk's pragmatic approach toward state economic enterprises (Heper, 2006:134). This nationalist and étatist approach to the economy by Republican elites continued till 1980.

At the beginning of the 1920s, the Republican elites unwillingly allowed market conditions to develop (Keyder, 1979:11). This primarily because during the War of Independence, they needed the support of the Muslim bourgeoisie, who had become powerful during World War I. When the war ended and economic problems began to emerge, support for charismatic authority started to decline. The most important evidence of the declining power of Ataturk's charisma was great support for the opposition party, the SCF. Whenever Republican elites became powerful enough, the process of routinization of charisma started. Republican elites invented their most compatible project for national development, which had the primary objective of maintaining the superior status of the Republican elites.

2.3. Turkish Etatism as a Reflection of Charismatic Appropriation

The economic structure of the Ottoman Empire continued during the young Republic; coastal areas were opened to international trade and the production industry focused on textiles and food processing. Foreign investment continued in the banking sector, and in ports and railways administration. The only difference the new Republic brought to the economic structure was the support given to some private capital by allowing the formation of monopolies (Emrence, 2006:50). The criterion used in giving monopolies was being politically close to the CHP. In an article in the newspaper *Yeni Asır* on 23 December 1930, the writer accused the government of using Ziraat (Agrarian) Bank's funds to improve Ankara's infrastructure instead of giving credits to peasants (Emrence, 2006:57) who desperately needed credits due to the Great Depression. As in all bureaucratic allocation programs, quotas set by the bureaucracy enhanced the ascendancy and status of bureaucrats (Keyder, 2003:143). In addition, Republican elites, including bureaucrats, became members of the boards of directors of big industrial enterprises especially in İş (Labor) Bank²⁷ affiliates (Keyder, 2003:148). The bureaucracy established its control of state revenues and means of production during the one-party era. However, as long as private ownership exists, the partnership between the bureaucracy

²⁷ Job Bank which was found in 1924 with Atatürk's directive about establishing a national bank.

and bourgeois is open to breakdowns. Accordingly, the bureaucracy's autonomy depended more on the changing power of the dominant bourgeois fraction and international conjuncture after 1950.

Between the years of 1950-1960, traditional society experienced many changes and was exposed to market economy. The 1960 coup can be defined as the start of a period of restructuring bureaucratic control. After the 1960 coup, the role of markets was prevented. The industrial bourgeoisie benefitted from bureaucratic control of the economy but the allocation of foreign exchange and credits by bureaucrats made the industrial bourgeois dependent and resulted in a pre-capitalist form of relationships between the two groups. When defining the pre-capitalist economic mind, Ülgener pointed out for pre-capitalist businessmen, cost analysis was less important than knowing government servants and establishing relations with them (2006a:51).

According to Touraine, if an economy is dependent on the state, political and economic actions should be harmonious since they have to be supportive of one another (Touraine, 1976:245-246 cited in İnsel, 1996:127). In the Turkish case, the economy needed to be in line with Kemalist ideology, the limits of which were set by civil and military elites. The ideological approach toward the economy led to inefficient investments. For example, railroad routes were set according to military security concerns and not for economic logistics.

Turkish étatism was founded on the idea that the Turkish economy will develop if Turkey is able to establish new import-substitution industries, where the role of the state is launching and administering them. Tekin Alp argues that Kemalism anticipated that nation and state would together come into a “single, indivisible and indivisible whole.” Elites are responsible for protecting “any possible deviation from or degeneration of étatism” (Alp, 1938:207-215, cited in Hale, 1980:105) On the other hand, Celal Bayar saw etatism as a pragmatic, provisional way in which necessary economic infrastructure and capital accumulation for private enterprise could be achieved (Hale, 1980:107).

Turkish étatism developed through Five-Year Industrialization Plans and State Economic Enterprises (hereafter, SEEs)²⁸. Those plans did not provide a general outline of the economic development of the country or a clear economic analysis of what it would take for an overall increase in national income. Instead, they were only investment plans and output targets for unconnected industries (Günçe, 1967:15-15 cited in Hale, 1980:101).

SEE’s were established as part of étatist plan of the early years of the Republic. The establishment of SEEs cannot be considered simply as an economic movement for developmental purposes; the reasons for their establishment and development were essential social and political.

²⁸Kamu İktisadi Teşebbüsleri- KİT

The purported aim of Turkish *étatisme* was helping to develop a powerful national bourgeoisie, but *étatisme* resulted in a dependent society by recruiting people for the SEEs (İnsel, 1996:20).

The establishment SEEs had pragmatic objectives, which were to help create the necessary economic infrastructure and capital accumulation for private enterprises. Heper argues that *étatisme* was a temporary economic program which was suitable after the 1930 world economic crisis (2006:121). However, after the death of Atatürk, the pragmatic approach toward state economic enterprises was abandoned and replaced by dogmatism (Heper, 2006:126). We see that in the following years of Turkish Republic, especially after the beginning of the multi-party period, private enterprises grew more powerful. In the meantime, however, state economic enterprises continued to provide an essential role in economy.

In 1949, a book was published on Turkey by Max Weston, an American engineer. His basic claim was that *étatisme* was not a rational economic choice for Turkey, but rather the accepted choice of a bureaucratic-military ruling class. Industrialization plans were not prepared rationally; instead, they had political, military or populist aims. He provides the Karabük Steel Plant as an example of irrational industrialization and argues that it was an unnecessarily huge factory, inappropriately located and not productive (Thornburg, 1949 cited in Hale, 1980:110). By the 1970s, problems with the SEEs become apparent. First, their operating losses had increased, and because they were being financed by governments, was one

of the reasons for the increase in inflation. SEEs were blamed for being inefficient and very much open to intervention by politicians and bureaucrats. As a result, SEEs became places for hoarding labor. Improvements and privatization efforts of SEEs were not welcomed. While they were established during Atatürk's time, SEEs were considered to be Atatürk's legacy. Bureaucratic elites who defined themselves or gave themselves the role of guardians of the regime and national interest saw SEEs part of their national restructuring plan (Öniş, 1991:164). In other words, SEEs were established for economic reasons but the enhanced role they assumed and the resistance their privatization faced shows that non-economic factors as political, ideological, egalitarian concerns overshadowed their economical orientation. Just as it was the case for the Ottoman central authority, any possible change in the economy that would result in loss of the Republican elites' control of the economy and endanger their status and privileges was met with resistance by Republican elites. Although the SEEs were economically inefficient, their continuity was desired by Republican elites because of economically irrational reasons. For example, the SEEs supplied necessary inputs more cheaply than world markets; this made the industrial bourgeoisie dependent on a bureaucracy that did not act instrumentally, but rather used positions as a means for obtaining unearned income, advantages and benefits. SEEs became economically inefficient because they functioned not just for economical reasons; they set their prices not for profit

maximization; they served populist mechanisms and became places for hoarding labor and survived with through subvention.

After the 1980 military coup, the period of civilian authority started in 1983. The winner of the election was ANAP and its leader, Turgut Özal, both of which were committed to liberalization. The Motherland Party assigned the task of carrying out privatization to the State Planning Organization. In 1984, the legal framework for the privatization was established. New institution, the Housing Development and Public Participation Administration was given the job of organizing and implementing the privatization program. This body is directly responsible to government and is autonomous from traditional bureaucracy institutions in Turkey. With this institution, the Özal government aimed to bypass traditional bureaucracy, which was an obstacle to privatization. Furthermore, the Housing Development and Public Participation Administration was considered as the beginning of moving away from traditional patrimonial bureaucracy to managerial bureaucracy. For this purpose, American-educated technocrats were appointed to the upper levels of the bureaucracy (Öniş, 1991:167). However, the degree of autonomy of the Privatization Administration failed to implement the privatization program, which was opposed by such state establishments as the Constitutional Court and the traditional bureaucracy (Ercan & Öniş, 2001:113). Strong traditional bureaucracy prevented privatization while SEEs were source of power, prestige and employment (Ercan & Öniş, 2001:123). What is interesting is the debates in which opponents of

privatization engaged. While they want to protect SEEs from potential political exploitation, they did not question their inefficiency. Moreover, Öniş and Ercan argue that rent-seeking behavior was major reason for the slow privatization (2001:125).

Suggestions for reforming SEEs were limited; and SEEs were mostly criticized for being poorly managed; but the system as a whole was not assailed. Also discussions of privatization mainly involved ideological criticisms, such as blaming political authorities for selling SEEs, which have "strategic importance," to foreign investors. However, the main shortcoming of privatization programs, rent transfer, was not questioned. In other words, as a side effect, the charismatic appropriation of moral values was used to discuss economic matters.

The absence of economic rationality of Republican elites appeared during application of an import-substitution economy. The import-substitution economy of the 1960s and 1970s was based on the ideological concerns of the bureaucratic elite and served the purposes of economic control. First of all, there was a strong suspicion of foreign capital. Also, losing control of the political marketplace was prevented with the help of the import-substitution economy. Furthermore, the absence of one of the key ingredients of economic growth, a dynamic entrepreneurial group or bourgeoisie, eased the application of an import-substitution economy. The Ottoman bourgeoisie, consisting mostly of non-Muslim minorities was

expelled during World War I and after the War of Independence, and what little of it remained was closely controlled.

The political economy of Turkey between the years of 1960-1980 can be characterized as a politization of economic allocation and appropriation mechanisms. In market terms, there was a redistribution of income that led to the expansion of the domestic market for the benefit of the industrial bourgeoisie. The import substitution economy created a dependable bourgeoisie who could not be competitive in international markets. After all, the aim was not competition in world markets. Creating an artificial market was achieved by overvaluing the Turkish Lira. Importers obtained foreign currency not through the market but rather bureaucratic mechanisms. Political credits were used to earn economic benefits. Economic activities were not enough for earning money; having good connections with bureaucrats who held key positions were necessary. Part of the bourgeoisie who suffered very much from the import substitution economy was exporters of agricultural products who had to compete on world markets. The main support groups for SCF and AKP are exporters who suffered most from market preventing policies of state. Furthermore, the import substitution economy strengthened cooperation between large conglomerates and the civil-military bureaucracy. The import substitution economy collapsed when the foreign currency shortages experienced due to the world economic crises in the second half of the 1970s. After the collapse of the import substitution

economy, the Turkish economy started to become exposed to the world financial markets at the beginning of the 1980s.

2.4. Military Coups for Charismatic Appropriation

Observing the 1980 Coup, Heper argues that the military started to support more moderate instrumentalism in managing state affairs than did civil bureaucracy and other Kemalist elites (2006:251). In other words, the military's approach toward the role of the bureaucracy in state affairs approached that of Ataturk. That's why the military differentiated itself from other Kemalist elites, including the civil bureaucracy, after 1980 because it decided that the only institution left to follow and capable of implementing Ataturk's aim of moderate instrumentalism was the military (Heper, 2006:254). On the other hand, Kahraman argues that although the 1980 Coup claimed to have a new approach toward state affairs, it reflected the old understanding of the 1930s of a static, conservative and status quo follower approach and tried to re-establish an organic, corporatist social structure (Kahraman, 2008:222). It is inevitable that the military would be the only power holder in such a society (Kahraman, 2008:223). In sum, although both writers have different arguments about the military's understanding, they both agree that the military by itself assumed the role of guardian of national interest by excluding other representatives of the center. Although the military co-operated with the Kemalist civil bureaucracy and intelligentsia, after the 1980 Coup, the military declared itself to be the

only successor of Atatürk's charisma. As Linda Michaud-Emin indicates, Turkish military power derived from its legal status was not sufficient to manipulate society and politics; its informal power, coming from its influence over society and politics, was also very important given the military's importance for Turkish political and social life (2007:38). Its informal power comes from the belief in its virtue to be the guardian of Kemalist regime. The Turkish Army has always controlled politics and intervened periodically. Although it is interventionist in nature, it did not prefer to take role in the daily management of the state and always returned to the barracks after military interventions. The military government's life-time is shorter in Turkey compared to other interventionist counterparts in the Middle East and in Latin America. For example, after the 1980 Coup, the National Security Council declared that it would take up 24 January decisions which were taken by deposed Demirel government and continuity of economic policy has been endowed with Özal who was brainchild of Demirel government. This was interpreted as the Turkish Army being drawn to democracy in principle and but as having to intervene in politics because of the inability of Turkish politicians to establish public order and management of economy.

The Turkish army had to return into its barrack for several reasons. First of all, the Kemalist state motto was based on westernization, in other words, it had the aim of creating a democratic legal-rational order. Distancing itself from the motto of westernization may have resulted in loss of believe in the virtue of Kemalist charisma. Second, Turkey differs greatly

from its Middle-Eastern counterparts: it has no oil revenue. The Turkish state needs domestically generated surplus, which forces Turkey to be responsive to the demands of entrepreneurial classes (Shambayati, 1994:327). Moreover, Turkish officers generally have lower middle class or middle class origins. They are not from the powerful bourgeoisie, which is the case for Latin American officers, who are also landlords. This means that Turkish army officers do not have their organic support. In a study of the political economy of democratic transitions, it is argued that poor economic performance reduces the bargaining power of current authoritarian regime against reform the seeking opposition (Haggard & Kaufman, 1997:267). This is why the Turkish military could not take the risk of having poor economic performance, which may also reduce the belief in the virtue of their charisma. These factors obliged the Turkish military to seek civilian normalization after interventions once control and appropriation mechanisms in economy had been obtained in the economy.

Öniş and Keyman argue that breakdowns in democracy have typically accompanied periods of economic crisis, referring to the late 1950s and the late 1970s (2007:104). There is an ongoing discussion in the literature about the effects of economic performance on military coups. Belkin and Schofer maintain that economic decline or crisis is a trigger for coups but not actually a structural cause, which is why economic crises alone cannot give rise to coups. (2003:601) On the other hand, Belkin and Schofer classified economic development and wealth as a background cause which may both

initiate and impede coups (2003:603). Zimmermann's research concluded that increasing wealth may have different effects on coup incidence, depending on the general level of wealth of a specific country; in poor countries, increasing wealth makes coups likely but in wealthy countries it has the reverse effect (Zimmermann, 1983:252 cited in Belkin & Schofer, 2003:605).

An analysis of Turkish military coups will show that the economic environment differs from coup to coup. That's why it can be concluded that economic crises may have a triggering effect on Turkish coups while economic crises reduce the legitimacy of the governing civil authorities. On the other hand, it can be argued that the way in which the Turkish Military's corporate interests are affected by general economic conditions is very much related to the occurrence of coups. One of the most interventionist motives is the defense or enhancement of the military's corporate interests, which are budgetary support, autonomy and the absence of functional rivals (North & Nun, 1978:166). In Turkey, the 1960 and 1980 Coups and the 1971 Memorandum arose during foreign exchange crises before entering the next growth cycle (Yalpat, 1984:16-17).

Before the 1960 coup, during the 1950s, Turkey had developed economically with the help of the Marshall Fund. The Democrat Party's economic policies supported market mechanisms instead of state intervention and social policies backed religious freedom against the center's laicism. The Democrat Party's policies negatively affected the Turkish

military's corporate interests, both with respect to its moral values and economic interests. In terms of moral values, the Democrat Party suggested an alternative to laicism while promoting religious freedoms and proposed market mechanisms instead of state control of economic resources. Adnan Menderes was a landlord and, therefore, was the first ruler who had come from the productive class. In addition, the general conditions of army officers had worsened during the 1950-1960 era. This period must have had a significant effect on the military and made it to realize that although the bourgeoisie was dependent, as long as the right of private ownership was inalienable, market mechanisms would be very important to reach power. Keyder points out that the bureaucracy was unable to protect its privileged position as different bourgeois fractions prospered via the accumulation of wealth (2003:174). The Military must have realized this after the 1950-1960 period and followed its own way of accumulating wealth. The Armed Forces Pension Fund (hereafter, OYAK)²⁹ was the institution established for that purpose right after the 1960 coup in 1961. Parla mentions that the driving force for the 1960 coup was saving the interests of the civil-military bureaucracy, which had started to weaken during the DP government due to DP support of its electorate, consisting of newly developing bourgeoisie and politically mobilized peasants (Parla, 1998:205).

OYAK's legal status is a private fund created through Law no. 205. Its initial aim was enhancing the social and economical situation of Turkish

²⁹ Ordu Yardımlaşma Kurumu

military members. OYAK funds itself through deductions made to army officers' salaries. OYAK is legally a private organization; however, deductions are mandatory, which makes OYAK resemble a public organization. Besides as long as the MGK³⁰ (National Security Council) can intervene in the political economy directly during coup times and indirectly in civilian governments, OYAK cannot be categorized just as an economic organization, but rather as part of state power (İnsel, 1996:248). Karabelias argues that OYAK was founded as "an attempt to save the military's internal unity and cohesion from the crisis-prone Turkish economy and the unfriendly financial policy of the elected civilian administrations developed" (2008:465). Over the years, OYAK became the source of the military's autonomy and economic power over politicians and as well as financial groups while it monopolized the defense industry and was the leading holding operating in the non-military financial and commercial sectors.

OYAK also benefited from bureaucratic allocations of the import substitution economy especially during 1970's. During this period, OYAK's economic applications did not focus on investments that might have improved the national economy but rather ones that were mainly profit-oriented. (Akça, 2009:245)

The routinization of charisma is rooted in the need to secure and legitimate social prestige and economic advantages from which the followers of charisma benefit. Charismatic routinization results in monopolistic control

³⁰ Milli Güvenlik Kurulu

over economic resources and their appropriation. As time passed, OYAK became the tool for charismatic appropriation. OYAK operates different economic and financial activities in very different sectors. OYAK's economic and financial power ensured the autonomy of the officer corps over governments and the private sector and enabled it to direct socioeconomic changes. The expanding power of OYAK blurred the lines between the private and public sectors and also between politics and economics. (Parla, 2009:208) That's why it was impossible to implement military coups in Turkey without bearing in mind OYAK's corporate interests.

After 1960, the Historical Block, consisting of the civil-military bureaucracy and the intelligentsia split into factions that began competing with one another and modification emerged. But this does not mean that center lost its power. This disintegration created two groups; one consisted of Leftist Kemalists and the other of Conservative Kemalists. With the Leftist Kemalists, for the first time, Kemalism was interpreted by a class-based ideology - socialism (Kahraman, 2008:213-214). While Kemalism has charismatic and hegemonic aspects, it still opens the way for different interpretations (Bagdonas, 2008:103-104). The 1971 Memorandum reflected the conflict between Conservative Kemalists and Leftist Kemalists. The 1980 Coup brought this conflict to a conclusion, with the center being drained of leftist Kemalists (Kahraman, 2008:219-222). In any case, the army blamed the 1961 Constitution, which reflected leftist Kemalist views, for social discontent. The conflict between the leftist Kemalists and conservative

Kemalists also reflected also how OYAK differentiated the military from Kemalist intelligentsia. The military had an interest in the free market economy because they invested in the economy with their own funds through OYAK. (Heper, 2006:221) In sum, the 1971 Memorandum was the result of a split in Historical Block due to different approaches towards the economy. One of the aims of the 1980 Coup was eliminating the Left in Turkey. When the Left was at the peak of its power during the 1970s in Turkey, it was still fragmented and the socialist Left, except for minor groups, did not gain landslide support. Then why was the army so interested in eliminating the Left in Turkey? Ahmad argues even though the Left was electorally weak, it was still able to politicize people and got them to start questioning the state establishment in social and economic life (Ahmad, 1981:10). This may have had the effect of reducing the extent of belief in the virtue of charisma. In other words, besides periphery, for the first time, with the help of leftist ideologies, some members of center, mostly from the intelligentsia, started to question the virtue of Kemalist state establishment. In addition, the Left had the potential to impede the 24 January decisions, which would open way for further economic appropriation by the military. This is why, after the 1980 Coup, the Turkish army declared itself to be the sole guardian of the Kemalist regime. Furthermore, the military formed an organic relationship with the big conglomerates after the establishment of OYAK. In other words, the interests of the military and big conglomerates

started to converge with those of OYAK. The rise of leftist ideologies and resulting political mobilization would harm those interests.

When we look the sequence of events before the 1980 Coup, we may understand the military's interest in free market mechanisms for the sake of its funds. One of the distinguishing features of the routinization of charisma is that when it takes place, charisma's anti-economic culture has to change. This is because a monetary and financial organization is necessary in order to fulfill the material interests of its followers. The 24 January 1980 decisions were first made, and then on 1 July 1980, interest rates were unregulated and, finally, the 1980 Coup occurred. This coup took serious measures in the economic and social fields of Turkey. The military intervention was carried out to ensure the necessary stability for the neo-liberal structuring that had already started. What was paradoxical about the post-1980 period was that, contrary to expectations, the role of state in the productive sector did not decrease (Yalpat, 1984:23). This shows that the military aimed at establishing its control mechanisms in new economic system through the coup. Only after consolidating its authority in political and economical areas did the military allow elections to be held.

Another aim of the 1980 Coup, expressed by Kenan Evren was the establishment of a Turkish arms industry (Ahmad, 1981:6). Since the mid-1980s, Turkey has been engaged in a wide-ranging program to develop a modern defense industry based on cooperation with firms in other countries. In 1985, new legislation centralized efforts to launch an up-to-date arms

industry under a new agency, the Defense Industry Development and Support Administration,³¹ with its special fund, the Defense Industry Support Fund.³² The fund does not depend on national defense budget appropriations but receives earmarked revenues directly: 10 percent of taxes on fuel, 5 percent of individual and corporate income taxes, and taxes on alcohol and tobacco. The income of the Defense Industry Support Fund was larger than the total income of ten ministries, including the prime ministry. Moreover, the fund's income is not subject to parliamentary auditing (Onaran, 2008). Those uncontrollable funds of Turkish military are examples of charismatic appropriation. In 1987, all the waqfs (foundations) of the Turkish military were consolidated under a single umbrella with the founding of Turkish Armed Forces Empowering Fund (hereafter, TSKGV³³). The reason given by the military for its establishment was the development of a national arms industry. After 1980 coup, OYAK and TSKGV merchanted the army and the economy became militarized (Parla, 2009:219).

However, one of the bases for the 1980 Coup was the army's fear of "Islamic revival," which threatens the secular establishment of the Turkish republic. This conclusion of the army was not seriously even by foreign journalists (Ahmad, 1981:10).

After the 1994 crisis, as well as the devastating twin crises in November 2000 and February 2001, the military did not intervene in politics.

³¹ Savunma Sanayi Müsteşarlığı

³² Savunma Sanayi Destekleme Fonu

³³ Türk Silahlı Kuvvetleri Güçlendirme Vakfı

There are other factors that discouraged military intervention, including the EU anchor and an international context favoring democracy. However, while military did not intervene after the severe economic crises of 1994 and 2001, it is not the rule, at least in the Turkish case, that the military will intervene after economic crises. After 1994, the democratic regime did not collapse. Only after the pro-Islamist Welfare Party became part of a government coalition did the so called 'post-modern' coup of 28 February 1997 happened. Bacık argues that the 28 February period was a reaction to Özal's micro-modernization (2003:26). Özal was the leader with vision, who promoted economic rationality over ideological differences (Keyman & Öniş, 2008:266). Özal's party, ANAP, was a unique case in Turkish political history whereby different political views were brought together under one party. Liberalization abandoned the former ideology-based national distinctions and created an opportunity for cohabitation. The liberal policies of the Özal era opened the door to the self-expression of suppressed groups like Kurds and Islamic groups. The 28 February process was a re-structuring of secular, centralist and statist origins of Turkish modernization (Bacık, 2003:27).

With the help of Özal's policies, an alternative economy emerged from Anatolia and was represented under MÜSİAD.³⁴ MÜSİAD attracted the attention of Anatolian capital, which had felt unjustly treated by the state compared to privileged dependent enterprises in big cities (Buğra,

³⁴ Müstakil Sanayici ve İşadamları Derneği-The Association of Independent Industrialists and Businessmen

1998:525). MÜSİAD became even more power once the Welfare Party achieved elections victories in 1994 at the municipal level and one year later at the national level. Actually starting from 1970s, Erbakan, who was the leader of National Salvation Party at the time, had been successful in verbalizing the interests of small and medium-sized enterprises in Anatolia on the political platform (Shambayati, 1994: 317). TÜSİAD,³⁵ which represents the interests of big conglomerates, mostly settled in big cities and backed by state establishment, started to be challenged by Anatolian capital, which had become more influential during the Welfare Party administration. The result was the cooperation of TÜSİAD with the military and civilian state authorities who accused the Welfare Party of being the source of threats to the secular establishment of the Turkish Republic (Buğra, 1998:534). One of the charges against the WP was that it strengthened Islamic capital, which supports radical Islamist groups. Under the Welfare Party, Islamic banking also enlarged its market share. Religious networks were used for financing investments. For that purpose, two companies - Kombassan and Yimpaş - collected the savings of Turkish guest workers in Europe. The Capital Market Board Authorities accused those two companies of illegally collecting money. The timing of Kombassan and Yimpaş charges was right after the collapse of Erbakan government after February 1997 Security Council meeting. Buğra defines the Kombassan-Yimpaş event as a "power struggle between

³⁵ Türkiye Sanayici ve İşadamları Derneği-The Association of Turkish Industrialists and Businessmen

secularist and Islamist political forces” (1998:532). Lists of companies connected with so-called *green capital*, were distributed and the National Security Council made official decisions to exclude such green capital from any state opportunity (Bacik, 2003:28). As mentioned in the first part of the thesis, Weber defined money as a medium of exchange between market participants helps to regulate social relations quantitatively and is used as a means in rational calculation that is a must in modern capitalist economy (Seidman & Gruber, 1977:503). Labeling money ideologically and preventing foreign exchange flow are contrary to the logic of economic rationality. After the 28 February process in 2001, Turkey experienced the deepest economic crisis in her history. The dilemma here is that Turkey excluded her own funds for ideological reasons, but after crisis, she looked for foreign loans to overcome the crisis. This means that the state establishment pursued a substantive rationality in Weberian terms in its economic policies, which caused uncertainties for the economy.

Cizre-Sakallioğlu argues that the Turkish military used several mechanisms to maintain its privileged position in politics without regard for non-military groups in society (1997:153). The Turkish military claims that it needs autonomy while it is the guardian of national interest. The question is whether the military’s autonomy responds to broad social and economical cleavages of society. The economic autonomy of the Turkish military comes into being with its unquestioned budget. The Turkish military budget is not subject to parliamentary auditing. It is a taboo to discuss the military budget

in Turkey, even in the press. The uncontrollable status of the Turkish military budget is legitimized while struggle against Kurdish PKK continues (Cizre-Sakallıoğlu, 1997:160).

The 28 February process also opened way for appropriation through using charismatic values. The rent-seeking behavior was a result of charismatic appropriation. Eser Karakaş pointed out in his article that the secular, anti-secular clash was actually a clash between interest groups who seek rents from state and groups who support an open market economy that exposed to world markets (Karakaş, 2007, Apr. 3, "Laik-Anti Laik Çatışmasının İktisadi Temelleri (Economic Reasons for the Secular vs. Anti-Secular Struggle", *Zaman*, cited in Türköne, 2010:178). The principle of secularity turned out to be an ideological legitimatization of rent-seeking purpose (Türköne, 2010:179). The military shares the same organic interests with big capital groups in Turkey; however, their common interests conflict with small and middle-sized Anatolian enterprises (Akça, 2009:265). Consequently, different interests will clash when the latter has developed and entered into the territory of big capital (Akça, 2009:265). TÜSİAD did not criticize the anti-market applications of the 28 February period. This kind of stance of TÜSİAD was in contrast to its general willingness to accept rule-based, formal, law-protected economy which it had verbalized many times before (Buğra, 1998:535). TÜSİAD's approach is understandable as long as an economical actor does not want new competitors. However, the negative attitude of the civil and military bureaucracies toward capital shows they

lacked impartiality, which is a necessary feature of a legal-rational bureaucracy. Moreover, this is an example of what happens when the ideological and political are mixed with the economic. The 28 February actors accused “green capital” of funding regime opponents, but actually, “green capital” was their economic interest opponent.

Investigating OYAK’s activities may provide clues as to how the 28 February process also opened the way to charismatic appropriation. OYAK is a privileged organization; OYAK’s financial tables cannot be controlled by the Capital Markets Board even though OYAK shares are traded on the ISE 100³⁶. Only after European Union (hereafter,EU) harmonization laws concerning competition were OYAK’s financial tables opened to audit in 2001. After the declaration of OYAK’s financial tables, it was realized that economic crises empowered OYAK. For example, one week before the devastating February 2001 crisis, OYAK Portfolio Management “felt” currency increases and positioned all its cash in dollars while the fixed rate currency policy continued. In addition, in the midst of the crisis, OYAK bought one of the bankrupted, Sümerbank,³⁷ for a symbolic price of \$36,000. OYAK’s Chief Executive Manager joked about the price: “the price of my jeep” (Mortished, 2008). Eventually, OYAK became one of the largest holdings in Turkey. Some EU parliamentarians are suspicious of its status and question whether it is a pure commercial organization or is a strategic vehicle which is

³⁶ Istanbul Stock Exchange

³⁷ Sümerbak was found in 1933 to provide necessary funds especially for the textile sector. It was privatized in 1995.

extension of power of the Turkish military (ibid.,2008). The Milli Güvenlik Siyaset Belgesi³⁸ of 1997 which is accepted as the national security guide of Turkey, stated that privatization efforts should be accelerated when considering Turkey's integration into the global economy.³⁹ After this green light, privatization efforts increased. In 2006 OYAK, acquired the Erdemir Group, which is 8th biggest steel maker in Europe.

In the privatization process of Erdemir, a coalition consisting of Turkish Left, labor unions, professional associations like TMMOB,⁴⁰ trade and commerce chambers like TOBB⁴¹ and ATO⁴² protested privatization of "nationally strategic sectors" and they claimed their protests were for "saving the nation." Large-scale internationalized capital like the Koç and Sabancı groups and part of media also backed those protests. The protests stopped when it is announced that Erdemir had been bought by OYAK. An enterprise owned by the state was sold to a fund owned by the state's army. OYAK funded Erdemir by selling its bank to foreign capital. The privatization debates in Turkey cannot be discussed in only economic terms but also include ideological and political concerns. There are doubts about whether Erdemir was a profitable investment for OYAK or whether Erdemir was worth selling OYAK Bank.

³⁸ National Security Policy Document, also known as the "red book."

³⁹ <http://arsiv.hurriyetim.com.tr/hur/turk/97/11/04/gundem/01gun.htm>

⁴⁰ Türk Mühendis ve Mimar Odaları Birliği-Union of Turkish Engineers and Architects Chambers

⁴¹ Türkiye Odalar ve Borsalar Birliği-Union of Chambers and Commodity Exchanges

⁴² Ankara Ticaret Odası -Ankara Chamber of Commerce

After the devastating 2000 and 2001 economic crises, military did not intervene in politics but in the recovery era under 'pro-Islamist'⁴³ Justice and Development Party military tended to intervene in politics.

The 27 of April 2007 Turkish Military press communiqué, just in the middle of presidential elections, which was expected as a military memorandum against the ruling party, was last attempt of Turkish military to intervene. The strong-state tradition in Turkey has been experiencing legitimacy crises since the destructive economic crises of 2001 and failure in establishing a stable economy. It is obvious that strong state fails to respond new socio-economic problems of its people. A new type of middle class that is economically liberal but culturally conservative has emerged against the traditional Republican bourgeoisie. AKP is the political representative of this new middle class. Furthermore, AKP as a representative of the periphery has accomplished stable economic development. AKP was able to stand back from populist policies, which had caused fiscal crises. In the past, fiscal crises obscured the interventionist nature of the military of the strong state tradition. While people were suffering the bad effects of fiscal crises, they preferred contemporary stability under military control and gave up democracy. Things were different in 2007 because the economy was stable and the EU anchor was present. Market participants who also favored economic reforms also

⁴³ State elites tend to identify AKP as 'pro-Islamist' because founders of the AKP were the members of Welfare Party which was closed by Constitutional Court regarding posing threat to secular establishment of Turkish Republic. On the other hand, AKP defines itself as centrist party.

became strong supporters of the EU conditionality for their economic benefits. The AKP government has adopted a strong reformist orientation and committed EU-related economic and political reforms. It is ironic that "Islamists" have become transformed much more than their "secularists" counterparts have in the process of Europeanization. This situation is understandable while harmonization packages included measures decreasing the hegemony of the military in social, political and economic areas. In other words, the military is uncomfortable with EU conditionality. The democratic package accepted in 2003 was different from former packages because this one included measures which is directly related to civil-military relations in Turkey concerning limiting military's autonomy. First of all National Security Council's executive powers were withdrawn and turned into an advisory body which used to be termed as "shadow government". Furthermore this package opened way to parliamentary auditing of the military budget which used to be a taboo even to discuss. Cizre points out, while National Security Council was civilianized, this reform package is "... a clean break with the past." (2008:138)

In 2007, there was no economic crisis but military declared the so-called "e-memorandum," which shows the appropriate reason for Turkish military interventions, which damages the corporate interests of the military, especially its autonomy in political and economic sphere. The 2007 memorandum mainly emphasizes that Turkish Armed Forces (hereafter, TAF) is ready to guard secular principles of regime. The question is whether TAF

is really disturbed with its doubts about anti-secular stand of AKP or is it actually bothered by losing its political power to elected civilians. 2007 President elections should have been created very much concern for military because they may thought of winning presidency bid will make AKP more powerful and cause JDP to develop its reformist, challenging policy choices and political stand against military. (Cizre, 2008:149)

Çınar (2008:114) says:

The emphasis on the JDP members' Islamist pedigree and conservative lifestyles rather than on its policy proposals has reinforced the definition of the secular state as a community of devout believers of Kemalism. In fact, this "communization" of the state during JDP government has reached unprecedented levels, damaging the levels of institutionalization achieved through the course of Republican history.

Besides, this memorandum showed market participants that the military will not hesitate to take irrational actions to protect its corporate interests even though to jeopardize destroying economy.

One may ask why TAF did not hold back AKP in accepting civilianize NSC during 2003 reform package. The year 2003 is the time when Turkish economy was trying to go back to normal. Financial crises showed clearly the need for reform and accelerated reform process. Another important result is accelerating European Union process. Economic crises made material incentives related with EU more desired and needed. EU was an effective external anchor in post-crisis context in neo-liberal restructuring of Turkey. Breaking resistance coming Turkish Euro-skeptics concerning EU reforms can

be named as positive side effect of recent financial crises. The need for change, after devastating twin crises of 2000 and 2001 accelerated economic and also democratization reforms. Economic actors welcomed also EU conditionality democratic reforms for the benefits of being member of EU. Even financial rating agencies and transnational banks closely monitored reform passing process because they implement political reforms will create favorable climate for positive performance of Turkish economy. In such an environment where there is strong support for EU conditionality concerning its material benefits any confrontation with popularly-elected government would be tactical failure in TAF's saving corporate interests strategy. Furthermore, any restraint to EU conditionality would be contradictory with TAF's historical project of reaching the level of Western civilization. In fact, the documents included in Ergenekon case in which numerous people including several generals, party officials, and a former secretary general of NSC have been accused to plan military intervention, shows that a group in military planned abortive coups to discredit incumbent AKP and derail Turkey's accession process to the EU.

While JDP shows a larger importance in order to ignore any possibility of military coup than insisting on instituting a democratic civil-military relation, As a matter of fact TAF was successful in discrediting AKP and disrupting EU harmonization efforts.

In sum, the Turkish military showed itself as the "guardian of national interest" to preserve the belief in their virtue as the successor of Ataturk's

charisma. However, at the same time, the Turkish military followed its particular interests and made a “living” out of their “calling.”

CONCLUSION

In Turkey, economic problems cannot be discussed without giving to their political background. Consequently, understanding structural economical problems of Turkey will help to understand political problems of her and make it possible to suggest solutions for them. As a matter of fact, economic mind of a society need to be studied in order to understand that society's economic code. Analyzing economic mind of elites has extra importance when if they decide on socio-economic policies by themselves, as top-down fashion.

This study aimed to find why Republican elites who constitute center of Turkish society and their intellectual inheritors today have employed an ideology based worldview in which value based concerns dominate economic concerns.

Republican elites' socio-economic actions are not economically oriented. An economic action is rational only if it is consciously planned to reach an economic end. However, Republican elites seek to reach value-based goals when planning their actions. Republican elites envisioned an organic society which conforms their values of nationalism, secularism and their superior position upon society. Furthermore, Republican elites presumed themselves as the guardian of the system in which they form the ruling class.

Basically, two factors were determinative in shaping of Republican elites' economic mind. First one is inheritance of Ottoman Empire ruling class' economic mind which was shaped by Ottoman centralist, patrimonial state tradition. In Ottoman Empire there was well institutionalized center which differs from periphery in many aspects. Aim of economic action was supporting legitimacy of state and general financing of center. In view of that, development of market conditions and emergence of any possible group were prevented. While aim of economic action was determined according to substantive values, there are a lot of ambiguities in economy.

Economic surplus was under the control of center. As long as private ownership was obstructed in Ottoman economic system, wealth gained by ruling class was not used for reproductive activities but for political power. As a result, basic economic problems were interpreted as political ones and economic discontent of society was implemented as challenge to the system.

Challenges to the system did not come from alternative hegemonic projects but came into being when Ottomans have engaged in capitalism. There was no oligarchy in the Ottoman economic system. Thus, merchants became the intermediary actor in between peasants and world market. Merchants of Ottoman Empire were generally from the non-Muslim minorities. Accordingly, their economic challenge as a new economic class was shadowed by their religious and ethnic differences. This is because of the limits of Ottoman elites economic mind. Economic position or being of the Ottoman society was not investigated deeply by the Ottoman ruling

class and Ottoman center failed to understand how mechanism of imperialism works. Ottoman reformers were from Ottoman bureaucratic class and their reform perspective was limited by saving the state which was symbolic expression of saving the privileged position of themselves.

Although founders of new Turkish Republic asserted changing the system which belongs to Ottoman past, the structural problems of Ottoman Empire continued. Turkey could not establish a stable democratic regime and concerning the economy; although the Turkish economy managed to grow continuously, it failed to correct the growing income inequality or to distribute state resources fairly. As their inheritors, Republican elites desired to control economy.

In Turkish Republican history, representatives of the secular, bureaucratic, centralist and elitist center have accused parties representing the periphery of causing regime questioning and of opposing the Kemalist regime.

Comparison of two parties AKP and SCF from different times of Turkish Republic, with reference to their support group and how they were accused to be threat to secular establishment of regime shows the consistency in the economic mind of Republican elites and how they mind was shaped by Ottoman inheritance.

In both parties, support groups consisted of market economy defenders who have to compete on world markets. Both parties emerged after severe economic crises. Both parties suggested liberal socio-economic

policies. Both parties attracted attention of broad-based coalition. Last but not the least, both parties were accused to be house for regime opponents.

In this thesis, it is concluded besides historical inheritance of Ottoman Empire also sociological formations like routinization of charisma and its subsequent appropriation by charismatic staff also took significant role in development of Republican elites' economic mind and naturally in the étatist economic policies they pursued. Forerunners of Turkish Modernization came to power through routinization of Atatürk's charisma after the War of Liberation. Republican elites, mostly consist of ruling bureaucratic class members employed an ideology based economic mind between the limits of charismatic appropriation of economic resources and charisma's ideology. States with charismatic bureaucracies tend to be supreme in economic affairs and prefer to hold economic affairs in the hands of the state and manage the economy through monopolistic control of economic resources. After the routinization of Atatürk's charisma, the civil and military bureaucracy followed economic nationalism, which strengthened the role of the bureaucracy in the management of the economy. If an economy is dependent on the state, political and economic actions should be harmonious since they have to be supportive of one another. Turkish étatism and its socio-economic policies are reflections of charismatic appropriation. For example, SEEs were established for economic reasons but the enhanced role they assumed and the resistance their privatization faced shows that non-economic factors as political, ideological, egalitarian concerns overshadowed their economical

orientation. Suggestions for reforming SEEs were limited; and SEEs were mostly criticized for being poorly managed; but the system as a whole was not assailed. Also discussions of privatization mainly involved ideological criticisms, such as blaming political authorities for selling SEEs, which have "strategic importance," to foreign investors. However, the main shortcoming of privatization programs, rent transfer, was not questioned. In other words, as a side effect of the charismatic appropriation, moral values were used to discuss economic matters.

Military coups which interrupted Turkish democracy almost every ten years have also structural reasons in the substantive rational mind of Republican elites and occurred for charismatic appropriation. The routinization of charisma is rooted in the need to secure and legitimate social prestige and economic advantages from which the followers of charisma benefit. Turkish Military's corporate interests are affected by general economic conditions is very much related to the occurrence of coups. One of the most interventionist motives is the defense or enhancement of the military's corporate interests, which are budgetary support and autonomy. OYAK was established for wealth accumulating purpose right after 1960 coup. Over the years, OYAK became the source of the military's autonomy and economic power over politicians and as well as financial groups while it monopolized the defense industry and was the leading holding operating in the non-military financial and commercial sectors.

1971 Memorandum was the result of a split in Historical Block due to different approaches towards the economy. One of the aims of the 1980 Coup was eliminating the Left in Turkey. Even though the left in Turkey was fragmented and did not have landslide support, the army was very much interested in eliminating the Left movement. The reason was the Left was still to politicize people and got them to start questioning the state establishment in social and economic life. This may have had the effect of reducing the extent of belief in the virtue of charisma. In other words, besides periphery, for the first time, with the help of leftist ideologies, some members of center, mostly from the intelligentsia, started to question the virtue of Kemalist state establishment. In addition, the Left had the potential to impede the 24 January decisions, which would open way for further economic appropriation by the military and its organic partner big, dependent conglomerates. The 1980 military intervention was carried out to ensure the necessary stability for the neo-liberal structuring that had already started. The army did not intervene after the severe economic crises of 1994 and 2001, it is not the rule, at least in the Turkish case, that the military will intervene after economic crises. Turkish Army intervenes into politics when its corporate interests in relation to charismatic appropriation were threatened. The aim of the interventions is solidifying the belief in their virtue as successor of Ataturk's charisma. After 1994 fiscal crisis when Turkish Lira was significantly devaluated, the democratic regime did not collapse. Only after the pro-Islamist Welfare Party became part of a

government coalition did the so called 'post-modern' coup of 28 February 1997 happened. 28 February period was a reaction to Özal's liberal socio-economic policies and aimed to prevent civilian control on politics.

The secular, anti-secular clash was actually a clash between interest groups who seek rents from state and groups who support an open market economy that exposed to world markets. After the devastating 2000 and 2001 economic crises, military did not intervene in politics but in the recovery era under 'pro-Islamist' Justice and Development Party military tended to intervene in politics. While Anatolian capital suffered from economic crises very deeply, big capital and their organic partner military with OYAK used crises as an opportunity for capital accumulation.

The army is uncomfortable with EU conditionality which reduces its autonomy. In 2007, there was no economic crisis but military declared the so-called "e-Memorandum," which shows the appropriate reason for Turkish military interventions, which damages the corporate interests of the military, especially its autonomy in political and economic sphere. What bothered army about AKP politics is its insistence on implementing EU *acquis communautaire*.

In sum, the Turkish military showed itself as the "guardian of national interest" to preserve the belief in their virtue as the successor of Atatürk's charisma. However, at the same time, the Turkish military followed its particular interests and made a "living" out of their "calling." Turkey is now going through a process whereby its charismatic bureaucracy is transforming

itself into legal-rational type, as Weber assumed that charismatic bureaucracies would eventually reach. Contemporary politics should be interpreted in the light of symptoms of this transformation. As Antonio Gramsci said:

The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.

BIBLIOGRAPHIE

Books

Akça, İ. (2009). Kolektif Bir Sermayeder Olarak Türk Silahlı Kuvvetleri (The Turkish Armed Forces as a Collective Capitalist Organization). in A. İnsel and A.Bayramoğlu (eds.). *Bir Zümre, Bir Parti Türkiye’de Ordu (A Group, A Party, Military in Turkey)*. İstanbul: Birikim, 225-269.

Aydın, E., Dalmis, İ. (2008). The Social Bases of the Justice and Development Party. in Ü. Cizre (ed.). *Secular and Islamic Politics in Turkey The Making of the Justice and Development Party*. New York: Routledge, 201-223.

Cizre, Ü. (2008). The Justice and Development Party and the Military: Recreating the Past after Reforming It?. in Ü. Cizre (ed.). *Secular and Islamic Politics in Turkey The Making of the Justice and Development Party*. New York: Routledge, 132-172.

Çınar, M. (2008). The Justice and Development Party and the Kemalist Establishment. Ü. Cizre (ed.). *Secular and Islamic Politics in Turkey The Making of the Justice and Development Party*. New York: Routledge, 109-130.

Divitçioğlu, S. (1981). *Asya Üretim Tarzı ve Osmanlı Toplumunu (Asian Type of Production and Ottoman Society)*, Kırklareli: Sermet.

Dougherty, J.E., Pfalzgraff, R.L. (1980). *Contenting Theories of International Relations*. New York: Harper & Row.

Emrence, C. (2006). *99 Günlük Muhalefet (99 Days Opposition)*, İstanbul: İletişim.

İnsel, A. (1996). *Düzen ve Kalkınma Kısacasında Türkiye (Turkey in between Order and Development)*. A. Sönmezay (trans.), İstanbul: Ayrıntı(1984).

Heper, M. (2006). *Türkiye’de Devlet Geleneği (The State Tradition in Turkey)*. N. Soyarik (trans.). Ankara: Doğu Batı, (original 1985).

Kahraman, H. B. (2008). *Türk Siyasetinin Yapısal Analizi (Structural Analysis of Turkish Politics)*, İstanbul: Agora.

Keyder, Ç. (2003), *Türkiye’de Devlet ve Sınıflar* (State and Classes in Turkey). 9th edition. İstanbul: İletişim.

Keyman, F. E., Öniş, Z. (2007). *Turkish Politics in a Changing World Global Dynamics and Domestic Transformations*. İstanbul: Bilgi University.

Linz, J. J. (2008). *Totaliter ve Otoriter Rejimler* (Totalitarian and Authoritarian Regimes), E. Özbudun (trans.), Ankara: Liberte.

Mardin, Ş. (2006). *Yeni Osmanlı Düşüncesinin Doğuşu* (The Genesis of Young Ottoman Thought). 6th edition. M. Türköne, F. Unan, İ. Erdoğan (trans.). İstanbul: İletişim (original 1962).

Mardin, Ş. (2007a). *Din ve İdeoloji* (Religion and Ideology). 16th edition. İstanbul: İletişim .

Mardin, Ş. (2007b). Tanzimat’tan Sonra Aşırı Batılılaşma (Agressive Westernization after Tanzimat), in M. Türköne and T. Önder (eds.). *Türk Modernleşmesi* (Turkish Modernization). 7th edition. İstanbul: İletişim, 21-79.

Mardin, Ş. (2007b). Türkiye: Bir Ekonomik Kodun Dönüşümü (Turkey: Transformation of An Economic Code). in M. Türköne and T. Önder (eds.). *Türk Modernleşmesi* (Turkish Modernization). 7th edition). İstanbul: İletişim, 193-228.

Mardin, Ş. (2007c). Türk Siyasetini Açıklayabilecek Bir Anahtar: Merkez-Çevre İlişkileri (A Key to Understand Turkish Politics: Center-Periphery Relations). in M. Türköne and T. Önder (eds.). *Türkiye’de Toplum ve Siyaset* (Society and Politics in Turkey). 14th edition. İstanbul:İletişim, 35-79.

Türköne, M. (2009) *Siyaset* (Politics). 10th edition. M. Türköne (ed.). İstanbul: Opus.

Türköne, M. (2010), *Sözde Askerler* (Supposedly Military Officers), İstanbulI: Nesil.

Parla, T. (2009) Türkiye’de Merkantalist Militarizm (The Merchantalist Militarism in Turkey) in A. İnsel and A.Bayramoğlu (eds.). *Bir Zümre, Bir Parti Türkiye’de Ordu* (A Group, A Party, Military in Turkey). 4th edition. İstanbul: Birikim, 201-225)

Rousseau, J. J. (1999), *Toplum Sözleşmesi* (Social Contract). V. Günyol (trans.) İstanbul:Adam.

Smith, A. D. (2007). *Milli Kimlik* (National Identity). 4th edition. B. S. Şener (trans.). İstanbul: İletişim, (original 1991).

Ülgener, S. (2006a). *İktisadi Çözülmenin Ahlak ve Zihniyet Dünyası* (Moral Values and Mindset of Economic Dissolution), İstanbul: Derin.

Ülgener, S. (2006b). *Zihniyet, Aydınlar ve İzm'ler* (Mind, Elites and Ism's). İstanbul: Derin.

Weber, M. (1978). *Economy and Society Vol. 1*, G. Roth, C. Wittich (eds.). Los Angeles, California; University of California Press.

Weber, M. (2006a). *Bürokrasi ve Otorite* (Bureaucracy and Authority). 2nd Edition. H. B. Akın (trans.). Ankara: Adres.

Weber, M. (2006b). *Sosyoloji Yazıları* (Essays in Sociology). 8th edition. T. Parla (trans.). İstanbul: İletişim.

Journals

Ahmad, F. (1981). "Military Intervention and the Crisis in Turkey". *MERIP Reports*. 5-24.

Aslan, S. and Yılmaz A. "Tanzimat Döneminde Osmanlı Bürokratik Yapı ve Düşüncesinin Değişimi" (Change in Ottoman Bureaucratic Structure and Mind During Tanzimat Era), *Cumhuriyet Üniversitesi İktisadi ve İdari Bilimler Dergisi*, 2(1): 287-297.
<http://eskiweb.cumhuriyet.edu.tr/edergi/makale/105.pdf> (03/02/2010)

Bacık, G. (2003). "The Transformation of Muslim Self and the Development of a New Discourse on Europe: the Turkish Case". *International Review of Sociology*. 13(1): 21-38.

Bagdonas, Ö. D. (2008). "The Clash of Kemalism? Reflections on the Past and Present Politics of Kemalism in Turkish Political Discourse" *Turkish Studies*. 9(1): 99-114.

- Belkin, A. and Schofer, E. (2003). "Toward a Structural Understanding of Coup Risk" *Journal of Conflict Resolution*. 47(5): 594-620.
- Buğra, A. (1998), "Class, Culture, and State: An Analysis of Interest Representation by Two Turkish Business Associations". *International Journal Middle East Studies*. 30: 521-539.
- Çarkoğlu, A. (2008). "Ideology or Economic Pragmatism?: Profiling Turkish Voters in 2007". *Turkish Studies*. 9(2): 317-344.
- Constas, H. (1958), "Max Weber's Two Conceptions of Bureaucracy". *The American Journal of Sociology*. 3(4):400-409.
- Doğan, M. (2007). "Comparing Two Charismatic Leaders: Ataturk and de Gaulle". *Comparative Sociology*. 6 (1-2): 75-84.
- Drorian, S. (2005). "Turkey: Security, State and Society in Troubled Times". *European Security*. 14(2): 255-275.
- Eisenstadt, S.N. (1973). "Multiple Modernizations". *Daedalus*. 102(1): 1-27.
- Ercan, M. R. and Öniş, Z. (2001). "Turkish Privatization: Institutions and Dilemmas". *Turkish Studies*. 2(1): 109-134.
- Haggard, S. and Kaufman R. (1997). "The Political Economy of Democratic Transitions". *Comparative Politics*. 29(3): 263-283.
- Hale, W.(1980)." Ideology and Economic Development in Turkey 1930-1945". *British Society for Middle Eastern Studies*. 7(2):100-107.
- Heper, M. and Keyman F. E. (1998). "Double-Faced State: Political Patronage and the Consolidation of Democracy in Turkey". *Middle Eastern Studies*. 34(4): 259-277.
- Kalaycıoğlu, E. (2007). "Politics of Conservatism in Turkey" *Turkish Studies*. 8(2): 233-252.
- Kalberg, S. (1980) " Max Weber's Types of Rationality: Cornerstones for the Analysis of Rationalization Processes in History". *The American Journal of Sociology*. 85(5): 1145-1179.
- Karabelias, G. (2008). "Dictating the Upper Tide: Civil-Military Relations in the Post Özal Decade, 1993-2003". *Turkish Studies*. 9(3): 457-473.
- Karadağ, A. and Göktolga, O. (2009). "Political Regime Debates in Turkey: Is It Regime Question or Not?" *Electronic Journal of Social Sciences*. 8(28):

237-261. <http://www.esosder.org/index.php?sayfa=dergelist&sayi=28> (04/01/2010).

Keyder, Ç. (1979). "The Political Economy of Turkish Democracy". *New Left Review*. 115(1).

Keyman, E. F. and Koyuncu, B. (2005), "Globalization, Alternative Modernities and the Political Economy of Turkey" *Review of International Political Economy*. 12(1): 105-128.

Lipset, S. M. (1959). "Some Social Requisites of Democracy: Economic Development and Political Legitimacy" *The American Political Science Review*. 53 (1):69-105.

Michaud-Emin, L. (2007). "The Restructuring of the Military High Command in the Seventh Harmonization Package and its Ramifications for Civil-Military Relations in Turkey". *Turkish Studies*. 8(1): 25-42.

North, L. and Nun, J. (1978). "A Military Coup is a Military Coup...or is it?". *Canadian Journal of Political Science*. 11(1): 165-174.

Öniş, Z. (1991). "The Evolution of Privatization in Turkey: The Institutional Context of Public-Enterprise Reform". *The International Journal of Middle East Studies*. 23 (2): 163-176.

Öniş, Z. (2006). "The Political Economy of Islam and Democracy in Turkey: From the Welfare Party to the AKP".
http://home.ku.edu.tr/~zonis/ONIS_FromWelfarePartytotheAKP.pdf

Öniş, Z. and Şenses, F. (2007). "Küresel Dinamikler, Ülke içi Koalisyonlar ve Reaktif Devlet: Türkiye'nin Savaş Sonrası Kalkınmasında Önemli Politika Dönüşümleri" (Global Dynamics, Domestic Coalitions and a Reactive State: Major Policy Shifts in Post-War Turkish Economic Development). *ODTÜ Gelişme Dergisi*. 34(2): 1-34.

Özler, İ. (2000). "Politics of Gecekondu in Turkey: The Political Choices of Urban Squatters in National Elections". *Turkish Studies*. 1(2): 39-58.

Prezeworski, A. (1996). "What Makes Democracies Endure?". *Journal of Democracy*. 7(1):39-55.

Rudolph, L. I. and Rudolph S. H. (1979). "Authority and Power in Bureaucratic and Patrimonial Administration: A Revisionist Interpretation of Weber on Bureaucracy". *World Politics*. 31(2): 195-227.

Rustow, A. D. (1968). "Atatürk as Founder of a State". *Daedalus*. 97(3), Philosophers and Kings Studies in Leadership: 793-828.

Sakallıođlu, Ü. C. (1997). "The Anatomy of the Turkish Military's Political Autonomy" *Comparative Politics*. 29(2): 151-166.

Seidman, S. and Gruber, M. (1977). "Capitalism and Individuation in the Sociology of Max Weber". *The British Journal of Sociology*. 28(4): 498-508.

Shambayati, H.(1994). "The Rentier State, Interest Groups, and the Paradox of Autonomy: State and Business in Turkey and Iran" *Comparative Politics*. 26(3): 307-331.

Uđur, M. (2000). "Europeanization and Convergence via Incomplete Contracts? The Case of Turkey". *South European Society and Politics*. 5(2): 217-242.

Wettig, G. (1995). "A New Challenge to European Security". *Aussenpolitik*. 11: 130-145.

Yalpat, A. (1984). "Turkey's Economy under the Generals". *MERIP Reports*. 122 Turkey under Military Rule: 16-24.

Zouboulakis, M. S. (2001). "From Mill to Weber: The Meaning of the Concept of Economic Rationality". *The European Journal of the History of Economic Thought*. 8(1): 30-41.

Internet Sources

Mortished, C. (2008, 18 Jun.). "Turkish Giant Oyak Group Causes Consternation in Brussels". *Times*. www.timesonline.co.uk. (01/05/2010)

Onaran, N. (2008, 15 Sep.). "Savunma Fonu 10 Bakanlıđı Solladı" www.taraf.com.tr. (03/05/2010).

Rasmussen, C. D.
www.brown.edu/Research/ppw/files/Rasmussen_PPW.pdf, p. 3.

Weiss, L. "Globalization and the Myth of the Powerless State"
<http://www.adm.ufba.br/milani/Linda%20Weiss%20Myth.pdf>. (08/03/2009)

<http://arsiv.hurriyetim.com.tr/hur/turk/97/11/04/gundem/01gun.htm>

**LIMITS OF REPUBLICAN ELITES' ECONOMIC
MIND: THE PROBLEM OF MARKET AND ITS
POLITICAL IMPLICATIONS**

Thesis submitted to the
Institute of Social Sciences
in partial fulfillment of the requirements
for the degree of

Master of Arts
in
International Relations

by
İçten URAL

Fatih University

June, 2010

