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## *Where Does Turkey's New Capitalism Come From?*

*Comment on Eren Duzgun LIII, 2 (2012)*

EREN DUZGUN'S "Class, State and Property: Modernity and Capitalism in Turkey" is a highly valuable contribution to established and ongoing debates about the nature(s) of capitalist transformations in Turkey. Drawing on a Brennerian theoretical framework, the author concludes, in a nutshell, that capitalism only became a relevant social reality in the 2000s.<sup>1</sup>

Arguing like this, Duzgun particularly targets recent attempts to explain the current social and political transformations under the ruling Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP) which is mostly understood as the empowerment of the counter-elite Muslim bourgeois groups of Central Anatolia that claim to have brought a non-state-centered, non-rent-seeking, liberal economic mode to Turkey. In scholarly debates, this process of empowerment has been captured by Atasoy (2009) and Tuğal (2009) in Marxist and Gramscian terms, and by Eligür's social movement approach (2010). In a more liberal fashion that partly reflects old *doux commerce* assumptions on the moderation and rationalization of politics (*cf.* Hirschman 1977), it has been captured by the European Stability Initiative (2005), Yavuz (2009), Nasr (2009) and, with special emphasis on Turkey's new foreign trade structure, Kirişçi (2009), Altay (2011) and Kutlay (2011).

<sup>1</sup> "[T]he post-war project of modern development in Turkey had much to do with a strong bourgeoisie class and less to do with capitalism, while Turkey's current transformation signifies more the consolidation of a relatively novel capitalist project than a mere transition to another form of modernity.

As such [...] the transition from Kemalist modernity to the so-called Islamist/liberal modernity today is underlined by the historically unprecedented consolidation of capitalist property relations and the associated emergence of novel forms of rule and subjectivity in Turkey" (123).

According to the author, liberal, Weberian-inspired and “neo-Smithian Marxist” (Brenner 1977) accounts fall short of capturing the truly capitalist nature of the transformation that has occurred.

Instead, according to Duzgun, Turkey’s twentieth century development may have been modernist, but it was not capitalist. Until the 1980s, when neoliberal reforms set in, important societal non-capitalist mechanisms shielded social classes from real capitalist pressure. While peasants had access to subsidies and cheap credits, and could organize in cooperatives and usually owned the land they tilled, business people used their preferential channels to the state bureaucracy to make easy profits in an inward-oriented developmental project. Thus, from a property-relations approach perspective, to speak of capitalist social relations under such conditions makes no sense at all as the relevant social classes are not exposed to the market imperative alone and as the political and the economic have not been sufficiently separated.

Even though Duzgun’s deconstruction of the AKP’s and Muslim-Turkish capitalists’ self-ascriptions as really liberal bourgeois groups can only be supported, the causal mechanism he proposes for the transition from *modernity* to *capitalist modernity* remains unconvincing. For him, ultimately, what overcame the traditional survival capacities of Turkish peasants, on the one hand, and the easy rent-seeking ventures of business people, on the other, were post-crisis International Monetary Fund (IMF) policy recommendations of cutting agrarian subsidies and implementing banking regulation, respectively. Without a profound analysis of the class relations and class conflicts of the 1990s, the reader gets no clue as to why Turkish governments implemented these measures. They simply did so and thereby created a newly depoliticized economic field. Thus, criticizing “bourgeois agency” conceptions of capitalist transformations, Duzgun seems to throw out the baby with the bath water by having no agency, and no political struggle, left in his approach.

Furthermore, Duzgun’s depiction of economic life after this “Great Transformation” as no longer being politicized needs to be challenged. Yes, life has become ever tougher for Turkish business people, as they have been increasingly exposed to competitive pressures without relying on the state apparatus for export subsidies, as in the 1980s transition phase toward export-oriented industrialization, or on making easy money via the unregulated banking system in the 1990s. However, by neglecting the political dimension of these transitions, Duzgun, unfortunately, also ignores the politicized nature of the outcome of these processes. Even though capitalism is, under the AKP, shielded from popular pressures and has become a depoliticized social fact, a quick overview of the ways of

making business in the contemporary capitalist order clearly contradicts Duzgun's narrative.

First, political connections still matter for economic success. It cannot be denied that the rise of Muslim, Anatolian capitalists cannot be traced back to their organizational and innovational skills. As Buğra and Savaşkan (2012) have recently shown, the newly emerging pattern of state-business relations continues to display politicized and personalized features. The authors refer to the new champions of Anatolian capital (Ahmet Çalık, Ethem Sancak, Cihan Kamer, the Kiler family, Mehmet Cengiz and Fettah Tamince, among others), who are not merely bound to the government by their religious-political identity, but also by direct personal linkages. With the help of the latter, they reached their new status in the economy via privatizations in which formal procedures were violated or not properly adhered to, in several cases also with the help of public banks (as in the sale of the ATV-Sabah media group that fell, in a highly questionable manner, to the *Çalık Group* in 2008). In the field of public procurement, the government still enjoys highly discretionary powers to evade transparent regulations. In addition, one of the main organizational engines of capitalist change, urban restructuring and gentrification, the *Turkish Housing Development Agency*, favors a small, selected group of construction companies that are mostly members of the new, Muslim-oriented business associations and have close connections to AKP municipalities.<sup>2</sup> Thus, what is presented as successful models of public-private-partnerships reflects nothing else but a new, stable set of corruption relations.

This empirical material represents the weak spot of Eren Duzgun who regards corruption as an "historically defined problem specific to capitalism" (Bedirhanoglu 2007, p. 1241). For him, "it is precisely the differentiation of the political and the economic that causes 'corruption', hence the impossibility of a corruption-free capitalism" (Duzgun 2012, p. 141). This is certainly so, but that does not explain why some countries are more corrupt than others or why some countries experience phases of different degrees of corruption. In the Turkish case proper, one may ask why, for example, do corruption allegations only concern opposition parties in Turkey? And why do police raids never hit AKP municipalities, but always those governed by opposition parties?<sup>3</sup>

<sup>2</sup> See the following report of the Turkish Architects' Association published in November 2011: [http://www.imo.org.tr/resimler/dosya\\_ekler/2d6528de98702ba\\_ek.pdf?tipi=4&turu=H&sube=0](http://www.imo.org.tr/resimler/dosya_ekler/2d6528de98702ba_ek.pdf?tipi=4&turu=H&sube=0) (accessed on 15 November 2012; thanks are due to Dénes Jäger).

<sup>3</sup> See, e.g., <http://www.hurriyetdailynews.com/police-raid-izmir-municipality-42-detained.aspx?pageID=238&nID=7691&NewsCatID=341>.

Finally, one mechanism still remains in place that tightly links the political and the economic, *i.e.* the weakly enforced party finance system. Despite the high degree of political order and stability the AKP realized, it did nothing to regulate party finances. In consequence, there is no reason to assume that these new crony capitalists do not reciprocate the favors they are granted by the government.

So, what did happen, then? How can we account for both the institutionalization of neoliberal capitalism and the unbroken politicized nature of business-making in Turkey?

In brief, capitalism, a social order based upon the unlimited private accumulation of capital, comes in various forms and is shaped, ultimately, by modern processes of state formation which established the political and economic rules of the game, formal and informal. The original structures of power relations change over time due to the dynamic nature of capitalism itself and to class and political struggles, the outcomes of which are quite contingent and which carry on certain continuities of previously established institutions.<sup>4</sup> In more concrete terms, the neoliberal reforms after 1980 were the outcome of dynamic tensions within the former state capitalist order and transformed it into an oligarchic type, which is prone to political fragmentation and delegitimization due to the unbound nature of corruption networks that continuously undermine state capacity and institutional trust (*cf.* Cizre-Sakallioğlu and Yeldan 2000). Actors and classes were stuck within this *oligarchy dilemma*, in which both politicians and entrepreneurs are bound to political business-making, not because they want to but because every actor assumes that no one accepts the formal rules of the game, as no one can credibly commit to them. The AKP could solve this dilemma of oligarchic fragmentation, not because of its counter-Kemalist identity or because it is less prone to corrupt activities than other political actors, but because the 2002 elections truly revolutionized the political arena by disempowering most established elites. Had the AKP been forced to govern with those elites, as its predecessor had between 1996 and 1997, it would have been seriously constrained in running the economy and allocating resources. Furthermore, it did not

<sup>4</sup> In that vein, consider Güven's (2009) analysis of reforms in Turkey's agricultural sector. According to him, they generated quite hybrid patterns of state-peasant relations in the 2000s in which state support (*e.g.* cheap credits, fuel subsidies, debt write-offs, premiums) continued to play a relevant role. This is not to deny the deepened neoliberalization of Turkey's agricultural sector that is increas-

ingly structured according to the interests of transnational agribusiness corporations (and Turkish holding companies). As a result, the position of small- and medium-scale farmers is weakened substantively, which furthers deagrarianization in Turkey (AYDIN 2010, p. 180). Still, it should be remembered that only rarely do institutional changes completely break with past continuities.

endanger the social position of established family business groups, but included them in its privatization schemes which took place in a context of increased institutional certainty.<sup>5</sup> The AKP could introduce order, and this paid off well for itself by gradually monopolizing political power. It also paid off well for big holdings by getting 1990s-style governments off their backs, and for the new generation of Muslim capitalists by ascending the social scale in Turkey after the government unmade new oligarchic actors like the Uzan family (Karadag 2010, p. 26).

To conclude, politics matters and, as shown, political connections remain crucial resources in Turkey's economy. Whether a separation will truly emerge between the political and the economic does not depend on new patterns of marketization via the IMF, as Duzgun claims, but on the regulation of party finances, on the one hand, and the creation of a truly independent judiciary through which governing elites can be held accountable, on the other. Under the earlier fragmented, oligarchic conditions, no ruling party had the capacity to do so. Currently, the AKP has the capacity but, the longer it stays in power, the less will it have the will (if it ever had it) to restrain itself to formal political and economic rules. This represents a serious challenge, one that at this (still) revolutionary juncture all depends on the AKP's agency.

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<sup>5</sup> On the cross-class alliance behind the recent privatization wave, see ÖNIŞ (2011).

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