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## **TURKEY: THE POLITICS OF NATIONAL CONSERVATISM**

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EVREN HOŞGÖR

**New Fragmentations and New Alliances  
in the Turkish Bourgeoisie**

*ABSTRACT This paper focuses on the process of internationalisation of accumulation, and tries to uncover the multiple power relationships among different capital groups in Turkey. The internationalisation process created a whole series of new contradictions between the capital fractions, which have a strategy of international expansion, and those with a strategy of limited expansion within the national scale. It also made it more difficult for the leading party (AKP) to specify an economic paradigm within which conflicts over competing interests can be negotiated and accumulation secured in the long run. Thus, the paper argues that not only is the present structure of Turkish economy expressive of both the search of globally expanding capitals for new areas for expansion and the fight for domination in the domestic market, but that the struggle between them also shapes both inter- and intra-class relations of power and intra-state conflicts over economic policies.*

**1. Introduction**

The transformation of state-capital relations is a prevalent theme in recent studies on Turkey. The subject has been studied from different perspectives, including that of the broader themes of civil society and democratic consolidation (Atan 2004; Öniş 2005; Başkan 2010; Bayer/Öniş 2010; Koyuncu-Lorasdağı, 2010; Yılmaz 2012; Özel 2013; Özsel et al. 2013), economic growth and development (Patton 2006; Pamuk 2008; Öniş/Güven 2011; Özel 2015), and social class transformation, namely the rise of a new class of Muslim entrepreneurs from Anatolia (Yavuz 2006; Yıldırım et al. 2007; Demiralp 2009; Gümüşçü/Sert 2009; Hendrick

2009; Tür 2011). The last issue has received great attention because the ruling party (Adalet ve Kalkınma Partisi, AKP) and this newly empowered bourgeois fraction exhibit a general cultural affinity, and share a way of life and set of social values which marks them off from the big businesses of Turkey's Western provinces. It is here argued that this economically liberal, culturally conservative bourgeoisie acquired a sense of class-consciousness against the established 'business oligarchy', developed their own distinctive habitus and social networks in the 1990s, and have become the locomotive of AKP's expansion today. This has also led to the exploration of the changing forms of interest representation and the institutional dimensions of fractional conflicts within the Turkish ruling class (Atlı 2011; Özcan/Turunç 2011; Buğra/Savaşkan 2014; Yankaya 2015). The quasi-ideological fragmentation within the bourgeoisie thus has become an important thread that runs through the broader discussion on state-capital relations.

Most authors share a position that has much in common in their investigation of class relations, political structures and the reorganization of the state under the AKP rule. The emphasis has been on the subordination of the state to particularistic interests and on the various mediations through which this subordination is achieved. The most typical example of this mode of explanation can be found in the work of Buğra and Savaşkan, who provide an analysis of the processes of "politically supported capital accumulation" (2014: 95, 100): The newly emerging conservative businesses influence the AKP governments so as to steer economic policies, state expenditures and regulations in their favor. Moreover, what it cannot pocket in the form of profit, interest or rent, these conservative forces make up for in the form of state salaries. This creates a perfect environment for clientelistic, nepotistic and patronage relationships based on the control of relations of distribution (not of production) as the determinate factor in the restructuring of social relations. The AKP is supported by this new economic group, which helps the party to stay in power by mobilizing human and financial resources. It has been argued that the reconfiguration of power within the Turkish capitalist class was enabled by unusual deals with political authorities and other forms of predatory political activities, i.e. by force, fraud and corruption (Karadağ 2010; Özcan/Turunç 2011; Buğra/Savaşkan 2014; Özbudun 2014, Silverman 2014).

There is no denying that the received literature produces a convincing empirical demonstration of the social foundations and the dominating effects of political power under the AKP rule. The analyses are generally compelling and still repay careful reading. However, three interrelated problems arise:

Firstly, it is hard to see this explanation as being more than a preliminary step towards a more adequate discussion of why the state, or parts of it, adheres to a strategic selectivity, which makes it more open to some demands than to others. To say that the AKP rule reduced the entire state apparatus to nothing but a committee for managing the common affairs of the devout bourgeoisie and the party apparatus is one thing. To ask why the state take the form that it does and what caused it to take this form is another. These questions are answerable, but they cannot be answered within the framework subscribed to by most authors, since they tend to oscillate towards an instrumentalist conception that too often reduces the state to an empty site that can be penetrated by whoever controls it. The role of AKP affiliated bureaucrats, functionaries and interest groups and their ability to shape policies and regulatory forms should be considered in discussing collective class(-relevant) interests behind a concrete programme of action. Nevertheless, the state ensemble, with all its complexity, cannot be reduced to a mere transmission belt of certain interests in the political domain. For one thing, the capitalist state, *qua* institutional architecture, may privilege particular interests over others; however, this ensemble and its practices are materially interdependent with other institutional orders and social practices, which means that several structural and conjunctural factors, together with power relations in other fields, shape and condition the political processes. Moreover, the partiality of the state depends on the relation between the state form and those strategies for influencing or appropriating state power. This requires the study of the regularities (or structurally inscribed strategic selectivities), which past struggles have imposed upon the state's historical and formal constitution during the AKP period. However, in most texts the state is conceptualised as a sort of external guarantor of the conditions of capitalist reproduction, rather than as being itself a moment of the process of reproduction. The causal relationship, which the literature envisages between state and capital, is at best an external interrelatedness. Hence,

the available literature does not offer much in terms of theorising the complex interaction between accumulation strategies, state forms and balance of class forces.

Secondly, much attention is devoted to identifying how much influence specific capital groups enjoy in the policy making process or who (which firms) has participated in the public bids or privatisations, and who is therefore excluded from these contracts. Most often than not, the central task of authors is to identify the fractions in decline and ascendant fractions. To provide evidence for the ascendancy of new capital groups, the authors highlight a set of changes: the substantial increase in the number of firms connected to Islamic holdings, the changes in the scope and sectoral orientations of firms (investments in media, education, health and energy), the rapid growth in membership of related business associations, expanding business operations abroad, notably in Central Asia, the Middle East and North Africa (MENA). However, little consideration is allotted to the study of the expanded reproduction of capitalist social relations of production. Concomitantly, the dominant class is theorised not through its relation to other classes in historically specific contexts of social reproduction, but primarily in terms of its personal or institutional attachments to the state. A parallel problem is that the most powerful section of the bourgeoisie is described by the nature of their relations with the AKP governments and not by their position with respect to the productive forces and productive relations.

Thirdly, whether in the economic, political or cultural arena, the essential defining characteristic of each fraction is its difference in the same sphere to the other. The fractional struggle is thus expressed in the form of two rival projects: the 'greater Finland' model of secular-Westernist large conglomerates and the 'smaller China' model of conservative SMEs in Anatolia (Buğra/Savaşkan 2014). The strength of the given literature is for the most part related with this (purposeful or not) ability to produce a class vocabulary, helping us to recognise the variation and complexity of the plurality of interests, demands, discourses, and practices and to explain how idealised fractional viewpoints are translated into a broader hegemonic project. However, there is no precise characterisation of the contradictions in the concrete other than the compilation of a long list categorising the firms in terms of institutional-organisational and geographic differ-

ences and/or according to their respective business associations' viewpoints on a number of issues. Furthermore, such differences are generally understood as the most conflictive issues in any given moment, place or correlation of forces. Therefore, it would not be of much help in advancing a more concrete analysis of competitive relations between different capital logics and intra-class struggle. Neither could it explain how different groups make alliances and create coalitions in order to steer institutions or regulations in their favour.

Our interpretation differs from most state-centered, institutionalist accounts as it focuses on the process of internationalisation of accumulation, and tries to uncover the multiple-power relationships (in terms of both strategies and contradictions) among different capital groups in Turkey. The paper argues that divisions within the capitalist class into blocs clustering around competing accumulation strategies (and hegemonic discourses) may not be captured through crude distinctions based on differences in geographic origin, size, sectoral preferences or ideological differences (secular/religious discourses or specific consumption patterns and lifestyle choices of entrepreneurs). Moreover, instead of leaning on the widely shared conclusion that certain firms have been yielding large profits thanks to close relations with AKP cadres, it looks for a more complex answer that explains how different capital groups may pursue multiple strategies to benefit from different state policies in relation to their strengths and weaknesses in national and international markets.

The first part of the text reviews the processes of the internationalisation of accumulation and critically dissects some of the problems of fractionalist perspectives. The second part focuses on the role of the state in contributing to the conditions for the continued expansion of capital accumulation, and elaborates on the interdependence and interplay between different business interests. The final part discusses the intensification of fractional contradictions and how they are manifested in the management of capital accumulation and global crisis. This is done by assessing their effects on the primary state apparatuses and mechanisms on which economic and social policies are determined, and on the principal governance mechanisms deployed to compensate for market failures. It is our basic contention that not only is the present structure of Turkish economy expressive of both the search of globally expanding capitals for new areas

for expansion and the fight for domination in the domestic market, but that the struggle between them also shapes both inter- and intra-class relations of power and intra-state conflicts over economic policies.

## **2. Internationalisation of capital accumulation**

Most authors acknowledge that globalisation has radically restructured the Turkish economy and its role in the international division of labour. Nevertheless, the term globalisation is used so often and in so many contexts that it has become a buzzword that can mean anything or everything related to the neoliberal transformation since the 1980s. Thus, a schematic description prevails that fails to trace the distinctly different stages/phases of accumulation and those stage-specific policies supporting capital accumulation. Furthermore, globalisation is often conceptualised in an *either/or* fashion, generating either gains or pains for the domestic firms. Such a polarised perspective ignores the more complex contradictions as well as opportunities that intensification of the internationalisation process cultivates for individual capitalists.

Turkey's neoliberal turn can be conceptualised in terms of three major policy phases: accumulation through export promotion (1980s), accumulation through the inflow of money-capital (1990s), and global integration on the basis of productive capital accumulation (2000s) (Ercan/Oğuz 2014: 120ff.; Ercan et al. 2008; Aydın 2012; Öztürk 2012). Each phase not only corresponded to a different stage in the transformation of domestic capital, but also created the conditions for a new phase in capital accumulation.

To provide a brief background: Turkish big industry was largely formed under the shelter of protectionist policies in the 1960s/70s. In the late 1970s, it became clear that the import substitution industrialisation (ISI) strategy was no longer sustainable. The ISI regime increased the import dependency of industry due to the lack of domestic backward linkages. The supply of intermediate inputs and capital goods from international subsidiaries resulted in a large capital account deficit, while growing state expenditures (to socialise the costs of accumulation) intensified the fiscal crisis of the state. Combined with the problems of productivity growth and domestic market saturation, the relative exhaustion of the ISI

curbed the profit levels of industrialists. Other problems also contributed, such as working class opposition, which could not be easily managed, regularised, or governed within old political forms. However, such negative developments in the economy did not hamper the industrialisation drive in Turkey; the objective of policy-makers (and big holdings) had diverged away from an inward-looking strategy towards an outward-oriented accumulation process in the post-1980 era.

The first phase in the 1980s involved the liberalisation of key sectors of the economy, and included an export promotion strategy to encourage rapid export growth in low technology and labour-intensive sectors. The orientation of such sectors to export markets was vital for the long-term survival of large industrial groups, as their main problem was not only to ensure capital accumulation, but also to generate this accumulation in the form of foreign currency. The shift in the policy implementation thus had the primary objective of finding solutions to the short-term problems of inward-oriented industries, rather than representing a preoccupation with long-term competitiveness in global markets. The liberalisation of the trade regime provided opportunities for importing necessary inputs without high tariffs and other import surcharges. Positive achievements in exports and related commercial gains secured the accumulation in existing large-scale holdings. However, by the end of the 1980s, the export boom had slowed down, and it was realised that export promotion policies had not changed the structural characteristics of the industry.

Throughout the 1990s, the orientation of big capital shifted towards the accumulation of money capital. The holdings (through their commercial banks) became intermediaries which borrowed from international markets at low interest-rates and lent it to the government for higher returns (Aydın 2012). This altered the private sector's accumulation preferences by driving funds away from productive investments towards speculative areas. However, instead of a rapid de-industrialisation of the economy, financial liberalisation marked the beginning of a new pattern of capital accumulation based on (short-term) foreign capital inflows. The holding structure not only integrated the circuits of money and productive capital, but also provided them with the flexibility to alter the relative weight assigned to different domains of activity, in tandem with the changing priorities of the economic and political conjuncture. Financial

rents appropriated via high yielding government securities were later redirected to productive investments. Despite the negative macro-economic implications of hot-money transfers, which created the basis for the series of crises in 1994, 1998 and 2000/01, the free flow of foreign financial resources set a convenient institutional structure for new industrial investments.

From the late-1990s onwards, productive capital opted for an accumulation strategy based on the exports of intermediary goods, with the support of FDI. The shift in the accumulation pattern is thus responsible for big holdings' renewed interest in industrial policy, in the form of targeted and selective policies to drive up the productivity and efficiency of domestic industries and to generate more value-added per unit of capital with more technologically sophisticated products (Atiyas/Bakış 2013a). This tendency is reflected in the business portfolios, refocusing strategies (instead of diversification), new investments and acquisitions of some large conglomerates (Öztürk 2012). As high value-added production can be secured by technological and knowledge investments, they have direct interests, not only in the productivity and efficiency of their home industries, but also in the technological competences and knowledge base of their partners from abroad. This explains the current discursive emphasis on international cooperation (partnerships, joint ventures), investment environments and competitiveness (TÜSİAD 2005, 2011; TEPAV 2011). The transition to the next stage of accumulation also entailed changes in the forms and mechanisms of state economic intervention. A shift of power occurred within the state apparatus by increasing the weight of the Treasury, Central Bank and Independent Regulatory Agencies (IRAs) in policy making. The shift had broad impacts on fractional balances, as these specialised economic apparatuses were endowed with powers to manage the processes of internationalisation of accumulation. The changes in the state's institutional architecture later became an important factor of contradiction and destabilisation in the management of different fractional interests.

The major 'winners' of neo-liberalisation were large conglomerates, but the share of SMEs in the economy also significantly increased (Hoşgör 2011). A large number of these firms were concentrated in sectors that took off with the 1980s export orientation strategy, as well as other areas such as construction and service, which realised a growth potential due to the

developments in the domestic market. Located in new industrial growth centres in inner Anatolia, they were strongly concentrated in labour-intensive sectors. Although they became subcontracted manufacturers of large domestic groups and foreign capital, and developed strong direct (and indirect) transnational connections in the 1990s, these newly emerging capitals remained to be place-bound market forces to a large extent. Instead of targeting sectors that necessitate long-term and risky operations or skilled labour and high-tech investments, the majority of firms channeled their investment towards areas where cash flow is fast and secure, such as consumer durables, tourism, retail and construction.

Even the most advanced firms still have a production structure that is at least partly place-bound, because of the combination of inputs they require, even when the outputs are outward-oriented. The production process is locked into traditional fields of technology (low to middle technologies) and exports are positioned at the lower tiers of the global value-chain. Thus, the focus remains on low value-added and low wage segments of manufacturing rather than on product sophistication, R&D or innovation (Atiyas/Bakış 2013b). Such insights regarding the firm's technological sophistication suggest that these market actors lack the complexity and diversity of the knowledge base that can generate more value-added products, an essential ingredient for accelerating their catching-up process. Although some international investments and inter-firm alliances can be observed (Öztürk 2015), this did not change the composition of exports or the firms' market access capabilities to a large extent. The outward investments were directed mainly to the post-Soviet states, Eastern Europe and the MENA region, and production remained in basic goods sectors such as textiles, food and beverages. The cooperation with foreign firms did not include participating in knowledge intensive international networks or developing relations with more sophisticated suppliers with an intensive R&D base. Rather, investments tended to remain in areas where it could profit from direct subsidies, tax exemptions, protection and other state interventions. This suggests that 'Anatolian Tigers' have reached a level of maturity (Atiyas/Bakış 2013b), but further expansion in their accumulation base cannot continue unless the state actively implements suitable measures. The fate of Anatolian capital is still also strongly tied to the performance of domestic economy.

Given these considerations, besides big internationalised capital and some internationalising medium-sized capital groups which have rather smooth access to global markets, the core players in Turkey today includes most place-bound elements, including labour-intensive and low value-added segments of manufacturing, the self-employed and small retailers whose profits are boosted by domestic growth, other growth-dependent groups which profit directly from public bids and urban regeneration projects such as developers, construction interests, energy firms, the renters (property owners), and other private sector interests such as media holdings which benefit in tangential fashion from the increased demand for products and services induced by domestic growth.

This does not mean that differences in economic-corporate interests mechanically evolve into immediate fractional conflicts. Such a one-dimensional conflictual form of theorising would fail to diagnose the dynamism of the correlation of social forces, because each fraction is then analysed in isolation without being systematically related to the others and to the broader structural dynamics of accumulation. Thus, it would not be much help in advancing a theoretical understanding of the hierarchical division of labour at the national scale between the core sector and its peripheral sectors; the internationalizing capital groups require the sectors in which firms produce low value-added products on a subcontractual basis. Since capital-intensive sectors could not absorb the ever-growing labour force, low value-added and low wage sectors also ease the pressure on domestic unemployment by ‘siphoning-off’ the excessive work force. Under the threat of job loss, employment opportunities in such sectors have become an essential mechanism to contain social opposition and reactions against the inequalities and injustices engendered by neoliberal policies. Hence, one way to get away from bipolar schemes is to replace them by approaches which underpin the interdependence and interplay between different business interests, and to study shared interests, common programmes, and temporary alliances, so as to develop an understanding of how different groups make alliances and create coalitions to steer institutions or regulations in their favor.

### **3. Rethinking state-capital relations in the AKP period**

The AKP's hegemonic appeal not only articulated the economic demands of the petty-bourgeoisie to the interests of the newly emerging medium-sized businesses from Anatolia, but also forced big business circles from Western provinces to adopt a selective strategy that included strategic compromises to the newly growing medium-sized firms whose content nonetheless went beyond purely mechanical compromises, tactical alliances on a limited number of issues and/or settling of accounts among economic corporate interests. Instead, these compromises addressed a broad range of issues, including strategies for labour relations, competitiveness, socio-economic policies, economic development and so on. The AKP passed a record number of laws, such as the Public Administration Reform and welfare reform package (Law on Social Security and General Health Insurance). The content of these reforms not only satisfied individual economic-corporate interests of Turkish business groups, but also fit the neoliberal restructuring promoted by the IMF and WB. In fact, large business interests supported the institutional and parametric changes on the social security system, as the reform package aimed not only to reduce the employer's contribution to the system and to introduce private pension schemes, but also to reduce fiscal imbalances. Despite the expectations of large capital groups, the new welfare regime increased the public health expenditures (Eder 2010), yet did not undermine the conciliatory ground, as it enhanced the production and provision of public services through market actors and in market conditions. Likewise, the Public Administration Reform allowed both central and local governments to develop stakeholder relations with private persons, companies and NGOs.

Moreover, as Turkish exports have been positioned in relatively poor value-added branches, economic strategies oriented towards international competitiveness (in high-tech export markets), brought ever-more complex restructuring of various branches of the economy and re-articulation of different scales. These were profound changes, since they represented a policy shift away from a pure dependence on export orientation based on low labour costs. The restructuring concerned above all the role of the state in contributing to the conditions for the continued internationalisation of

accumulation: These factors involved providing not only the conditions for the flow of over-accumulated global (financial) capital into the domestic economy, but also the conditions for the profitable expansion of globally competitive Turkish capitals in regional-international markets. The AKP mediated this process through multiple strategies, including new regional development programmes and other forms of place-based competition strategies to fix globally mobile capital in the national economy, and to enhance the interurban, interregional and international competitiveness of place-bound capitals. A new incentive system was formulated to enhance the country's export capacity, to integrate domestic producers into supply chains with a broader domestic value added capacity, and to encourage the transfer of technology. The new regime divided Turkey into six zones on the bases of their development levels, and included incentives in the form of reduced corporate tax, social security premium contributions for employers, and interest support. Additional measures were devised to create clustering around strategic industries and to restructure free zones to benefit from global capital flows.

The policy framework that pleased all parts of Turkish capital was the assault on labour. As global competitiveness required relative surplus value production through technology investments and higher labour productivity, the responsiveness of the country's labour supply to these changes was critical. The new competitiveness agenda required up-skilling/re-skilling strategies, especially in high-technology sectors and regions (Aydın 2012; Ercan/Oğuz 2014). Changes in the education system, along with widespread vocational training and university-industry cooperation programmes, aimed to contribute to the preparedness of human resources and skills of the types and levels sought by such industries (Keskin-Demirer 2013). Despite all the efforts directed at increasing productive capacity for exports, the competitiveness in international markets however remained strongly dependent on the supply of cheap labour. Other arrangements then targeted the removal of 'institutional rigidities' in the labour market (severance pay, wage taxes and centrally determined minimum wage), and the introduction of widespread flexible work practices and non-standard forms of employment contracts (part-time, fixed-term contracts, temporary/on-call employment). Additionally, the strategies to shift global economic crisis effects into the future or onto marginal and vulnerable

segments led to the erosion of the position of wage-labour. Longer working hours without pay, delays in the payment of wages, forced retirement and resignation, followed by delays in severance pay, became common practice among employers (BSB 2015). Combined with high unemployment levels (especially among young, urban and educated workforce), such policies enabled capital to discipline labour and restrict wages.

Furthermore, consumer debt became a key instrument in both appropriating a significant part of the household income and keeping labour costs at a certain level. The issue of migration (both internal and external) was also well integrated in these policies, since migrants represent an important share of the workforce in labour-intensive and low cost sectors. The reduction in agricultural subsidies seriously cut small producers' incomes, which resulted in a flow of workforce from agriculture to services, manufacturing and construction, and pushed a greater part of the working population into the informal sector (BSB 2015). In sum, with policy changes towards privatisation and flexibility, both absolute and relative surplus value extraction intensified in the AKP period, with pertinent effects on both internationalising capital groups and place-bound market forces.

#### **4. The intensification of contradictions in the post-crisis period**

The internationalisation process created a whole series of new contradictions between firms, which have a strategy of international expansion, and those with a strategy of limited expansion within the national scale. The rivalries and conflicts persisted, but the prospects of stability and economic growth resulted in a temporary truce within the Turkish bourgeoisie. Nevertheless, an important source of pressure came from the growing complexity of the political economy of the time. Turkey faced the global turbulence with declining growth rates, increasing inflation and unemployment levels, deteriorating financial discipline and a growing current account deficit (Sönmez 2010). Contractions in export markets and a comparative disadvantage in exports of medium-high and high technology products escalated internal contradictions; consequently, exporters that could not compete with their East Asian counterparts shifted back to domestic markets.

The global crisis also made it more difficult for the AKP to specify an economic paradigm within which conflicts over competing interests could be negotiated and accumulation secured. The discrepancies in interests manifested themselves at different spheres, as seen in the competition for a preferable position in the international division of labour and for a dominant one in the domestic market, the competition for access to key financial and administrative control functions in the state ensemble, and the competition for the redistribution of total surplus value through formal (public credits) and informal (charities) systems of transfer.

Given the AKP government's limited ability to sustain accumulation and stave off economic crisis by means of exports and foreign credit, the state policies have begun to prioritise the domestic market through various measures such as consumer credits, mass housing projects, and large-scale public sector projects. The means through which the AKP authorities facilitated the accumulation process included various mechanisms: tax exemptions, selective enforcement of tax codes, credits issued through public banks, privatisation of natural monopolies, the allocation of large scale bids for public services at the national and local administrative level, public contracts for urban infrastructure investments, public-private partnerships in urban renewal projects, and the creation of new financial opportunities through community services outside the public sector, including private schools, universities, hospitals and NGOs.

While the AKP's preferential treatment of some bourgeois sections significantly altered the distribution of total surplus value, its attempts to change the state's institutional materiality so as to switch the relays and circuits of power to suit its own constituency's interests, led to a whole series of hegemonic dislocations in the power bloc. Although it is not possible to talk of pure fractional interests corresponding in a paradigmatic manner to different state apparatuses, alternative logics of different fractions manifested themselves during the policy debates, intensifying the conflicts over primary state apparatuses and mechanisms on which economic and social policy are determined. The AKP's counterattack did not denote a one-sided weakening of the powers of the existing state bureaucracy, but rather involved dual aspects of strengthening-weakening. The reorganisation aimed to control and to restrain the 'state capacities' embodied in specialised economic apparatuses (IRAs and others) by shifting the nodes

and focuses of real power towards other strategic points, such as the Prime Minister's office. At the same time, it lent such agencies a political character, as crystallised during the quarrel(s) over interest rates between the head of the Central Bank and AKP cadres.

Although the positioning and influence of the Islamic-conservative constituency in key state apparatuses facilitates the adoption of policies favourable to their interests, this should not lead us to fetishise those representational ties fixed at specific points and/or in specific personages. Otherwise, we would dismiss the fact that the state's institutional architecture permits different forms of representation and political coordination so that those forces for which the given state form is less accessible may still be successful in exerting influence to realise particular purposes or to control certain functional domains to their own advantage. Similarly, those forces for which the state form is more accessible may still be unsuccessful in exerting control over some institutions and apparatuses or exercising decisive power to realise their own purposes. The representatives of large conglomerates were not only actively involved in the preparation of strategic documents such as the Turkish Industrial Strategy Document and the National Employment Strategy Draft, but both documents also included important incentives for the global competitiveness of key sectors such as motor vehicles and machinery. Instead of a clear-cut hierarchical structuring of apparatuses, what we are actually dealing with is a fragmented structure, which crystallises different interests at different tiers of the state bureaucracy. These parallel power networks not only create complex interdependence among different branches/layers, but also blur the conventional public-private divide by creating new 'tangled hierarchies' across different bureaucracies and functional domains. The Coordination Council for the Improvement of the Investment Environment (YOIKK) illustrates an example of such forums, where different fractions of capital and policy makers meet and discuss common concerns (Cebeci 2012).

These above considerations suggest that fractions with different immediate interests always exist within the historic bloc, seeking their own power through various ways and mechanisms. Upon analysing the conjuncture with this supposition, we can rethink the disputes over the principal governance mechanism(s) deployed to compensate for market failures. Such key compensating modes of coordination not only represent the crys-

tallisation of different fractional interests, but also set the conditions for the revalorisation of capital accumulation. Large capital has always opted for an increased role of self-organising governance to correct both market and state failures (and perhaps a greater role in the exercise of meta-governance, given their orientation towards internationalisation). This required the destatisation of current state functions by transferring them to public-private partnerships and through the expansion of institutionalised negotiation systems. There has been a strong increase in big capital's efforts and activities aimed at building the necessary institutional capacity to implement and take advantage of the benefits of global trade and investment, and to institutionalise the interaction between supra-national authorities, international institutions and other global actors (TÜSİAD 2012, 2015). For the most part the demands of this fraction are organised around the issues and structures of economic and technical cooperation with third parties, the transfer of competition policies and regulatory standards into the national framework, and the inclusion of Turkey in bilateral and multi-lateral trade agreements.

In contrast, for place-bound market forces, the close allies who are also well located within a clientelistic network and a shadow hierarchy established by the party's leading cadre, direct state intervention became the primary mechanism to compensate for market failures. This capital fraction identify a strong interdependence between politics and markets in the domestic economy, and specifically favour the formation of coalitions of key interests groups in the creation and allocation of resources under their control. The use of both formal institutional (via trade associations) and informal networking relationships with state authorities has become a critical factor in the procurement of goods and services, the allocation of public bids and investments, the granting of permits and licenses or tax reductions and deferrals, the distribution of exports, and other incentive arrangements. The reliance on informal bargaining mechanisms provides escape routes for particular capitals in the short run, but it also greatly reduces their control over a longer timescale. The fundamental problem with such practices is that they create instabilities in the business environment, thereby rendering return on investments and profits uncertain and further investment planning impossible. Indeed, bankruptcy became a major regulatory force in such market forces.

## 5. Conclusion

One can argue that adverse global conditions and the increasing dependence on domestic consumption-led growth not only imposed profound constraints on the exercise of state power, but that the social impact of a slowdown also had broad implications for politics as the ‘art of the possible’. This issue is closely related with the political representatives’ increasing inability to exercise a balancing and arbitrating function between divergent interests. In so far as the AKP’s economic performance is concerned, the fundamental propositions underlying its economic policies are for the most part incoherent and contradictory. The shortening of policy development cycles, fast-tracking decisions, continuing policy experimentation, and relentless revision of rules and existing political routines both narrows the range of participants in the policy-making process and broadens the cleavages within the power bloc. The rift within the ‘Islamic bloc’ illustrates this well; The AKP declared an ‘open war’ against the ‘parallel state’ (a euphemism for the Gülen movement in the judiciary and police) for trying to bring down the government through the corruption probe. The government has not only purged several civil servants suspected of ties to the Gülen movement, but also utilised money as a tool to ‘discipline dissent’. The efforts to blame political and economic instabilities on other components of the power bloc, however, resulted in a drastic shift in the business alignment map. Since the state intervenes directly in the process of accumulation by taking over particular functions, and reorganises the actual process of value creation and valorisation in favor of place-bound capital groups, it also erodes, to a great extent, the relative autonomy of the state *vis-à-vis* particular capital fractions to a great extent.

Despite the efforts to defer or displace the crisis (thanks to those lucrative yet brief gains in the domestic market), the current economic and political atmosphere reached such an impasse that it became almost impossible to see the future clearly. While the post-crisis period prevented the AKP from formulating a viable accumulation strategy, or at least an ‘imagined recovery’, the escalating political instability since the Gezi protests in 2013, and recent developments in the Kurdish provinces and the Middle-East, have disrupted its crisis management routines. The raw coercive power wielded by the AKP rule against opposing groups undermines all

semblances of democratic governance. Coupled with the polarisation since the 2015 general elections, the economic and political climate at home and abroad not only destabilises the hegemonic discourses of the party, but also provokes the search for new strategies (including recovered ones) through the mediation of various social forces. While the question of whether this ‘search’ among key actors will lead to a relatively durable social compromise is yet to be proven, it nevertheless signifies the inability to ‘go on in the old way’ through short-term adjustments. Rejection of a compromise will reinforce the crisis of authority and may create a political climate that increases the chances of an alternative power bloc through its influence on opposing forces. Or, it will cause social stasis and may strengthen the AKP’s attempts to establish a new regime through force, fraud and manipulation. In the worst-case scenario, it may result in a radical solution, for good or ill. Therefore, the crisis has not been resolved but merely postponed to an unknown future.

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*ABSTRACT Dieser Artikel konzentriert sich auf den Prozess der Internationalisierung der Akkumulation und versucht, die vielfältigen Machtverhältnisse zwischen unterschiedlichen Kapitalgruppen in der Türkei aufzudecken. Der Internationalisierungsprozess erzeugte eine Reihe von neuen Widersprüchen zwischen jenen Kapitalfraktionen, die eine Strategie internationaler Expansion anstreben, und jenen, deren Strategie in begrenzter Expansion innerhalb des nationalen Rahmens liegt. Darüber hinaus erschwert dieser Prozess die Spezifikation eines wirtschaftlichen Paradigmas vonseiten der Regierungspartei AKP, innerhalb dessen Konflikte über widersprüchliche Interessen verhandelt und Akkumulation langfristig sichergestellt werden können. In diesem Artikel argumentiere ich daher, dass die aktuelle Struktur der türkischen Wirtschaft nicht nur ein Ausdruck der Suche global expandierender Kapitalien nach neuen Expansionsgebieten ist, sondern auch von deren Kampf um Herrschaft im eigenen Markt. Darüber hinaus argumentiere ich, dass dieser Kampf die Machtbeziehungen und innerstaatlichen wirtschaftspolitischen Konfliktlinien prägt, und zwar sowohl zwischen als auch innerhalb von Klassen.*

Evren Hoşgör  
Department of Business Administration,  
Istanbul Bilgi University  
ehosgor@bilgi.edu.tr