Turkey's State-Business Relations Revisited: Islamic Business Associations and Policymaking in the AKP era

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Table of Contents

Table of Figures

Abbreviations

AA	Anadolu Ajansı (Anatolia News Agency)
AK-DER	Ayrımcılığa Karşı Kadın Hakları Derneği (Association of Women's Rights Against Discrimination)
AKP	Adalet ve Kalkınma Partisi (Justice and Development Party)
ANAP	Anavatan Partisi (Motherland Party)
ANSIFED	Anadolu Sanayici ve İşadamları Federasyonu (Anatolia Federation of Industrialists and Businessmen)
AP	Adalet Partisi (Justice Party)
ASKON	Anadolu Arslanları İşadamları Derneği (Anatolian Lions Business Association)
ASO	Ankara Sanayi Odası (Ankara Chamber of Industry)
BİK	Basın İlan Konseyi (Press Advertising Council)
CA	Rekabet Kurumu (Competition Authority)
CEEC	Central and Eastern European countries
CHA	Cihan Haber Ajansı (Cihan News Agency)
CHP	Cumhuriyet Halk Partisi (Republican People's Party)
CUP	İttihat ve Terakki Cemiyeti (Committee of Union and Progress)
DGM	Devlet Güvenlik Mahkemesi (State Security Court)
DİB	Diyanet İşleri Başkanlığı (Directorate of Religious Affairs)
DIBS	Devlet İçi Borçlanma Senetleri (Government Debt Securities)
DİSK	Devrimci İşçi Sendikaları Konfederasyonu (Confederation of Progressive Trade Unions)
DÖİK	Sanayinin Rekabet Gücünün Geliştirilmesi Daimi Özel İhtisas Komisyonu (Permanent Special Commission to Develop Competitiveness of Turkey's Industry)
DP	Demokrat Parti (Democrat Party)
DYP	Doğru Yol Partisi (True Path Party)
EC	European Commission
EGM	Emniyet Genel Müdürlüğü (Security General Directorate of Turkey)
EMEP	Emek Partisi (Party of Labor)
EU	European Union
GAPGIAD	Gaziantep Girişimci İşadamları Derneği (Gaziantep Association of Entrepreneurial Businessmen)
GYV	Gazeteciler ve Yazarlar Vakfı (Journalists and Writers Foundation)

HAK-İŞ	Hak İşçi Sendikaları Konfederasyonu (The Rights Confederation of Workers Unions)
HBA	Horizontal business association
İHAD	İnsan Hakları Araştırmaları Derneği (Human Rights Research Association)
İHH	İnsan Hak ve Hürriyetleri İnsani Yardım Vakfı (The Foundation for Human Rights and Freedoms and Humanitarian Relief)
IMF	International Monetary Fund
İP	İşçi Partisi (Workers' Party)
IRA	Independent regulatory agency
ISO	İstanbul Sanayi Odası (Istanbul Chamber of Industry)
ITO	İstanbul Ticaret Odası (Istanbul Chamber of Trade)
IWE	Islamic work ethic
JEC	Joint Economic Commission
JİTEM	Jandarma İstihbarat ve Terörle Mücadele (Gendarmerie Intelligence and Anti-Terrorism Service)
KAYSO	Kayseri Sanayi Odası (Kayseri Chamber of Industry)
KESK	Kamu Emekçileri Sendikaları Konfederasyonu (Confederation of Public Sector Employee Unions)
KOSGEB	T.C. Küçük ve Orta Ölçekli İşletmeleri Geliştirme ve Destekleme İdaresi Başkanlığı (Republic of Turkey Small and Medium Enterprises Development Organization)
MASK	Milli Askeri Stratejik Konsept (National Military Strategic Concept)
MEMUR-SEN	Memur Sendikaları Konfederation (The Confederation of Public Service Employees Unions)
MGK	Milli Güvenlik Kurulu (National Security Council)
MİT	Milli İstihbarat Teşkilatı (National Intelligence Service)
MSP	Milli Selamet Partisi (National Salvation Party)
MUSIAD	Müstakil Sanayiciler ve İşadamları Derneği (Independent Industrialists' and Businessmen Association)
OYAK	Ordu Yardımlaşma Kurumu (Armed Forces Pensions Fund)
PKK	Partiya Karkeren Kurdistan (Kurdistan Workers Party)
PPP	Public-private partnerships
PWE	Protestant work ethic
RATEM	Radyo Televizyon Yayıncıları Meslek Birliği (Professional Union of Broadcasting Organisations)
RD	Reklamverenler Derneği (Association of Advertisers)

RP	Refah Partisi (Welfare Party)
RTÜK	Radyo ve Televizyon Üst Kurulu (Radio and Television Supreme Council)
SADER	Savunma Sanayicileri Derneği (Defense Industrialists' Association)
SASAD	Savunma ve Havacılık Sanayii İmalatçıları Derneği (Defence and Aerospace Industries Manufacturers' Association)
SME	Small-to-medium sized enterprises
SSM	Savunma Sanayii Müsteşarlığı (Undersecretariat of Defence Industry)
TA	Telecommunications Authority
TAF	Türk Silahlı Kuvvetleri (Turkish Armed Forces)
TEPAV	Türkiye Ekonomi Politikaları Araştırma Vakfı (Economic Policy Research Foundation of Turkey)
TESEV	Türkiye Ekonomik ve Sosyal Etüdler Vakfı (Turkish Economic and Social Studies Foundation)
TESK	Türkiye Esnaf ve Sanatkarları Konfederasyonu (Confederation of Craftsmen and Artisans of Turkey)
TGNA	Turkish Grand National Assembly (Türkiye Büyük Millet Meclisi)
TİM	Türkiye İhracatçılar Meclisi (Turkish Exporters' Assembly)
TİSK	Türkiye İşverenler Sendikası (Turkish Employers Union)
TKP	Türkiye Komünist Partisi (Turkish Communisty Party)
TLP	Turkish Labor Party
TMSF	Tasarruf Mevduatı Sigorta Fonu (Savings Deposit Insurance Fund)
TOBB	Türkiye Odalar ve Borsalar Birliği (Union of Chambers and Commodity Exchanges of Turkey)
TRT	Türkiye Radyo Televizyon Kurumu (Turkish Radio and Broadcasting Authority)
TSKGV	Türk Silahlı Kuvvetleri Güçlendirme Vakfı (Turkish Armed Forces Foundation)
TTAŞ	Türk Telekom AŞ (Turkish Telecom Co.)
TÜBİTAK	Türkiye Bilimsel ve Teknolojik Araştırmalar Kurumu (Turkish Scientific and Technological Research Institution)
TUMSIAD	Tüm Sanayici ve İşadamları Derneği (Association for All Industrialists and Businessmen)
TÜRK-İŞ	Türkiye İşçi Sendikaları Konfederasyonu (Confederation of Turkish Trade Unions)
TÜRKİYE KAMUSEN	Türkiye Kamu Çalışanları Sendikaları Konfederasyonu (Confederation of Turkish Public Sector Employee Unions)

TÜRKONFED	Türk Girişim ve İş Dünyası Konfederasyonu (Turkish Enterprise and Business Confederation)
TUSIAD	Türk Sanayicileri ve İşadamları Derneği (Turkish Industry and Business Association)
TUSKON	Türkiye İşadamları ve Sanayiciler Konfederasyonu (Turkish Confederation of Businessmen and Industrialists)
TVYD	Televizyon Yayıncıları Derneği (Television Broadcasters Association)
WB	World Bank
WTO	World Trade Organization
YDK	Yatırım Danışma Konseyi (Investment Advisory Council)
YOİKK	Yatırım Ortamını İyileştime Koordinasyon Kurulu (Coordination Council for the Improvement of the Investment Environment in Turkey)

Abstract

Thirty years after the bloodiest coup in its modern history, Turkey is now a democratizing country with a liberal market and a blooming civil society. This transformation is attributed to the democratic potential and deeds of Turkey's Islamic bourgeoisie, which has been an ardent supporter of the internationally monitored program of market liberalization and the EU integration/reform process since the 1990s. Muslim businesses' curious relationship with the secular Turkish state and traditional business elites presents a compelling case for interest group theory. This dissertation evaluates the interest group theories' propositions on policy-based interaction between state institutions and business interest groups to conclude that in most countries, hybrid models emerge, bringing together elements of pluralism and corporatism. The dissertation discusses the evolution and application in Turkey of interest group theories – particularly corporatism, clientelism and pluralism – and identifies the secular and Islamic business communities in Turkey to assess Islamic business associations' economic and political influence on AKP era policies and business-state relations.

The research offers two conclusions: Turkey's Islamic business associations are able to access AKP government's economic and social policymaking via traditional and new corporatist structures and to enjoy a close working relationship with the government and the state institutions. Their enhanced policy influence is as much a result of the moral, sociocultural and religious alignment between their members, Turkey's Muslim conservative capitalists, and the AKP leadership as a consequence of the professionalism and organizational capacity of Islamic business associations. The prevalence of Muslim conservative actors in Turkey's society, culture, politics and economy, as observed via Islamic business associations in this dissertation, do not pose a clear and imminent threat to the secular and democratic foundations of the Turkish Republic because Muslim conservative businessmen are pragmatists, who recognize and respond to domestic *and* transnational social, economic and political dynamics. Also, their religious affiliation is exaggerated to the extent that their Muslimness became a red herring, diverting the attention of spectators and analysts from the real problem with Turkey's democratization and marketization process: the failures in the practice and implementation of the essential legal/institutional reforms that would bring about a plural, transparent and accountable policymaking environment.

Turkey's State-Business Relations Revisited

Islamic Business Associations and Policymaking in the AKP era

Chapter 1: Introduction

An off white French colonial building in Istanbul's Pera neighbourhood is home to the Turkish Industry and Business Association, TUSIAD. Across the street from TUSIAD lies a long stretch of Western-styled cafes, restaurants and hotels offering the city's most spectacular views from their rooftop cocktail bars. Pera is quintessentially European-chic and multicultural, and TUSIAD's choice of this particular location for its headquarters reflects the cultural, ideological and social positioning of Turkey's most established voluntary business association. A five-minute walk from the pristine and lofty headquarters of the Justice and Development Party (Adalet ve Kalkınma Partisi, AKP) on the banks of the Golden Horn takes one to the doorstep of the Independent Industrialists' and Businessmen Association, MUSIAD. Overlooking the old town, the MUSIAD headquarters blends effortlessly into the beige, post-soviet façades of the rest of the Golden Horn real estate. A chaotic, booming metropolis of fourteen million, Istanbul domiciles Turkey's two leading business associations, which are often represented as the exact opposites of one another. Mirroring the differences in the Istanbul neighbourhoods in which they are based, TUSIAD is considered to be a beacon of modernity, global capitalism and the tenacity of Turkey's Republican secular elite to hold onto power whereas MUSIAD is thought to belong to Turkey's provincial heartland, Anatolia, and to represent the business prowess of Anatolian capitalists and the political cunning of its neighbour on the Golden Horn, the AKP.

The diversification of Turkey's business community in conjunction with global and domestic political, economic and social dynamics has often been captured in the obvious dichotomy between TUSIAD and MUSIAD. Business-state relations in the twenty-first century in Turkey is as much about diversification and change, epitomized in the transfer of wealth and power from an established, West centric, urban elite to an emergent, devout and conservative bourgeoisie, as it is about continuity reflected in the

survival of certain traditions and structures of business-state relations. Change is best captured by the mind-blowing pace with which new generation peak-level business associations, TUSKON and TIM, have raised their socioeconomic and political profiles; whereas continuity is conveyed in the survival strategies and paths of long-standing business community organizations, TOBB, TISK and TUSIAD. This dissertation refers to interest group theories to examine business-state relations in Turkey from 1999 to 2012 – a period defined by the country's adaptation to the accession protocols of the European Union and responses to turbulent events in the region and around the globe. Attempting to move beyond the mainstream academic and popular observations of two distinct and separate camps of "secularists" and "Islamists" in contemporary Turkey, this dissertation concentrates on the corporatist and pluralist elements in the structures of policy bargaining/interest mediation to formulate conclusions on how and whether business-state relations changed in Turkey.

This first chapter introduces the four themes that flow through this dissertation: Locating business interest groups in the state-business-society spectrum and within the broader themes of civil society and democratization; discussing the evolution and application in Turkey of interest group theories – particularly corporatism, clientelism and pluralism; identifying the secular and Islamic business communities in Turkey; and assessing Islamic business associations' economic and political influence on AKP era policies and business-state relations. Furthermore, it describes the key research parameters and methodology and makes the case for why this particular inquiry on business-state relations in modern-day Turkey is significant and timely. Finally, the chapter provides a roadmap for the reader to navigate through the body of the dissertation.

Why revisit interest group theories?

A strong regional player in the intersection of Europe and the Middle East, Turkey experiences a mind-blowing social, political, economic and systemic transformation. One key dimension to Turkey's great leap forward is business and the way in which business communities altered their internal organization, competition and outreach to the state and transnational actors. Prompted by an Islamic civilizing mission and a collection of capitalist incentives, Turkey's devout Muslim business families achieved a steep rise in their social status and international recognition as 'Anatolian Tigers'. The most direct route to a deeper understanding of the values, morals,

expectations of Turkey's Islamic bourgeoisie and to a substantial study of their dealings with the Turkish state and other social and transnational actors is through the new and highly-acclaimed associations that represent their lucrative businesses. Although extensive research has been carried out on the relationship between democracy, Europeanization and voluntary business associations in Turkey, no single study exists which traces the elements of corporatism and clientelism in present-day, arguably pluralizing business-state relations. Recent academic scholarship on the Islamic bourgeoisie in Turkey focuses on the themes of state-building and democratic consolidation and social class transformation; however, these themes fail to address the changes in Turkey's policymaking structures.

Theories of interest group politics establish meaningful connections between interest groups - specifically business associations, chambers and peak associations – and state and society actors. By maintaining the primary focus of academic inquiry on the interest group and the individuals that are assembled by a shared interest, interest group theories look to the broader social, economic and political context within which the representation of interests does and ought to occur. Dahl (1971) in his classical work on participation and pluralism explained that collective action is best nurtured in pluralist environments. Streeck and Schmitter (1985) argued that Western European corporatism has hampered the development of independent associations and the process of collective interest-mediation. Ranging from systems with state-serving structures, i.e. Central and Eastern Europe (Traxler, 1993), Eastern Asia (Dore, 1997; Unger and Chan,) to pluralist and representative systems in the United States and arguably in Western Europe, collective engagement in policy making has been observed through associational mobility and independence. Democratization is coined with civil society in the extensive literature on Latin American and post-communist transitions in Central and Eastern Europe and Central Asia. Lindau (1998) and Samstad (2002) equate feasibility of democratic institutions in Latin America with the emancipation and proliferation of non-corporatist civic associations. In the case of Turkey, the state, the media, politicians and relevant legislation treat business associations as 'civil society actors', therefore, this dissertation builds the connection between civil society and a business interest group is formed by way of interest group theories. Specifically, plural policymaking mechanisms assist the development of a vibrant civil society and a vibrant civil society demands pluralism in national and international policymaking.

Furthermore, market liberalism and pluralism in policymaking go hand in hand because the dynamism and the challenges of a global marketplace are best captured in plural structures. Business networks have the ability to foster populism and patronage ties in centralized, hierarchical and rigid structures whereas the competition posed by multiple actors in plural systems keep public and private actors, including big business in check. Finally, Islamisation and the surge of conservatism are easily detected in the transformation of business-state relations in Turkey and in some other Muslim countries. Business-state relations provide a useful template to observe the possible impact that Islam has over both sides of the relationship and the mechanisms that facilitate the business-state relationship.

Why study Turkey's business associations?

Turkey's voluntary business associations and state corporatist, peak-level associations matter because they monopolize the representation of the interests, convictions and policy agendas of their member businesses, the sectors or industries they serve, and the communities and shareholders they affect. Business associations, chambers, vocational unions, and peak-level associations are significant actors in corporatist systems, such as Turkey, because state institutions, policymaking structures and government officials recognize and engage with these registered and official organizations, almost exclusively.

This research does not presuppose that organized interest groups and civic associations, representing businesses, are the only channels of interaction between the secular business elite, the Islamic business elite and the state. Moreover, this dissertation refrains from treating Turkey's thousands of business associations as rational actors that are abstracted from the geographical, sociocultural and economic context in which they operate. However, voluntary associations are especially crucial to understand the evolution of pluralism in policymaking in a democratizing regime like Turkey's because voluntary associations, unlike private or semi-public entities, represent collective business interests independently. Voluntary business associations in Turkey implicitly *and* explicitly communicate their affiliation with a particular ideology, faith, sect or ethnicity. Free market liberalism and fundamentalism often merge in the ideological composition of these establishments but their administration and their projects do not reflect partisan behaviour. Rather, most associations exist and

act to obtain profitability and sustained capital gains for the small to medium-sized businesses they represent.

The institutionalization of voluntary business associations in Turkey is domestically and internationally motivated. Turkey's capitalists acquired access to international markets with the onset of market liberalization after the 1980s and used their access to accrue more bargaining power. Subsequently, they push for a broader democratization agenda and more pluralism in policy bargaining because they increasingly depend on their member businesses, domestic and international communities and the favourable public opinion to ensure legitimacy and to secure physical and material resources.

> As capital accumulation reaches a certain threshold and business becomes internationally competitive, it becomes less dependent on state resources in a more open and liberal environment where direct access to international finance is possible through borrowing from international banks or by entering into strategic partnerships with transnational corporations. Consequently, reduced economic dependence on the state creates pressure for greater democratization, which is synonymous with a project of reducing the size of the state and hence putting an end to the political terms of the dependence relationship. [1]

So, instead of seeking formal acceptance from the state, Turkey's secular Republican business community presented itself as a progressive force in Turkey's civil society. Devrim Yavuz[2] argued that it is the strong association that compels the entrepreneur to stay committed to democracy even to point of risking carefully guarded ties with the state. While Yavuz underlined the almost irresistibility of democracy promotion by Turkey's prominent voluntary business associations, Öniş and Türem suggested that business' calls for democratization were functional:

> It is true that the business associations are not genuinely interested in democracy as an end in itself, however the presence of a 'strong' and centralized state, with a continued ability to distribute certain economic resources and political patronage, prevents these associations from acting in harmony and unity to be able to push in the direction of democracy, because this would tend to undermine the current political system and therefore risk the possible benefits that can be generated from the state. [3]

Öniş and Türem's depiction of a business community displaying a balancing act with the state elite across the associational landscape is convincing for many reasons. First of all, for those businesspeople, who afforded to lose credibility and favours with

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[1] Önis, Z. and Türem, U. (2001) 'Business, Globalization and Democracy: A Comparative Analysis of Turkish Business Associations', *Turkish Studies*, 2: 2, 94 — 120
[2] Devrim Yavuz (2010) 'Testing Large Business's Commitment to Democracy: Business Organizations and the Secular–Muslim Conflict in Turkey', *Government and Opposition*, 45(1), 73-92.
[3] Ibid. Öniş and Türem, p.112.

the state also tended to alternate or forego their attachment to business organizations – voluntary and corporatist. For instance, Devrim Yavuz argued that a minority of TÜSİAD members, particularly Cem Boyner, Bülent Eczacıbaşı, İshak Alaton and İbrahim Betil, broached traditionally controversial and difficult themes, such as the Kurdish Question, desecuritization and social, cultural and human rights. Those figures did not confine their outreach and advocacy to their positions in TUSIAD; they established/supported political parties or movements, i.e. the New Democracy Movement (*Yeni Demokrasi Hareketi*, YDH), and think tanks and NGOs to alternate the mechanisms through which they would lobby for democratization. The same may be said of top leadership of state corporatist structures. The post of TOBB Chairman is a steppingstone to ministerial or other high posts in the government, as the careers of former TOBB presidents such as Necmettin Erbakan, Ersin Faralyalı, Ali Coşkun, Yalım Erez and Fuat Miras demonstrate. Yet, these former TOBB chairs carefully calibrated their politics to avoid confronting the state directly and jeopardizing the business interests they are bound to represent, during their tenure at TOBB.[4]

A third interpretation of business-state relations in Turkey offers a pessimistic take on pluralism in the interest mediation landscape and the prospects of democratic consolidation in Turkey, achieved through the democratic zeal of business associations. Ahmet İnsel and Ümit Kıvanç base their understanding of Turkish state's self-conceptualization on the document, 'the Concept and Extent of the State', prepared and publicly shared in 1990 by National Security Council (*Milli Güvenlik Kurulu*, MGK) – a corporatist institution. The core argument on the MGK document was that the state was constant, or in other words, the independent variable, in the relationship between the state, institutions and society. Therefore, all institutions and all social actors and Turkey's society depended on the state and belonged to the state.[5] This assertion was adapted to the realm of business-state relations by scholars such as Ayşe Buğra, Ziya Öniş, and Erinç Yeldan who demonstrated the ways in which an established business elite glorified and complemented Turkish state. Furthermore, businesspeople, personally or through associations they established, partook in designing and executing national security strategies. They too resorted to criminal methods occasionally. Yet, more often,

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[4] Fikri Türkel (2009) 'TOBB Niye Hedef Tahtasında (Why is TOBB Being Targeted?)' *Taraf*, 01/09/2010, http://www.taraf.com.tr/fikri-turkel/makale-tobb-niye-hedef-tahtasinda.htm
[5] Ahmet İnsel and Ümit Kıvanç (2008) *Ergenekon'a Gelmeden… Türkiye'de Devlet Zihniyeti*, İstanbul: Birikim.

businesspeople expressed their reservations against entering into politics in Turkey.[6] They sought to avoid imprisonment or death at the hands of Turkey's legitimate and underground security forces and instead performed a supporting role in maintaining the secular order. This line of argument, made by the likes of Ayşe Buğra, Ahmet İnsel and Erinç Yeldan, concludes that despite their best efforts, the secular business community and the (deep) state elite failed to reserve all avenues to policymaking and interest mediation and all agencies of social control for the members of their group/coalition.

Certainly, however, liberalization and marketization incentivized voluntary business associations and state corporatist organizations, which were programmed to maintain the status quo in business-state relations, i.e. TOBB, TİSK (private and public employers confederation) and KESK (public servants confederation), to reconfigure their institutional identity over the course of 1990s and after the EU accession agenda intensified democratic and liberal reforms. For instance, TOBB's 'Southeastern Turkey Report', which proposed to expand economic opportunities and grant cultural and social rights to Turkey's Kurds, was a clear challenge to the state-sponsored policy of responding to the Kurdish Question militarily because TOBB proposed instead a democratic solution to resolve the conflict.[7] Though the democratic credentials of their proposal were disputable, TOBB nevertheless articulated a counter-establishment position. Evidently, business interest groups were able to swing between corporatist and pluralist positions and adopt varying agendas.

Voluntary business associations mimicked involuntary and state corporatist structures in their organization and internal management. Business associations were formed according to sector, industry or region (city or district in Turkey). SIAD is a term used to describe industrialist and businessmen associations in Turkey. SIADs in Turkey have individuals or companies as members and are located above members in a hierarchy of organizations representing business interests. Most organized forms of interest representation in Turkey's business environment are either institutionally or ideologically aligned with TUSIAD. TUSIAD, founded in 1971 by a group of Turkey's leading industrialists and businessmen, is the largest independent business organisation in Turkey with close to 600 members representing close to 3500 highest revenue-

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[6] Ayşe Buğra (1994) State and Business in modern Turkey: a comparative study, New York: SUNY Press
[7] Andrew Gamble, et.al (eds) (2007) *Labour, the State, Social Movements, and the Challenge of Neoliberal Globalization*, Manchester: Manchester University Press.

generating businesses.[8] TUSIAD is the umbrella association for smaller, district-level businessmen and industrialists associations, SIADs. TUSIAD's organizational structure, which includes member associations, committees and subcommittees that are vertically aligned, to the lack of a democratic tradition in electing the president and committee members, renders this landmark voluntary association a derivate of traditional state corporatist confederations, such as TOBB. TUSIAD's commitment to pluralism and its adherence to the democratic principles it purports were therefore found questionable.[9]

Centralized and powerful voluntary associations are not the only players in the pluralizing associational landscape in Turkey. Local chambers of commerce and industry and local voluntary associations are influential players too and their positions determined the ability of peak confederations or Istanbul-based business associations to accrue legitimacy and to strengthen their policy positions. Local chambers and associations served primarily as places of socialisation for their members and for the larger part of the history of the Republic, local businesses tapped into solidarity networks built around these chambers to finance and support their business. Where state corporatist arrangements failed to respond to the needs of or excluded certain groups of businesspeople on the basis of their values and familial or confessional ties, provincial capitalists created alternatives mechanisms to establish pressure/interest groups. Business solidarity networks based on tradition, family values, and faith supplanted the state in providing safety nets, credits and business opportunities to local businesses.[10] Although the 'Islamic' character of the members of local business associations and their informality have constantly been scrutinised and criticised by the secular establishment in Turkish state and business sphere, local businesses never suffered from a lack of interest from small investors.[11] Ultimately, the exclusion from state corporatist arrangements encouraged local businesses to coalesce around alternative associations.

The debate in Turkey about business associations – or perhaps the broader debate about the security and survival of the Turkish Republic – revolves around issues of identity, culture and social class. In other words, business associations are attached

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[8] 'TUSIAD by numbers' (2013), TUSIAD, Online. Accessed 11 September 2013, www.tusiad.org/tusiad/tusiad-by-numbers/

[9] Ziya Öniş and Umut Türem (2002) 'Entrepreneurs, Democracy, and Citizenship in Turkey', *Comparative Politics*, 34(4), pp. 439-456.

[10] Ozcan, G. B. (1995) 'Small Business Networks and Local Ties in Turkey', *Entrepreneurship and Local Development*, 7(1995), 265-282. (p.279)

[11] Özcan G. B. and Murat Çokgezen (2006) 'Trusted Markets: The Exchanges of Islamic Companies', *Comparative Economic Studies*, 48(2006), 132-155.

certain labels, such as 'Islamic', 'conservative', 'modern', 'independent' and 'young', that are either endorsed or rejected by their bearers and these labels define not only the economic, social or financial policy positions of associations but also their memberships' values, lifestyle choices and personalities. More pronounced are those labels or categories associated with businesspeople, who are openly pious and practicing Muslims. This dissertation asks whether the label 'Islamic' is a meaningful qualifier to define a group of devout practising Muslim businesspeople, assembled under the umbrella of a business organization or confederation to lobby for their collective interest. Islamic business associations and Islamic corporatism are valid terms to refer to business groups and policymaking structures in other Muslim majority countries. For instance in Egypt, the Muslim Brotherhood earned support of the civil society by winning over small and large business associations, which were once considered secular and liberal. The young, educated professionals enrolled in Egypt's business associations responded to the Brotherhood's message of social equality and power primarily because they were economically disenfranchised and politically marginalized by their state (Walsh, 2003: 33). Across the Middle East, periods of openness and privatization as part of efforts to join the global market produced urbanizing middle classes. However, inconsistent development, high inflation teamed with high unemployment caused economic imbalances in these economies of transition, most of which were not buffered against global economic shocks. Clark (2000) and Wickham (1997) have observed that nascent middle classes and poverty-stricken lower classes in Egypt feel a combined sense of frustration and anger towards the state. Similar dynamics exist in Turkey where some religious and conservative sections of the post-1980s bourgeoisie feel disenfranchised and abandoned by the state.

The political Islamist Welfare Party (RP) highlighted the collective grievances of the conservative middle classes in central and peripheral Turkey as part of a successful campaign that earned the RP substantial seats in the Turkish Grand National Assembly and the ability to form a coalition government in 1994. Subsequently, MUSIAD was founded to represent the interests of the emerging companies and business of conservative businessmen from central and peripheral Turkey. MUSIAD and other peripheral business organizations financed and supported politically the post-1980 surge of religious conservatism in Turkey, which culminated in the decade-long rule of the AKP in the 2000s. MUSIAD quickly transformed into a key actor in policy-making and a powerhouse for Turkey's booming economy, thanks to its members from

emerging agro-businesses and industrial capitalists of Central Turkey. It became a symbol of the transfer of decision making power from one group of capitalists, the so-called white Turks, to another, identified as 'green' capital owners for their conservative Islamic identity.

MUSIAD's policy agendas and communication with its membership and the Turkish governments were closely scrutinized as the microcosm of the larger struggle between the secular establishment and the emergent Islamic elite. TUSIAD faced its direst democratic challenger during the late 1990s in its response to MUSIAD and to the advent of alternative capitalists in general. And it is a challenge that TUSIAD of the 1990s failed.[12] TUSIAD and other voluntary business associations preached democratic values when doing so was functional and pragmatic. Other times, they remained either non-responsive or reactionary to democratization of the associational landscape.[13] Throughout the two decades of their existence, voluntary associations remained faithful to their particular relationship with the state and to their institutional ties to state corporatism. All the while, they cherished and protected their status as higher ranking, culturally superior, elitist capitalists.

Subsequently, the emerging peripheral bourgeoisie, whose capitalist interests are represented by MUSIAD, TUSKON federations, TUMSIAD, ASKON and others, aligned with a new generation of political Islam, developed and promoted by the AKP. The AKP brand of political Islam responded to the demands and expectations of a nascent Muslim capitalist community, whose members esteem status quo, conserving national and family values, and the unity and strength of the Turkish state. Unlike Muslim conservative human rights activists, journalists, politicians and political activists of the Islamic right wing parties, Muslim conservative landowning and trading families of Anatolia have not been abused and assaulted by the state and public institutions. While the former developed a narrative that highlights the stigma towards practicing Muslims by a secular and authoritarian Republic, the latter employed a discourse of solidarity, nonpartisan to the secular authoritarian state and preoccupied with accruing wealth and status in Turkey.

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[12] Cihan Tuğal (2002) 'Islamism in Turkey: Beyond Instrument and Meaning', *Economy and Society*, 31(1), pp. 85-111.

[13] Asım Kocabıyık, İshak Alaton and Can Paker have on separate occasions condemned TUSIAD for its refusal to sharpen its democratic credentials as Turkey's leading business association. The condemnation was directed against the majority of TUSIAD's members, big businesses and capitalists that were too reluctant or scared to assume democratic positions against authoritarian governments.

Why focus on business-state relations in present-day Turkey?

Observing business-state relations in Turkey in the 2000s reveals whether countries in the process of building free, liberal markets also nurture associations, which represent democratic minded, competitive and liberal individuals, to influence policy through direct and legitimate channels or whether a polity's commitment to market liberalization does not yield a plural, representative and democratic policymaking landscape. In other words, the story of policy bargaining through associations in Turkey tells a tale of the concentration and transfer of power in a policy environment composed of business and civil society actors, politicians and public servants during democratic and market transition.

Moreover, business-state relations in contemporary Turkey speak to Turkey's society and the international community, seeking answers to questions about the Turkish Republican and secular regime's stability and continuity. Turkey's political, academic and cultural establishment, secular and Ataturkist citizens, non-Muslim communities and a minority of public servants hold deep-seated social anxieties about the imminent death of the Turkish Republic and their worries may partially be explained by a failure to fully grasp Turkey's socio-political transformation. Are the methods of communication, outreach and interest mediation used by the marginalized or vernacular civic associations learned? Have the owners and employees of peripheral small and medium-sized businesses in Anatolia changed their conceptions on piety, social values and gender as they became exposed to international markets collectively through business associations? Have, for instance, European Union accession talks in Turkey 'liberated' conservative businessmen to the extent that they are able to abandon custom or question their allegiance to Islam for profitable ventures with counterparts in Europe? Have their extra-communication and/or inter-communication shifted from radical to more liberal? Though the state hardly retreated from the public sphere in Turkey, is the Turkish state no longer the only point of reference for Anatolia's nascent bourgeoisie or is the established political elite no longer the single gateway to power? Addressing the questions above is central to analysing and forecasting the future trends in political Islam in Turkey and in the Middle East.

The perception of a divide between believers and non-believers is exaggerated and there is not convincing scientific evidence to testify that Turkey's social problems, including on-going inter-communal violence, are the result of a primordial split across faiths or sects, alone. The fieldwork of this dissertation proves that devout Muslim

citizens and non-believers or secular/non-practicing Muslims in Turkey are not entangled in an on-going conflict over piety, with potentially terrorizing consequences. Efforts to nullify secular Turks fears about the imminence of an Islamist threat mask the sentiments of devout Muslims towards the existence of the overarching "Muslim" label and the class implications that their piety has. Secular or non-practicing Muslims surround Muslim men and women, who may be members of their immediate or extended family, neighbours, colleagues, etc. Often, devout and practicing Muslims feel as judged and stigmatized by secular citizens, including family members and loved ones, as secular citizens feel ill treated by pious Muslim citizens. Social mobility of provincial and urban pious Muslim families brought them closer to urban, secular Turks who were dismayed and disappointed by the apparent failure of the secular authoritarianism of the Republic to either eliminate piety or to confine the pious to low-ranking classes. Social mobility of pious Muslims also has consequences that offend other devout Muslims, such as a fieldwork respondent from Ankara who curses the sight of a headscarved woman driving an expensive jeep. Another piece of evidence from my fieldwork shows how headscarved women professionals and their spouses complained that business associations, which represent practicing Muslim business owners, did not admit as members headscarved women entrepreneurs and business owners. However, at the same time, they rose to the defence of MUSIAD and similar business interest groups when asked to comment on the aftermath of the 28 February 1997 soft coup experience and the subsequent process of democratization in Turkey. In short, Islam and Islamic practices are only a fraction of a larger social, cultural and economic debate on identities in Turkey and the complexities of Turkey's wrangling with the Turkish identity reflect through the prism of business-state relations, too.

I have been raised by my secular, Republican family to admire and parrot Western notions and practices of modernity. I was taught to regard the differences between Turkey and the West as failures of the former. I, therefore, accepted and cheered the stereotypical identity of a 'white Turk' and the privileges and protections granted by the (supposedly) consensual democratic regime, the Republic's robust and independent democratic institutions, its flawless model of assimilation and dialogue. Sheltered by the selective coverage of a state-serving media, indoctrinated by the outright propaganda of the nationalist education system, and lectured by family members who have for generations been exposed to revolutionary European literature

and been fervent supporters of the revolution, I did not or could not question the compatibility of the fantasy of the Turkish state (Yashin, 2003) with the reality.

Globalization and openness challenged my understanding and opinion of the relationships along the state-market-society axis. Furthermore, I have always been fascinated by the strength and motivation of business associations to represent the commercial and political interests of their members. Turkey's business lobbies were undoubtedly the strongest and most efficient of all civil society organizations in interest mediation and policy-making, I thought. While analysing China's transition from a revolutionary and overtly dogmatic society to a market-driven and opportunistic one by observing Chinese and foreign businessmen associations' role in influencing policy for a master's thesis at the LSE, I detected several parallels between Turkey and China. Consequently, I concluded that business associations continue to be solid reference points to observe and understand the transformation of authoritarian states, liberalizing markets and democratization societies.

Throughout the research and writing phases of this dissertation, I worked for organizations that had and continue to have a very significant influence on and access to the AKP leadership and a handful of ministries. One such employer, TESEV, granted me the opportunity to design, carry out and channel into this dissertation the results of the policy research I coordinated on Islam, democracy, women's rights, security sector reform and the Kurdish Question in Turkey. TESEV was established in late 1960s by a group of businessmen, enticed by Nejat Eczacıbaşı of the Eczacıbaşı Group to finance academic and policy research. Registered as a foundation in mid 1990s, TESEV changed over decades from an ivory tower, modern and decisively secular organization into a liberal think tank. Whereas in the 1990s, the think tank domiciled former diplomats attached to a Republican Foreign Service tradition, and businesspeople who firmly believed in the need to educate and modernize the masses in Turkey, in the 2000s TESEV was financed by a variety of grants programs, mostly by the Open Society Foundation, and democratic, liberal-minded businessmen and professionals. TESEV Chairman and retired business executive Can Paker, whose proximity to Prime Minister Erdoğan and Deputy Prime Minister and former Speaker of the Parliament Bülent Arınç suggested TESEV's partiality towards the AKP, was concerned exclusively with promoting democratization in Turkey. Neither Paker nor Mahçupyan, long-serving head of TESEV's Democratization Program were offended by being perceived as AKP-

enthusiasts, on the contrary, they publicly congratulated the party for having driven Turkey out of political and economic instability by enlivening and empowering a new middle class.

My employment with TESEV on a work placement during my PhD gave me immediate access to political and business resources of all kinds and at every level. Research and policy work carried out through TESEV confirms the almost inevitability of the AKP rule in Turkey. However different my own political views may have been from those propagated by the party leadership, I did concur with ErDoğan and the AKP political elite in critical political and economic issues. I also admired the party's ability to nurture a middle class and attract swing voters of a lower class status by successful pre-election concessions. Most crucially, I was able to grasp the inner workings of a political class, which included politicians but also businesspeople, business associations, media figures, lobbyists, and public servants.

How was the research fieldwork carried out and what were the methods used?

The first three chapters of this dissertation refers to a variety of secondary sources: Scholarly publications, articles, books and theses were borrowed from university libraries in London and Istanbul; thematic journals, magazines, brochures and various edited volumes of business associations were collected from the offices and waiting lounges of business associations across Turkey. Daily newspapers, weeklies and online articles from 2002 to 2012 were screened online and compiled in the form of a press review of how business-state relations were portrayed in mainstream Turkish press. On the other hand, Chapters 4, 5 and 6 utilize findings from a set of primary sources, which are predominantly drawn from fieldwork research conducted as part of two independent research projects: Turkish Economic and Social Studies Foundation's (TESEV) 'Headscarf Ban and Discrimination: Professional Headscarved Women in the Labor Market' and 'Media and Democratization in Turkey: A Sectoral Analysis'.

'Headscarf Ban and Discrimination: Professional Headscarved Women in the Labor Market' is a research project that was designed and managed for TESEV by Ebru İlhan and funded by the Open Society Foundation, Friedrich Ebert Stiftung in Turkey and Consulate General of Sweden in Istanbul. I was Program Associate at TESEV throughout the duration of the research project and a junior researcher on a research team, which included as senior researcher, Dilek Cindoğlu, Professor of Sociology at Bilkent University Ankara. Cindoğlu was author of the TESEV publication that

reflected on the findings of the research fieldwork. The research asked what the experiences of university-educated headscarved women in or looking to be in professional jobs and expected to analyse the overt and implicit forms of discrimination against the headscarf. Using qualitative research methods, the senior researcher and junior researcher relied on a number of sources, chiefly a six-month fieldwork conducted in Istanbul, Konya and Ankara between December 2009 and June 2010. Cindoğlu and I held twelve semi-structured interviews with a random sample of headscarved women professionals, who were either employed or seeking employment at the time, and their spouses. We also convened ten focus group workshops where employed and unemployed headscarved women – of two different age groups – and (separately) spouses of headscarved women participated. A total of 79 women and 25 men were reached through the focus groups. Moreover, we conducted unstructured interviews and group discussions with opinion leaders, authors and businesspeople that defined themselves as pious Muslims and held strong views on Muslims' freedom to practice Islam in Turkey. Two group discussions with headscarved and non-headscarved women academics, journalists, civil society activists and politicians were held in Istanbul and Ankara on 11 November 2009 and 8 December 2009, respectively. In March – June 2010, interviews were held with AKP politicians, representatives of women organizations and businesspeople. Finally, on 11 November 2010, a closed workshop hosted by TESEV brought together AKP MPs, members of parliamentary commissions, women political activists and representatives of business associations and unions to discuss the issue of political, economic and social participation of women, particularly headscarved women, in Turkey. Some of the data collected throughout the fieldwork were used in the TESEV report, Headscarf Ban and Discrimination: Professional Headscarved Women in the Labor Market. This chapter utilizes, with full consent from TESEV and Dilek Cindoğlu, and in keeping with the research ethics guidelines of the College and TESEV, transcripts of four interviews, three focus group workshops for men, two closed workshops, and observations from the field – none have been used yet in another publication.

'Media and Democratization in Turkey: A Sectoral Analysis' is a research project designed and managed by Ebru İlhan and TESEV Democratization Program, and funded by Friedrich Naumann Stiftung Turkey and the MATRA Program of the Royal Embassy of the Netherlands in Ankara. The researchers, Ceren Sözeri and Zeynep Güney, both members of faculty at Galatasaray University's Faculty of

Communications and I sought to map out Turkey's media sector (print and broadcast media) and to analyse the relationships between various actors within the media sector. Qualitative research methods were utilized; data collection involved unstructured and semi-structured interviews with key public figures and businesspeople, and four workshops: Workshop I in Ankara on 18 December 2010 on Human Resources and Labor Economics in Media; Workshop II in Istanbul on 21 December 2010 on Human Resources and Labor Economics in Media; Workshop III in Istanbul on 11 March 2011 on New Law on Radio and Television Higher Board (RTUK); Workshop IV in Istanbul on 21 April 2011 on Market Competition and its Regulation in the Media Sector. Part of the data collected was channelled into the TESEV Report, Media and Democratization in Turkey: A Sectoral Analysis. This chapter utilizes, with full consent from TESEV and Ceren Sözeri and Zeynep Güney, and in keeping with the research ethics guidelines of the College and TESEV, notes from four workshops and observations from the field.

Primary data also comes from fieldwork designed and conducted for this dissertation specifically. The author carried out fieldwork interviews in Gaziantep, Konya, Istanbul and Ankara with the top management of business associations, politicians, businesspeople, opinion leaders, and academics. Although care was given to securing written consent from all interviewees and to recording the conversations between the author and the interviewee(s), the delicate nature of the research question and the level of detail in the ethical consent form that researchers are expected to collect from interviewees impeded the satisfactory application of research ethics guidelines on this particular fieldwork. Only six out of several interviews in each of the four cities listed were recorded, transcribed and stored along with signed copies of Consent Forms. Though the Consent Forms were translated into Turkish and the English originals were attached, the interviewees were reluctant to sign a piece of paper stating that they conversed with a researcher. Furthermore, interviewees were hesitant and sometimes even hostile towards being recorded. An overwhelming majority of businesspeople preferred to engage in an informal dialogue with the researcher and many of the interviews were held in an office or a meeting room filled with several people. Therefore, the researcher refrained from coaxing the interviewee and others who accompanied him/her to sign the consent forms or to agree to be taped; instead, the researcher took notes during and immediately after each interview. Data collected through fieldwork interviews include specific findings on the policy areas to be

examined below and also broader findings on state-business relations and the representation of organized interests in Turkey.

What lies ahead?

The chapter following this introduction features a review of the literature on interest group theories and discusses the application of interest group theories to multiple historical and geographical contexts. The objective of the literature review is to establish connections between real-life examples of corporatism, pluralism, clientelism and hybrid forms of policymaking to stipulate whether other-country or global trends may apply to Turkey's state corporatism, pluralizing elements and the current hybrid form of policymaking. Chapter 3 provides the history behind Turkey's state corporatism and the emergence of voluntary business associations in a securitized, undemocratic and highly centralized policymaking landscape. Chapter 4 constitutes the longest and most fundamental chapter of this dissertation, which aims to serve as a bridge between the theory and history of interest group mediation and policy bargaining through associations in Turkey and the present-day practices and policy positions of Turkey's Islamic business associations. Chapters 5 and 6 concentrate on two policy areas of media and gender that highlight the cultural and social differences between secular and Islamic business associations in Turkey. Recent developments in these two policies areas are discussed to gauge whether there is almost a complete alignment between the policy agendas of the AKP and the Islamic business associations. Finally, the dissertation concludes with a discussion of how the label, 'Islamic', in Turkey's powerful business associations today offers only half the story on how and in what direction Turkey's business-state relations transformed. In other words, the champions of 21st century neoliberalism in Turkey, TUSKON, MUSIAD, TIM, TOBB and others, represent a privileged group of pragmatic capitalists, who choose to emphasize or conceal their faith in their commercial and political affairs. After demonstrating the context of the Islamic credentials of Turkey's emergent business associations, the dissertation also offers as a Conclusion the potential policy implications for Turkey's policy bargaining structures and mechanisms of the strengthening of Muslim conservative capitalists and their associations.

Chapter 2: Exploring the relationship between contemporary business associations and policymaking

Interest group theories emerged in the beginning of the twentieth century to explain the relationship between markets, societies and states by treating the market and society as groups or associations of consumers and citizens. A pioneer in interest group theory, Harold Laski, labelled the state as 'the one compulsory form of association'[14] thereby assigning all forms of political communication in a nation state to group interaction. Through the evolution of interest group theory, Laski's foundational argument was either strengthened by champions of competitive interest group interaction with and beyond the state or challenged by rival propositions that advocated centralized, organized, and hierarchical interest mediation in policymaking. Interest group theories diverged most markedly on the degree of state authority over interest groups in policymaking, even while agreeing on the centrality of the state to the process of public, especially economic, policymaking. Globalisation, particularly the proliferation of supranational and transnational actors in policy-making, encouraged interest group theorists to test their fundamental assertions about the role and functions of the state. With the discovery or redefinition in academia of networks of economic entities or associations above and beyond state borders, interest group theoreticians began to focus on the relationship between economic, social and political actors across a wider space, ranging from the local to the global and on multiple levels. Consequently, in order to capture the essence and span of relationships between markets, societies and states *in toto*, interest group theories evolved to accept and accommodate fluidity, change and diversity in all aspects of policy-based interaction.

This chapter will revisit the literature on interest group theory to: (a) give an account of the evolution of interest group theories; (b) examine competing propositions on states and interest groups in advanced capitalist economies; (c) highlight the existing and potential functions of business associations as dominant interest groups in civil society; and (d) discuss the adaptation or re-interpretation of interest group theory – as it applies to business interest groups – in developing economies, particularly those in the Middle East. This revision of interest group theories will disclose the different layers of policy-based interaction at the local, national and global levels and help to identify new

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[14] Laski, H. (1919) 'The Pluralistic State' *The Philosophical Review*, 28(6), 562-575.

actors and networks that stand out with their distinct religious, moral and political features.

The literature on the relationship between states and business/capital is older than interest group theory; in fact, the Anglo-American and Continental European origins of the theory rely heavily on earlier literature on guilds, masons, and other more traditional types of business interest groups. Moreover, new research into interest group representation stalled in the late 1990s, so there are now fewer publications available on interest group theories than in the 1930-1950 and 1970-1990 periods. The literature on business associations in the Middle East is especially modest and out-dated. Scant resources are readily available on the effects of globalisation and Europeanization on policy-making processes involving business associations and networks in Turkey. This chapter attempts to bridge this gap by studying current patterns of continuity and change in interest group representation across business associations and in several countries/regions of the world, which will provide a base for reflecting on the case of Turkey in following chapters. I postulate that business interests are central to the welfare of national and transnational organizations and communities and that more representation through business associations contributes to the institutionalization of democratic policy negotiations, and, by extension, to the development of democratic states. I also argue that processes of interest group representation, both in theory and practice, are in constant transformation and hybridization, whereby elements of modern corporatism, clientelism and pluralism combine to accommodate changes in the structure and actors of policymaking and interest mediation. Contemporary business associations, often organized around or embedded in networks, provide the impetus for attaining more representative and pluralistic interest mediation processes even as states strive to maintain elements of traditional, often corporatist, arrangements.

Revisiting interest group theories

With groups as the basis of their analysis, interest group theorists offered fresh perspectives of political behaviour and systems. Yet, their analyses of interest groups were results of empirical and post facto observation of the formation of the particular group(s) with which they are concerned. Interest group theory was critiqued for this inherent dependency on *zeitgeist*.[15] Another point of criticism was that classic interest

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[15] Rothman, S. (1960) 'Systematic Political Theory: Observations on the group approach' *American Political Science Review*, 54(1), 15-33

group theories assumed that shared interests defined groups, first and foremost. However, interest group theoreticians generally failed to offer a comprehensive political system based on interest groups, which was able to replace alternative political systems, i.e. the empires and other authoritarian regimes of the early twentieth century.

Presumably, interest group analyses of the present are more reliable than their ambitious formulations of the future. In any case, by capturing the essence of a particular period, interest group theories accurately portrayed the processes of contraction-relaxation in state-market-society interaction. Interest group theories demonstrate that, in times of crises, unorganized or unmanaged interests present a potential threat. Fear or expectation of uncertainty or threat spurs lawyers, thinkers and leaders to invent or revert to mechanisms that ensure stronger regulation of market interests and a stronger and more protective state; eventually, the state responds by tightening its hold on markets, leading to *contraction*. Economic development, higher welfare and the expansion of liberties lead to a *relaxation* of the state's grip on markets, allowing interest representation in national policy-making to become more pluralistic and competitive. Interest group theory – insufficient though it may be in offering a comprehensive system of governance – effectively documents the course most advanced capitalist nations have taken and are likely to continue taking in response to episodes of political, economic and social change.

Contemporary theories of interest representation emerged in the early twentieth century as a 'sociological revolt against legal formalism [where] group interaction constituted the reality of political life operating behind the formal legal-institutional disguises of society and the state.'[16] Before the invention of the two prevalent theories of interest group politics, pluralism and corporatism, European and American states were decidedly monistic. The Oxford English Dictionary defines monism as 'a theory or doctrine, which states that there is a single origin or destination for all the elements or beings within a system, or that there is a single force by which such elements are governed.'[17] The monistic state, by monopolizing all forms of interaction between elements within a system, hinders interest group representation and mediation. Harold Laski argued that philosophers like Hegel, Bodin, Bentham and Austin created the idea

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[16] Almond, G. A. (1983) 'Review: Corporatism, Pluralism, and Professional Memory' *World Politics*, 35(2) 245-260.
[17] 'Monism' (2008), *OED Online*, Oxford University Press, Online [Accessed 12 Dec 2008] Available from http://dictionary.oed.com/cgi/entry/00314089?single=1&query_type=word&queryword=monism&first=1&max_to_show=10

of a monistic state as a meaningful and reliable source of order, and subsequently lawyers 'elevated the monistic state from the plane of logic to the plane of ethics.'[18] While a strong, Leviathan state may have been beneficial in lifting nations out of foreign occupation and war, its inability to accommodate multiple associations that exercise legitimate authority encouraged philosophers and lawyers to seek alternatives.

Another traditional form of interaction between states and economic and social actors of various sizes and convictions was clientelism. Typically, in a system based on patronage, the state and the local or national elite provide welfare, protection and concessions to their clients in return for their loyalty and services. Clientelism, similar to other forms of state-market-society interaction, rests on the principle of interdependency. The fundamental difference in clientelism, however, is that the exchange between actors locked in the patron-client relationship is bound by tradition-morality rather than (or in addition to) pragmatism or functionalism.[19] In other words, the patron establishes a moral climate whereby he or she expects obedience and reciprocity from clients based on normative considerations. Despite the emphasis on morality and tradition, inequality, abuse and usurpation of interest groups by the state was manifest in clientelist systems in various parts of the world. Not only did states and political elites refrain from delegating decision making to their clientele, they also tended to serve particularistic interests instead of general ones. Furthermore, by serving their particular interests, patrons inadvertently encouraged the formation of 'robber coalitions' between the initiators of patronage relationships within state institutions and business or other interest groups, eroding the state's ability to formulate representative policies addressing the welfare of the whole population.[20] Finally, patronage relationships were informal, prolific and unmonitored, so in time, they either invaded or paralyzed centralized state mechanisms for policy formulation.

The alternative to traditionally monist and clientelist structures and practices was classical pluralism - a direct and fundamental challenge to traditional jurisprudence, which rendered absolute sovereignty to the state. Classical pluralism attacked Anglo-American political tradition in post-war Britain and the United States by introducing the active participation of various groups in society in policy making. Theodore Woolsey

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[18] Laski, 1919, 564.
[19] Gellner, E. (1977) 'Introduction', In Waterbury, J. and Gellner E. (Ed.) *Patrons and Clients in Mediterranean Societies*. London: Duckworth, pp. 1-10.
[20] Van Waarden, F. (1992) 'Dimensions and types of policy networks', *European Journal of Political Research*, 21(1), 29-52.

wrote in 1893 'the quality of sovereignty does not necessarily imply unlimited power or unchecked power; much less undelegated power.'[21] G.D.H. Cole, F. W. Maitland, Harold Laski, and J. N. Figgis, the four main theoreticians of British pluralism, writing in the early twentieth century, objected to unchecked state sovereignty exercised to the extent that Britain was pulled into a world war with clearly devastating consequences. They called on the state to claim the responsibility of its actions by stressing the normative and legal implications of state action. In fact, classical pluralists in Britain asked the state to share the moral burden of sovereignty with the rest of the society. Figgis, in support of pluralist policy-making, said, 'if one were to accept the statement that there can be no rights except right of state and that ultimate/absolute authority rests in the Republic, then one denies higher morality, religion, family.'[22] Two decades later, James K. Pollock documented the system of lobbying in the United States, where interest groups were already represented in Congress through their legislative agents.[23] On the whole, theories of group politics during and after the First World War acknowledged and advocated pluralism - the principle that multiple actors in society share political power.

Classical pluralists, after pointing out the plurality of power-holders in modern societies, added that the modern state 'however important it is and can be for [the people] is no more than the greatest and most permanent association or institution in society, and its claim to any such position will have to be carefully considered.'[24] Classical pluralism thus deconstructed the myth of state sovereignty by introducing *association*. Association is presented as the most basic and ubiquitous representative unit in British and American society; its recognition and use is expected to yield state liability, state accountability, and democracy based on active consent. In his essay, *Personality of Associations*, Laski defines an association as an entity to be treated as if it were an individual when subjected to law. Association, a term used in Laski's work interchangeably with *corporation*, is a creature of the state and, like a state, 'its purpose

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[21] Garson, G. D. (1974) 'On the Origins of Interest Group Theory: A critique of a process', *The American Political Science Review*, 68(4), 1505-1519.

[22] Figgis, J. (1919) 'The Great Leviathan', In Paul Q. Hirst (Ed) *The Pluralist Theory of the State: Selected Writings of G.D. H. Cole, J.N. Figgis and H.J. Laski*. London: Routledge, 111-130.

[23] Pollock, J. K. (1927) 'The Regulation of Lobbying', *The American Political Science Review'*, 21(2), 335-341.

[24] Cole, G.D.H. (1993) 'State and Inclusive Association' In Paul Q. Hirst (Ed) *The Pluralist Theory of the State: Selected Writings of G.D. H. Cole, J.N. Figgis and H.J. Laski*. London: Routledge, 68-81.

exists only because it has secured recognition.'[25] American classical pluralism held a similar view that association is foundational to the modern nation state: in an essay published in 1928, W. Y. Elliott declared that 'the whole structure of modern society is associational.'[26] While Elliott's assertion may be an overstatement, classical pluralism relies heavily on associations in society as the most noticeable and effective form of institutionalized group interests.

Pluralist systems are designed to accommodate multitudes of loosely organized, voluntary associations that lobby for the interests of their constituencies with the state, more often in competition than in coordination or cooperation. Pluralism endorsed association because it expected associations to deliver and enhance democracy, as expressed by Tocqueville's claim that 'liberty of association' is a 'necessary guarantee against the tyranny of the majority.'[27] Several objections have since been raised to the idea that pluralism, in its simplest form, automatically engenders democracy. Even Paul Hirst, the foremost proponent of democracy through associationalism, posited several shortcomings of the idea. He wrote that a 'system of cooperatively and associatively owned agencies that were to be managed by procedures which depended on democratic consent'[28] would best replace conventional and competitive market relationships. He challenged the principle of competitive associationalism in classical pluralism further by arguing that when modern society utilized the associative and management capacity of the working class; a purer, even sanguine democratic system would be established. Hirst utilized the argument of associations to deconstruct the liberal capitalist maxims of a centrally organized but minimally interventionist state and a producer-oriented, competitive market society. He effectively severed the causality between pluralism and liberal democracy by suggesting that only those associations that were voluntary, worker-friendly organizations could resuscitate grassroots democratic representation. [29] Whereas this idea bore incredible promise for expanding the theory of democratic pluralism, it failed because of the geographical limitations of its core assumptions and applicability. Associationalist democracy failed in practice outside of exceptional

[25] Laski, H. (1915) 'The Personality of Associations' *Harvard Law Review*, 29(4), 404-427.
[26] Latham, E. (1952) 'The Group Basis of Politics: Notes for a Theory', *The American Political Science Review*, 46(2), 376-397.
[27] Dahl, 1984, 234.
[28] Hirst, P. (1988) 'Associational Socialism in a Pluralist State', *Journal of Law and Society*, 15 (1), 139-150.
[29] Hirst, P. (2002) 'Renewing Democracy through Associations', *The Political Quarterly*, 73(4), 409-421.

countries such as Denmark, Norway and Sweden – where associationalism was traditionally ubiquitous and the culture of civic participation, dominant.

Theorists of pluralism raised another objection to their own assumption that democracy could be built simply by pluralizing voluntary interest groups in society: relying on voluntary business associations' representative capacity was naïve. Pluralists were apologetic about the influence that business interest groups had or ought to have on policy-making. They advocated interest group liberalism to curb the absolute power of the state, but recognized it had the potential to lead to 'the ascendancy of private power over democratic public interest.'[30] Rousseau noted that associations might be represented unequally in this system, thus exaggerating 'certain aspects of a citizen's interests against the other, perhaps broader attachments, loyalties, concerns, interests' and contributing this way to a 'deformed civic consciousness.'[31] Both British and American pluralists accepted that, by the beginning of the twentieth century, the interests of the business elite were already widely represented in policy-making. Figgis attempted to clarify the position of pluralism on the role of big business in national policy-making by arguing that the pluralist defence of corporate rights to business associations did not mean a defence of 'high finance' or corporate societies.[32] Both Pollock and Herring suggested that 'sinister lobbying'[33] by big business in America ought to be controlled by strong legislation enforced by the state. Thus, having recognized the strength that business interest groups could have over other groups in society, pluralists reaffirmed the need for some state control over the process of bargaining for national policies. Robert Dahl, one of the leading theoreticians of modern pluralism,[34] argued that 'the particular purposes of … associations need not conflict with the purposes of others or the common good; in fact, by fulfilling their purposes they would contribute to the common good.'[35] In the same breath, however, Dahl

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[30] Gunnell, J.G. (1995) 'The Declination of the State and the Origins of American Pluralism' In James Farr, John Z. Dryzek, and Stephen T. Leonard (Eds) *Political Science in History: Research Programs and Political Traditions*, Cambridge: Cambridge University Press, 1995, 19-41.

[31] Dahl, 1984, 235.

[32] Hirst, 1988, 113

[33] Pollock, J. K. (1927) 'The Regulation of Lobbying', *The American Political Science Review'*, 21(2), 335-341.

[34] Modern pluralism evolved after World War II to reach its peak in 1967 when Robert Dahl published his groundbreaking work on *polyarchy*, which posited that pluralist interest mediation and policy formulation occurred in democratic contexts with multiple centres of power. Dahl's conditions for polyarchy were a neutral government, unrestricted access to policy-making, interest representation granted to all constituencies, and socially responsible associations that eligibly reflected their shareholder's interests.

[35] Dahl, R. (1984) 'Polyarchy, Pluralism, and Scale', *Scandinavian Political Studies*, 7(4), 225-240.

warned that organizational pluralism varied greatly and implied that neither the conditions he listed for polyarchic democracy nor the favourable policy outcomes of interest group representation were always attainable. Evidently, modern pluralism was potentially hazardous when and if unchecked power was concentrated in a handful of voluntary associations.

Interest group theory diversified as scholars sought alternatives to the inadequate or inapplicable theories of pluralism in the post Cold War era. A milestone in the study of state-market-society relations was Lehmbruch's 1974 re-introduction of corporatism as the main rival to pluralist interest representation.[36] Corporatism was re-introduced in the 1970s after Keynesian economic policies were discredited by the international financial crisis and both *laissez faire* and protectionist economic policies were re-evaluated to respond to the international economic slow-down.[37] Also at the time, Asian markets were in full bloom and the Asian model of organizational hierarchy was championed as a foolproof recipe for economic growth. The resurgence of corporatism in South America and East Asia in the late twentieth century widened the theoretical debate on the definitions and limitations of corporatism, leading to the invention of such new terminology as neo-corporatism, societal-corporatism and state-corporatism. While classical corporatism, whose development is meticulously documented by Philippe Schmitter in his introduction to *Trends Towards Corporatist Intermediation*, is a largely continental European theory dating back to the 19th century, the second generation of corporatist theory examined state-market-society relations in a wide range of countries in North and South America and Asia. In addition to distancing itself from theories that infamously inspired fascism and National Socialism in Europe, modern corporatism was primarily occupied with contesting the idea and practices of modern pluralism. [38]

The main feature of corporatism is that policies are determined 'by an established structure of organized group interests', unlike pluralism, where group

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[36] Lehmbruch, G. (1974) 'Consociational Democracy, Class Conflict and New Corporatism', Paper presented at the Round Table 'Political Integration', *International Political Science Association*, Jerusalem, Sept. 9-13, 1974, Online, [Accessed 12 Dec 2008], Available from http://www.uni-konstanz.de/FuF/Verwiss/Lehmbruch/Veroeffentlichung/Jerusale.rtf. This paper was later published in Lehmbruch's edited book with Philipp Schmitter on new corporatism: *Trends Towards Corporatist Intermediation* (full citation may be found below).
[37] Almond, G. A. (1983) 'Review: Corporatism, Pluralism, and Professional Memory' *World Politics*, 35(2), 245-260.
[38] Schmitter, P.C. and Lehmbruch, G. (Eds) (1979) *Trends Towards Corporatist Intermediation Vol I.* Beverly Hills, CA: Sage.

interests exist in an unorganized, competitive environment. [39] To corporatists, structure and organization are critical to ensure that non-competitive interest representation delivers equitable policy outcomes. Consequently, corporatist theories are inclined to emphasize systemic or structural aspects of interest representation. Schmitter underlines the systemic quality of corporatism in his frequently-quoted definition: 'Corporatism is a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered, and functionally differentiated categories, recognized or licensed (if not created) by the state, and granted a deliberate representational monopoly within their respective categories and in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.'[40] Philip Schmitter's systemic definition, which lays the foundation for theories of corporatism, is by no means exhaustive. Lehmbruch sees corporatism as simply a model of policymaking in liberal democracies whereby centralized business and labour interest associations engage in policy-based bargaining with governments in an institutionalized setting.[41]Whether presented as a system of representation or a model of national policy-making, corporatism rests on state-created or recognized hierarchical organizations of interest groups, institutionalized bargaining processes, and supporting structural arrangements. Bearing in mind the limitations of corporatism's various definitions, this dissertation treats corporatism as a model of interest group mediation.

Corporatist theorists, like their pluralist counterparts, rose to the defence of associations, which had long been treated by mainstream theories as 'a basis for disorder.'[42] Schmitter and Streeck (1985) argue that associations are in fact useful in guaranteeing order in capitalist market relations, which are characterized by parties with conflicting claims. Since societies are not naturally divided into associations of individuals with shared notions of faith, culture, and occupation, corporative associative orders are necessary to deliver equal protection and predictable treatment to all groups. In the corporative-associative order, the association is as crucial to the system as the state, market and the society are; association is the fourth model of social order. Unlike

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[39] Streeck, 1983, 267.
[40] Schmitter and Lehmbruch, 1979, 13.
[41] Wilson, F.L. (1983) 'Interest Groups and Politics in Western Europe: The Neo-Corporatist Approach'. *Comparative Politics*, 16(1), 105-123.
[42] Schmitter, P. C. and Streeck, W. (1985) 'Community, Market and State Associations? The prospective contribution of interest governance to social order', *European Sociological Review,* 1(2), 119-138.

pluralism, where theorists disclaimed allegations that the interests of capitalist class or business elites were overrepresented in policy-making, corporatism apologizes for its endorsement of a strong state in interest mediation. Schmitter asserts that corporatism is not a system that will undermine capitalism but rather one that seeks to rescue and consolidate capitalism. According to Panitch, this is exemplary of the apologetic manner that corporatist theories adopt when advocating for a more-than-minimal state in capitalist systems. Modern corporatist theory, in order to disassociate itself from non-capitalist, authoritarian systems that classical corporatism engendered, pledged an allegiance with advanced capitalism.

The state, the first model of social order, features indisputably at the centre of corporatist theories. In societal corporatism, according to Pearson, business associations become 'facilitators of the state's economic work' and bridge the policy dialogue between companies, labourers (via trade unions) and other constituencies and the state.[43] State corporatism is different from societal corporatism because in the former, the state manages associations to accrue benefits *primarily* to the state and the national economy. State corporatist arrangements are not entirely unfeasible for business associations, though. Generally, states institutionalize and incorporate business associations into a mechanism whereby associations are guaranteed access to decision-making. However, institutionalized political status grants associations an 'other-determined agenda[s] of issues.'[44] While they can omit the strenuous task of internal policy-making, they cannot devise original agendas according to internal bargaining among their membership – a right that associations have in societal corporatism. In state corporatism, business associations rely on regular flows of state subsidies. Consequently, states infuse the much-needed security and stability for associational development that pluralist or societal corporatist structures do not have.

Both the theories and the practice of corporatism, similar to pluralism, have several shortcomings. First of all, corporatism fails to reduce the cost of compliance to actors in the interest mediation process. In other words, corporatist structures disenfranchise a range of interest groups and civil society organizations from decision-making. Corporatism assumes an interdependence of interests, whereas pluralism

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[43] Pearson, M. M. (1994) 'The Janus Face of Business Associations in China: Socialist Corporatism in Foreign Enterprises', *The Australian Journal of Chinese Affairs*, 31(January 1994), 25-46.
[44] Streeck, W. (1983) 'Between Pluralism and Corporatism: German Business Associations and the State', *Journal of Public Policy*, 3(3), 265-284.

assumes that interests compete. When competition among business actors increases, they tend to organize around common interests instead of trying to diverge or marginalize, because individual members value the opportunity costs of membership more than competition within the organization.[45] This impetus partially explains the proliferation of business associations in countries that are late entrants into integrated markets, such as the post-communist countries of Central and Eastern Europe. As larger companies join associations, their chances of mitigating the costs of non-compliance, which are proportional to corporate size, increase. However, the perception of costs and competition among members weakens governance within associations. The higher their expectations are of effective political and economic influence, the lower the chance of undemanding governance. However, when corporatist states delegate the monopoly of representation to designated associations, business loses the option of choice – of changing lanes or moving to associations where interests would be better served. Secondly, Panitch and Sabel claim that closely interwoven associations often complain about the overburden of cooperating with their states.[46] In certain cases, states abuse organizational resources to the extent that resources are employed more for the benefit of state agencies than for the interests of shareholders. In others, states redesign or change rules and regulations governing association activity to accrue more benefit to state actors or agencies. Thirdly, corporatist theories overlook the role of non-state and non-business actors in policy negotiations, such as NGOs, multinationals, international organizations or domestic non-producer interests groups. Finally, individual/business action or inaction is often neglected because corporatist theory's gaze is fixed on intermediary associations and state-strengthening arrangements in corporatist interest representation.[47]

There may be differences between the two major interest group theories, but in practice corporatism and pluralism have often converged into hybrid forms of interest representation. Contemporary business associations function according to pluralistic corporatist or corporate pluralistic arrangements in order to accommodate country-specific dynamics and mitigate the possible shortcomings of either arrangement. Modern business associations endorse corporatism because, in engaging with the state

[45] Traxler, F. (2007) 'The theoretical and methodological framework of analysis', In Traxler, F. and Gerhard Huemer (Eds) *Handbook of Business Interest Associations, Firm Size and Governance: A Comparative Analytical Approach*, London: Routledge, 10-36.
[46] Wilson, 1983,111
[47] Wilson, 1983, 112

through organized bargaining, they raise their public profile and acquire state-induced benefits, e.g. automatic recognition and preferential access. Similarly, associations support pluralism because they are more efficient, autonomous and responsive to member interests in a plural, diverse and competitive policy-making environment. Grant Jordan asserts that neither pluralism nor corporatism is divergent or original. Furthermore, he argues that the corporate pluralism presented by scholars like Kvavik or Heisler in the late 1970s was not novel either; their hybrid model merely portrayed the problems of corporatism and pluralism: '[Corporate pluralism] is a statement to the effect that there are patterns of regularity, although there are a growing number of active groups which introduce uncertainty and disorder to the system.'[48] Even if the convergence of corporatism and pluralism does not result in a comprehensive theory of interest politics, the fact that convergence occurred shows the adaptability and applicability of hybrid interest group theories to various contexts.

The discussion on interest groups so far has been premised on the assumption that communication between market actors and state/political elite occurs within the nation state. The boundaries of the nation state, therefore, determine the limits of associational activity and policy-based communication between associations and decision makers. It is within the confines of the nation state that theories of interest group interaction converged to form hybrid structures, and it is through those structures that national policy makers engaged in dialogue with associations – registered or voluntary – operating in their nation state. After highlighting the hybridisation of interest group theories in response to changing national economic conditions and national political or institutional environments, this paper asserts that globalisation expanded the conventional boundaries of policy-based interaction among associations and between states and associations.[49] Moreover, globalisation, 'in the process of creating a single, and increasingly undifferentiated field for world capitalism, integrate [d] the various polities, cultures and institutions of national societies into an emergent transnational or global society'.[50] Therefore, associations in the global epoch reflect and represent the interests of both national *and* transnational societies. The spatial shift in state-market-society interaction via interest associations not only triggered structural

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[48] Jordan, G. (1990) 'The Pluralism of Pluralism: An anti-theory', *Political Studies*, 38, 286-301.
[49] Migdal, J.S. et. al. (2004) *Boundaries and belonging: States and societies in the struggle to shape identities and local practices*, Cambridge: Cambridge University Press.
[50] Robinson, W. I. (2003) *Transnational conflicts: Central America, social change and globalization*. London: Verso.

changes to accommodate new channels of interaction between states and interest groups, it also produced new associations, which, through reinvention, were adapted to transnational and global dynamics.

Associations around the world, especially business interest organisations responded in myriad ways to globalisation. The expansion of the global economy diversified business and labour interests in nation states and proliferated national business interest groups as the so-called 'third sector' expanded. As new groups emerged, the agenda of issues grew more diverse and subsequently impeded traditional, centralised bargaining at the level of the business association. Moreover, increased interaction and diplomacy among firms and between business associations and nation states challenged and reduced the state, particularly in predominantly pluralist contexts.[51] In corporatist contexts, on the other hand, the number of 'quasi-autonomous NGOs and quasi-autonomous governmental organizations, which stand between business, government and trade union organizations' increased substantially. [52] The interaction between these new actors with traditional business interest groups and states complicated the multilateral bargaining process of advanced capitalist states. Most importantly, globalisation advanced the internationalization of policy-making to the point where business associations were able to operate freely above and beyond the control of nation states, national electorates and legislative bodies. These transnational actors engage in policy dialogue with regional or international organizations, like the European Union and the World Trade Organization, to complement or replace their presence in national (economic) policy-making. Globalisation, therefore, blurred the boundaries between market, state, society and association in traditional interest group theories, as the realms of all four actors began to overlap.

Transnationalisation and globalisation enabled and encouraged existing and new associations to operate above and beyond the control of nation states. Contemporary associations interact with national and supranational policymakers through new structures, i.e. transnational networks. Business communities in developed and developing countries either add new features[53] to existing commercial networks so as to

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[51] Strange, S. (1992) 'States, Firms and Diplomacy', *International Affairs*, 68(1), 1-15

[52] Burrell, G. (1985) 'Corporatism in Comparative Context', In V.V. Murray (Ed) *Theories of Business-Government Relations*, Toronto: Trans-Canada Press, 221-242.

[53] A strand of networks theorists such as Latour (2005) and Harraway (1991) argue that one major impact of globalisation on transactions between business and other actors across networks was to introduce new technological and design artefacts that made such mechanical transactions possible. Harraway (1991)

operate globally or invent new networks of economic, political and social communication. Market integration in regional economic bodies, such as the European Union, accelerates the employment of economic/commercial networks to transmit business interests from the local to global level and vice versa. These networks cut across the conceptual boundaries of transnationalism.[54] There is a vast and growing body of literature on the nature, structure, functions, composition and operations of transnational networks, and the tendency in most network theory is to underline the importance of a particular global or transnational business community in initiating, maintaining and sustaining these networks.[55] This transnational business community is arguably involved in triggering, monitoring and evaluating social and economic development.[56] Most of the business actors that constitute the transnational business community are predominantly from advanced capitalist states with developed and pluralistic market mechanisms. Consequently, local, national and global actors based in or originating from advanced capitalist counties are the leaders of rapidly changing transnational and global trends.

The existence of transnational business networks does not mean that the individuals or groups constituting their membership have purely transnational or global interests. The membership base of transnational networks is not homogenous, and members of global organizations may well harbour communal or nationalistic interests, aspirations and connections. Hence, local-national elements often influence the nature and content of transactions between members of transnational networks. Carroll and Fenema argue that despite claims by Leslie Sklair in *The Transnational Capitalist Class*

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even argued that the global economy was run by cyborgs and rebuked political and social sciences for reducing their analyses of global transformations to mechanical and technical changes.

[54] 'Transnational … denotes economic and related social, political, and cultural processes — including class formation — that supersede nation-states. The global economy is bringing shifts in the process of social production worldwide and therefore reorganizing world-class structure.' From Robinson, W. I. and Harris, J. (2000) Towards a Global Ruling Class? *Science and Society*, 64 (1) 11-54.

[55] From the early 1990s onwards, there was a growing academic interest in networks. Network theories evolved to explain networks as analytical tools, forms of governance, tools to ensure business success, keys to economic development, and as territories where spatial agglomeration processes took place. For an overview of network theories, see Dicken, P. et al (2001) 'Chains, networks; territories and scales: Towards a relational framework for analysing the global economy' *Global Networks*, 1(2), 89-112.

[56] Marina Ottaway cites the 1999 Global Compact initiative launched by Kofi Annan as the most obvious indicator of the advent of global corporatism, where challenges at the global level are tackled by tripartite mechanisms bringing civil society, international organisations and business community together. Ottaway warns, however, that it is difficult to call these tripartite mechanisms democratic because UNGC, brings together top leadership of global corporations, which dominate the UNGC policy negotiations and leave little room for the views of NGOs, international organisations and non-UNGC transnational business networks to be represented. Ottaway, M. (2001) 'Corporatism Goes Global', *Global Governance*, 7(3), 265-292.

and others that global capitalism has produced a globalizing business community, bureaucracy and politicians, the transnational capitalist class often succumbs to nationalistic impulses.[57]

Moreover, due to the impact of local-national elements, some business organisations within transnational networks act like NGOs with civilian or non-capitalist impulses. In other words, business organisations enter a process of civilianisation where the lines of differentiation between for-profit and non-profit, i.e. associational activity, are blurred. The civilianisation of business associations is most vivid in contexts where state corporatism traditionally disenfranchises voluntary organisations of businesspeople, pushing them to the margins of civil society, where the mass of NGOs is clustered. While some of these organisations still pursue access to the state through traditional policy bargaining mechanisms, others begin lobbying for the interests of their members outside of state corporatist mechanisms.

Compared to both state-sanctioned business organisations operating across transnational networks and networks of transnational/global capitalists, these voluntary organisations and their networks bore a 'civilian' character, enabling their members to prioritize issues of political identity, representation and pluralism over competition, profit maximization and market dominance and/or explore political, spiritual and moral connections simultaneously with business ventures. Eventually, networks of new voluntary associations became alternative spaces for the communication and reinvention of identities, beliefs, convictions, values, and practices. In order to understand these networks and what they transmit, it is essential to look at the actors within them, i.e. the business associations.

Business associations around the world: What the empirical evidence tells us

Interest group theories have effectively underlined the importance of associations for a representative process of policy-making in any system. According to some theorists, freedom of association is a crucial civil right that ought to be safeguarded. Others claim that the mere existence of associations legitimizes a regime, while all agree that states need associations to implement, delegate and test their authority in national policy-making. Interest group theories single out business and employers' associations and labour interest organizations (trade unions where

[57] Carroll, W. K. and Fennema, W. (2002) 'Is There a Transnational Business Community', *International Sociology*, 17(3), 393–419

applicable) as two associations to study empirically to understand state-market-society relationships. This research does not presuppose that business associations are the only channels of state-market-society interaction. However, business associations are particularly important because, in the evolution of interest group theories, it was commonly held that the relationship between government and business determined the character of the regime and that power struggles primarily involved government and business.[58] While this may be an overstatement, especially in the global era when multiple non-profit actors are at the forefront of international policy-making, business associations are nevertheless the most common and effective type of associations in market societies.

Business associations bring together individuals and companies that generate and manage a large share of national revenue; employ vast numbers of people; create know-how and carry out innovative research; and provide services such as recreation, child-care, environmental protection, etc. They are crucial, therefore, to the welfare of countries. Consequently, businesspeople and organizations representing their interests are concerned with and seek involvement in formulating policies that affect not only their business operations but also the lives and welfare of their stakeholders. Unlike public sector interest organizations, such as chambers of commerce and trade, voluntary business associations are more likely to preserve a critical distance from state institutions' or governments' view of economic and social policies. In advanced capitalist states with diverse and pluralist associational environments, business associations are able to represent companies of all sizes from different sectors and articulate the interests, inclinations and demands in markets, where the pace of change and innovation is fast. They are generally more vulnerable to market pressures and so are able to portray the real impact of economic change on market actors more accurately. Finally, they are legally recognized, accountable bodies of institutionalized representation that have a working knowledge of interacting with state institutions and governments, so they are a viable option for any firm or businessman intending to influence policy-making.

From a very functionalist viewpoint, businesses converge around associations to obtain public goods. There is a dependency relationship between state institutions that provide public goods and market actors. Some organizations in neo-corporatist systems

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[58] Walker, 1983, 392.

are supported directly by the state and are therefore providers of public goods as well as of training, services, trade promotion and support. In Austria, for instance, the structure that exists within business organizations, which have mandatory, fee-based membership, facilitates a democratic and representative process of interest mediation between government and business. There is a high rate of membership in business associations and members are actively involved in the affairs of the association.[59] France, on the other hand, has a neo-corporatist structure where business associations cannot recruit hard-working, enthusiastic members and are ineffectual lobbyists compared to the lobbyists recruited by large French corporations.[60] Regardless of whether membership is voluntary or compulsory, businesses join business associations because associations are gateways into the realm of the state – and, if successful, business associations are very effective mechanisms for exerting influence over policy, influencing public opinion and securing access to public funds, goods, etc.

The discourse on national business associations identifies the following determinants[61] of associational performance: 'state-centred institutional factors, regime characteristics, national policy style, business or industrial culture, [and] economy-centred factors.'[62] Collective action, rational choice and class-based theories have addressed the issue of associational performance using variables other than the five listed above, but these theories do not consider the influence of national/ regional factors.

Differences in institutions, regimes, and industrial bargaining cultures across countries and regions also affect country-specific and regional business associations' performance in interest mediation.[63] Broadly, Anglo-Saxon state-market-society relations are characterized by pluralism while state-corporatism is more common in South America and societal-corporatism in East Asia. Central and Eastern European

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[59] Teufelsbauer, W. (2003) 'Horizontal Business Associations at EU Level', In James Greenwood (Ed), *The Challenge of Change in EU Business Associations*, New York: Palgrave Macmillan, 33-41.
[60] Boucek, F. (1993) 'Developments in Postwar French Political Economy: The continuing decline of *dirigisme*', In John Sheldrake and Paul D. Webb (Eds) *State and Market: Aspects of Modern European Development,* Dartmouth: Aldershot, 67-85.
[61] Macro-, meso- or sector-level factors in determining the performance of national business associations are widely debated in Coleman, W.D. (1988) *Business and Politics: A Study of Collective Action*, Kingston, McGill Queens University Press; and Atkinson, M.M. and Coleman, W.D. (1989) 'Strong States and Weak States: Sectoral Policy Networks in Advanced Capitalist Economies', *British Journal of Political Science*, 19(1989), 55-58.
[62] Bell, S. (1995) 'Between the Market and the State: The Role of Australian Business Associations in Public Policy', *Comparative Politics*, 28(1), 23-51.
[63] Wilson, 1983, 113

states, on the other hand, are home to hybrid structures that combine pluralist and corporatist models.[64] At the same time, however, national/regional variables help to explain empirical differences between business associations' performance and challenge theoretical generalizations.

North American interest group politics are generally considered pluralistic, although both Canada and the United States underwent episodes of corporatisation. Political and economic liberalism in both countries partially explain the emergence of pluralist structures. In Canada, the values of the business elite, such as competitiveness, voluntarism, individualism, *laissez faire* competition, correspond to pluralism and the associations founded by liberal market enthusiasts eschew corporatism. Yet, in both the United States and Canada, the aggressive pursuit of free market competition among businesses created equally competitive peak associations instead of unitary, all-encompassing, sector-wide associations.[65] In North American pluralism, equal access of associations to the government, i.e. the Congress and the Senate, is guaranteed through the legal enforcement of a precondition of equality of parties to the contracts deemed legitimate by the state. In the specialized system of agreements that exist between governments and interest groups, 'inequality of individual actors is compensated for by equal collective procedural status rights of partners to the collective contract'.[66] The federal state ensures equal representation in collective bargaining through regulation. Since North American interest representation processes emerged not only to liberate but also to rein in interest groups, the engagement of interest groups in policy-making through lobbying and advisory councils, such as the Business Advisory Council of the Department of Commerce, is governed by a carefully constructed legal framework. Moreover, federal and state agencies finance associations with the expectation that they act as 'informal channels for administrative coordination'.[67] Consequently, the United States and Canada employ elements of corporatism in their manifestly plural models of interest representation.

Interest mediation in South America during the privatization and market liberalisation era of the 1980s has been studied for signs of pluralism and associational

[64] Burrell, 1983, 227-230
[65] Jacek, H. J. (1986) 'Pluralist and Corporatist Intermediation, Activities of Business Interest Associations, and Corporate Profits: Some Evidence from Canada', *Comparative Politics*, 18(4), pp.419-432.
[66] Strange, S. (1992) 'States, Firms and Diplomacy', *International Affairs*, 68(1), 1-15.
[67] Walker, J. L. (1983) 'The Origins and Maintenance of Interest Groups in America', *American Political Science Review*, 77(2), 390-406.

autonomy because South American corporatism was infamous for bolstering authoritarian regimes. Before the 1980s, most countries in South America used corporatist arrangements, which were associated with cronyism, clientelism and corruption. South American corporatism, therefore, was considered to be a major impediment to participatory democracy. Interest group representation in Mexico exemplified South American corporatism. Mexico's ruling party, PNR, (*National Revolutionary Party*- later to be termed PRI) founded intermediary associations to represent business and labour interests. Through these intermediary associations, which were largely under the influence of the party, PNR increased its political control, demobilized mass movements of workers and peasants and vacated the Mexican public sphere. In the 1980s, the PRI finally faced a crisis of legitimacy when the party's main support base, the proletariat, moved in vast numbers towards the political left. However, PRI's power remained unchallenged well into the following decade because decades of state corporatism hindered the development of alternative routes for influencing policy and communicating with the state. Mexico's state corporatism, which was adopted by Argentina and Venezuela as well, was not purely corporatist but combined clientelism and corporatism in an idiosyncratic 'corporatist patronage system - an alliance of profits'.[68] Strong corporatism started to show signs of weakening under the Zedillo administration (1994-2000) and was largely eradicated prior to Fox's election in 2000.[69] It should be noted, however, that the powerful actors in Mexico's business-labour-state bargaining process were not business lobbies but labour unions. Big unions suffered throughout the 1990s due to political reforms and democratization; while the larger unions disintegrated, smaller ones gained independence. Similarly, opposition parties flourished under the relaxation of ruling party and labour solidarity. However, because federal and local tripartite negotiations are still the constitutionally defined ways to intermediate policy,[70] reform has been slow. As of 2012, Mexico is deemed to have stronger voluntary business associations but they seldom exercise policy impact because the government cannot effectively involve these associations in policy making.[71]

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[68] Lindau, J. D. and Cheek, T. (1993*) Market Economics and Political Change: Comparing China and Mexico*, Lanham, MD: Rowman & Littlefield.
[69] Samstad, J. (2002) 'Corporatism and democratic Transition: State and Labour during the Salinas and Zedillo Administration', *Latin American Politics and Society*, 44 (4), 1-28.
[70] Samstad, 2002, 19.
[71] Ben Ross Scheider (2013) Institutions for Effective Business-Government Collaboration: Micro Mechanisms and Macro Politics in Latin American. MIT. Online. June 2013. Available from http://web.mit.edu/polisci/people/faculty/documents/SchneiderInstitutionsForEffective2013.pdf

East Asian corporatism, pioneered by Japanese state corporatism during Japan's so-called 'catch-up development' in the 1960s, used interest mediation processes that were tailored to East Asian societies and markets. The Japanese developmental state, an invention of the East Asian 'catch-up' economic development program, endorsed heavy subsidization of industry and protection for financial markets from external pressures.[72] Japanese-style state corporatism mandated the taming of domestic corporations, the *keiretsu*, by monopolizing subsidy allocation. Businesses were kept on a tight leash by the export-oriented production quotas enforced by the state. State-controlled banking tightened the leash further by monitoring profitability and managing credit allocation. A landmark of East Asian state corporatism was the establishment in 1949 of MITI (Japan's Ministry of International Trade and Industry) to monitor the market, reward and punish business performance, and regulate development across industries. MITI was a state corporatist institution that enabled high-level, centralized bargaining with industry and other economic actors within the parameters established by the state. Japanese and other East Asian countries' apolitical and highly educated workforce were incorporated into a labour market based on high job security – often interpreted as lifetime employment – and loyalty to the enterprise. Labour unionization was discouraged by the state, and instead, apolitical enterprise unions promoted 'peaceful' interest mediation guaranteed by labourers' filial duty towards their enterprises.[73] Korea's export-oriented development was carried out by *chaebols*, like the Japanese *zaibatsu* in 1950s, and government bureaus controlled chaebols through delicate state corporatist arrangements. The Korean state intervened in union negotiations from 1963 until 1987 in order to suppress labour union activity and enforce state corporatist policy bargaining through apolitical associations. East Asian state corporatism evolved into societal corporatism after a series of anti-systemic movements, such as the 1987 national union strikes in Korea. Societal corporatism helped Korea and Japan ease tensions in the labour market by offering more representation and room for manoeuvring in economic policy negotiations. Despite growing demands for unionization, especially with respect to wage bargaining; clashing cultural values; and the indirect influence of states to prevent politicization of the labour market, societal

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[72] Wade, R. H. (2003) 'What Strategies Are Viable for Developing Countries Today?', *Review of International Political Economy*, 10(4), 621-644.

[73] Dore, R. (1997) The Distinctiveness of Japan. In: Colin Crouch and Wolfgang Streeck (Eds) *The Political Economy of Modern Capitalism*, London: Sage Publications, 19-32.

corporatism remains the predominant form of interest group representation in East Asia.[74]

The evolution of interest group politics in Europe since the beginning of the twentieth century reflects the significant economic, political and social changes that have occurred at both nation-state and regional levels. Post-war economic and political integration have contributed remarkably to the development and transformation of interest group politics in European nation states, perhaps influencing the interest mediation process in individual EU member states more decidedly than factors indigenous to those states. Moreover, as political and economic integration under the aegis of the EU widened and deepened, the realm of interest group politics in Europe also expanded from a national to transnational level. Finally, developments in interest group politics in the EU have invariably affected policy-making processes in pre-accession and candidate countries; as well as in other developing countries in the Mediterranean region. The following section will trace the development of interest group politics in Europe since the early twentieth century so as to discern the influence of regional economic and political integration on the hybridization of pluralist and corporatist arrangements.

Neo-corporatism appears to be the dominant model of interest mediation in continental Europe and elements of neo-corporatism are also found in otherwise pluralist interest representation processes in Britain, Denmark and Switzerland. Continental European countries are ostensibly endowed with a socio-political tradition that fosters corporatist structures. Kocka professed that Germany's experience with a feudal-bureaucratic structure and with industrial and economic backwardness prior to World War I created the basis for its modern corporatism.[75] The transition from a parliamentary to presidential system in France encouraged policy formulation through state-orchestrated interest mediation, according to Berger.[76] Conservative Catholicism of Western Europe mandates subsidiarity, a principle wherein the state does not interfere with activities that communities can perform; subsidiarity was contradicted by radical corporatist political leaders, Mussolini, Salazar and Franco, who enforced hierarchical structures to replace primordial forms of bargaining among industrial and

[74] Unger, J. and Chan, A. (1995) 'China, Corporatism and the East Asian Model', *The Australian Journal of Chinese Affairs*, 33 (Jan 1995), 29-53.
[75] Kocka, J. (1984) 'Theories and Quantification in History', *Social Science History*, 8(2), 169-178
[76] Berger, S.D. (Eds) (1981) Organizing Interests in Western Europe: Pluralism, Corporatism, and The Transformation of Politics . Cambridge: Cambridge University Press.

labour interest groups.[77] Yet, it is difficult to claim that culture and tradition alone explain the reasons why most countries in Europe prefer to build modern corporatist structures.

Neo-corporatist structures are found in varying forms in France, Germany, Austria and Scandinavian countries. Membership in associations is compulsory and all industries in a typical European neo-corporatist economy have corresponding chambers. Sector-wide taxation revenues are transferred to the corresponding industrial association by the state. Associations that are bound by public law and have compulsory membership are often guaranteed funds and have stronger lobbying power and robust representation in governmental policymaking.[78] In the French case, interest group representation has been limited to organizations with compulsory membership and which 'act as quasi-state agents in many matters of regulation and policy implementation'.[79] French *dirigisme*, a persistent and aggressive type of state corporatism that reigned until the end of 1970s, was based on state-generated limitations of political party and interest group involvement in policy-making. Even this rooted system was transformed, however, to societal corporatism during the 1980s and 1990s when ambitious privatisation packages were passed after institutionalized (i.e. Privatisation Commission) negotiations with big businesses and labour on national economic policy-making. However, it is difficult to claim that corporatist arrangements are the norm on the continent when countries like Belgium or Denmark show elements of pluralism in their decentralized associations and trade unions and corporatist arrangements in *étatiste* regimes display signs of pluralism.

Belgium and Denmark have interest representation processes that are pluralistic – in theory. In the Belgian case, the political commitment to pluralist arrangements was strained by an episode of economic deterioration in the 1980s. During this period, conflicts between public and private sector interests over policy influence hampered peaceful interest mediation, despite the highly representative nature of national unions and business interest organizations, which represented white and blue collar labourers from both the Flemish and Walloon regions. As interest politics spiralled out of control,

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[77] Streeck, W. and Kenworthy, L. (2005) 'Theories and Practices of Neo-Corporatism'. In Janoski, T., Alford, R., Hicks, A., and Schwart, M. *Handbook of Political Sociology*. Cambridge: Cambridge University Press, 441-460.
[78] 'The emergence of Business Associations and Chambers in the Economies in Transition: Examples from the Czech Republic, Hungary, Poland and the Slovak Republic' (1994) *OECD Working Papers*, 58, 3-34.
[79] Boucek, 1993, 74.

the Belgian government adopted a partisan, right wing rhetoric that placed much of the blame for the economic downturn on trade unions and business organizations. Interestingly, Belgium's shift to the right bolstered its theoretical commitment to pluralism even while prompting the government to install neo-corporatist arrangements to control and moderate interest group bargaining in economic policy-making. For instance,

> 'even when the government did facilitate the devolution of bargaining to sectoral and company level [a pluralist practice], it insisted that agreements reached should be in accord with its national guidelines. In the absence of an appropriate agreement, the government was prepared to impose sanctions on both workers and employers [a corporatist measure]'.[80]

Denmark responded to an economic crisis in the 1980s with a neo-liberal economic program, theoretically dedicated to pluralism but with neo-corporatist measures to govern disorderly industry-business-state relations. A remarkable example of this move was the amendment to Denmark's freedom of negotiation principle in bargaining: a new law was introduced which deemed labour and business organizations responsible for acknowledging and administering government decisions.[81] This was a direct intervention in the process of interest intermediation. The Danish and Belgian cases suggest that some European countries are committed to pluralism in principle but experiment with corporatist arrangements to secure peaceful and smooth relationships between different interest groups in their societies.

In Central and Eastern European countries (CEEC), small business associations proliferated following the collapse of the USSR, due to the erosion of central controls on associational development. Business organizations promptly became venues to exchange information and exploit newfound entrepreneurial opportunities in the market transition process. The proliferation of business associations in the post-Soviet period mirrored a scramble to engage in private ventures. However, CEEC transitional economies were unable to immediately establish Anglo Saxon pluralism, which was prescribed by European and international financial organizations alongside liberal market institutions and arrangements. Chambers of commerce and other business associations were unable to decide whether new private enterprises should be obliged to

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[80] Grande, E. (2003) 'How the Architecture of the EU Political System Influences EU Business Associations, In James Greenwood (eds) The Challenge of Change in EU Business Associations, New York: Palgrave MacMillan, p. 57.
[81] Amoroso, B. (1990) 'Development and Crisis of Scandinavian Model of Labour Relations in Denmark', in Colin Crouch and Guido Baglioni, (Ed) *European Industrial Relations*, London: Sage.

join peak associations, trade unions or chambers. Experiments with associational models in post-communist transition countries, like the Slovak Republic and Hungary, yielded nation-wide business interest organizations based on compulsory membership, while similar processes in the Czech Republic generated pluralist business associations based on voluntary membership.[82] Variation in post-transition business associations in the CEEC confirms the malleability of pluralism and corporatism and the progression of interest group politics towards hybrid models.

Concurrently with the transition in CEEC economies, Western European states were working towards economic and monetary integration under the aegis of the European Economic Community. The evolution of the economic community into the European Union, an aspirational economic, political, social – and according to some, cultural – project had important consequences for interest group politics in Europe. When integration and European enlargement attained significant momentum, the European Union was interminably changed into a polity

> composed of traditional domestic relations within countries, traditional international relations between countries, less traditional transnational relations between both individuals and organizations across national boundaries, and entirely non-traditional supranational relations between European level public institutions, on the one hand, and on the other, a European civil society consisting of domestic, international, and transnational forces and relations and including both nation states and, in manifold national and cross national combinations, their constituents.[83]

The confusing web of relationships between different actors in the European Union is arguably detrimental to national neo-corporatist structures in Europe. In practice, a supranational form of pluralism has replaced corporatist arrangements in member states. Europeanization impedes national labour market regimes, undermines nation states' ability to employ protective barriers to entry, hampers associational autonomy and hierarchy in nation-states, and alters governments' tools to formulate social policy. Furthermore, the process of centralized, collective bargaining between governments and trade unions is weakened by strong business interest organizations, which are better able to adapt to the Europeanization of markets than labour organizations.[84] As the European Union ossifies into a transnational body, where an evolving transnational agenda attracts not only interest groups but also think tanks and NGOs across Europe to the policy making process, business associations find

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[82] *OECD Working Papers*, 1994, 7-9.
[83] Streeck and Schmitter, 1992, 217.
[84] Streeck and Schmitter, 1992, 224.

themselves in an unusually diverse and challenging policy environment. Business associations are inevitably first comers to a transnational and plural form of interest mediation in the EU – which is still in the making – and they will not only reap the advantages of their early arrival but also continue to invest in their adaptation to an ever-changing environment.

In the 1990s, business associations in Europe developed effective working relationships with the European Commission and adopted the practice of participating in technical committees, hearings, etc. However, according to John Russell and Paul Adamson, since the turn of the millennium, business associations are no longer able to rely on their working relationship with the Commission to guarantee successful policy outcomes because European enlargement has created a more populated and populist European Parliament and more diverse European market.[85] Now, business organizations operating at the national and regional level in Europe need to exercise influence over a Parliament comprised of 27 nationalities and seven political groups. They also need to manage the influence that civil society organizations have on the Parliament, a decision-making body that responds primarily to populist demands. Before the fifth enlargement in 2004, the European Commission released a 'White Paper on Governance' to examine the challenges to policy-making that new member states might introduce. The White Paper proposed a system of EU-wide corporatist intermediation in which business organizations selected for the policy bargaining process were informed well in advance of the Union's policy agenda. It also urged EU business associations to seek more representation and better regulation.[86] While business organizations are engaged in a relatively smoother policy dialogue with the Commission, the plurality of other policy-making bodies and interest groups in the EU continue to present many new challenges for national and EU-wide business associations.

Another way that European integration changed traditional business interest representation in member states was through the creation of European horizontal business associations (HBAs), whose main purpose was to ensure a continuous and formalized dialogue with EU institutions. This process of formalized policy dialogue is

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[85] Russell, J. and Adamson, P. (2003) 'The Challenge of Managing Relations with the European Parliament: How Well Do EU Business Interest Associations Do?' In James Greenwood (Ed) *The Challenge of Change in EU Business Associations*, New York: Palgrave Macmillan, 64-74.
[86] Vignon, J. (2003) 'The White Paper on Governance: Challenges and opportunities for EU business associations' In Justin Greenwood (Ed) *The Challenge of Change in EU Business Associations*, New York: Palgrave Macmillan, 60-64.

embedded in the EU legal framework.[87] Article 138 and 139 of the European Commission (EC) Treaty introduced a social policy dialogue between employers' organizations and trade unions across EU member states and associate members. The European Social Dialogue scheme enables social partners to give their opinion, in the form of consultation, to the Commission and to partake in the Council's decision-making process. To this end, the EC selects a set of employers' organizations and trade unions as 'Social Partners' according to certain criteria. Partner organizations should be 'cross-industry or relate to specific sectors or categories and be organised at the European level; consist of organisations, which are themselves an integral and recognised part of member-state social partner structures and with the capacity to negotiate agreements, and which are representative of all Member states, as far as possible; and have adequate structures to ensure their effective participation in the consultation process'.[88] Formalized policy dialogue is only one of the mechanisms through which the European Union is urging national and transnational plural interest groups to engage in an organized, pre-meditated European form of representation. Embedded in the legal framework of the EU and managed by Brussels, this mechanism exemplifies the corporatist undercurrents of European transnational pluralism.

Transnational pluralism is offered as a promising alternative to modern corporatist and pluralist arrangements; however, in practice, transnational business interest organizations are neither completely apt nor effective in policy bargaining at the EU level. One of the problems that plague multi-level governance in the EU is the sheer variety of EU-level institutions, which include task forces, working groups, committees, sub-committees, Council of Ministers, Directorate Generals, and so on. Often, policymaking becomes too complicated, too cumbersome and too time-consuming amidst a flurry of institutions, meetings, paperwork and multilateral concertation. Most European level business organizations are under-funded and rely on volunteers to carry out administrative tasks in Brussels. Another downside to the institutionalized form of negotiations between EU bodies and horizontal business associations is that the sheer size of HBAs prevents them from effectively representing their members. Moreover, according to Teufelsbeuer, their effectiveness is dependent on the ability of national

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[87] Teufelsbauer, 2003, 36.
[88] 'European Social Partners' *European Industrial Relations Dictionary*. 09 June 2008. Eurofound. 22 Nov 2008. <http://www.eurofound.europa.eu/> Path: Areas of Expertise; Industrial Relations; European Industrial Relations Dictionary; E; European Social Partners.

business organizations, their members, to exercise influence over EU-level policy making. In fact, national business organizations are more dominant than HBAs in Brussels: 58% of European business associations are national associations that have their own offices in Brussels to lobby Congress, the Commission and Parliament.[89] Considering that HBAs are not autonomous and are controlled by member organizations, one would be hard-pressed to claim that transnational pluralism is fully effective. Moreover, the low effectiveness of HBAs induces privatization (i.e. use of professional lobbying companies) and nationalisation of business interest representation makes prospects for transnationalisation bleak – at least for the time being. That said, the establishment and engagement of horizontal associations in the EU policy making mechanism is promising, especially to deliver legitimacy to decisions taken above nation states.

Islam and associationalism in the Middle East

Compared to Europe, North and South America, and East Asia, references to the Middle East in interest group studies are brief and sporadic. Limited access to information and field research may have been the immediate reasons for the lack of scholarly output.[90] It is also likely that students of Middle Eastern politics, economy and society have collectively resorted to the dominant (Orientalist) thinking that Arab and Middle Eastern states are corporatist, by default. Nazih Ayubi detects the inherent tendency in Western scholarship on the Middle East to analyse Islamic society as a community where individualism and pluralism are unthinkable; Islamic politics is allegedly characterized by authoritarianism supplemented by a celebration of the community of believers, *umma*, over individuals. Hence, most contemporary literature on interest group bargaining and policy-making in the post-independence Middle Eastern states puts religion at the heart of social, political and economic transformations. While some theological interpretations and social and political practices affirm certain conclusions reached by mainstream theories, these theories lack the insight of Ayubi, who concludes that ubiquitous corporatist structures in Arab and

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[89] Grande, E. (2003) 'How the Architecture of the EU Political System Influences EU Business Associations, In James Greenwood (eds) The Challenge of Change in EU Business Associations, New York: Palgrave MacMillan, p. 52.

[90] In certain countries, like Saudi Arabia, researchers of Middle Eastern interest group politics struggled to carry out surveys and interviews in the field because businessmen were unwilling to cooperate, corporate accountability was seldom practiced, and businesses did not have a tradition of record keeping (J.W. Wright, 1996, *Business and Economic Development in Saudi Arabia*, London: Macmillan Press).

non-Arab Middle Eastern states are the products of a battle between an egalitarian, almost utopic vision of Islamic society and 'governments' increased need for more defined and fairly stable social bases to organize production, control diversity and secure support for the state'[91]. Islamic corporatism, assuming that a specific type of corporatism is attributable to the Muslim world, is therefore designed to organize, manage and co-opt the interests of different groups in Middle Eastern society. In that sense, interest group representation in the Middle East, similar to European, North and South American contexts, varies according to the country and historical period and tends to operate through hybrid arrangements. The following discussion on the role, presence and functions of business associations in Egypt, Iran and Jordan, allude to the broader debate on interest group politics in the Middle East.

The literature on organized business's influence on state policy in the Middle East and North Africa is characterized by references to the positive/negative impact of business-state relations on economic development. A striking feature of all business organisations in the Middle East is their commitment and contribution to economic development. Following an argument made earlier on clientelism, it may be suggested that the business community assumes a development role on a moral-traditional impulse. On the other hand, organized business groups in the Middle East and North Africa operate according to rules set out by their states and within corporatist structures erected by their governments to attain the development goals of the political elite. Thus, what seems to emerge is a combination of clientelism and corporatism where the state determines the breadth and functions of patronage ties and tries to balance political and economic imperatives. For instance, in Egypt 'informal modes of politics persist because the state successfully neutralizes formal political associations and channels of interest articulation,'[92] so the state is clearly involved in balancing different forms of policy interaction between diverse groups of businesspeople and its own institutions. Egypt's postcolonial industrial development witnessed power struggles between members of a prominent business oligarchy composed of rival families of investors, bankers and manufacturers who dominated the economy through their communal networks. Their co-optation was of paramount importance to the political and economic

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[91] Ayubi, N. N. (1996) *Over-stating the Arab State: Politics and Society in the Middle East*, London: I.B. Tauris.
[92] Vitalis, R. (1995) *When Capitalists Collide: Business Conflict and the End of Empire in Egypt*, Berkeley: University of California Press.

welfare of Egypt, so the state had to reconcile traditional forms of policy bargaining with newer and more centralized-hierarchical ones.

Simultaneously, interest groups and associations responded to the state's reconciliation of traditional forms of policy interaction and corporatist structures by inventing new mechanisms for exerting political and social influence and extracting distributional benefits. Clement Henry Moore and Amal Rassam demonstrated that in Egypt, Tunisia and Iraq, clientelism in the conventional sense did not exist after the 1970s and 1980s. Their observations support the argument made by Shambayati that movements propagating a new sense of religious morality are challenging the traditionally clientelistic behaviour of Middle Eastern states.[93] Reminiscent of early twentieth century Anglo-American politics, where clientelist structures tying the political and business elite together were unwound by the pluralisation of interest groups, revolutionary movements in the Middle East and North Africa during and after the 1960s witnessed the surfacing of anti-clientelist sentiments among members of the traditional middle and working class. For example, in articulating their support for Nasser's socialist developmentalism, Egypt's associations of craftsmen, small to medium sized enterprise owners, farmers and workers unions reflected on their moral and religious objections to previous clientelist forms of state-market-society interaction. While traditional patronage networks resisted transformation in smaller states like Lebanon, the larger and centralized states of Egypt, Tunisia and Iraq undermined former patron-client structures. In fact, these structures were supplanted with emergent forms of solidarity networks or groups, which allowed its members to operate without submitting to the traditional patterns of exchange that clientelism enforced. In Egypt, the *shillal*, small, impermanent solidarity networks employed by their members to derive political and economic concessions from the state and delve into its bureaucracy to exert policy influence, emerged during the Nasser period and proliferated under Sadat. *Shillal* allow its members to shift sides, as Moore demonstrated several times in the recent history of Egypt. By strategically shifting between different cliques or 'jumping shillal', high-level bureaucrats were able to retain their influence and steer a successful and safe political career despite changes in leadership.[94] In Iraq, the *tabaiyya*,

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[93] 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.

[94] Moore, C.H. (1977) 'Clientelist ideology and political change: Fictitious networks in Egypt and Tunisia', In Waterbury, J. and Gellner E. (Ed.) *Patrons and Clients in Mediterranean Societies.* London: Duckworth, 255-273.

or traditional patronage networks, which generally exploited the rural populace in Iraq, were deconstructed by former clients of these networks, who utilized the machinery of the Baath Party to take over mechanisms of political influence and economic gain[95]. There, the state was not directly involved in the reinvention of methods of interaction between business interest groups and the political elite, instead, social, economic and political transformations engendered new, diverse and plural networks to influence policies and to accrue power.

In Egypt, the state erected corporatist structures; the Sadat and Mubarak regimes installed hierarchical and centralized institutions to bind economic actors to the state, fortify the state's monopoly of governance, and enhance the regime's hold over the politicization of public space in Egyptian society. However, business and religious interest groups gradually multiplied and diversified into factions that developed their own links with members of the Egyptian cabinet, party cadres, foreign investors, and state bureaucrats to exert influence on policy. The Mubarak administration decided to address increasing pluralism by cooperating with and co-opting new groups, but the uncontrolled and anarchic nature of associations in Egyptian society created obstacles to successful and peaceful co-optation. The Mubarak government realized that new associations selected by the government to participate in policy-making were criticized heavily by other new associations, which were left out of policy negotiations. Moreover, Mubarak government's proximity to newly formed voluntary associations, particularly those of emerging Egyptian businessmen, angered members of corporatist associations and bodies that previously enjoyed a monopoly over political communication with the Egyptian state. Mubarak's attempts to handpick the few interest groups, who would participate in the decision-making processes, were unsuccessful mainly because dominant traditional corporatist arrangements were not amended in time to fully recognize and accommodate associational pluralism.[96] In this case, state invasion of the pluralisation and diversification processes of economic actors compromised inter-associational cooperation.

> 'Corporatism in Islamic Iran's context is a populist strategy to reconcile social class and other differences and incorporate the nation into an organic whole…The vision of

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[95] Rassam, A. (1977) 'Al-taba'iyya: Power, patronage and marginal groups in northern Iraq', In Waterbury, J. and Gellner E. (Ed.) *Patrons and Clients in Mediterranean Societies.* London: Duckworth, 157-166.
[96] Bianchi, R. (1989) *Unruly Corporatism: Associational Life in Twentieth-Century Egypt*, New York: Oxford University Press.

> Islamic corporatism is an authentic righteous Islamic *umma* on the march towards social justice on earth and toward unity with God'.[97]

Here, Islamic corporatist thought approaches classical pluralism, which pledged to preserve justice, tradition, family and civic values and to uphold the will of the people (and the creator) next to and above the state. However, in practice, corporatism in Iran resembles state corporatist arrangements in other countries in the region and around the world. Iranian corporatism developed from a resistance movement to traditional corporatist arrangements predating the reign of Reza Shah Pahlavi. The Shah was opposed to both corporatism and pluralism. His aversion to pluralism stemmed from the threat it could pose to monarchic rule. Similarly, he rejected modern corporatist arrangements because he did not want values associated with them, such as anti-imperialism, revolution and socialism, to permeate Iran. Instead, he wished to preserve the more traditional corporatist relationships between the state, the *ulama* and businessmen. In the mid-1970s, however, the Resurgence Party founded by the Shah began collecting donations from businessmen and forcing compliance with newfound state corporatist organizations responsible for import-export regulations. This sudden assault on businessmen prompted them to align secretly with radical ulama leaders for political influence and safety, this way establishing a corporatist coalition that was one of the main precursors of the Islamic Revolution.[98] After Khomeini, state corporatism in Iran was reinvented to integrate populist associations in the consensus building process and control them through bureaucratization.[99] Overall, the Iranian state was only partially successful in monopolizing representational mechanisms for business. It may have chosen to build public bodies to establish cooperation among various associations and across institutions, such as ad-hoc commissions, policymaking councils, and independent commission. Yet, in the absence of public bodies to intermediate and negotiate policies with interest groups, Iran's bazaris and other non-organized economic communities fostered alternative channels for political influence and safety.

Jordan presents a curious case of how the state maintained control through bureaucratization and the co-option of groups in society. 'All forms of group work and collective action in Jordan must be registered at an appropriate ministry, which is

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[97] Farsoun, S.K. and Mashayekhi, M. (1992) *Iran: Political Culture in the Islamic Republic*, London: Routledge.
[98] Bianchi, 1989, 208-210.
[99] Dorraj, M. (1992) 'Populism and Corporatism in Post-Revolutionary Iranian Political Culture' In Farsoun, S.K. and Mashayekhi, M. (1992) *Iran: Political Culture in the Islamic Republic*, London: Routledge, 214- 234.

charged with reporting, investing, observing, and counting collective activities within its administrative purview'.[100] Before the political liberalization of the early 1990s, Jordan was decidedly monist and its security establishment clamped down on any group with political aspirations. Associations and charitable organizations registered by the state were the only gateways to interest representation. In fact, Palestinian and Syrian merchant capitalists used these channels to attain preferential access to decision making, through institutionalized representation in such bodies as the Amman Chamber of Commerce.[101] After liberalization, Jordan adopted corporatist measures to grant a degree of representation to professional and civil organizations, although the process of policy-making was never sufficiently representative. Rather, institutions such as the Ministry of Interior – dubbed the 'Ministry of Associations'[102] – acted to contain group politics by creating the illusion of representative policy bargaining. Furthermore, as Islamic social institutions such as charitable hospitals, clinics, and community centres in mosques proliferated in Jordan, they began to admit private enterprises into their association and thereby began to effectively represent middle class interests and provide services that the state failed to offer to middle and lower classes. This development, to affirm the predictions of the Jordanian state, encouraged a spirit of activism and embarked some of these networks on a path towards more political representation.[103] Arguably, despite the strong elements of corporatism in Jordan since late 1980s, the Hashemite monarchy and interest groups in Jordan are now engaged in a cooperative relationship. Some pluralistic and voluntary interest groups in contemporary Jordanian society, especially the health care, women's and academic organizations in the network of Muslim Brotherhood, are effectively usurping the organizational opportunities that the regime provides and entering directly into state's policy realm to occupy legislative and executive posts.[104] An idiosyncratic set of arrangements, resembling pluralistic corporatism, flourished in contemporary Jordan and these arrangements are being re-

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[100] Wictorowicz, Q. (2001) *The Management of Islamic Activism: Salafis, the Muslim Brotherhood, and State Power in Jordan,* New York: SUNY Press.

[101] Moore, P. W. (2001) 'What Makes Successful Business Lobbies? Business Associations and the Rentier State in Jordan and Kuwait', *Comparative Politics*, 33(2) 127-147.

[102] Wictorowicz, 2001, 34.

[103] Clark, J. A. (2004) *Islamic Charity and Activism: Middle Class Networks and Social Welfare in Egypt, Jordan and Yemen*, Bloomington: Indiana University Press

[104] Wictorowicz, Q. (1999) 'Islamists, the State and Cooperation in Jordan', *Arab Studies Quarterly,* [Internet] BNET, London, Fall 1999, Available from http://findarticles.com/p/articles/mi_m2501/is_4_21/ai_58564186/pg_11?tag=artBody;col [Accessed 15 Dec 2008].

invented and transformed, as the relationship between religiously motivated interest groups and the state develops.

Middle Eastern interest group politics do not seem to be en route towards integrating into transnational pluralism, as European and advanced capitalist business-state relations do. Business associations and market actors in the Middle East do however effectively employ traditional clientelist forms of interacting with the state and political elites, engage in assisting the state's development agendas and institutionalization – especially in contexts where market liberalisation policies are adopted – by becoming a part of corporatist structures, and finally diversify and pluralize their representative mechanisms and bodies. Members of organized business in the Middle East establish networks of interest groups to catalyse social, political and moral transformation, to deliver welfare where the state fails to, and to transmit religio-political as well as economic messages. The prevalence of religion, i.e. Islam, as a source of group solidarity, morality and identity, is particularly noteworthy as this phenomenon indicates a departure from the Anglo-American, continental European or East Asian trajectory in the evolution of interest group politics. Moreover, in the absence of regional or international bodies, which meticulously govern the transactions between business interest groups and sectoral associations like the European Union does for example, the transactions occur outside of the direct control of the Middle Eastern and North African states concerned. The fluidity and flexibility of these transactions suggest that interest mediation and representation will continue to occur through hybrid, convergent structures.

Conclusion

This chapter attempted to revive and revitalize the literature on contemporary business associations or interest groups as fundamental components of policymaking both in and above nation states. Interest group theories evolved since the beginning of the twentieth century to explain the structure, roles and functions, composition, geographical, material and ideological reach, effectiveness and identity of business and other associations. The main tenets of interest groups theories are that they accept associations as the most basic representative unit in any society and that associations are formed voluntarily or imperatively to articulate interests of their membership and that associations become part of public policy-making either through competitive, cooptive or cooperative structures. Major theories of interest group politics, pluralism,

corporatism, clientelism and monism are treated in the literature as separate and distinct models of interest representation and mediation, however, empirical data demonstrates that in practice, states and associations borrow from and combine elements of all the major models to create and recreate new mechanisms and methods of policy based interaction. While the common trend around the world is of convergence and hybridisation of pluralism and corporatism, there are also striking differences in the application of these various models, especially in developing country cases; these differences demonstrate that new actors and networks emerged during the course of globalisation to display distinct religious, moral and political features.

Similar patterns are observed in European, North and South American, and even Middle Eastern countries' interest group politics: Established structures of interest representation, when tested by time, significant social and economic changes, internationalisation and globalisation, transform into hybrid structures, which amalgamate elements of pluralism, corporatism and occasionally of monism or clientelism. Policy bargaining processes between national and international business associations, European Union institutions, nation state institutions and national and international labour organisations in the EU bear important indicators for predicting the future of interest group politics. Pluralism is reinvented at the transnational level to allow for greater participation and representation of new, voluntary and unorganised national and transnational associations. European pluralism creates a more competitive, democratic, and egalitarian environment for interest group intermediation, not simply for interest groups within the Union but for associations from accession or neighbouring countries. The next stage in evolution of interest group theory is professed as transnational pluralism, not transnational corporatism. Corporatist structures are in tact but they proved to be less flexible and adaptable to conditions of tripartite or policy-based negotiations above the level of a nation state. Perhaps without a transnational or world government, corporatism will continue to remain confined within the boundaries of nation states.

Chapter 3: Turkish state corporatism and representation of business interests

Modern Turkey had a corporatist system of interest mediation for most of the 20th century, based on state-led institutionalization and bureaucratisation to control and organize interest groups. This chapter will narrate the development of state-capital relations in modern Turkey and locate the corporatist institutions that were established to facilitate, manage and control industrial relations. Each of the several key turning points in the history of modern Turkey – the early Republican period; the multi-party politics of 1950s; the 1960 and 1980 coup regimes; and the 1980-1990s, which were marked by privatization and financial liberalization – testify to the emergence and persistence of state corporatism. The monopoly of corporatism ended with two major developments: the toppling of a democratically elected pro-Islamic government in 1997 by a 'soft coup', and the signing in 1999 of an accession agreement with the European Union that committed Turkey to a closely monitored and pro-active path of democratization, economic liberalization and pluralisation, by way of facilitating new institutions and interest groups to emerge and enter into structured and informal mechanisms of policymaking.

Business-state relations have changed dramatically since then, but this chapter will address Turkish state corporatism in the earlier period, using the framework provided by Taha Parla and Andrew Davison. In one of the very few, critical studies on the ideological foundations of corporatism in Turkey, they identify three levels of corporatism:

> [F]irst, a theory-ideology about a model of society and economy; second a set of economic and class policies about actual procedures for conducting the representation of interests, and third, a particular form of political institutionalization and authoritative decision making.[105]

Corporatism, as was laid out in Chapter 2, offers a systemic view of how various, and where applicable, select and exclusive groups within a society represent their interests. It is this potential of corporatism to systemically and centrally control policy bargaining and interest mediation between capitalists and the state that appealed to the Republican elite, who crafted the nation state in Turkey. The Ottoman ruling elite was economically and politically weak and dependent on the latter two groups of

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[105] Taha Parla and Andrew Davison (2004) *Corporatist Ideology in Kemalist Turkey: Progress or Order?* New York: Syracuse University Press, p.28.

foreign/non-Muslim capitalists. The reality of a befallen Empire deeply maimed a younger generation of Ottomans, who assembled the Committee of Union and Progress (CUP). CUP leadership devised an economic recovery plan to nationalize the imperial economy and to introduce austerity measures to overturn the Empire's failure to adapt to 19th century international capitalism. Furthermore, the CUP set out to nationalize the economy by relying on the productive capacity of the Turkish heartland, Anatolia, and by eliminating the Christian merchants and capitalists in the Ottoman Empire, who allegedly constituted an existential threat to economic and political recovery according to the architects of Young Turk restoration and a new Muslim middle class.[106] The Kemalist cadres who succeeded the CUP leadership followed in the footsteps of their ancestors to conduct post-war economic development via strategies to encourage capital accumulation of a state-bourgeoisie and to therefore redesign class structure.

At the core of Turkey's organic state building process was the theory/ideology that Parla and Davison identified as Kemalism, an ideology influenced by continental European corporatist models and ideas. Essentially, corporatism provided the structure – or rather, as Parla and Davison call 'a model of society and economy' – through which the emerging nation state would assert a national identity and secular values. The main objective of the Republican state-building project was to establish state's dominion over the civil society.[107]

> The new republic tried to constitute and develop new values against the old values, the core of which was identified as Islam. This implies that the formation of the state was not only about sustaining order by force, but rather, was also about establishing hegemony within the domain of civil society.[108]

Corporatism in Turkey deserves special reference, perhaps even its own category because it offers a unique mixture of state corporatism and clientelism. State corporatism in Turkey corresponds, much like other forms of state corporatism elsewhere, to a centrally organized, hierarchical system of managing and controlling the political and economic ambitions of traditional and emerging groups in Turkey. In managing and attempting to control negotiations of power and policy, however, the Turkish state recognized and absorbed its unique and traditional patron-client relationships. While institutionalizing its 'model of economy and society', Turkey's Republican elite engaged repeatedly in a

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[106] Çağlar Keyder (1987) State and Class in Turkey: A Study in Capitalist Development. London: Verso.
[107] Mümtazer Türköne and Tuncay Önder (Eds) *Şerif Mardin Tüm Eserleri 6: Makaleler 1 (Şerif Mardin Anthology Volume 6: Opinion Pieces and Articles)* Istanbul: Iletisim Publications (2012).
[108] Hasret Dikici Bilgin (2009) 'Civil Society and State in Turkey: A Gramscian Perspective', in Gramsci and Global Politics: Hegemony and Resistance, edited by J. Schwarzmantel and M. McNally. London: Routledge, pp.107-119. (p.111)

process of negotiating the non-Western, archaic and backward practices that epitomized clientelism, especially in the periphery, with the Western, novel and progressive model of corporatism. Modern Turkey's founders were exceedingly familiar with and belonged to the traditions and institutions that defined the Ottoman Empire. It was this familiarity that urged them to challenge the *ancien regime* and this sense of belonging to an invented heartland, Anatolia, which compelled them to envisage a new nation. The Republican elite was armed with two core tasks: to replace the defunct political, economic and social institutions of the Ottoman Empire and to rid the young Republic of the economic and political presence of 'foreigners' and 'enemies', including devout Muslims, deterred by the aggressive secularism of the early Republican era. Eventually, however, the Republican regime failed to manufacture a purely European (Germanic or Italian) model of corporatism and ended up with a system in which traditional patron-client relationships thrived inside corporatist institutions. The corporatist structure in Turkey operated in formal and informal institutions and across the state-society spectrum.

Party politics, social class and corporatism

In Turkey, political parties have conventionally had hierarchical structures and failed to adopt democratic governance mechanisms. Political parties have traditionally not held direct primaries and the decisions have almost always been taken at the level of top leadership.[109] The elitist and overtly hierarchical culture of decision-making in Ankara trickled down the party infrastructure and the political thinking of the central party leadership were directly transferred to local party politics.[110] At the same time however, party cadres at the local and national levels financed their party out of their own pockets. Therefore, political parties were inevitably accountable to their local and national patrons. Because political party financing was neither accountable nor transparent, those partisans who invested in patronage unreservedly continued to

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[109] Özge Kemahlıoğlu found that between 1983 and 2005, only 1 party leader has been ousted democratically: Yıldırım Akbulut of ANAP. His successor Mesut Yılmaz dominated ANAP leadership for years to come and he allegedly brought his party down with him. Ozge. Kemahlıoğlu (2005) 'Intra-party Competition and Clientelism: An Analysis of Public Sector Employment in Argentina and Turkey' *Paper presented at the annual meeting of the American Political Science Association, Marriott Wardman Park, Omni Shoreham, Washington Hilton, Washington, DC*, Sep 01, 2005 <Not Available>. 2009-05-25 <http://www.allacademic.com/meta/p40436_index.html>
[110] Levent Köker (1995) 'Local Politics and Democracy in Turkey: An Appraisal' *Annals of the American Academy of Political and Social Science* Vol. 540, Local Governance around the World (Jul., 1995), pp. 51-62

dominate decision-making. Ultimately, party politics has been characterized by monopolies or oligopolies of leadership and cronyism.

The tale of party politics began in modern Turkey with a long chapter of single-party rule. In order to facilitate an effective method of capital generation and accumulation, Kemalist elite established and filled the ranks of state organizations and the cadres of Turkey's first political party, the Republican People's Party (*Cumhuriyet Halk Partisi*, CHP). CHP enjoyed the privilege of single party rule, forced upon Turkey's party politics, until 1950. It is difficult to understand corporatism in Turkey, and more precisely the unique blend of corporatism and clientelism, without referring to the first and arguably the most resilient institution of Turkish politics, CHP. Ayşe Güneş Ayata reminds us that those students of Turkey's party politics who emphasized the influence of patron-client relationships on politics argued either that modernism would push clientelism to the point of extinction or that clientelism would remain attractive to right wing, conservative parties only. She proves however that social democratic parties, specifically the CHP, are not immune to the impact that clientelism has on political relationships in modern Turkey.[111]

> In 1923, when the Republic was founded, the party was inseparable from the state. The notables in different parts of Turkey became both representatives of the party and agents of the state in periphery (Frey 1965; Mardin 1967; Timur 1971; Tunçay 1983). Depending on the conditions in the village and the structure of the agrarian society, party notables in towns picked out agents in villages to represent their personal interests and those of the party. They would usually search for an 'honest' and well-to-do peasant respected by and having influence over his fellow villagers.[112]

Evidently, the first converts of the party state and its corporatist infrastructure were rural notables or the landowning class in the periphery and the Republican bourgeoisie. In her anthropological work in the Datça province of the city of Muğla, Sibel Özbudun detected a pattern of particularistic relationships that existed between rural economic actors and local party cadres and that depicted the application of clientelism in Turkey.[113] She found that the village notables in the region have been in a close crony relationship with the CHP in the region. Traditionally, local landowners or *aghas* supported the CHP and urged or coerced their fellow townsfolk to rally in support of CHP. Since the locals were dependent on the landowners to sell their produce

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[111] Ayse Gunes Ayata (1990) 'Class and Clientelism in the Republican People's Party' In Andrew Finkel and Nükhet Sirman (eds) *Turkish State, Turkish Society*, London: Routledge, pp. 159-184.
[112] Ibid. Ayata: 164.
[113] Sibel Özbudun (2005) 'The Reproduction of Clientelism in Regressing Rural Turkey or ''Why I Became An 'Erect Ear''', *Dialectical Anthropology*, Volume 29, Number 2, pp.241-272

and to access short-term loans to support their families and farms, securing their loyalty was easy. CHP, by implication, utilized the traditional patronage network that existed in the periphery without needing to invent and establish an alternative network of political and economic relationships. Besides, most landowners and capitalists at the local level were also party members or leaders. Özbudun showed that after the 1950s, with the launch of the Agricultural Bank in Datça and the influx of aid through the North American "Marshall Program", CHP lost its monopoly over political and economic relationships in the periphery. This implies, then, that the key to CHP's hold over the political patronage network that it nurtured in Turkey was its ability to monopolize distribution and access to economic resources. When the party state's monopoly over distribution was challenged, its capacity to accrue political capital through clientelist/corporatist structures began to erode.

Though CHP was as a corporatist institution, it was limited in its ability and ambitions to assist interest mediation and bargaining. Arguably, due to a lack of a democratic tradition in the CHP party leadership at the local and national levels failed to include party members and supporters into a meaningful dialogue and negotiation over policies. However, due to a combination of internal and external pressures, the legacy that CHP left in the realm of political and economic power relationships was borrowed and reproduced by its rivals and successors, namely, Democrat Party (*Demokrat Parti*, DP) and later Justice Party (*Adalet Partisi*, AP). Ayata narrates on the transformation of patron-client relationships in the CHP in the 1970s by the advent of professional middle classes who acquired degrees in city universities and returned to their town/village to claim the privileged access to state resources from the hands of wealthy local merchants and notables: 'As state penetration into the periphery increased, agricultural production became increasingly interlocked with national and international markets and information and access to state resources were decisive for economic success'.[114] In the cities, there were professional workers who were politically savvy and increasingly aware of current Turkish and international affairs. Thus, it was not only CHP's loss of monopoly over mechanisms of redistribution that facilitated its weakening but also the subsequent change in the class structure in Turkey and as well in the CHP party cadres that gradually eroded the early Republican forms of corporatism conditioned by the party state.

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[114] Ibid. Ayata, 171.

Laws and institutions of industrial relations in the Turkish Republic

Political parties and organized labour in Turkey were engaged in a complex relationship, which was characterized either by labour's political adversity to the establishment or system parties (namely, CHP and later DP, AP, ANAP, etc.) or by the former's partnership with the latter on the basis of safeguarding 'national' interests. Unions are key institutions on the state-society spectrum and the Turkish state's relationship with the organized labour movement is testament to the evolution of state corporatism and indeed of industrial relations in modern Turkey.

Turkey's developmentalist state opted for authoritarian industrial relations because the economic interests of the growing public sector were not to be compromised for the sake of better, more democratic state-labour relations. In an attempt to create authoritarian industrial relations, a Labour Law was passed in 1936. 'The law accorded a one-sided regulatory power to the state in collective industrial relations, was totally mute on trade unions, and explicitly outlawed strike and lock-out action.'[115] Meanwhile, to respond to fast paced industrialization and the expansion of the public sector, industrial and agricultural labourers were organizing around voluntary associations to facilitate unionization or to carry out union activities. Marguiles and Yıldızoğlu note further that the Turkish state managed to prevent the politicization of professional associations and trade unions by passing in 1947 the Law on Employers' and Labour Unions and Law on Labour Union Associations, which removed some of the most basic rights of workers, such as the right to strike and to enter into collective bargaining, and attempted to keep at bay all ideological and political influences other than those deemed officially permissible by the state.[116] Apparently, the Turkish state incorporated an emerging class of industrial workers in 1950s into a hierarchical system of interest mediation where the state, as an employer held the upper hand.

> The model conceived is one in which predominate a multitude of small labour unions at the local level, deprived of instruments to carry out their essential activities, of the power necessary to defend the interest of their members or of financial means.[117]

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[115] Yüksel Akkaya (2002) 'The Working Class and Unionism in Turkey Under the Shackles of the System and Developmentalism' In Neşecan Balkan and Sungur Savran (eds) *The Ravages of Neoliberalism: Economy, Society, and Gender in Turkey*, New York: Nova Science Publishers, pp. 129-145, p.130.

[116] Roni Margulies and Ergin Yıldızoğlu (1984) 'Trade Unions and Turkey's Working Class', *MERIP Reports* No. 121, State Terror in Turkey (Feb., 1984), pp. 15-20+31.

[117] Ibid. Akkaya, p.131.

Criticized widely by the literature on Turkey's unions and left movements, the 'divide and rule' approach of Turkish state corporatism enfeebled the organization and representation of working classes in the first few decades of modern Turkey.

Turkey's 'national' business community emerged in early 1900s shortly after the second constitutional period granted Muslim merchants and businessmen access to the Ottoman imperial markets and to its emergent institutions. By 1908, the Ottoman peak chamber, Dersaadet Chamber of Trade, Industry and Agriculture, had already assembled an all-Muslim chamber leadership and declared its commitment to the development of a 'national finance'. By the same vein, the political parties that formed in the period between 1908 and 1918, chiefly the Committee of Union and Progress, included in their party programmes policies geared towards supporting Turkey's indigenous trade and industry chambers. While the structure and organization of local and national chambers during the late Ottoman era resembled the state corporatist structure of modern Turkey, one major difference was the lack of compulsory chamber membership. Both the 'national' business community and the politicians who wished upon a stronger class of capitalists concurred that chambers needed to collect membership fees but since they were not able to attract as many members as needed (and because the number of national companies or capitalists were fairly low in early twentieth century), chambers were never strong enough to steer the course of policy bargaining.[118]

Several entrepreneurs coalesced during the years of occupation and war of independence to estimate the presence of purely Turkish/Muslim businesspeople in the besieged Ottoman market and to wage a 'financial battle' against the existence of non-Muslim business actors. Policies of financial and economic nationalization went hand in hand with the wider armed struggle against the armies of imperial powers.[119] To avoid economic surrender despite a political victory, the Kemalist cadres established institutions that would realize and sustain economic and financial nationalization. The first of these institutions was the National Turkish Trade Association and other institutions modelled to match this peak association followed[120]. Since economic nationalization was seen as an imperative by the founding ideolouges, the Turkish state

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[118] Murat Koraltürk (2002) Türkiye'de Ticaret ve Sanayi Odaları (1880-1952) [Chambers of Trade and Industry in Turkey (1880-1952)] Istanbul: Denizler Kitabevi.

[119] Ayhan Aktar (1996) 'Cumhuriyet'in İlk Yıllarında Uygulanan Türkleştirme Politikaları (Policies of Turkification in the First Years of the Republic)' *Tarih ve Toplum*, 26 (156), pp. 4-18.

[120] Ibid. Koraltürk, p. 69.

became defined by this imperative. Thus, Turkish state cultivated a *centralized* and *hierarchical* structure to incorporate its blossoming national businesses and to represent private sector interests.

For all private business entities in Turkey, membership in a corresponding chamber of commerce, industry or craftsmen and artisans was (and continues to be) compulsory. Chambers of commerce, chambers of industry, vocational chambers and chambers of craftsmen and artisans were established in townships, cities and districts through the course of Turkey's industrial and market development. Each registered member was required to pay membership fees; attend regular general council meetings; and comply with the corresponding chamber rules and regulations at minimum. Annual membership fees were distributed to the corresponding chamber of commerce or industry in the city where the fee-paying company is located. Local chambers were tied to a hierarchical structure of representation, which consisted of intermediary/regional organizations and peak associations, also known as federations. Federations of chambers were organized on a regional and more often on a sectoral level. Federations acceded to the corporatist structure of organized interest representation through their participation in confederations.

Confederations are the highest representative organizations for private sector entities. Two peak associations or confederations stand out as harbingers of corporatist interest mediation in Turkey's private sector: the Union of Chambers and Commodity Exchanges (TOBB) and the Confederation of Craftsmen and Artisans of Turkey (TESK). TOBB and TESK were established in 1950 and 1949 respectively. TOBB is the highest state-funded, legally recognized entity in Turkey that represents the interests of private sector organizations. TOBB's mandate was set in the middle of the twentieth century as facilitating the activities of members of chambers of trade, industry and maritime trade, and to assure honesty and security in the transactions between members. Therefore, TOBB was designed to act both as a supervisory body and as a broker between member organizations. It was equipped with the task of ensuring that trading and commercial companies adhered to generally accepted standards of discipline, ethics and friendly competition. Similarly, the Confederation of Craftsmen and Artisans of Turkey (TESK) was established to represent the interests of craftsman workshops, artisans workshops and small (peripheral) service providers (i.e. transporters, local grocers, hairdressers, etc.). TESK was also tasked to ensure work discipline and ethics

were adhered to by all member companies and to provide vocational training and other services to its member federations.

The laws that established both confederations were corporatist in tone and spirit. Both confederations were authorized to act as public institutions and were mandated to 'discipline' and 'educate' its member organizations and to 'command trust and security in' the private sector. Evidently, the 1950s centralized, state-planning economy sought to reign in private sector interests by incorporating them into semi-public peak associations. Although decisions were taken democratically during regular and irregular general council and board meetings in TOBB and TESK, government policies had a legally defined precedence over the outcome of negotiations held at these peak associations. Chambers, federations and confederations were equally responsible to follow the 'orders' of the executive and in several key areas, including board elections, geographical/sectoral/industrial sphere of activity, confederations – which were recognized as the highest bodies of interest representation – were ultimately unable to act independently. In contrast to their dependency on the state for their administration, chambers acquired the majority of their funding from registration fees and annual contributions from members. So, it would be more pragmatic for chambers to prioritize the interests of their members.

Law 5590, which established TOBB in 1950 and was not amended until early 1980s, offered a clear distinction between 'industrialist' and 'artisan or craftsman': Industrialists worked to 'add value' to the products they offered through manufacturing/processing raw or semi raw materials.[121] Industrialists, who employed depending on the labour intensity of their line of activity at least five to ten people, qualified for membership to chambers. Law 507 establishing Turkey's craftsmen and artisans association stated, on the other hand, that craftsmen and artisan were workers and owners of small businesses and they relied on 'manual labour' to perform their art or to run their business. [122] This type of classification implied that the corporatist state aspired to foster higher ranking capitalists, who were to fuel Turkey's industrial

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[121] ' Ticaret ve Sanayi Odalari', 'Ticaret Odalari', 'Sanayi Odalari', 'Deniz Ticaret Odalari', 'Ticaret Borsalari' and 'Türkiye Ticaret, Sanayi, Deniz Ticaret Odalari Ve Ticaret Borsalari Birliği' Kanunu', *Union of Chambers and Commodity Exchanges*, (http://www.tobb.org.tr/organizasyon/hukukmusavirligi/mevzuat/5590/5590.pdf
[122] '507 Sayılı Esnaf ve Sanatkarlar Kanunu', *Confederation of Craftsmen and Artisans of Turkey*, http://www.tesk.org.tr/tr/5362/507.html

development in the 1950s, and a lower class of craftsmen and artisans who were to sustain traditional, lower-scale, provincial businesses.

In the 1960s, a self-aware working class expanded in size as industrial towns and regions in especially Turkey's northeast emerged. Industrial workers demonstrated a strong presence in the Turkish political and civil society in the 1960s and 1970s. The state facilitated the establishment of the Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, Türk-İş), which was designed to monopolize representation of industrial workers by drawing together local and sectoral trade unions and by taking part on their behalf in interest mediation exercises with the Turkish state. Industrial relations institutionalized to mimic state corporatist structures by peak unions[123] (confederations), regional federations, and local unions divided across sectors and industries. These structures provided gateways into the policy arena in Turkey and reproduced the crony/corporatist patterns of bargaining that the party state has sworn by. Türk-Iş utilized its position in the corporatist framework to accrue more political power, groups of industrial workers splintered from this peak trade union to organize around the Confederation of Progressive Trade Unions (*Türkiye Devrimci İşçi Sendikaları Konfederasyonu*, DİSK). DİSK gradually emerged as the leader of the anti-state workers movement and a key actor in the 1970s when the political struggle between 'leftists' and 'fascists' often escalated into violent clashes between members of these fractions. While structured industrial relations in Turkey nurtured the leading political figures in Turkey's political left, who – broadly speaking – adopted anti-capitalist, anti-militaristic and anti-establishment positions, most trade unions hosted cronyism and their survival hinged on their success in maintaining a healthy relationship with the state and the business community.

> Union leaders used their knowledge in the job market to assist friends and relatives find employment. Those thus assigned were expected in return to support them both in union elections and as delegates in the [CHP] party organization. Unions thus became an important power base within the party as well as the major contributors to party resources.[124]

The bulwark of Turkish state corporatism, CHP, enjoyed a close working relationship with organized labour. This was an assertion made and owned by some of the fractions in the political left to label those trade unions that have entered into

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[123] Peak-level unions and associations refer to labor confederations that have federations as their members, not individuals or businesses. The peak level association or union is the highest-level representative of its members in industrial relations.
[124] Ibid. Ayata, pp. 177-178.

partnership with the establishment, i.e. CHP, and those that have kept a firm distance from the establishment.[125] Some of the most fervent leftist/Marxist critiques of the Turkish state corporatism and its imprint on industrial relations came from Behice Boran of Turkish Labour Party (Türk İşçi Partisi, TLP) who claimed that the left-of-center politics and social democratic agenda of CHP was neither genuine nor convincing.[126] TLP accused the voluntary or independent union, DİSK, of increasingly resembling CHP and thus of betraying the spirit of the leftist movement in the late 1970s.[127] Apparently, the fault lines in the political left emerged in response to state corporatism and to the alleged or real crony ties between the party state and organized labour.

Securitization and the corporatist tradition in Turkey

Turkey's military is unequivocally and indisputably a political actor whose functions far exceed those related to foreign security provision. The 1961 constitution, introduced by the junta leadership that overthrew a popular civilian government in 1960, institutionalized the military's political status by establishing a National Security Council (*Milli Güvenlik Kurulu*, MGK) whose mandate was to directly partake in the executive by advising the Council of Ministers. The political supremacy of the military elite was reflected even in the design of the state protocol where the Chief of Staff ranked fourth after the President, Prime Minister and Speaker of the Turkish Grand National Assembly.[128]

The legislation on associations bears the imprint of securitization, brought about by the 1980 military coup and sustained for many years to come by civilian administrations. Each association was subjected to a highly securitized registration, monitoring and auditing process. The 'Law on Associations'[129], numbered 2908 and ratified on 6 October 1983, was exceedingly restrictive and manifested the mistrust of the Turkish state towards the citizenry at large, and particularly towards organized representation of citizens' interests. Non-profit, civil society organizations in Turkey are

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[125] Ahmet Makal (2003) 'Cumhuriyet'in 80. Yılında Türkiye'de Çalışma İlişkileri' Working Paper Series, No. 62, Dec 2003, Ankara University Faculty of Political Science, Research Center for Development and Society, www.politics.ankara.edu.tr/WP

[126] Igor P. Lipovsky (1992) The Socialist Movement in Turkey, 1960-1980. Leiden: E.J. Brill, P.42

[127] 'Parti Okulu (Party School)' Turkish Communist Party, http://partiokulu.tkp.org.tr/aday-uye/aday-uye-egitim-metni/parti-tarihi

[128] Jenkins, Gareth, 2007. 'Continuity and change: prospects for civil-military relations in Turkey', *International Affairs*, 83(2): 339–355. P.342

[129] *Dernekler Kanunu (Mülga),* Mevzuat Bilgileri, T.C. Adalet Bakanlığı http://www.mevzuat.adalet.gov.tr/html/640.html

legally defined either as associations (*dernek* in Turkish) or foundations (*vakıf* in Turkish). Almost all of Turkey's voluntary business associations are registered as *dernek*. Law no. 2908 stated that for an association to be established, a minimum of seven founding members were required. Bureaucrats, minors and persons who have been convicted of crimes (of any nature) were not permitted to establish associations.

Since no other state in Europe applied these preconditions to start up associations,[130] their existence in the Turkish law meant that freedom of association was granted selectively in Turkey. One of the most fundamental rights of citizens in democracies, freedom of association was effectively withheld from those who served the state (bureaucrats) or wronged it (convicts). Furthermore, by imposing a quota on the number of members needed to start up associations, the Turkish state hampered the entry of smaller interest groups into civil society. The Law on Associations also required those who wanted to set up associations to submit their birth certificates and criminal records – another restriction that European states did not place. Once set up, associations were obliged to announce their establishment in a print newspaper *and* to notify the nearest administrative office (usually district or regional governors) of *any* activity they planned to hold. These requirements not only hiked up the costs of establishing and running associations, they also pushed voluntary associations into a state corporatist framework where bureaucrats serving at all levels in the administrative hierarchy of the Ministry of Interior assumed the responsibilities of a watchdog over associational activity.

Crucially, Law no.2089 deemed illegal those associations whose activities 'created artificial minorities based on race, religion, sect and region and damaged the unitary nation of the Republic of Turkey; defamed or diminished the persona, principles and works of Mustafa Kemal Atatürk; and curtailed freedoms of others'. This definition of legality resonated with many other similar clauses woven into the fabric of Turkey's post-coup legislation[131]. Additionally, Article 33 of the 1982 Constitution stated that

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[130] TÜSEV (2004), http://www.tusev.org.tr/userfiles/image/dernek%20raporu.pdf
[131] Most striking and controversial example is the Article 301 of Turkish Criminal Code, which states that: '1. Public denigration of Turkishness, the Republic or the Grand National Assembly of Turkey shall be punishable by imprisonment of between six months and three years. 2. Public denigration of the Government of the Republic of Turkey, the judicial institutions of the State, the military or security structures shall be punishable by imprisonment of between six months and two years. 3. In cases where a Turkish citizen in another country commits denigration of Turkishness the punishment shall be increased by one third. 4. Expressions of thought intended to criticize shall not constitute a crime.' Excerpted from 'Document - Turkey: Article 301: How the law on 'denigrating Turkishness' is an insult to free expression' (2006) Amnesty International,

associations were obliged to register with the state and could face prohibition and closure[132] if they violated the terms of Article 13.[133] In short, the boundaries of legitimate associational activity were both constitutionally and legally defined by references to enemies of the state; preservation of national security; and the removal of potential enemies from the associational landscape. Finally, Turkey's Security General Directorate (Emniyet Genel Müdürlügü, EGM) maintained the registry database for associations until 2003 when a civilian institution, the Department of Associations was established within the Ministry of Interior to oversee the administration of associations. The judiciary, the security establishment, and the executive for the longer part of the history of modern Turkey policed associations.

More significantly, the military is one of the largest economic players in Turkey's economy and its might and presence in Turkey's political and social landscape are matched by the breadth and scope of its economic activities. İsmet Akça explains,

> [The] military is an economic actor in all fields of the economy (production, trade, finance). This implies, in the Turkish context, the conversion of the Turkish Armed Forces (*Türk Silahlı Kuvvetleri*, TSK) into a capitalist collective: The military officer becomes an industrialist, a merchant, a financial investor, and a rentier.[134]

In other words, members of Turkey's military elite do not only fill the ranks of Turkey's political elite but also belong to Turkey's business community. Secular and Republican business community and the corporatist structure that domicile its members were (and are) inevitably engaged in a close-knit relationship with the military elite. The terms of this relationship are determined by Republican values and principles, such as the indivisibility of the nation, the territorial integrity of the state and the supremacy of Atatürkist principles, expressed and protected by those members of Turkey's security

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http://www.amnesty.org/en/library/asset/EUR44/003/2006/en/1bfaf47e-d44b-11dd-8743-d305bea2b2c7/eur440032006en.html

[132] Ayşe Kadıoğlu (2005) 'Civil Society, Islam and Democracy in Turkey: A study of three Islamic Non Governmental Organizations', *The Muslim World*, Volume 95, Issue 1, pp. 23–41.

[133] 'Thus, contrary to the system of its predecessor, restrictions were a rule rather than an exception under the original text of the 1982 Constitution. The original Article 13 stated: 'All fundamental rights and liberties shall be restricted by law in accordance with the letter and the spirit of the Constitution for the purpose of the protection of national security, the indivisibility of the state with its nation and the territory, national sovereignty, the republic, public order, public interest, public moral, and health, and shall also be restricted by the specific reasons which are stated in the relevant articles of the Constitution. General and specific restrictions which are stated for the fundamental rights and liberties shall not be in conflict with the requirements of the democratic social order and they shall not be exercised except for their stated aim.' Excerpt taken from Serap Yazıcı (2006) 'A Guide to the Turkish Law Order and Legal Public Research', *Globalex*, http://www.nyulawglobal.org/globalex/turkey.htm

[134] İsmet Akça (2010) *Military-Economic Structure in Turkey: Present Situation, Problems and Solutions*, TESEV Democratization Program Policy Report Series, Volume 2, Istanbul: TESEV Publications, p. 6.

establishment who held (and continue to hold) seats in business associations, trade unions, joint commissions on trade, industry, innovation, etc.

A privileged class of military elite and secular business elite consolidated its power through the course of the history of modern Turkey. Recurrent military interventions kept the system and its components in check. These interventions proved hazardous to the Turkish economy and detrimental to Turkish private sector's profitability and appeal as a stable, functioning economy. However, curiously, Turkey's business community cherished, venerated and protected its close relations with the military entrepreneurs and leadership. Part of the explanation for this curious predicament comes from an analysis of the structuring of interest representation in Turkey, especially from 1970s onwards.

Turkey's economic liberalization began with the 1980 coup when the military leadership appointed the economic advisor of Demirel, Özal, as deputy prime minister for economic affairs to carry out an economic recovery plan. Sabri Sayarı admits that the hegemonic character of the post-coup regime in the 1980s assisted the application of economic recovery and liberalization because there was literally no dissent.

> Under democratic conditions, groups who interests were adversely affected by the neoliberal stabilization policies, such as organized labour, would have expressed their opposition through political channels. But Turkey's military regime rules out this possibility by imposing strict control over potential sources of opposition, namely the political parties, trade unions, universities and the press.[135]

During the period following the introduction of the 24 January 1980 economic program, Turkey's junta leadership enacted a coup on 12 September 1980 and thereby disabled all forms of opposition to the economic measures – as well as other policy measures – to be implemented. Thus, the IMF standby agreement of 1980-1983 and World Bank loan agreements between 1980 and 1984 were put in place without any significant resistance.[136] Evidently, large corporations or holdings in Turkey stood at the core of the transformation of Turkey's economy through its internationalization. These actors did reap the benefits of privatization: 'for instance, AEG, BASF, Koç Holding,

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[135] Sabri Sayarı (1992) 'Politics and Economic Policy Making in Turkey, 1980-1988'. In Tevfik F. Nas and Mehmet Odekon, eds. *Economics and Politics of Turkish Liberalization.* New Jersey: Associated University Presses. pp. 26-44. p.31

[136] Fuat Ercan (2002) 'The contradictory continuity of the Turkish capital accumulation process: A critical perspective on the internationalization of the Turkish Economy' In Neşecan Balkan and Sungur Savran (eds) *The Ravages of Neoliberalism: Economy, Society, and Gender in Turkey*, New York: Nova Science Publishers, pp. 21-39. P.25

Rumeli Holding have taken a share over 10% from privatization'[137]. Therefore, it is assumed that military interventions impaired representation of interests only selectively and that the interests of private actors that were engaged in a particularistic relationship with the military elite were safeguarded by what were essentially anti-democratic measures.

The developments in Turkey's security and defence sector during the decade following the 1980 military coup manifest how Turkish military's presence as an economic actor affects the ideology and practice of Turkey's business associations. Gülay Günlük Şeneşen professes that in the 1980s, Turkish military and high-level bureaucrats welcomed Turkey's transition out of ISI into neoliberal marketization and globalization. In fact, as Turkey engaged more deeply with the global markets, the Turkish Armed Forces revealed its plans to modernize Turkey's army.[138] Modernization did not imply a complete surrender to foreign procurement, though. On the contrary, at the peak of Turkey's defence spending in the year 1998, a decree published in the *Official Gazette* declared Turkish Armed Forces' plans to support Turkish industrialists in the defence industry by procuring *domestically* and by establishing a department within Turkish Scientific and Technological Research Institution (*Türkiye Bilimsel ve Teknolojik Araştırma Kurumu*, TÜBİTAK) to develop defence technologies in Turkey.

The price advantages offered to domestic companies or domestic and foreign mergers by the TSK clearly violated Turkey's commitments to the terms of its stabilization programs and competitive and free market principles set out by the World Trade Organization (WTO) and International Monetary Fund (IMF). IMF's Turkey Report from 1998 reads, 'defence and security related expenditures recorded in the consolidated budget rose by 0.3 percentage point of GNP in 1997. Additional defence spending is carried through off budget items, such as the Defence Industry Support

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[137] Ibid. Ercan, 27.
[138] Gülay Günlük Senesen (2002) 'Globalization in Arms', In Nesecan Balkan and Sungur Savran (eds) *The Ravages of Neoliberalism: Economy, Society, and Gender in Turkey*, New York: Nova Science Publishers, 105-115 p.106. In the '2023 Vision' document published by TUBITAK, strong emphasis is placed on the Turkish defense industry's indigenous character. The report claims that Turkish defense industry players are already strong enough to measure up against global leaders and that the Undersecretariat of Defense Industry and the two associations, SASAD and SADER, strive to further strengthen domestic manufacturers' competitiveness in the global market. More importantly, on page 32, the report refers to the tendency of international powers to utilize 'embargoes' (the word used in capital letters in the document) as tools of coercion. Thus, the report urges Turkish defense industry to further nationalize so as to guard itself against potential coercive behavior of other states or industry actors. TÜBİTAK (2003) *Panel Report: Supplement 4, An Evaluation of Turkish Defense, Aerospace Industry* (Panel Raporu Ek-4 Türk Savunma, Havacılık ve Uzay Sektörünün Değerlendirmesi) *Vision 2023 Project*, Ankara, http://www.tubitak.gov.tr/tubitak_content_files/vizyon2023/shu/EK-04.pdf

Fund, but its magnitude is not reported'.[139] While IMF acknowledged the rise in defence spending and the questionable practice of spending unrecorded amounts of funds through off budget items, it refrained from extending an outright criticism of Turkey's defence spending. The military's modernization plans championed nationalism and protectionism rhetorically and this non-negotiable policy inevitably strengthened Turkey's domestic defence manufacturers.

A blossoming domestic defence industry represented its key players under the aegis of two voluntary business associations: Defence and Aerospace Industry Manufacturers' Association (Savunma ve Havacılık Sanayi İmalatçılar Derneği, SASAD) and Defence Industrialists' Association (Savunma Sanayicileri Derneği, SADER) were founded in 1990 and 1999 respectively with the support of the Ministry of Defence and the Undersecretariat of Defence Industry (Savunma Sanayi Müsteşarlığı, SSM). The older association, SASAD, started off with twelve member companies and according to figures it released online for 2013, it now has 162 members.[140] Both SASAD and SADER declare their main objectives as assisting the SSM in responding to the security and defence needs of Turkey. Retired military officers, who assumed executive positions in domestic defence companies following the end of their terms in office, filled the boards of both associations.

Almost all of Turkey's defence companies are members of either one or the other association. SASAD and TUSIAD share key members, such as Koç Holding companies, Hisar Steel Company, Havelsan, Nurol, and OYAK.[141] Crucially, security and defence companies and key players in the area of defence procurement engaged in policy-based dialogue with other private and public actors under the umbrella of either voluntary associations, namely TÜSIAD, SASAD and SADER or as part of chambers of commerce, trade and industry, particularly the Istanbul Chamber of Industry (*Istanbul Sanayi Odası*, ISO). In other words, SASAD and SADER were not simply two voluntary associations representing private interests of their members. They, together with the private/public institutions, Armed Forces Pensions Fund (*Ordu Yardımlaşma Kurumu*, OYAK) and Turkish Armed Forces Foundation (*Türk Silahlı*

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[139] Rakia Moalla-Fetini, et. al. (1998) 'Turkey: Recent Economic Developments and Selected Issues' *International Monetary Fund*, Retrieved from http://www.imf.org/external/pubs/ft/scr/1998/cr98104.pdf , p.53
[140] Savunma ve Havacılık Sanayi İmalatçılar Derneği, http://www.sasad.org.tr/sasad_hakkinda.html
[141] For a list of SASAD members, please see: http://www.sasad.org.tr/uyelera.asp ;TUSIAD releases annual lists as part of its annual activity reports. The earliest report available online is from 2000: http://www.tusiad.org/FileArchive/2000FaaliyetRapor.pdf

Kuvvetlerini Güçlendirme Vakfı, TSKGV) which were established with specially defined legal statuses, enabled military elite to transition from their positions of leadership in public service to equally selective positions in the state corporatist *and* voluntary associations.

Clearly, Turkey's military-entrepreneurs and secular business community cooperated to erect Turkey's 'national' and 'modern' defence and security industry while at the same time they welcomed openness and market reforms. This form of cooperation to safeguard and uphold national business interests is reminiscent of the first years of modern Turkey when Mustafa Kemal and his top military aides, facilitated the establishment of an associational landscape that nurtured an indigenous Turkish/Muslim business community. One major difference, however, is that over the course of some seventy years, the military elite's priorities have shifted from an outright condemnation of international markets and of 'alien' or 'foreign' actors operating into the Turkish market. SASAD is known to include those companies that are both domestic and international while SADER is home to companies that are wholly domestically owned. Günlük-Senesen writes, 'SADER and SASAD are interestingly partly competitive and partly complementary. Thus, it is perhaps possible to speculate a conflict between the interests of national and international capital'. Indeed, SASAD's international character is reflected in its membership in the European umbrella association European Defence Industries Group (EDIG).[142]

Moreover, despite a rhetorical commitment to nationalizing Turkish defence industry, all security sector organizations contracted out to either wholly foreign owned companies or domestic/international mergers, mostly SASAD members. Lale Sarıibrahimoğlu notes that both the state and the private actors in Turkey's defence sector are aware that domestic companies fall short of responding to the needs of Turkey's security sector.[143] Besides, though Turkish military aspired to self-sufficiency in its defence and security sector, 'the literature does not indicate… that indigenous arms production *per se* has brought economic benefits. [Moreover], earnings from arms exports appear to be very small.'[144] Evidently, Turkey's military entrepreneurs fraternized during the course of 1980s and 1990s with Turkey's secular business

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[142] Ibid., TÜBİTAK, 2003.
[143] Sarıibrahimoglu, L. (2010) 'The Defense Industry' In Ahmet Insel and Ali Bayramoglu (eds) Almanac Turkey 2006-2008: Security Sector and Democratic Oversight. Istanbul: TESEV Publications, 153-157.
[144] Jurgen Brauer 'Survey and Review of the Defense Economics Literature on Greece and Turkey: What Have We Learned?'http://www.aug.edu/~sbajmb/paper-ankara-02.PDF

community within the space provided to both parties by voluntary and state corporatist associations and ultimately both parties tacitly consented that privatization, marketization and liberalization were beneficial – to the extent that their private interests were catered to – and economically more rational.

Military entrepreneurs sustained their privileged position in the associational landscape at the expense of other players, particularly those who are, or may be, considered adversaries to the military elite. In fact, during what became known as the 28 February process that marked the peak of an economic and political confrontation between the secular, 'Republican' elite, i.e. high-ranking military officers, members of judicial elite, politicians in opposition, establishment academia, and bureaucrats, and the conservative and devout 'Islamic' political and economic elite, the economic ventures of the latter group were targeted, and ultimately significantly damaged.[145] Interestingly, according to Stockholm International Peace Research Institute (SIPRI) data from 1989 to 1999, military expenditure in Turkey reached its highest level in 1997-1998 and continued to rise in the 2000s.[146] It may then be assumed that the Turkish security establishment combated Islamic capitalism and Islamic politics simultaneously so as to protect the secular regime against a possible takeover of 'Islamists' *and* to guard its economic privileges and ventures. Hence, the rise in defence spending during the height of Turkish military's fight against 'internal enemies'.

Bourgeois capitalism and business-state relations after the 1980 coup

A heavy-handed intervention by the military on 12 September 1980 suppressed all political and civil organizations operating on the right and left of the political spectrum and without sparing those organizations allegedly siding with the state. The junta leadership revamped the existing legal system; passed a new constitution in 1982 and gradually decorated the system with corresponding binary laws and decrees that severely restricted the operations of all organizations representing industrial workers. The military leadership once again handed the monopoly of collective bargaining to the corporatist peak associations, such as Türk-İş (for labourers) and TISK (for employers):

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[145] İhsan Dağı writes, 'the so-called 'Islamic capital' was displayed, boycotted and prosecuted to eliminate financial sources for Islamic movements.' Dağı, İ (2005) ' Transformation of Islamic Political Identity in Turkey', *Turkish Studies*, 6(1), pp. 1-16. Ziya Önis and Umut Türem (2002, 448) argue that to avoid any affiliation with the so-called green or Islamic capital, most businesses quit MUSIAD, reducing the membership of the business association towards the end of the 1990s.
[146] *The SIPRI Military Expenditure Database* (2010) Retrieved from http://milexdata.sipri.org/result.php4

Once the constitution was approved in a well-managed plebiscite, the Confederation of Turkish Employers Unions (TISK) argued that the rights and wage levels gained by workers in previous rounds of collective bargaining exceeded those warranted by the new constitution. To redress this alleged miscarriage of economic justice, Law 2821 on Trade Unions, Collective Bargaining, Strikes and Lock-outs was passed on May 5, 1983. The law restricts the establishment of new trade unions, places constraints on the right to strike. Clause 13 of the law stipulates that a trade union, in order to gain collective bargaining rights in a workplace, must have 10 percent of all workers in most industries... Joining a union is thus bureaucratically cumbersome and also risky. The employer is immediately informed and there is no stipulation in the law against dismissal for trade union membership. *Trade union membership is further discouraged by the provision (Clause 9) that all workers, whether union members of not, will benefit from the outcome of collective bargaining* [emphasis added].[147]

With Clause 9, the military regime ensured that there was not any benefit to be drawn from union membership since the gains to be recorded via collective bargaining were theirs whether they were union members or not. Furthermore, the junta regime introduced measures to create a pristine platform of collective bargaining by barring the memberships of civil servants, teachers, police, security personnel in trade unions and by prohibiting strikes and lock-outs in 'water, electricity, gas and petroleum supply networks; petrochemical works; banking; public plants; fire-fighting departments; and establishments run by the Ministry of Defence.[148] 'Finally, the centralization fetish that Turkish state corporatism has had since its inception reached its zenith in the hands of the military leadership and culminated in a new form of centralized industrial bargaining that required only single, nationwide unions to represent workers' interests. These national, hierarchically aligned unions were to be organized per industry and workers or local unions were to join only one union at a time. Bargaining was administered by the Supreme Arbitration Board, where union leaders claimed to be underrepresented *vis a vis* their counterparts from the public sector and government. The decisions taken by the Supreme Arbitration Board were so arbitrary that even the representatives of state owned enterprises, who believed that union-level wage negotiations were better for business, found the decisions of this centralized mechanism menacing.[149]

The impact of the September 1980 coup on business-state relations in Turkey was so profound that its after effects were felt deeply in the following decades. The tale of the post-1980 Turkey is one that is mired with failed attempts of consolidation on the

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[147] Ibid. 1984, p. 20.
[148] Toker Dereli and Işık Urla Zeytinoğlu (1993) 'Public Sector Industrial Relations on the Eve of Mass Privatization in Turkey' *International Labor* Review, 132(5), pp. 689-702.
[149] Ibid. Dereli and Zeytinoğlu, p. 696.

political left and conversely of economic and political empowerment and social mobility on the centre right. This shift in the centre of Turkish politics – which ultimately affected state corporatism – was attributable partly to the domestic dynamics ranging from political instability, persistent cronyism, heightened social anxieties caused by the Kemalist notions of citizenship, internal migration, fast-paced urbanization and the failure of state-led developmentalism.[150] Also, Turkey in the 1980s was increasingly influenced by the developments in its immediate neighbourhood, particularly by the macro-level changes in the post-Cold War world and the post-communist democratic transitions in Eastern Europe. Therefore, Turkey's political and business elite felt compelled then more than ever before to respond to external calls for openness, liberalization and democratization.

Those actors that were more ready and eager to acknowledge and consider the changing dynamics of Turkey's relationship with the West, especially, came from the centre right and from among the ranks of Turkey's capitalists and bourgeoisie. John Waterbury observes that in the 1980s, following the military intervention, Turkey followed the footsteps of many other countries towards an increase in the popularity of centre right political parties.[151] This move was strengthened by the global push for neoliberalism and for greater integration of markets in the developed and the developing world. Leo Panitch confirms that in the 1980s, the political right fulfilled its objectives through balancing and containing, usually on behalf of host states, class based movements.[152] The outcome was what Paul Cammack described as the facilitation of bourgeois capitalism.[153] Hence, the bourgeois capitalists stepped up to reinvent the clientelist/corporatist structures of policy-making in the decades leading up to the millennium.

Turkey's business community diversified during the course of the 1980s to respond to the policies of liberalization and globalization introduced right before the

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[150] These themes are developed by Korkut Boratav in his seminal works in Turkish on Turkey's class structure and capital accumulation and distribution strategies: Boratav, K. (1991), *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Dönüşüm (Social Classes and Change in Turkey in the 1980s)*, Istanbul: Gerçek, and Boratav, K. (1995a), *Istanbul ve Anadolu'dan Sınıf Profilleri (Class Profiles from Istanbul and Ankara)*, Istanbul: History Foundation.

[151] John Waterbury (1992) ' Export-led growth and the Center Right Coalition in Turkey' In Tevfik F. Nas and Mehmet Odekon, eds. *Economics and Politics of Turkish Liberalization.* New Jersey: Associated University Presses, pp.44-73.

[152] Leo Panitch (1980) 'Recent Theorizations of Corporatism: Reflections on a Growth Industry' *The British Journal of Sociology*, Vol. 31, No. 2 (Jun., 1980), pp. 159-187.

[153] Andrew Gamble, et.al (eds) (2007) *Labour, the State, Social Movements, and the Challenge of Neoliberal Globalization*, Manchester: Manchester University Press.

military coup. A select group of businesspeople acquired significant power by venturing into financial markets. Ercan posits that the liberalization of the interest rates, which were held fixed during decades of ISI, allowed bankers and financiers to capitalize on internationalization of the economy. Turkey's financial services sector expanded considerably. This expansion did not only occur westward and towards the direction of global financial hubs such as New York, London and Tokyo. Oddly and despite the highly restrictive political and social landscape drawn up by the Turkish military, an indigenous class of devout, conservative Muslims prospered chiefly by utilizing international financial markets.

The Özal administration permitted Islamic banks and financial institutions to operate in the Turkish financial markets in 1983. The permit was granted in the form of a decree, released on 16 December 1983 and enforced from 19 February 1984, which allowed special finance houses to establish their operations in Turkey. This decree was later amended by the Turkish Banking Law, introduced in 1999 as part of an IMF-regulated plan to survive the banking and liquidity crisis at the time. In fact, Turgut Özal was not only an initiator but also a beneficiary of the emergent Islamic financial sector in Turkey. One of the first Islamic banks to establish in Turkey, the Al-Baraka Turkish Finance House (*Al Baraka Türk*) was owned by the Saudi Sheikh Saleh Kamel, whose partners in Turkey were Eymen Topbaş and Korkut Özal. Both Topbas and Özal were directly linked to Turgut Özal; the former was the head of Özal's Motherland Party's Istanbul headquarters and the latter was Özal's younger brother, a former Minister of Agriculture in 1970s and a deputy of the conservative National Salvation Party (*Milli Selamet Partisi*, MSP).

Connections between Turkey's pre-1980 political elite and the capitalist investors of the Islamic financial institutions, which bloomed after 1983, extend beyond the Motherland Party (*Anavatan Partisi*, ANAP) and its leader, Özal. Faisal Finance, established in Turkey by the Saudi Prince Mohammad al- Faisal, was launched in Turkey in 1980s and among its shareholders were former and active politicians of the era, including Salih Özcan, then a member of parliament for the MSP, and Ahmet Tevfik Paksu, the Labour Minister for the coalition government of Justice Party, NSP, and Nationalist Action Party between 1975-1977. After the sale of Faisal Finance to Sabri Ülker in 2001, the bank's majority shares transferred from the hands of the political elite to Islamic business elite. The investment into Turkey's flourishing Islamic

financial sector did not always pour from the Gulf.[154] Turkey's own Ihlas Finance House and Asya Finance House were founded by Turkish businessmen but without hosting Turkey's ruling elite in their boards or the higher echelons of their administration. These connections indicate that the establishment and proliferation of Islamic business and financial institutions has long been anticipated before the Özal administration and that the politically conservative and economically liberal elite almost single-handedly promoted the development of Islamic business in Turkey.

Another way in which Turkey's business elite and bourgeoisie diversified was through the expansion of small to medium sized enterprises (SMEs) and the entry into the previously-heterogeneous community of secular, urban industrialists new businesspeople with provincial backgrounds. Haldun Gülalp observed that already by 1950s, 60s, and 70s, a transformative process was underway:[155] Turkey's merchants became industrial producers in the 1950s and these producers gradually engaged with their counterparts abroad through franchising, mergers and acquisitions. Boratav, Yeldan and Köse found that between 1980 and 1995, SMEs developed at a moderate pace:

> As of 1995, 95% of enterprises in manufacturing employ less than 9 workers, and produce 7% of aggregate manufacturing value added. They employ, on the average, 24% of the formal industrial labor force, with an average wage of about one-fourth of the wages paid in large enterprises (*i.e.* those employing more than 10 workers). Average productivity in small manufacturing, likewise, reach only about a fourth of that of large enterprises. [156]

Evidently, though the impact of SMEs ought not to be overestimated, their proliferation reduced the concentration of large-scale enterprises across different sectors in Turkey. So, after 30 years of economic redistribution in Turkey's periphery, it was not surprising to find a middle class in Anatolia that was interested to invest in business ventures in Turkey's major cities and abroad. Waterbury concurred that Turkey in the post 1980s period witnessed the emergence of

> [A] large middle class, covering a range of incomes, many of whose members are self-employed or otherwise engaged in private markets at last part of the time. They may deal with the state and extract resources from the state, but they are not of the state. [157]

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[154] Filiz Baskan, The Political Economy of Islamic Finance in Turkey: The Role of Fethullah Gülen and Asya Finans, In Clement M. Henry and Rodney Wilson (eds) *The Politics of Islamic Finance*, Edinburgh: Edinburgh University Press, 2004, pp.216-240.

[155] Gülalp, Haldun (1983) Gelişme Stratejileri ve Gelişme İdeolojileri (Strategies and Ideologies of Progress), Ankara: Yurt Publications.

[156] Boratav, K.; Yeldan, A.E.; and Köse, A.H. (2000) 'Globalization, Distribution and Social Policy: Turkey, 1980-1998', *Working Paper No. 20*, CEPA Working Paper Series I: Globalization, Labor Markets and Social Policy, February 2000, New York: New School University, 1- 53. (p.10)

[157] Ibid Waterbur, 1992, p.46.

While some of the members of the new middle class were pious Muslims and most members were conservative, their political and social ambitions were kept in check by the state corporatist measures intact in the period between 1980-1995 and their access to economic policy-making and resources were largely determined by a combination of international (IMF, World Bank) and domestic (shaky coalition governments, state corporatist institutions, the Central Bank, etc.) factors. The 1990s was the decade when the combined impact of all these international and domestic developments was most strongly felt. The tension between the new middle class and their often-unmet ambitions and the secular, Republican elite escalated so high that the military stepped in via a 'soft coup' on 28 February 1997. The next chapter will deal exclusively with the relationship between Muslim entrepreneurs/capitalists and state corporatism, especially during and after the collapse of the centre right coalition government of True Path Party (*Doğru Yol Partisi*, DYP) and Welfare Party (*Refah Partisi*, RP) in 1997.

How did the interventionist, centralized and authoritarian application of state corporatism for over half a century affect politics, economy and society in Turkey? According to John Waterbury, '[t]he result has been the expansion of the informal, nonregulated, and unmeasured economy; the atrophy of formal corporatist political organizations; and the formation of parties that reflect new economic interests'[158]. In order to gauge the social ramifications of decades of authoritarianism and corporatism/clientelism and of a patchy transition to liberalization and privatization, we need to examine the business community and the evolution of organized representation of business interests in Turkey's private sector.

Previous sections demonstrated that it is difficult to speak of democratic policymaking or pluralist interest mediation during the years of martial law or military coup. Another important dimension of the influence of the military-civilian elite over the whole of civil society, and by extension, over the sphere of business interest groups is manifested in the legislation on NGOs and civilian organizations. Ferhat Ünlü claims that post-coup governments in Turkey attempted to rouse civic consciousness against domestic threats to security. The fiercest threats to or enemies of the state were – very generally – Kurdish armed and political opposition, and Islamists.[159] During the 1990s

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[158] Ibid. Waterbury, p.46.
[159] It is possible to adopt a broader interpretation of the enemies of the state as persons or groups who are not necessarily targeted directly by Turkey's security establishment but are burdened by laws, policies and practices that marginalize or ostracize them. Baskın Oran famously describes the accepted and legitimate citizens of Turkey as LAHASÜMÜT, which is a phrase made up of the abbreviations in

marked by armed conflict in Turkey's Southeast between Turkish security forces and Kurdish militants, a major pillar of the Turkish response to Kurdish Worker's Party (PKK) was systematic curtailment of freedom of association: '[The] 1995 Constitutional Amendment (Law No. 4121)… made it unlawful for [non-profit] organizations to 'have a political mission, to carry out political activities, be supported by political parties, act together or share the same purposes as other NGOs'.[160]

Again, as will be explored further in the next chapter, the activities of Islamic associations or associations founded on conservative and religious values were either curtailed or discouraged by legal mechanisms towards the end of 1990s. A democratic public sphere was not desired and by extension, pluralist forms of business interest representation, especially in the parts of the country and society that were parties to the on-going domestic conflict, did not easily thrive.

Elite status and pragmatism: Turkey in the 1990s

The previous section established that Turkey's voluntary business associations were established within an authoritarian, statist, and corporatist tradition of industrial and business-state relations, by businessmen who either willingly or reluctantly subscribed to that tradition. It was also argued that (a) an indigenous class of Turkish/Muslim capitalists were groomed as part of the Kemalist nation state project; (b) Turkey's business community did diversify over decades but although various layers or sections emerged within it, the first rank remained reserved for those members of the business elite that held formidable partnerships with the establishment, i.e. the party state, the military, high ranking bureaucrats, international actors and so on; (c) Turkey's capitalists were complacent in their submission to state corporatist forms of bargaining but they were also inventive in their pursuit of shortcuts to economic and political power; and (d) just as the business community diversified and new ranks, divisions and classes emerged within Turkey's business elite, the members of those divisions, fractions and ranks also changed to the extent that the dividing lines became increasingly blurred.

Turkish of the following: secular, Hanefi, Sunni, Muslim, Turkish. Baskın Oran (2007) 'Korku ve Umut', *Radikal İki*, 29.04.2007.
[160] Ferhat Ünlü (2007) 'Non Governmental Organizations' In Ümit Cizre (Ed.) *Democratic Oversight and Reform of the Security Sector in Turkey, 2005/2006 Status Report*. Zurich: LIT Verlag, pp. 267-286 / p. 268.

Turkish businessmen were admittedly engaged in a love-hate relationship with the state. Their success as businessmen was conditioned by their careful management of this relationship. Turkish businessmen regarded the state as the primary source of their difficulties since state institutions were able to exercise relatively unchecked authority over and exert arbitrary measures on businesses in Turkey. Additionally, businessmen acknowledged that they owed the state their wealth, status and political influence. In her detailed analysis on autobiographies of members of secular Turkish business elite, Ayşe Buğra[161] observed that secular business elite have made no reference to the neoliberal orthodoxy, in which the emphasis would be on individual gains or profit as opposed to a state's provision of livelihoods of the individual. Buğra argued that members of the traditional Turkish business elite were accustomed to the arbitrary distribution and removal of benefits and punishments by a parochial state and thus conformed to state corporatism without needing to resolve to revolutionary pluralism. TUSIAD, for instance, has traditionally seen the Turkish state as its main arbitrator. Consequently, businesses and corporations that form TUSIAD's membership use this peak association not only to bargain with the state for wage changes, measures to increase Turkish economy's creditworthiness, etc. but also to 'prove the social existence of the private sector'.[162] In short, Buğra depicted Turkey's secular, establishment businesspeople as obedient children of the state, cautiously claiming concessions from their father while submitting to his power.

Emrah Göker asserted that Turkey's capitalists were neither as disempowered nor as cautious as Buğra described them to be. [163] In fact, he demonstrated by referring to the policy opinions released by the Istanbul Chamber of Trade (*İstanbul Ticaret Odası*, ITO) during the years leading up to the 1960 coup that Turkey's traders were interested to push for a pro-liberalisation and free trade agenda and to severely criticize the Adnan Menderes government for not increasingly Turkey's overall trade volume by encouraging foreign trade and investment. Another ITO report published after the 1960 coup reiterated trade policy suggestions ITO developed and announced prior to the military takeover. Evidently, traders who organized around ITO were not able to

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[161] Ayse Bugra, State and Business in Modern Turkey: A comparative study, Albany, NY: SUNY Press, 1994.

[162] Ayse Bugra, Class, Culture, and State: An Analysis of Interest Representation by Two Turkish Business Associations, *International Journal of Middle East Studies,* 30(4), 1998, pp. 521- 539.

[163] Emrah Göker (2006) 'Sınıf Mücadelesi Neyi Açıklar? Türkiye'de Kalkınma Sürecinde Devlet-Kapitalist Çekişmesi, 1958-1967' In Burak Ülman and İsmet Akça (eds) *İktisat, Siyaset, Devlet Üzerine Yazılar: Prof. Kemali Saybaşılı'ya Armağan*, İstanbul: Bağlam, pp.107-140.

influence trade policies before and after the coup. I argue that Turkey's capitalists exerted their influence over collective bargaining through corporatist and voluntary associations when they could and often they also utilized their personal (crony) relationships with military high officials, judges, senior bureaucrats in relevant ministries, local governors, heads of municipalities and members of the executive to accrue private gains. Therefore, Turkey's capitalists were neither too cautious nor too adventurous in their dealings with the state.

Policy based bargaining between the state, labour and business in Turkey did not only occur via state corporatist channels. Turkey's associational landscape was characterized by hybridity from the very beginning. The influence of organized business in Turkey began to increase in late 1970s when the policy of import substituting industrialization began to generate structural problems in the Turkish economy. Voluntary associations formed just at the beginning of the decade and their main concern was to urge Turkey's integration with international markets. One major drive for Turkey's capitalists to exercise more stern policy influence was to trigger reforms to open up Turkey's market to foreign capital investors. Voluntary associations and liberal intelligentsia allegedly pushed the CHP out of power in 1978. CHP's plans to further ISI strategy by investing in capital intensive sectors and thereby reducing Turkey's external dependence were not favoured by Turkey's capitalists and international capital.[164] In the 1979 elections, a beleaguered CHP lost to the center right Justice Party, which enlivened the hopes among provincial and urban merchants, businesspeople, and capitalists that Turkey would enter into a more solid path of economic prosperity. Justice Party's plan for economic recovery, January 24 decisions, was announced shortly after the administration took office. However, as mentioned before, the civilian government was toppled months later by the Turkish military and Turkey's capitalists were left to their own devices to influence the process of economic recovery and marketization.

At this juncture, capitalists responded by alternating the state corporatist structure of interest representation by presenting a strong and unified business lobby. The lobbying was done primarily through Turkey's first and still most influential civil society actor, TUSIAD. Öniş and Türem posit that these two factors were the key sources of motivation for voluntary business associations that spearheaded

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[164] Nilgün Önder (1998) 'Integrating with the global market: The state and the crisis of political representation', *International Journal of Political Economy*, 28(2), pp.44-84. (p.47)

democratization in Turkey: better governance and more competitiveness. The expansion or improvement of civil and human rights and liberties was a secondary source of motivation for Turkey's organized business and those associations that represented businesses would rally in support of democratization and globalization to push Turkey towards the EU accession target, which would inevitably deliver economic benefits.

Thus, in short, organized business was pragmatic. This pragmatic approach urged TUSIAD to push ahead with the transition from the interventionist, import substitution industrialization regime of the 1960-1970s to the marketization and neoliberal globalization. Members of TUSIAD were not presenting an outright opposition to the state or to the politics of ANAP nor were they eager to abandon state corporatist structures such as TOBB, ITO, and others that granted them access to ad hoc and permanent committees set up by the ministries of trade, economy, finance, and labour. They were simply inventing a faster and sometimes more effective alternative to the increasingly dysfunctional or overtly state-like business interest associations that they settled for until early 1970s.

The winners of Turkey's privatization and market liberalization fortified their privileged status by confining the space of political and economic policymaking to those actors that enjoyed secular cultural practices. In an ethnographic study on the lifestyles of Turkey's elite in the 1990s and early 2000s, Rifat Bali documents how elites featured in the popular imagination of the time. A 'blue blood' Turkish gentleman or woman was expected to enthusiastically consume Western arts and cultural products, to be well travelled in Western Europe and the United States, and to frown upon the advent of rogue and unrefined businesspeople in high society. Most importantly, signifiers of genuine elite status almost always involved lifestyle choices that were secular or non-Muslim. Wine drinking was imperative and an interest in vineyards and winemaking was encouraged among Turkey's secular business elite and intelligentsia. Bali quotes several newspapers and magazines that featured the wines of Kutman family. Ahmet Kutman, a graduate of Robert College,[165] founded Sarafin winery,

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[165] Robert College of Istanbul is Turkey's leading private high school. The website of the college contains the following statement, "Founded in 1863 by two Americans, philanthropist Christopher Rhinelander Robert and Cyrus Hamlin, to offer an "American style" education under the Ottoman Empire, Robert College has been in operation longer than any other American-sponsored school outside the United States. The school and its sister institution, The American College for Girls (founded in 1871) have over the years educated many of Turkey's leading citizens since the Republic was founded in 1923, including two Prime Ministers, many cabinet-level ministers, ambassadors, and leaders in medicine, law, business and the arts."

together with Güven Nil. Sarafin's Winery catered exclusively to Turkey's secular elite. Following Kutman's success in business and winemaking, other businesspeople such as Güler Sabancı, now leading a Fortune 500 corporation, ventured into winemaking. Columnists Şahin Alpay and Serdar Turgut commended in their respective newspaper columns Kutman's breeding and chivalry, which were only complemented by Kutman's winemaking and drinking.

Similarly, Turkey's secular business and political elites followed the trend of shaving their moustaches and beards, which were clearly symbols of Islamic lifestyle. Bali, again cites news articles from 1993 that report on how CEOs of secular companies such as Ege Seramik expected their personnel to shave their moustaches off. Though known for his democratic and liberal views, İshak Alaton of Alarko Holding confessed his aversion to the moustache in an interview in 1996. Imaginations of Western and non-Islamic politics and business materialized in the person of the country's first woman Prime Minister Tansu Çiller, also a Robert College alumnus and educated in the USA. As Çiller stepped up Turkey's political ladder, Turkey's distinguished public intellectuals did not conceal their delight in her advance: Ertuğrul Özkök, long time Editor-in-Chief of trendsetting daily newspaper *Hürriyet,* commented that Çiller was easily spotted from among a fog of moustached, bearded and provincial MPs[166]. Özkök connected the recent trend of wealthy, handsomely dressed politicians and businesspeople with clean-shaven faces to a more substantial social transformation process in Turkey.[167]

Secular elite status also demanded a sense of dedication to civil society. During the 1990s, businesspeople strengthened their privileged class status by founding and/or expanding social, cultural and political institutions in Turkey's civil society. These institutions included sports clubs, such as the Fenerbahçe Sports Club of Istanbul and its respective gentlemen's club, 1907 Fenerbahçe Association- notoriously frequented by high ranking military leadership – or the Kemer Country Golf and Country Club, and the Riders Clubs; rotary or lions clubs; cultural and arts foundations; and neighbourhood associations. Two neighbourhood associations set up in Istanbul's Beyoglu and Cihangir districts exemplify the embedded secular motive behind business community's institutionalization of the public sphere: Cihangir Beautification

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[166] Ertuğrul Özkök, "Telekrasinin yeni yıldızı Çiller", Hürriyet, 25 Kasım 1990 cited in Rifat Bali p. 186.
[167] Ertuğrul Özkök, "Beyaz Devrim akşamında 'Gölbaşı'", Hürriyet, 15 June 1993 cited in Rifat Bali, p.188.

Association was formed in 1995 to protect the up-scale and hip community of Cihangir from any intrusion by the Welfare Party, which had just been elected into municipal office in Istanbul.

Meanwhile the Beyoglu Beautification Association was established to maintain and further commercialize the shopping district of Istiklal and was dubbed "little TUSIAD" for the overlaps in the membership of both organizations. Both organizations worked to privatize and render exclusive Istanbul neighbourhoods that were long inhabited by non-Muslims (Rum, Jews, Armenians) and secular intellectuals.[168] Another example is the Istanbul Cultural and Arts Centre (*Istanbul Kultur Sanat Vakfı*, IKSV), which was founded by a group of businesspeople led by Nejat F. Eczacıbaşı in 1973.[169] Eczacıbaşı initiated the establishment of several other civil society organizations, chiefly the top ranking policy think tank, TESEV, and he clearly stated his intention in building these organization as *galvanizing progress*: He intended to hasten Turkey's advance into global pre-eminence and competitiveness. He wished Turkey's society Westernized, civilized and well off/affluent.[170] Turkey's secular, established elite attended IKSV's signature Istanbul Jazz Festival. The future of the Festival seemed bleak to those who feared Istanbul's decline into Islamic lifestyles, in 1995 when the Islamist Welfare Party won the local elections. Cengiz Çandar, celebrated in 2010s for his liberal views and support of AKP, commented that the festival of 1996 was probably the last festival to be had in Istanbul, which had fallen to the Islamists.[171]In short, throughout the 1990s Turkey's secular elite was openly anti-Islamist and acted to secure not only private or group gains but also to protect secular and Western lifestyles against the dawn of Islam.

Meanwhile, repetitive economic crises took their toll on lower and middle classes, which turned to the political left and the labor movement for a panacea to their financial vulnerability. The 1990s economic turmoil and crises hung over a society that was torn between the world of Washington Consensus neoliberalism and its anti. Fringe/smaller political parties, labor unions, associations and intelligentsia on the left identified their position as anti-neoliberalism. As such, anti-neoliberalism opposed

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[168] Tahire Erman and Meliha Coskun-Yildar (2007) "Emergent Local Initiative and the City: The Case of Neighbourhood Associations of the Better-off Classes in Post-1990 Urban Turkey", Urban Studies, 44(13), 2547–2566

[169] http://www.iksv.org/en/aboutus/history

[170] Nejat F. Eczacıbaşı (1998) Yeni Bir Türkiye (A New Turkey), Istanbul: Nejat Eczacibasi Foundation Publications.

[171] Cengiz Çandar, "Caz ve İstanbul-Ankara", Sabah, 14 July 1996, cited in Rifat Bali, p. 199.

Turkey's foreign trade, economic and diplomatic relations with particularly Western European and North American countries and markets, membership in and creditor-debtor relationship with the IMF and the World Bank, accession into the European Union, and any other larger associations with globalization and imperialism. Ercan and Oğuz claim that these maxims define the national-developmentalist vein in the majority of Turkey's organized labor and socialist politics. National-developmentalism, assumed by political parties such as Turkish Communist Party (*Türkiye Komünist Partisi*, TKP), Party of Labor (*Emek Partisi*, EMEP), Worker's Party (*İşçi Partisi*, IP), conceives of the Turkish state as 'an ally of labor against neoliberal globalization and imperialism'[172]. Left-leaning and nationalist labor union confederations that were revived in early to mid 1990s, following a decade of prohibitions after 12 September 1980, namely the confederations of public servants, KESK (left-leaning) and TÜRKİYE KAMU-SEN (right-leaning/nationalist), and the confederations of workers, DİSK (left-leaning) and TÜRK-İŞ (centre-left), followed the national-developmentalist trend and positioned themselves against the invasion of Turkey's markets, resources and territorial, national and cultural integrity by global forces. Thus, a coalition of opposing corporatist institutions ossified around the ideal of a 'developmental state[173], which defied mainstream economic theory in favour of the interests of civil servants and public sector workers.

Meanwhile, and not unlike just before 1980 coup, which was explored in Chapter 3, the military hierarchy also objected to domestic and international pressures Turkey faced in the wake of the banking crisis. Pragmatists among Turkey's business community and politicians who trusted Turkey's economic recovery with Kemal Derviş, a seasoned international bureaucrat, tolerated the Washington Consensus rescue model and the Copenhagen and Maastricht criteria. The carrots offered to Turkey's business elite by IMF, World Bank and the EU were better financial and economic management, loans to support rotting markets, smaller state and larger private enterprise, and gradual commercial, political and social engagement with Europe. Conversely, Turkish security sector elite, who sought to maintain semi-authoritarianism, was threatened by accountability, austerity, and foreign involvement in Turkey's public administration. Their objection to deeper engagement with Europe emanated from

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[172] Fuat Ercan and Sebnem Oguz (2007)' Rethinking Anti-Neoliberal Strategies Through the Perspective of Value-Theory: Insights from the Turkish Case', Science and Society, 71(2), 173-202.
[173] Chalmers A. Johnson (1982) MITI and the Japanese Miracle, Stanford: Stanford University Press.

economic, industrial, agricultural and financial considerations, however, the source of almost an instant aversion to Europe was ideological: Europe respected human rights and democracy and (yet) it harboured Turkey's archenemies, namely Kurdish diaspora, Kurdish politicians in exile, PKK leadership, and Muslim conservative politicians, émigrés, and extremists.[174]

More significantly, Turkey's left-leaning political parties and interest groups adopt the discourse of isolationism and patriotism, which is usually associated with Turkey's right-wing nationalism. In other words, these confederations occasionally downplayed class-based considerations and in their stead, emphasized the integrity and sanctity of Turkey's human and natural resources. Unions' messages of anti-Europeanism, anti-globalization and anti-privatization resonated with disgruntled sections of society and business community that lost to globalization and intense liberalization/marketization. Several episodes of direct confrontation between various business interest groups, governments and left-leaning confederations occurred during the 1990s and early 2000s. These two decades also witnessed strikes, marches, sit-ins and other instances when organized workers movements publicly challenged authorities, including members of international financial community. Some of the strongest messages against neoliberalism and Europeanization, perceived by leftists as a euphemism for global imperialism, were voiced against international financial organizations and foreign companies looking to invest into Turkey.

While Turkey's large, established and leftist workers union confederations were once members of a strong anti-privatization coalition, Turkey's policymakers, economic and financial administrators, public sector managers, and business associations and unions representing private sector employers were not entirely convinced that radical/aggressive privatization was the only way forward for public sector corporations. In a private conversation, a top executive, who later became the president of a think tank, declared how he was offered the chief executive officer position in one of Turkey's formerly public petroleum and gas corporations, indicating that better management of public corporations was entertained as one of the many options to salvage the public sector. [175] Entertaining alternative paths to public sector reform did

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[174] Ömer Taşpınar (2008) 'Between Neo Ottomanism and Kemalism', *Carnegie Papers*, Number 10, Sep 2008.
[175] Informal interview, Ankara, Apr 2009. (Not sure if I can use this – check with Prof. Sayigh)

not, however, prevent the gradual application of large-scale privatization in late 1990s and throughout the 2000s.

Coming to terms with the persistence of corporatism/clientelism in Turkey

Turkish state corporatism was hoisted upon a tradition of clientelism that defined business-state relations and the unique combination of state corporatism and clientelism persisted until the end of twentieth century in Turkey. Timothy Power and Makrukh Doctor find three reasons why corporatism persists. First is that traditional corporatist state bureaucrats and associations and their leaders do not want to give up the benefits of corporatism, such as compulsory membership fees that provide a steady source of funds for the chamber or industrial association concerned, or the seats in policymaking structures, such as specialized commissions, councils, and independent or parliamentary regulatory commissions, set up by the governments. Secondly, corporatist development impedes the emergence of a strong peak association and a unified labour movement both of which are very representative. In the absence of both bodies, interest group fragmentation intensifies competition among sectors and classes of capitalists and labourers and encourages them to adopt particularistic interests, which are best served in corporatism. Third, corporatism is both formally and informally institutionalized. The actors that need to change the rules of corporatist institutions are the same actors that will need to bear the costs of change.[176]

These three factors apply to the Turkish case. An additional one, not cited by Power and Doctor, is the manner in which Turkey's business community was able to utilize and move between informal and formal institutions to balance their need to serve the interests of their members or businesses with their obligation to serve the 'nation' or the secular Republican tradition. This pragmatic approach worked because Turkish state corporatism was largely anti-democratic and authoritarian:

> The nature of business collective action, interest representation, and policymaking in Turkey is amorphous and arbitrary. Central political organs, which exclude private institutions from the formal policy process, make most public policy decisions. Yet it is difficult to conclude that the policy process is unresponsive and closed to every form of private pressure.[177]

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[176] Timothy J. Power and Makrukh Doctor (2002) 'The Resilience of Corporatism: Continuity and Change in Brazilian Corporatist Structures'. *Centre for Brazilian Studies Working Paper Series*, Working Paper No. CBS-29-02, Oxford: University of Oxford, pp.14-16.

[177] Özler, Hayrettn and İnaç, Hüsamettin (2007) 'Problems of Collective Action and Institutionalization in the Turkish Policymaking Environment', *Turkish Studies*, 8: 3, 365 — 394 (p.369)

In the absence of democratic interest mediation, Turkey's capitalists devised practical solutions that would sustain and prolonged their privileged position vis a vis those economic, social and political actors that they perceived as competition.

The preceding section explains why Turkey's state corporatism began to face significant changes after Turkey signed an accession agreement with the European Union in 1999 and embarked on a carefully monitored program of economic, structural and legal reforms. As Turkey advanced on the EU accession path, more representative, pluralist and democratic business-state and industrial relations became a matter of urgency and an issue of compliance. Significantly, new interest groups had emerged and gained sufficient influence to make Turkey more ready to respond to, and engage with, these new imperatives constructively. The following chapter will discuss the emergence of Islamic actors and clarify why and how they differ from Turkey's secular, establishment elites, including Turkey's secular capitalists. Then, the chapter will analyse the novel and traditional elements of policymaking in the AKP era Turkey to gauge whether the influx of new and powerful Islamic actors made a difference.

Chapter 4: Who are Turkey's Muslim conservative business elite and how do they bargain through associations?

The previous chapter established how for decades after its establishment, the modern Turkish nation-state confronted its citizens, particularly pious, conservative, provincial individuals. The state's policies of confrontation resulted in the two-decades-long period of political, social and economic transformation on three levels: of devout Muslim individuals and communities; of interest groups, that is, associations of Muslim, conservative businesses; and of the political system between 1990 and 2010. This chapter features a broad discussion of the policy agenda that Turkey's Muslim conservative businesses, as represented by their associations, adopted and pursued. In other words, this chapter discusses what Muslim conservative businessmen sought to achieve through business interest groups and how.

The aim of the first section is to briefly demonstrate the conditions within which a distinct class or community of conservative Muslim patrons or power holders emerged as Turkey advanced towards European integration and globalization. Focusing on the military intervention of 28 February 1997, this section analyses the episodes of confrontation between Turkey's Muslims and the agents of the coup in the military, the Judiciary, the media, the academia, and the business community. Directly confronted and attacked by the military elite and secularist judges, prosecutors, journalists, intellectuals and business organizations, Turkey's pious, conservative and socially- and economically-mobile families turned to their own community for solidarity. Specifically, I show how a 'soft' military intervention was perceived by its targets as a collaborative effort by secularists to crush an Islamic society and way of life in Turkey. A shared sense of victimhood among members of Turkey's pious, conservative Muslims brought them closer, thereby enhancing their ownership of their faith and conservative values as the most prominent features of their community.[178]

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[178] I do not suggest that the entire population of practising, conservative Muslims, who were or felt targeted by the practices of the February 28th regime, may be defined as a homogenous group or indeed a class. Many divisions do exist among the victims of the 1997 soft coup however personal and public accounts of the years of the soft coup suggest that Muslims felt targeted as a whole and because they were openly faithful.

The first section introduces the term 'Islamic counter-elite'[179] to argue whether the nascent Muslim conservative businessmen belong to a new elite that accumulates more power than and operates against the established, secular elite in Turkey. Here, Islamic business elites' accounts of piety, morality, state and the Republic, nationalism and Turkishness, and on Europe and the rest of the globe are examined to determine whether Islamic business community communicates its (seemingly) distinctive identity, position and policy choices with Islamic references. And after almost thirty years since Turkey's Muslim conservative business community began to publicly own its social and cultural identity, are present-day Turkey's state-business relations distinctively conservative and Islamic?

The second part of this chapter asks whether the patterns of policy bargaining by interest groups have changed, and if so, how and in relation to what policy areas? Here, I use the analytical framework I have derived from theories of interest representation, particularly corporatism and clientelism, to understand how and why traditional structures of policymaking in Turkey are resistant to change. Also, the theoretical framework, which at the beginning of this thesis was used to establish that democratizing countries including Turkey adopt hybrid policymaking structures that carry elements of corporatism and pluralism, works to explain the impact that aggressive marketization and European integration have had on policymaking structures in Turkey. In other words, the final section of this chapter shows that pluralizing elements of the now-hybrid policymaking landscape in Turkey are formed largely as a result of the IMF/World Bank and EU-led reforms. At the same time, the corporatist-clientelist elements of the hybrid policymaking structures in Turkey are influenced and dominated by actors from the 'Islamic counter-elite', including Islamic business associations.

Overall, the chapter concludes that the patterns of policy bargaining transformed between the pre-market years of authoritarian secularism in the 1970s-80s and the politically and economically turbulent 1990s. By 2000s and following the dawn of a politically stable and financially reliable Turkey under the leadership of the AKP,

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[179] This term is used by many authors to refer to a Muslim conservative elite in Turkey as well as in other countries, such as Egypt (Wickham, 2004), Malaysia (Jelonek, 2004), and globally (Berger, 2000). I was able to trace the first reference of an Islamic counter-elite in Turkey down to a 1997 article by sociologist Nilüfer Göle in Nilüfer Göle, 'Secularism and Islamism in Turkey: The Making of Elites and Counter-Elites,' The Middle East Journal. 51, no. 1 (1997): 46.

Turkey's interest groups inhabited a different policy bargaining landscape. The most prominent features of the hybrid policymaking landscape of Turkey in the 2000s were the larger range and variety of interest groups involved in policy negotiations and the diversity of public bodies established to host policy negotiations. Beneath the surface, older and established institutions continued to rely on patronage relationships to exert pressure over policymakers, however, an impression of more pluralism in policymaking was nevertheless maintained. As far as traditional structures of policymaking in the Executive and the Judiciary were concerned, pluralism meant the emergence of new actors, representing Muslim conservative Turks and other interest groups in society. Outside of the realm of the state and parallel to traditional structures of policymaking stood new and non-institutional policymaking channels. Their emergence, which represents another face of pluralism in Turkey, was supported by some Islamic business associations, which utilized their organizational and financial capacities to nourish such informal channels (domestic and foreign media, global popular culture, a blossoming international education/academic community) to influence policy.

Turkey's new Muslim conservative patrons

An 'Islamic counter-elite' formed in Turkey as a result of economic marginalization, political disenfranchisement and securitization of the state, three core strategies that were pursued against the Muslim conservative community as well as other social, national, ethnic or religious groups in Turkey. Nilüfer Göle identified what she termed an 'Islamist counter-elite' in Turkey as an elite composed of 'actors in Islamist movements and professionals and intellectuals aspiring for political power.'[180]

Turkey's Islamic counter-elite emerged as an economically powerful, well connected, culturally and socially advanced and exclusive community in a class structure dominated by the Republican secular elite. Turkey's Islamic counter-elite therefore possesses three distinct qualities. It exists alongside an older, secular elite. While it occupies the same territory with Turkey's Republican ex-military officials, CHP top leadership and cadres, members of the Judiciary, and established industrialists and businesspeople, the members of the Islamic counter-elite hold fundamentally different notions of elite status and morality. Secondly and crucially, the Islamic counter-elite did not take over the resources that were once exclusively at the disposal of the old Republican elite. The resources available at the top of the wealth distribution

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[180] Ibid. Göle, 1997, p.47.

in Turkey expanded simultaneously with the emergence of new elites so for many years, incoming and outgoing members of a privileged community could effortlessly coexist, as it were. Ultimately, however, the Islamic counter-elite moved in on the space that was previously occupied by Turkey's secularists, pushing them out. This suggests that the Islamic counter-elite's move to dominate Turkey's institutions, bureaucracy and market may not have been driven by economic pragmatism only. Third, Muslim conservative families harboured aspirations for elite status and lifestyles and therefore larger groups of middle class Muslims in Turkey prioritized political and social mobility over other forms of resistance to the establishment. Other groups in society, most prominently Turkey's Kurds, organized against the establishment and the Turkish Republic's problematic policies of citizenship, too. However the Kurdish (PKK) resistance movement did not consider forging a 'Kurdish counter-elite' as a resistance strategy, perhaps since it is fundamentally a Marxist movement with strong anti-elite messages.

Securitization

Securitization was an important function of Turkey's authoritarian secularism[181] and has a dual significance to the formation of a counter-elite within Turkey's Muslim conservative community. On the one hand, a deeply securitized state-society relationship encourages communities, which hold strong national sentiments, to adapt to and believe in the state-sanctioned notions of national identity, security and homeland. Republican ideals of protecting the homeland and conserving the nation have a strong appeal to Muslim, conservative families and communities that have similar ideological references. While a deeply securitized regime attracted Turkey's Muslim conservatives to the idea of a Nation, defence and security policies and militarism repelled them.

Turkey's national security paradigm recognizes a very tightly defined notion of citizenship and thus serves to legitimize a disproportionate and constant combat against individuals and communities that are not recognized as 'citizens'. The ideal citizen is a secular, Sunni, Hanefi and male Turk. Practicing and pious Muslims do not conform to this narrow definition, offered by historian and political scientist Baskın Oran[182]. This line of reasoning, held by the authors of Turkey's Republican national security doctrine,

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[181] See Chapter 3

[182] Baskın Oran, (2007), *Solun Bağımsız Sesi (The Independent Voice of the Left)* İstanbul: Roll Kitapları, p. 40.

leads to the defamation of practicing and pious Muslims as potential threats to domestic security. Ironically, Turkey's Muslims have consented to the nationalization project of the Republic and have embraced Turkishness in the anticipation that Turkey's varied ethnicities and faiths would effortlessly fold into the form of a unified Nation. Furthermore, as will be explained later in the chapter, Turkey's Muslim conservative families recognize the official discourse on 'the enemies of state' and support the mainstream national security line of preserving and protecting the glorious Turkish nation against non-Muslim, non-Turkish and 'foreign' enemies.

As far as the 1990s in Turkey – an era that this section of the Chapter focuses on – is concerned, the archenemies of the Republic were Turkey's Kurds, and specifically the Kurdistan Workers Party (Partiya Karkeren Kurdistan, PKK). A brutal war between Turkish security forces and Kurdish militants in Turkey's East and Southeast, accelerated by regular attacks on civilians in major cities in Western Turkey and complicated by Turkey's difficult relationship with its Eastern neighbours, Iraq, Syria and Iran, marred the 1980s and 1990s. However, the 1990s also staged simultaneous hot and cold (*propaganda*) wars against other imagined enemies of the state, including Turkish journalists, political leaders, former or acting security sector officers, businesspeople, artists and leading figures on the political left and Islamic conservative right.

The Kurdish conflict, especially, empowered the privileged community of security and defence capitalists and fostered a network of military and gendarmerie intelligence officers, paramilitary forces and perpetrators of organized crime, judges, prosecutors and investigators, journalists, businesspeople, public intellectuals, and seasoned politicians and cabinet members – in short, Turkey's deep state – because the conflict's persistence bred legitimacy for an ever-expanding national security network and infrastructure. Crucially, state corporatism and cronyism enabled members of an obscure and illegal band of security operatives[183], who had gone as far as founding and institutionalizing armed paramilitary groups within Turkey's security sector

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[183] The reference is to JITEM, an undercover Gendarmerie Intelligence Service established by colonel Arif Doğan (prosecuted and sentenced to jail as a result of the Ergenekon trial) to primarily track down and murder Kurdish provincial activists, guerillas, and terrorize the Kurdish residents of Turkey's Southeast.

organizations, to operate with impunity as long as the corporate hierarchy was preserved.[184]

The Republican (Kemalist) military elite established a highly centralized, corporatist bureaucratic structure to support its national security doctrine. This corporate hierarchy also helped the military elite to bypass elected representatives of Turkey's democratic institutions, to act beyond their mandate, and to operate without needing consent.[185] Over the course of the twentieth century, the military and Republican state elite were not able to recruit absolute public approval at all times and the Jacobinist conceptualization of a benevolent, superior elite acting in the best interests of rogue masses failed on a number of occasions, most ferociously during the successive coups. Centre right populist parties, such as the Democrat Party (Demokrat Parti, DP), the Justice Party (Adalet Partisi, AP) and the Motherland Party (Anavatan Partisi, ANAP), that have acquired substantial public support over decades merited the attention and the reluctant cooperation of the state elite. However, the state elite's relationship with populist political parties was difficult, competitive and often led to the hostility of the former to the latter. The pendulum swung between brutal competition and pragmatic cooperation and the very kinetic nature of this relationship resulted in the building and crumbling of coalitions between actors of all backgrounds and convictions.

Turkey's blend of corporatism and clientelism engendered politically and economically lucrative coalitions between bureaucrats and businessmen with political ambitions. Banking and media tycoons, chairs or chambers of commerce and trade in Turkey's major cities, recruited as their cronies members of Turkey's mafia organizations.[186] Mob bosses and underground criminal organizations were linked to

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[184] The Ergenekon trial, the Balyoz (Operation Sledgehammer) trial, and other AKP era trials allege (and have found guilty) former security sector personnel, ranking as high as Chief of Staff, for having conspired to overthrow the democratically elected government of AKP and to have sponsored undercover operations against Kurdish and Islamist groups in Turkey. These trials, however controversial they may be in terms of the principles of rule of law and access to fair trial, indicate that that bypassing the top rungs of Turkey's security bureaucracy to carry out key strategic operations is impossible.

[185] Gökhan Bacık and Sammas Salur (2010) 'Coup-proofing in Turkey', *European Journal of Economic and Political Studies*, 3(2), 2010, pp. 163-188.

[186] Examples include the involvement of Alaattin Çakıcı, mob boss and victim of the infamous Susurluk accident, in the public tender process to sell Türkbank to potential buyers. On the eve of the bidding, several highly influential businesspeople, who had declared interest in Türkbank, pulled out because they were allegedly threatened by Çakıcı, hired by Korkmaz Yiğit to coerce potential buyers, state minister Güneş Taner and former Prime Minister Mesut Yılmaz to rig the tender in the favor of Yiğit's construction and banking holding. The correspondence between police officers, MPs and ministers, businesspeople and criminal organizations were documented in the Constitutional Court of Appeals decision dated 26 March 2006, numbered 2004/3 to prosecute Mesut Yılmaz and Güneş Taner on charges of rigging a competitive bidding process. 'Ahmet Mesut Yılmaz ve Güneş Taner Kararı',

Turkey's formal state security organizations, particularly the Police Force, the National Intelligence Service (*Milli İstihbarat Teşkilatı*, MIT) and Gendarmerie Intelligence Service (*Jandarma İstihbarat ve Terörle Mücadele*, JİTEM).[187] Several factors contributed to the marriage of state corporatist mechanisms with patron-client relationships during especially the long lost decade of the nineties: (1) State corporatism accommodated only select (Republican, secular, militaristic, loyal, obedient, etc.) actors so non-compliant or disqualified and power-hungry actors opted for informal means to accrue rank, status and wealth; (2) corruption was allowed and rampant in agencies of social control; and (3) transparency, accountability and democratic oversight of state agencies were concepts yet to be introduced to Turkey as democratic precedents by external actors, namely the European Commission and international financial institutions. Lawrence W. Sherman defines this form of organizational corruption as 'the illegal misuse of public authority by social control agents, resulting in private gain for the agents or others participating in the agency's dominant coalition'.[188] This definition applies to the Turkish case well because it identifies as corruption acts that are committed to yield both private gains and gains for a larger group, or a coalition. The reach of the gains expected and collected in the Turkish case extends beyond the public body or social agent to cut across several public and private organizations.

A case in point is Hiram Abas, deputy chief of MIT between 1986 and 1988. MIT was led by the military until 1992 when its first civilian Chief, Sönmez Köksal, was appointed. Civilianization of the military intelligence occurred largely due to Özal's efforts. Allegedly, Özal attempted to rein MIT in by attracting Hiram Abas, a lieutenant-turned-intelligence officer, who was assassinated in 1990.[189] At the time of his assassination, Abas was representing the business interests of a large US arms producer in Turkey and he had already established amicable relations with business tycoons like

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http://www.yolsuzluklamucadele.org/dosyaek/02-yilmaz-taner_05_02.pdf ; More information is available in Faruk Bildirici, 2002, *Hanedan'ın Son Prensi*, İstanbul: Doğan Kitap and in the following paragraphs in the Chapter.

[187] Though the previous chapters concentrated on the Turkish Armed Forces (TAF) as an immediate stakeholder in Turkey's corporatist/clientelist policymaking structure, the three-abovementioned security sector bodies are also influential in determining which, how and to what extent business actors were involved in policymaking. Turkey's acting police, gendarmerie and intelligence officers intervened into politics and business.

[188] Lawrence W. Sherman, 1979-1980, 'Three Models of Corruption in Agencies of Social Control', Social Problems, Vol 478, No.4, Apr 1980, p. 480.

[189] Gökhan Bacık and Sammas Salur (2010) 'Coup-proofing in Turkey', *European Journal of Economic and Political Studies*, 3(2), 2010, pp. 163-188.

Halit Narin and Emin Cankurtaran.[190] For lack of a better source, Wikipedia features a quote from the memoir of CIA agent Duane Clarridge, who praises Abas as Turkey's 'finest intelligence officer'[191], testifying to the existence of a strong US connection, the nature of which remains uncertain.

The case of Alaettin Çakıcı best demonstrates the ideological alignment between Turkey's security sector personnel, members of organized crime, and politicians and businesspeople. Criminal organizations had incremental links to ultranationalist community organizations, particularly the Nationalist Action Party's youth wings and the Idealists Hearth Associations (*Ülkü Ocakları*), which suggests that members of organized crime held strong Turkish nationalist beliefs. A prominent figure of Turkey's mafia was Alaettin Çakıcı, who was arrested in Italy in 1998, carrying a Turkish diplomatic passport issued by a high-ranking officer, Faik Meral of MIT. Çakıcı was tried and convicted in 2000 on the grounds that he founded and ran an underground criminal organization. Allegations of Çakıcı's involvement in several other crimes, not addressed in court in 2000, have yet to be proven. Besides, his self-assurance and silence during the court proceedings and the relatively lax environment within which he serves his prison sentence led journalists, observers and the public suspect that Çakıcı was being protected by those members of deep state who are still part of the criminal justice system. Allegedly, Çakıcı corresponded with former State Minister and MP from Motherland Party (*Anavatan Partisi,* ANAP) Eyüp Aşık and former Prime Minister, Mesut Yılmaz to negotiate the terms of his involvement in the public tender to privatize Turkbank. Çakıcı confessed and provided details of his close ties to Yılmaz, Aşık and other leading politicians in his statement to a Special Parliamentary Commission investigating the Turkbank tender in May 2000. Moreover, Çakıcı was suspected of having launched armed attacks on prominent businessmen before his capture and among his targets were Burhan Karaçam, CEO of Pamukbank and Cavit Çağlar, former State Minister under Süleyman Demirel, banker and business owner. Though allegations against Çakıcı were quite significant and concerned very powerful political and business

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[190] Soner Yalçın and Doğan Yurdakul (2008) *Bay Pipo: Bir MIT Görevlisinin Sıradışı Yaşamı* (*Mr. Pipe: The Extraordinary Life of an MIT Officer*), 58th edition, Istanbul: Doğan Publishing. Yalçın and Yurdakul are authors and journalists who have been detained on 14 February 2011 and 7 March 2011 respectively by the Istanbul police on charges of membership to the *Ergenekon* criminal organization.
[191] From Wikipedia entry on Hiram Abas, http://en.wikipedia.org/wiki/Hiram_Abas: Clarridge, Duane R (1997). *An Agent for All Seasons*. Simon and Schuster. p. 398. ISBN 0-7432-4536-9. 'We had become good friends, almost like brothers, after our retirements….Hiram was unique. In his time, he was the Turkey's finest intelligence officer. This view of Hiram was shared by all foreign intelligence officers who had the privilege of knowing him.

actors in Turkey and though Çakıcı's case involved several European countries and therefore Turkey's international reputation was on the line, the accused was not thoroughly questioned and sections of the case remain unresolved.

A third case is about another dark face of securitization and rampant corruption: The so-called Susurluk incident. Abdullah Çatlı was one of the four passengers who died in a car crash in Susurluk, a town in northwestern Turkey. The crash on 3 November 1996 also killed Çatlı's girlfriend, Gonca Us, and Hüseyin Kocadağ, former Istanbul deputy chief of police. The fourth passenger, True Path Party MP and businessman Sedat Bucak, was pulled out of the car wreck injured and survived the crash, along with weaponry that belonged to the TNP. The Susurluk accident was a public scandal on an unprecedented scale because the crash unravelled a web of crony and corrupt relations between businessmen, mob bosses and the Minister of Interior, Mehmet Ağar; several high-ranking officers from MIT, such as Korkut Eken; TNP leadership, particularly Hanefi Avcı; Constitutional Public Prosecutors; and key political figures including President and seasoned politician Süleyman Demirel.[192] Susurluk unleashed 'evidence of the state's collusion with MHP activists', according to Tim Jacoby; it was indeed a manifestation of ideologically aligned business, criminal and state actors.[193] Most of the leading state and political elite, investigated by the State Security Court (Devlet Güvenlik Mahkemesi, DGM) after Susurluk accident, survived the crash unscathed. Mehmet Ağar, whose signature was found on passports and weapons permits found on the bodies that were pulled from the car crash, became the leader of the centre right True Path Party.[194] The Susurluk accident did have a profound impact on the public psyche, however, and triggered a mass protest against the deep state and corruption in Turkey. In 1996, scores of Turkey's concerned citizens engaged in 'one minute of darkness for perpetual light' campaign by turning their lights out in the evenings for several consecutive weeks. Though largely urban and secular, this mass

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[192] 'Susurluk Dosyası: Dünden Bugüne Adım Adım Susurluk' ('Susurluk Files: From Yesterday to Today, Susurluk at Every Step'), Milliyet, Online. 12 February 2001, Available from http://www.milliyet.com.tr/content/dosya/susurluk/susur1.html

[193] Tim Jacoby (2005) 'Semi Authoritarian Incorporation and Autocratic Militarism in Turkey', *Development and Change*, 36(4), pp.641-665. – p. 656

[194] In 2012, Ağar was sentenced to five years in prison on charges of leading a criminal organization, however, he only served a little over a year, after which he was released. His release , on probation based on his good conduct in jail, was possible due to a change in legislation submitted to the Turkish Grand National Assembly by the AKP as part of the ruling party's Third Judicial Reform package (Mesut Hasan Benli, 'Mehmet Ağar'a açık tahliye' Radikal, 30 Apr 2013, p.10.) The names of police officers Hanefi Avcı, Ayhan Çarkın, and of other security sector officials were 'forgotten' until late 2000s, when they suddenly hit the headlines as suspects or informants on several key AKP-era trials against the deep state.

protest represented the level of awareness among Turkey's bourgeoisie of the ills of securitization.

One final contributor to the disassociation of the Nur and Nakshibendi communities, the larger Muslim business community and some politicians in political Islamist parties from the old Republican state elite and members of the deep state is that Islamic counter-elite held different views on Turkey's national security, particularly in relation to the Kurdish Question. During Turkey's 'longest decade'[195] of the 1990s, the Welfare Party engaged – inevitably – in the Turkish state's response to PKK armed struggle across Turkey. Erbakan framed the Kurdish Question as one of the pillars of the imperialist project that the Milli Görüş movement has termed, the Great Middle East Project (*Büyük Ortadoğu Projesi*). His party's position was that American, Israeli and Western European conspirators fuelled separatist tendencies among Turkey's Kurds, who were otherwise peacefully cohabiting with their Turkish Muslim neighbours, and supported Kurds' self-determination.[196]Consequently, Erbakan and his party defended the recognition of the Kurdish Muslim identity, by way of constructing brotherhood through Islam. More specifically, the 1991 Welfare Party Kurdish Report, on which Erbakan's prodigy Recep Tayyip Erdoğan worked, recommended putting an end to the state of emergency rule in the Southeast and to the practice of village guards to revoke feelings of brotherhood among Turks and Kurds.[197] Erbakan personally confronted his coalition partner, Tansu Çiller and the state elite in an effort to end the heavy-handed military operation in Eastern Turkey.[198] His noncompliance with anti-terrorism politics perturbed his secular political opponents and the state elite. The terms of the 'Kurdish opening', a peace-building initiative launched in AKP's second term by then-Minister

[195] Gencer Özcan (1998), 'Doksanlarda Türkiye'nin Ulusal Güvenlik ve Dış Politikasında Askeri Yapının Artan Etkisi' (the Increasing Effect of the Military Structure on Turkey's National Security and Foreign Policy in the 90s) in Gencer Özcan and Sule Kut (eds.) En Uzun On Yıl (*The Longest Decade*), Istanbul, Boyut Kitapları.

[196] Erbakan'ın Meclis konuşması ('Erbakan's address to the Parliament'), YouTube, Accessed 20 Apr 2012. Online. Available from http://www.youtube.com/watch?v=1F7_Hk08WpQ

[197] Hüseyin Yayman (2011) Türkiye'nin Kürt Sorunu Hafızası (Turkey Remembers the Kurdish Question), Ankara: SETA Publications.

[198] This is a claim repeated over the course of the decade that passed since the defeat of Welfare Party. Most recently, Halim Haşimi, a Kurdish intellectual and former Welfare Party MP, voiced this argument in an interview he gave for Bianet. Haşimi drew parallels between Erbakan's position and ErDoğan's position, claiming that the Muslim democratic political elite prefers to resolve the Kurdish conflict peacefully however Turkey's security policies are bulwarks against the democratic solution of the Kurdish question. Ekin Karaca (2012) 'Haşimi: 'Güvenlik Politikaları Kürt Sorununun Çözümünü Engelledi', Bianet, 17 Apr 2012. Accessed 17 Apr 2012. Available from http://bianet.org/bianet/siyaset/137665-hasimi-guvenlik-politikalari-kurt-sorununun-cozumunu-engelledi. Haşimi's son works for the office of Recep Tayyip ErDoğan.

of Interior Beşir Atalay, testifies to how the moderate brand of political Islamists in Turkey pursue a different path to ending ethnic conflict in Turkey, a path that is more nuanced than the militaristic and developmentalist policies held by previous governments and thus recruits the support of the business community.[199]

An additional factor, which nuances the Islamic movements' approach to the Kurdish issue, was the underground network of Islamic radicals, whose leader Hüseyin Velioğlu frequented student organizations of Milli Görüş movement in his prime and later founded an armed organization, the Turkish Hezbollah, in Batman. Turkish Hezbollah was allegedly commissioned by TAF and JITEM to eliminate PKK militants and sympathizers throughout the 1990s. Though Velioğlu and his comrades were devout Muslims, who frequented the same confessional network as politicians in the Welfare Party (and its successors Fazilet Party and later Saadet Party and the AKP), Hezbollah's radical acts and messages are not sympathized by the members of these legitimate political Islamist parties.[200]

Political marginalization

The above section established that Turkey's business community was deeply engaged with various power holders in the political elite and security sector bureaucracy. The crony relationship between businesspeople, statesmen, military, police and gendarmerie officers and criminal gangs, shielded by a culture of impunity, concerned and disturbed Turkey's citizens.

Concerned citizens included devout, conservative Muslim Turks who had strong moral objections to rampant corruption and clientelism. Turkey's mainstream political Islamic and business community responded to this mass-scale outing of the deep state in two ways. On the one hand, they shared with the general public feelings of contempt and lamentation towards corrupt state officials and the tradition of corruption. On the other, Islamic politicians, businesspeople and public figures that have by the end

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[199] Ercan Yavuz (2009) 'Details of the Kurdish Initiative Emerging' Today's Zaman, http://www.todayszaman.com/newsDetail_getNewsById.action?load=detay&link=184997 and Göksel Bozkurt (2009) ' Details of Kurdish Opening Become Clearer', Hurriyet Daily News, 31 July 2009, http://www.hurriyetdailynews.com/default.aspx?pageid=438&n=details-of-kurdish-opening-gets-clear-2009-07-31 . The author wishes to stress here that the so-called Democratization Project , also known as the Kurdish opening initiative, may have been the most substantial political response by a ruling party to Turkey's most pressing social and security problem however the initiative fails both in design and in implementation to offer a sustainable and working resolution to the Kurdish problem.
[200] Ruşen Çakır (2011) *Derin Hizbullah: İslamcı Şiddetin Geleceği, Genişletilmiş 2. Baskı* (Deep Hizbullah: The Future of Islamist Violence, an Extended Second Edition), Istanbul: Metis Publications.

of 1990s accumulated some wealth and power were also systematically discriminated against and by corrupt members of the establishment, whose lifestyles and values were as objectionable as their deeds. There was, therefore, a sense of being cheated or fooled by a corrupt system and its cronies.

In fact, the conditions of economic, political and moral crisis were crucial to providing opportunities for new actors and to shifting the balance between Islamic and secular bourgeoisies. The 1990s witnessed the crumbling of several political parties and coalitions that voluntarily or consequentially bolstered Turkey's deep state. Meanwhile, the fruits of Özal's hard labor to expand Islamic capitalism in Turkey were being picked by members of several brands of political Islam in Turkey. Chapter 3 demonstrated how the Motherland Party under Özal enabled Islamic financial institutions to enter into the Turkish market. Islamic business and finance continued to prosper and expand after Özal's demise in late 1990s. An 'Islamic counter-elite' had already formed in 1990s and the forerunners of conservative Muslim business families were the nascent industrial corporations, such as the Ihlas Group, Yıldız Holding (Ülker) and the Sanko Group, notable families in the conservative Muslim business community, and religious congregation (*tariqat*) leaders.

Centre right Muslim politicians, businesspeople and acting and retired security sector officials assisted the strengthening of an Islamic counter-elite throughout the 1990s and 2000s. Acclaimed lawyer and journalist, allegedly assassinated by the deep state, Uğur Mumcu published in 1987 and 1988 leaks on the commercial ties that are believed to exist between MPs of the ruling Motherland Party and political Islamist National Salvation Party (Milli Selamet Partisi, MSP) and retired military officers. On 3 April 1988, for instance, Mumcu wrote about the post-retirement job of Ragıp Uluğbay, one of the 1980 junta leaders, at the board of Raks, one of leading holding companies of the time. Ekrem Pakdemirli, then a businessman and also a former AKP MP, owned Raks.[201] The junta-leader-turned-businessman, Uluğbay, was apparently engaged in a crony relationship with the Özal political elite.[202] Transitioning into the business world after years of service in the security sector is not unusual for retired high ranking officers; however, the corporations that employ their services and utilize their contacts

[201] Uğur Mumcu (1997) 'Güdümlü Liberal' ('Guided Liberal') In Uğur Mumcu, *Tarikat, Siyaset, Ticaret (Tariqat, Politics, Commerce)*, Ankara: Tekin Publishing, pp. 42-44.
[202] Güneri Cıvaoğlu (2004) 'Kare Dondu' ('The Picture Froze'), *Milliyet*, Online. 3 February 2004, Retrieved 15 January 2012, Available from http://www.milliyet.com.tr/2004/02/03/yazar/civaoglu.html

often conscribe to a Republican secular community. Uluğbay chose to coalesce with the emerging Muslim business community. Again, Mumcu picked up on the 1980 junta leadership's dealings with Muslim politicians and businessmen on his article on 30 November 1987 where he declared that Kenan Evren, the junta leader, pushed for a Cabinet approval to lay to rest the deceased leader of Cerrahi tariqat Muzaffer Özak in a place chosen by the congregation.[203] Though unproven, Mumcu's assertions were inflammatory and allegedly cost him his life. Perhaps, then, the junta leadership favoured certain religious congregations or engaged in business ventures with businesses of practicing Muslim and centre right political figures to sustain their control over the sphere of religion and politics. Reciprocally, perhaps those business actors and politicians that collaborated with 'agents of social control' sought to rein the state in by entering into coalitions with willing members of the state elite.

In any case, the emerging coalitions or links between Turkey's Muslim conservative businesspeople, politicians and Turkey's old Republican elites did not prevent an outright and radical episode of confrontation in 28 February 1997 when a NSC declaration was released to condemn the actions of a democratically elected Welfare Party-led coalition government. The national security strategy memo declared to combat religious extremism in Turkey. To do so, it rallied support from judges, prosecutors, journalists, opinion leaders, and secular political figures to label the Welfare Party as an Islamist organization with intentions to introduce sharia rule. Common discursive devices such as 'the threat of Islamisation', 'Islamic reactionism (*irtica*)', and 'the imminence of sharia' were utilized by observers and opponents of political Islam in Turkey to diminish Islam and its political and social manifestations as 'enemies of the state'. At the forefront of a combined effort to nominate Islam as a security problem stood Turkey's military elite.

In the spring and summer of 1997, the military held a series of briefings regarding the threat of political Islam in Turkey to which the press, the judiciary, public administrators, civil society associations, and academicians were invited. On 29 April 1997, General Çetin Doğan, during his briefing to the press, declared the new National Military Strategic Concept (*Milli Askeri Strateji Konsepti*, MASK). The military now declared Islamic reactionism (*irtica*), rather than Kurdish separatism or external threats

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[203] Uğur Mumcu (1997) 'Pazarlık' ('Bargaining') In Uğur Mumcu, *Tarikat, Siyaset, Ticaret (Tariqat, Politics, Commerce)*, Ankara: Tekin Publishing, pp. 57-59. Cabinet approval is required by law to organize a burial site that does not fall within the bounds of any registered cemetery.

of interstate war, as the number one threat in Turkey.[204] This was neither the first nor the last offensive on a political space that was increasingly dominated by political Islam in Turkey. Islamic messages in party politics in Turkey were frowned upon and parties with consistent Islamic messages and agendas were banned from partaking in political life.[205] Since 'a category of political activity crime' was invented by the post 1980 coup regime, it was expected and almost natural for the space vacated by legitimate party politics of the Muslim conservative community to be filled with alternative organizations, including but not limited to business interest groups and business associations, and for those organizations to be politicized.[206]

Most of the respondents on my fieldwork with Turkey's Muslim conservative business community demonstrated a clear and united response to what they termed as a hostile "28 February regime", which in their opinion systematically targeted Muslims in Turkey. A respondent in Ankara described 28 February coup as 'a slap in the face of Muslims'. However, the respondents refer to a particular group or category of Muslims who have been victimized by an oppressive military regime: the practicing, pious and good Muslims. It is important to note that though Turkey is predominantly Muslim, the number of citizens registered as Muslims has little significance for pious, conservative business elites and their families apart from affirming the religious identity of the country they are citizens of. They do not feel that they are a part of the *umma* in Turkey and that they are surrounded by equally pious, practicing and good Muslims. Prime Minister Erdoğan claimed that AKP intends to 'nurture a pious generation,'[207] which testifies to Turkish political Islamic movements' shared suspicion about the prevalence of Islamic practice in Turkey.

However securitized the discourse on political Islam may have become and however heavy handed the military elite may have been to combat Islamist movements in the late 1990s, Turkey's security sector bureaucrats discourse and strategies were not

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[204] Banu Eligür, *The Mobilization of Political Islam in Turkey*, New York: Cambridge University Press, 2010, p. 222. Eligür uses as her primary source the *Chief of Staff Documents on Combatting Islamic Reactionism* prepared by Hikmet Çiçek and published by Kaynak Publications in 1997. The book compiles propaganda material produced by members of military's top leadership on Islamic movements in Turkey.

[205] Ergun Özbudun (2006)'From Political Islam to Conservative Democracy: The Case of the Justice and Development Party in Turkey' South European Society and Politics Vol. 11, Iss. 3-4, 2006

[206] Ahmet Insel (2003) 'The AKP and Normalizing Democracy in Turkey', The South Atlantic Quarterly Volume 102, Number 2/3, Spring/Summer 2003, pp. 293-308.

[207] 'Erdoğan dindar nesili savundu', *Radikal*, 06 February 2012, http://www.radikal.com.tr/Radikal.aspx?aType=RadikalDetayV3&ArticleID=1077899&CategoryID=78

completely baseless. By the time political Islam entered into official strategy documents at home, Turkey has already been classified as harbouring Islamic fundamentalists in the US. American journalistic and diplomatic accounts of Erbakan's win at the 1996 elections and his term in office spelled a deepening concern for the future of Turkey's secular regime and for a smooth strategic alliance between the two countries.[208]Islamic movements have for long been brewing genuine and varied ideological, moral and theological messages and recruiting support and legitimacy from Turkey's Muslims. Therefore, political Islam and its myriad faces in Turkey were not simply products of a military-led Islamisation process, which started in the 1980s by Kenan Evren's junta leadership. Nor were Islamic movements, orders and interest groups in existence only because the military permitted them to flourish in Turkey. Furthermore, before and during the military's offensive against political Islam in 1997, those other, less prioritized 'enemies' of the TAF, such as the Kurdish separatist movement and Turkey's neighbours, and other international actors continued their engagement with the Turkish state and with actors in the Islamic movement. After all and according to the military and mainstream media and academic publications, by mid 1990s, Islamists have already infiltrated into public service.[209] By extension, any and all policy areas were inevitably affected and influenced by subscribers of Turkey's Islamic movement.

Consequently, military generals were not suddenly taken by surprise in 1997 to realize the real and potential impact that Islamic politics, economics and culture had on Turkey's secular, Republican regime. In fact, their thinking was aligned with the American position that strengthening political Islam against a communist threat was a

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[208] Though signs of US concern were transmitted via Morton Abramowitz in his oft-cited article in the *Foreign Policy* magazine, Philip Robins offers a more comprehensive review of how Erbakan's foreign policy was perceived abroad. Morton Abramowitz (1993) 'Dateline Ankara: Turkey After Özal', *Foreign Policy*, No.91, pp. 164-181; Philip Robins (1997) 'Turkish foreign policy under Erbakan', *Survival: Global Politics and Strategy*, 39:2, 82-100.

[209] This was an argument used to justify the interventions by a secular Republican elite and their followers to highlight the magnitude of an Islamist threat in Turkey. Nur Bilge Criss (2010) Dismantling Turkey: The Will of the People?,*Turkish Studies*, 11:1, 45-58, DOI: 10.1080/14683841003747021; M. Hakan Yavuz (2000) ' Cleansing Islam from the Public Sphere', *Journal of International Affairs*, Vol.54, no.1, pp. 21-42. I was not able to find a reliable and scientific study on the exact number of 'Islamists' employed currently or in any time from mid 1990s onwards in public sector jobs. There are two curious studies on 'values' of public and private sector professionals by Ünsal Sığrı, member of faculty at the Turkish Military Academy in Ankara. Sığrı (2006) and Sığrı et.al. (2009) find that public sector employees are more conservative and traditional than private sector employees. The data in both quantitative analyses come from a combined total of 360 people, not representative of the entire body of public sector employees, however these two articles are noteworthy, especially since Military Academy staff has composed them in late 2000s.

bad idea.[210] They were perhaps dismayed by the failure of their ancestors' strategy to foster a secular brand of Turkish-Islamic synthesis. Convinced that they had developed a deeper understanding of who the next generation of Turkey's Islamists were and how they were going to act as potential voters, public servants, businesspeople and the clergy, Turkey's military elite and secular intellectuals sought an effective means to contain the Islamist threat that had simply gone too far. More disconcerting perhaps was the possibility that the military elite would be voted out of power and favour by the incoming generations of imam hatip-trained, conservative, practicing Muslims. Eligür cites a Piar-Gallup poll published in the *Cumhuriyet*, a Republican and Atatürkist daily newspaper, which announced the perceptions of imam hatip graduates towards the state, the regime and their function as graduates of imam hatip schools. The poll results portrayed imam hatip graduates as exceedingly conservative, both socially and also in terms of their approach to the state. Most of the graduates polled said they would opt for the civil service track and assume jobs that did not involve preaching or leading prayers. They declared their faith in the existence and survival of the Turkish state through which they claimed to nurture new generations of pious Muslims. Generals serving in the National Security Council at the time and the authors of the Concept of West Operation estimated that general elections due to take place in the 2000s would spell victory for Islamist parties/movements since most of the electorate would have either been graduates of IHLs or recruits of religious organizations, schools and orders.

Over six months before the infamous 28 February soft coup in May 1997, Operation Hammer – then the latest and largest in a series of Turkish security forces' offensives on PKK bases in northern Iraq/Iraqi Kurdistan since 1992 – was launched. Operation Hammer recruited ground troops and air force units of about 200,000 soldiers and the ground operations were administered by Yaşar Büyükanıt, then the Commander of the Seventh Corps in Diyarbakır. Büyükanıt became later renowned for launching another offensive; the target then was the ruling AKP and their nominee for President, Abdullah Gül. Under his term in office as Chief of Staff, Büyükanıt oversaw the posting of a memorandum on 27 April 2007 on the official website of the Turkish Armed Forces that declared the TAF's condemnation of Gül's nomination. This peculiar connection between two events is one of many parallels between Turkey's conceptualization and implementation of national security in the 1990s and shows the

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[210] Several retired generals offered the same view in their interviews with Banu Eligür. Banu Eligür (2010) *The Mobilization of Political Islam in Turkey*, New York: Cambridge University Press, pp.91-92.

persistence of a confrontational relationship between Turkey's new Islamic elite and the Republican secular establishment in the 2000s.

Economic marginalization

A third key trend that led to the formation of an Islamic counter-elite was the uneven distribution of economic and financial resources by the state and a state-sponsored elite. As wealth concentrated in the hands of a privileged minority and geographically (in metropolises like Istanbul, Ankara, Izmir and Bursa), Turkey's provincial communities became economically marginalized. Economic marginalization hampered the development of a middle class and weakened the chances of Turkey's Muslim conservative families, small business owners, farmers and landowners to survive domestic and global financial crises. Economically marginalized communities were also unable to build social capital, which would have admitted their members into established corporatist or patronage networks that delivered economic and social benefits to their members.

The 1990s witnessed the largest capital accumulation process ever experienced in the history of modern Turkey. Within ten to fifteen years, the established secular, Republican capitalists increased their economic and political power exponentially; their wealth rose to epic proportions due to an internationally machinated process of economic liberalization and market reforms. The then-Deputy Chairman of TOBB, Ali Osman Ulusoy, commented that between 1983 and 1998, a select few generated colossal profits, unmatched by previous episodes of wealth creation or capital accumulation in the history of modern Turkey.[211] Not surprisingly, TUSIAD, which represented those interests of conventionally capitalist businesses, became a staunch advocate of internationalization and IMF-led reforms. MUSIAD and Ankara Chamber of Industry (ASO) and Istanbul Chamber of Commerce (ITO) on the other hand denounced the 2001 economic and financial recovery program for its neglect of real economies and its reluctance to penalize those actors whose corrupt business and banking practices brought the crisis upon Turkey.[212]

One very disturbing feature of Turkey's uneven wealth distribution is the culture of financial corruption, which facilitates capital accumulation. Financial corruption, political cronyism and elite status became very closely associated with especially the

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[211] Referenced in Derya Gültekin Karakaş, footnote 1, p. 161.

[212] Interview with Kemal Dervis, 26 September 2012, Istanbul Policy Center, Karakoy Istanbul.

centre right political parties of the 1990s. The allegations of cronyism in Turkey's foreign trade ventures peaked during the terms of ANAP and DYP coalition governments.[213]Turkey's lax and loosely regulated banking system also housed countless corrupt bankers, businesspeople and investors that were entangled in crony relations with centre right politicians of ANAP and DYP. For instance, Engin Civan and Selim Edes, two business tycoons who were accused for their involvement in an illegal sale of a bank, remained at the forefront of media and public discussions in 1995. Dubbed 'Civangate', the series of events that were triggered by Abdullah Çatlı's shooting of Engin Civan revealed the ways in which politicians as powerful as President Turgut Özal and First Lady Semra Özal used the services of a criminal and mob boss, Abdullah Çatlı, to coax Civan to pay Selim Edes the 120 million USD Edes expected to withdraw from Civan's Emlakbank. Part of that money was to be transferred to Ahmet Özal, who would then use it to cover part of taxes he owed.[214]

A decade of economic and financial liberalization culminated in the collapse of first the banking system and then the real economy. The end of 1990s was defined by economic and political instability. In about ten years, between 1989 when the move towards financial liberalization peaked in external financial liberalization and 1999 when the banking crisis in Turkey urged IMF to step in and the Turkish government to introduce aggressive banking reforms, Turkey's capitalists accumulated significant amounts of finance capital. Financial protectionism of the Turkish state enabled bankers to operate in a heavily-subsidized financial market, where the state exercised little oversight. Banking licenses were easy to acquire and most fees banks usually charge for consumer services, such as issuing credit cards or carrying out cash transactions, were assumed indirectly by state subsidies.

Analyses on Turkey's economic performance in the 1990s capture two essential problems that were believed to have brought upon the banking and financial crisis in 1999: Fiscal imbalance caused by public debt and a lax financial market with loose regulations and little oversight on private banking operations in general, and on credit financing in particular. Some of the fault lines, which triggered the collapse of Turkey's banking system, were drawn in the process of applying January 24, 1980 Program and

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[213] *Doomsday Trial* is one of Tuncay Özkan's many books that loosely organize pieces of evidence and speculation to portray the crony relations between centre right politicians, businesspeople and criminal organizations during 1980s and 1990s. Tuncay Özkan, *Kıyamet Mahkemesi*, İstanbul: Ümit Yayıncılık, 1993.

[214] Faruk Bildirici, 2002, *Hanedan'ın Son Prensi*, İstanbul: Doğan Kitap, pp. 220-221.

their negative effect on Turkey's fiscal standing at the end of 1990s were easily tracked back to the beginning of privatization and market liberalization. Ertuğrul and Selçuk point towards the Public Sector Borrowing Requirement (PSBR), as an indicator of the shifts in public sector debt, and demonstrate how PSBR entered into a process of slow decline from 9% of the GNP with the introduction of the January 24, 1980 program and did not remain lower than 5%/GNP for the longer part of the decade. In fact, despite the correction in 1994-1995, public sector borrowing rose up to 15% by 1999.[215] Selçuk and Rantanen[216] observe that fiscal policies were unsustainable by the middle of 1990s. The imbalance in Turkey's fiscal policies extended not only to the amount of public borrowing that reached alarming proportions but also to the way in which public borrowing was financed, i.e. the imbalance between borrowing from domestic and foreign debtors: Whereas the rate of foreign borrowing in the total debt decreased from 1993 onwards, domestic debts increased exponentially. 'Total domestic debt of the government in 1988 was a mere USD 4 billion. As of December 2000, the stock reached USD 53.8 billion.' In other words, Turkey's fiscal standing by 2000 was far worse than when the first in a series of programs to contain inflation and achieve sustainable growth was introduced two decades earlier.

The 2001 crisis was a mixed blessing for Turkey's Anatolian small to medium sized business owners and their families. On the one hand, the 2001 crisis was deeply destructive for the business community because of the Turkish market's dependence on foreign capital and exposed market actors to fluctuations in the neighbouring (Russia) and global markets. On the other hand, the 2001 crisis paved the way to achieve lower inflation levels and macroeconomic stability, which benefited entrepreneurship and by extension the development of new businesses in Turkey's heartland[217]The Secretary General of a TUSKON affiliated federation in Southeast Turkey, GAPGIAD, describes the significance of the crisis to the cementing of interest groups within the Muslim conservative business community: 'The economy was engulfed in flames and everyone

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215 Ahmet Ertuğrul and Faruk Selçuk 'A Brief Account of the Turkish Economy, 1980-2000', Russian and East European Finance and Trade Vol. 37, No. 6, Financial Markets, Disinflation Policies, and Economic Restructuring in Turkey (Nov. - Dec., 2001), pp. 6-30
216 Faruk Selçuk and A. Rantanen (1996). Government Expenditures and Public Debt in Turkey: Observations and Suggestions on Fiscal Discipline (in Turkish). Istanbul: TUSIAD Publications.
217 Öniş, Ziya; Bayram, İsmail Emre (2008) : Temporary star or emerging tiger? Turkey's recent economic performance in a global setting, TUSIAD-Koç University Economic Research Forum working paper series, No. 0805. Available from http://www.econstor.eu/bitstream/10419/45408/1/588374636.pdf

worried about saving whatever they could from getting scorched'[218]. A survival instinct charged member organizations of Muslim conservative business associations to build solidarity against adverse economic conditions.

Business and opinion leaders in the community of provincial Muslim capitalists associated the ills of the banking crisis with the immorality of those who committed them. For instance, former MUSIAD President Ömer Bolat[219] and Islamic scholar Hayrettin Karaman joined the ranks of many public figures in AKP era Turkey to lament corrupt politics and business practices of the 1990s.[220] Speaking in the parliament in 2001, Fazilet Party MPs Ali Coşkun and Sait Açba spoke out against the practices of holding company banks and of government's providing full guarantee of banking deposits.[221] These statements testify to how badly the tradition of corruption and profiteering were received by Turkey's conservative Muslim community and political Islamists.

Mismanagement of the financial crisis was attributed to secular business associations and corporatist bodies representing business interests, too. Profits were generated through financially abusing Government Debt Securities (Devlet İçi Borçlanma Senetleri, DİBS) and interest rates. While most of Turkey's public funds were channelled into domestic debt repayments, the secular business community claimed that budget deficits ought to be constitutionally restricted. Ümit Sönmez criticizes the approach that TUSIAD and TISK adopted in the late 1990s: These two interest groups lobbied for smaller state and to restructure public financing and governance by constitutionally recognizing a framework to limit public spending. They offered their proposal to construct a financial constitution at a time when the Turkish state has already been catering to these associations' capitalist interests and therefore Turkey has been generating budget deficits, instead of investing more into public

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[218] Interview with Celalettin Demireli, Secretary General of GAPGIAD, Gaziantep, 27 Oct 2009.

[219] (2007) 'Türkiye'den Dünyaya Uzanan 17 Yıllık Başarı Öyküsü: Model STK MUSIAD' ('The 17-Year-Long Success Story That Emerges From Turkey and Reaches Out to the World: Model NGO MUSIAD'), Kobi Efor Magazine, Sep 2007.

[220] Hayrettin Karaman (2006) 'Rüşvet ve Yolsuzluk' ('Bribe and Corruption') In Laik Düzende Dini Yaşamak Vol. 4. (Living as a Muslim in a Secular Order Vol.4) Istanbul: Iz Publishing; Hayrettin Karaman (2009), 'İslam ve Zenginlik' ('Islam and Wealth'), Hayrettin Karaman Official Internet Site: www.hayrettinkaraman.net. Article posted on 09 Aug 2009 and Retrieved on . Available from http://www.hayrettinkaraman.net/yazi/laikduzen/4/0057.htm

[221] Derya Gültekin Karakaş (2011) Hem Hasımız Hem Hısımız (We Are Both Enemies and Kin), İstanbul: İletişim Publications, p. 285.

education and healthcare.[222] Leftist critiques of Turkey's business community and its perceived strength in determining the course of public spending tend to depict TUSIAD, TOBB, TISK and other business interest groups as decisively and perhaps cruelly – considering Sönmez's implication that domestic debts that big business incurred were being paid for by cents that may have been invested into better public education– corrupt.

When government-subsidized banking and industrial development favoured – to a large extent – established capitalists and their holding companies for the most of 1980s and 1990s, the provincial merchants and small to medium sized business owners cultivated a different system of support. One direct means to build support is to establish clusters of small to medium sized enterprises (SMEs), in other words, to engage in strategic entrepreneurship. SMEs are conceptualized in several consecutive Development Plans as engines of growth in Turkey's blossoming market economy.[223] Configured they may be as harbingers of an Anatolian awakening in business; SMEs did not perform well until the beginning of the twenty-first century. Structural and cultural impediments to SME growth, deregulation, poor or no public oversight or private audits, and dependence on family resources, decelerated their evolution into larger, more sophisticated companies. Şemsa Özar's qualitative study on SMEs from 2001 and 2002 show how despite the high birth rate of SMEs in the beginning of the 2000s, Turkey's small businesses survival rates were not high. In most cases, small businesses depended on exploitation of their family's human and other resources to stay afloat. Özar also finds that where deregulation or lax public oversight benefited large financial corporations or holding companies, they destroyed small enterprises: 'Entrepreneurs that encounter low demand and high competition do not lead to a fall in the entry of new enterprises to the market'[224] (Özar, 2007, p. 253). Planners and

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[222] Ümit Sönmez (2011) Piyasanın İdaresi: Neoliberalizm ve Bağımsız Düzenleyici Kurumların Anatomisi (Managing the Market: Neoliberalism and An Anatomy of Regulatory Institutions), İstanbul: İletişim.

[223] Sixth development plan (1990-1994) announces that SMEs make a significant contribution to economic growth and accordingly, plans to build industrial zones to cluster SMEs together and to support SMEs' adoption of European quality and assurance standards. By the time the seventh development (1996-2000) was put into effect, a public body to support SME development, KOSGEB, had been established. KOSGEB trained, provided grants for and encouraged professionalization of SMEs. At the same time, the seventh plan emphasized SMEs importance in vocational education and skills building. In short, SMEs were expected to muster growth and to raise a skilled workforce.

[224] Şemsa Özar, 'The Neo-liberal Paradigm and Small Enterprises: Accumulation by Dispossession in the Case of Turkey', In *Neoliberal Globalization as New Imperialism*, A.H. Köse, F. Şenses et.al (Eds) New York: Nova Science Publishers, 2007.

policymakers of 1990s and early 2000s, thus, worked to spur more competition, better regulation and professionalization for Turkey's SMEs in industrial and in agricultural sectors, to ensure their survival and success.

Success came much later, though, as Turkey stepped firmly into a process of institutionalization. The Secretary General of Gaziantep Chamber of Industry praised European integration process for its 'only virtue': the structured market-development and professionalization framework and services that pre-accession institutions provided.[225]Turkey's economic recovery program and accession regulation were accompanied by a trend of institutionalization. Measures to discipline small businesses were designed and implemented as part of a Consensus model fiscal and monetary regime.[226] A public body to monitor, train and empower small to medium sized businesses, KOSGEB, is the extension of the corporatist tradition of SME development. Established within the Ministry of Industry and Trade in 1990, KOSGEB diversified and expanded following the EU accession agreement. KOSGEB recognizes and operates within a framework drawn by Turkey's pertinent public bodies, chiefly the industry and trade ministry but also the State Planning Organization, the Treasury, and the labor ministry, and collaborates with corporatist institutions, i.e. chambers and their confederation, TOBB, confederation of merchants, TESK, and the confederation of Turkish labourers, Türk-İş. Between 2005 and 2011, two consecutive AKP administrations issued executive orders, decrees and Cabinet decisions to refine and enhance the services KOSGEB provided, to create ancillary offices in the periphery, and to integrate several European Commission programs, mainly the Framework Programs (FPs).[227]

Chapter 3 established how SMEs featured in Turkey's market growth and liberalization. In mid 1990s, SMEs were going global while maintaining their ties to their locality. Associations sprung up, infrastructure investments and new technologies entered Turkey's periphery. Turkey's once rural families became business owners, expanded their companies, invested in land and property in domestic and international

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[225] Interview with Kürşat Güncü, GSO, Gaziantep, 28 Oct 2009.
[226] Specific measures introduced to regulate SME development, financing, incentives include changes in legislation to ease SME access to international trade, increase in the size of public financing to SME development, increase in subsidies to SMEs registered in underdeveloped regions in Turkey, capacity building to boost innovation, expansion of tax relief and tax return schemes, etc. Mehmet Cansız (2008) 'Türkiye'de KOBİ'ler ve KOSGEB (Turkey's SMEs and KOSGEB)', State Planning Organization Working Papers, No. 2782. Available from www.kalkinma.gov.tr/DocObjects/Download/3806/kobi.pdf
[227] Legislation found on KOSGEB website:
http://www.kosgeb.gov.tr/Pages/UI/Baskanligimiz.aspx?ref=2

destinations; set up associations, funds, and social networks; and sent their children and grandchildren to public and private universities in Turkey's major cities and abroad.

The end of the 1990s ushered in Turkey's transition to twenty-first century neoliberalism. The IMF, World Bank and the European Commission urged Turkey to introduce neoliberal market reforms. Furthermore, the EU Accession Process, launched in Helsinki in 1999, prompted Turkey's Legislature and Executive organs to introduce a more systematic and structured regulatory regime. By 1999, a restructuring of Turkey's banking system was imperative however there was not a broad consensus in Turkey as to how the restructuring was to be designed and implemented. The left and workers' unions rejected the Washington Consensus' political and economic pragmatism, which demanded economic concessions from the labouring and middle classes, already disadvantaged by the poor performance of the real economy. The discourse of Turkey's political left in end-1990s and early 2000s was predominantly nationalist, isolationist and militaristic, preventing the potential of a policy dialogue between unions and political parties on the left and national and international economic policymakers, i.e. World Bank and IMF bureaucrats, Minister of Economic Affairs Kemal Derviş and the coalition government of Ecevit. Despite the criticism from Turkey's left and nationalists to globalization of Turkey's economy and society, neoliberal globalization won support from both the established secular elite, which romanticized Western lifestyles and economies, and the emerging Muslim conservative middle class, which saw an economic and political opportunity in the broadening of Turkey's market and society Westward.

Kemal Derviş, who acted as the Minister of Economic Affairs between March 2001 and August 2002, launched the 'Program to Facilitate Turkey's Transition into a Stronger Economy' on 14 April 2001. The 2001 economic strategy document sought to realize structural change in the Turkish economy and to sustain economic stability. Derviş prioritized Turkey's transition to good governance, monetary and fiscal transparency and anti-corruption measures and insured political support for the tough economic measures to follow. [228] Turkey accordingly replaced its pegged currency system with a floating currency regime; reformed its banking system to accommodate the financing needs of the private sector; established – arguably – an income policy to facilitate equal and just distribution of wealth. The recovery program of early 2000s

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[228] 'Program to Facilitate Turkey's Transition into a Stronger Economy' (2001) Available from http://www.belgenet.com/eko/yeniprogram_2001.html

continues to steer economic policy making in Turkey in the 2010s – both in operational terms and in spirit.

Six factors contributed to the strengthening of Turkey's commitment to a privatization agenda, according to political economist Ziya Öniş:

> 1) the depth of crisis experienced before large-scale privatisation; 2) the strength and commitment of the executive to the privatization programme; 3) the presence of powerful external anchors; 4) the degree of maturity of domestic private capital; 5) the presence of a favourable legal and institutional framework; and 6) the importance of international demonstration effects.[229]

Three of the six forces listed above are especially pertinent to the argument proposed in this chapter, that Turkey's neoliberal globalization and marketization adventure triggered the formation and the gradual erosion of coalitions between several actors within the corporatist/clientelist policymaking structure: Whereas in the 1990s, Turkey lacked a powerful and globally-integrated class of domestic capitalists, a popular government fully committed to privatization and able to construct legal and institutional mechanisms to bolster privatization moves, the political, legal-administrative and international contexts are dramatically different in the late 2000s.

The values and morals of Turkey's Muslim conservative businesspeople

Previous chapters examined how the principle of secularism in the making of modern Turkey was manifested and how interest representation through associations was institutionalized. Thus, even before Turkey's pious Muslim and provincial businessmen began to actively partake in community building and class-formation; the borders of the secular business space were drawn, leaving them out. Generally, academic, journalistic and popular depictions of 'Islamic capitalists' are not offered by those from among the ranks of an empowered and new class of businessmen. The small-to-medium-sized enterprise owners from cities in central Turkey might have remained irrelevant had those enterprise owners not prospered and become socially mobile. Their migration to the secular space precipitated the secular Turks' efforts to gauge their influence and strategize accordingly. Hence, earlier and established class-based analyses on Turkey's Islamic capitalism are penned by members of a privileged community of Turkey's intellectuals, journalists, artists and scholars, who are very well endowed with linguistic, literary, analytical, social and professional skills, and as well with strong connections to influential Western institutions. These analyses highlight the differences

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[229] Ziya Önis (2011) 'Power, Interests and Coalitions: the political economy of mass privatisation in Turkey', *Third World Quarterly*, 32:4, 707-724 (p.709).

between Turkey's outgoing elite, Western-inspired, cultured, modern, and comfortably excused from social and economic realities in the periphery, and its incoming Anatolian elite, provincial, anti-modern, nouveau riche, and driven by a tasteless pursuit of wealth. As analysts and spectators play with categories and labels to identify sections of Turkey's heterogeneous business elite, Islamic capitalists respond to these scientific and popular experiments by responding to and building on certain categories and labels. Thus begins a process of other-driven class-consciousness.

Self-defined class-consciousness of Turkey's Muslims also flourished in 2000s and transnationalization of Islamic movements that emerged from Turkey encouraged this trend. Outspoken admirers of Turkey's 'Anatolian Tigers', such as Mustafa Akyol, portray Turkey's Islamic bourgeoisie as an epic amalgamation of Kemalist modernity and Islamic liberalism and work ethic.[230] Though not a businessman, Akyol is not a stranger to the Muslim community: He received an Islamic upbringing and belongs to the Muslim Democratic community of journalists and intellectuals. Fluent in English, Akyol is able to put his international contacts to use by advocating the case of Turkey's 'Islamic Calvinists'[231]. Practicing Turkish Muslims based permanently or temporarily in American and European academic and policy advocacy institutions, such as Hakan Yavuz, Ibrahim Kalın, Ahmet Kuru, Ihsan Yılmaz, and Hasan Kösebalaban, helped to polish the image of Turkey's emerging business community as progressive and pacifist and to cement the claim that the wealth created by Anatolian Tigers fuelled Turkey's economy and AKP's politics. Business leaders and politicians from within the Islamic middle class also speak out to identify the basic tenets and transformation of their own community. Former MUSIAD President, Ömer Bolat declares in an interview in 2007 his pride in MUSIAD members' work ethic and discipline, inspired by the deeds of Prophet Mohammad, and confesses how remarkable he finds the change his brothers and sisters at MUSIAD changed from conservative, immobile, monolingual and provincial businesspeople into open-minded, dynamic, multilingual and global professionals.[232]

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[230] Mustafa Akyol, 2011, *Islam without Extremes: A Muslim Case for Liberty*, New York: W.W. Norton&co.
[231] European Stability Initiative (2005) 'Islamic Calvinists: Change and Conservatism in Central Anatolia', Online. Accessed 20 Aug 2011, Available from http://www.esiweb.org/index.php?lang=en&id=156&document_ID=69
[232] 'Ibid., Kobi Efor Magazine, 2007.

Bolat's reference to a Turkish Islamic morality is a starting point for most businessmen and professionals I interviewed on my fieldwork. Islamic morality and values are referenced as a key differentiator for two reasons: Muslim conservative businessmen are perceived as a class or community that is markedly different than secular business elites in Turkey and they justify their unique status by referring to a moral superiority. Also, by referring to Islamic morality, Turkey's Muslim conservative businesspeople open their community and businesses up to a global Islamic market and society.

Islamic morality and work ethic

A brief overview of Islamic morality and business is useful here since Turkey's Muslim conservative associations and their members respond to the 'Islamic' in Islamic business according to the following parameters. There are three core principles which help to distinguish Islamic economics from secular economics: Islamic law prohibits *riba*, often translated as interest,[233] and *gharar* or speculation; dictates a wealth redistribution system based on *zakat* (alms); and states that Islamic economic decisions are taken and acted on after they have been sifted through a moral filter. These principles exist to secure the system of moral economics domiciled in Islam. Certainly, Islamic economic dogmas are more extensive and elaborate than simply three principles, however, these three principles best represent the themes of justice, equality and social welfare in Islamic economics. These distinct themes depart from an arguably exclusive notion of ownership in Islam. Essentially, life on earth is temporary and humans are mere vicegerents of all creation, which belong to Allah alone. At the same time, however, humans are free to pursue and satisfy their basic needs and are consequently to have equal access to all resources. Islamic moral economics maintains that (Muslim) individuals are expected to take into account the needs of the underprivileged members of society and are therefore obliged to share the fruits of their labour with the underprivileged.[234] Thus, ownership is delegated from God to society

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[233] Timur Kuran (1995) 'Islamic Economics and Islamic Subeconomy', *Journal of Economic Perspectives*, 9(4), pp.155-173 - p. 157.
[234] Irfan ul Ul Haq (1995) Economic Doctrines of Islam: A Study in the Doctrines of Islam and Their Implications for Poverty, Employment, and Economic Growth, The International Institute of Islamic Thought, pp.84-85. – cited in Mehmet Asutay 'Islamic Moral Economy' Paper presented at Durham Islamic Finance School, Durham: Durham University, 6-10 July, 2009.

and then to the individual; subsequently, the individual's economic behaviour is governed according to his/her obligations to the society and to God.[235]

Islamic economics prescribes profit and risk sharing in business financing. Islamic rules do permit businesses to utilize credit, and do not prescribe that all businesses be financed entirely with equity capital. Islamic businesses can and do utilize financial leverage in their capital structures, thereby exposing their owners to both the potential enhancement of returns on equity if things go well and to value reduction if results are disappointing.[236] By implication, an Islamic business enterprise should not engage in activities, which may generate an unfair return without risk sharing. Moreover, an Islamic business enterprise should not employ financial services, provided by banks and other intermediaries, which may yield interest on behalf of the business enterprise. Similarly, an Islamic business should not enter into loan agreements that have terms of debt repayments, which include interest. Here, it becomes evident that the gateway to an interest free economic system is the Islamic business enterprise and only through arming it with necessary investment and spending tools to compensate in productivity and profitability for lack of *riba* will Islamic economic theories be realized.

Whereas *riba* and *gharar* seem to preoccupy students and practitioners of Islamic finance more, it is zakat, which purportedly represents the distinct understanding of moral economics in an ideal Muslim economic society. The basic premise of *zakat* is set out unequivocally in the Qur'an as one of the five obligationsof every practising Muslim. [237] Umer Chapra is one of many scholars who situate *zakat* at the core of Islamic economics' preoccupation with social equality. He holds that morality guides individuals to contribute to *zakat* schemes, which in turn promote social equality. Improvement in social equality fosters economic growth, which subsequently enhances wellbeing of individuals within that system.[238] As a result, *zakat* becomes the inevitable link between the morally conscious individual and social welfare. *Zakat* is

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[235] Although all Islamic economists do not share this assertion, most of the prominent scholars such as Mannan, Chapra, Naqvi and Siddiqi emphasize the importance of the society and religion in governing the actions and defining the freedoms of the individual.

[236] Frank E. Vogel and Samuel L. Hayes (1998) *Islamic law and finance: religion, risk and return*, The Hague: Kluwer Law International, p.2

[237] The other four obligations are to uphold one God and one Prophet, to follow the daily prayer, to go on pilgrimage to Mecca, and to fast during the month of Ramadan. Zakat obligation is so firmly grounded in Islam that its evasion would equal blasphemy, according to Abu Ubayd's Kitab ul Iman, cited in Norman Calder, Jawid Ahmad Mojaddedi, and Andrew Rippin(Ed) *Classical Islam: A sourcebook of religious literature*, London: Routledge, p. 137.

[238] M. Umer Chapra (1992) *Islam and the Economic Challenge*, Leicester: The Islamic Foundation, p. 348-49.

different from the *sadakah* (charity) paid on a voluntary and flexible basis but similar to sadakah, *zakat* payments are channeled into relief, aid and development projects to obtain social equality. An Islamic business is mandated to enact a just distribution of its resources internally and externally, through its engagement in a national system of welfare distribution. By implication, Islamic economic theory concludes that without *zakat*, socio-economic justice is unattainable.

Islamic economics extends beyond studying halal and haram business conduct to offer a moral system to govern the behaviour of Islamic business. Islamic moral economics is 'an axiomatic approach to develop conceptual foundations of Islamic economics by treating Islamic ethos as an ideal through which economic and social policies dealing with every aspect of human life, including economic life, are assessed'.[239] This holistic notion of an axiomatic moral economy is indebted particularly to the work of scholars like Syed Nawab Hyder Naqvi who observed, 'The workings of an Islamic economy can be seen in the behaviour of Muslim society'.[240] The truisms in moral business behaviour in Islam are products of Islamic law, jurisprudence, and established practices in Muslim societies of the past and present. Bearing in mind the influence of Islamic legal pluralism on formulating legal axioms and the influence of socially-, culturally-, politically-, and economically-constructed factors on business practices in Muslim societies, it is not possible to distil a universal theory of Islamic business morality/ethics. Nor is it realistic to expect Muslim businesspeople to synchronize their business conduct according to identical moral considerations and work ethic. It is fair, however, to claim that Islamic business is the building block of an Islamic moral economy and that at the level of Islamic business, the moral/ethical behaviour of an entire society is observable and governable.

Islamic economics requires economic decisions to be evaluated through moral considerations. This assertion implies that Islam has a distinct set of moral codes for work, a distinct Islamic work ethic (IWE). Students of Islamic ethics in business pay tribute not only to what they claim is the origin of definitions on Islamic work ethic, the Islamic core texts, and also to Weber and his contemporaries, who developed the notion

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[239] Mehmet Asutay (2009) 'An Introduction to Islamic Moral Economy' *Paper presented at Durham Islamic Finance Summer School*, 6-10 July 2009, Durham: United Kingdom, p.6.
[240] Rodney Wilson (1998) 'The Contribution of Muhammad Baqir Al Sadr to Contemporary Islamic Economic Thought', *Journal of Islamic Studies* 9:1, pp. 46-59 – p.48

of a Protestant work ethic (PWE).[241] Abbas J. Ali has been particularly prolific in the 1980s and 1990s in observing managerial behaviour and morality/values of businesspeople in the Arab world. His definition of Islamic work ethic emanates from the Prophetic tradition that regards work as form of worship. Namely, Ali groups Prophetic formulations on IWE as doing business legitimately; earning instead of hoarding or amassing wealth; producing high quality work, paying fair wages; being confident and self-reliant; not forming a monopoly; refraining from bribery; conducting business with good, just, lawful intentions; ensuring transparency; containing greed; and exercising generosity. This ambitious list of principles for ethical conduct is compounded by the reminder that the legacy of the Qur'an and the Prophet ought to be celebrated by every Muslim through his or her work. Ali stresses this incremental link between business performance and religious performance in his reference to the Prophet's life and deeds: 'His emphasis on discipline and commitment intended not only to highlight the essence of work, but also to draw a link between faith and work and to eventually steer the Muslim community towards becoming an economically and politically viable entity'.[242]

Evidently, ethical business conduct is considered a sign of religiosity and a Muslim's service to his creator and his community. Students and proponents of IWE caricature values that they assign to the Western-capitalist business world so as to differentiate IWE from secular or non-Muslim ethical systems. Whereas IWE is presented as a socially conscious and socially responsible value system, Western work contexts are associated with individualism, exercised both within organizations and outside.[243] The so-called individual ethics is an amalgamation of positivist law, organizational factors and individual factors, which include individuals' varying levels

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[241] Weber's pioneering work, *The Protestant Ethic and the Spirit of Capitalism* (London: Routledge, 1993), is as critical towards capitalism's innate ability to lead to exploitation of its subjects as Islamic economists. Furthermore, Weber believes that occidental economic rationalism, which underlies rational business conduct, meets spiritual resistance. These and many other assumptions lead Weber to draw a model of Protestant work ethic and paved the way for his predecessors to stipulate on the relationship between spirituality and legal-rational economic behavior. At the same time, Weber's assumptions resemble some of the arguments asserted by students of Islamic morality and ethics and consequently spell out the interchangeability of the business ethos and the spiritual ethos.
[242] Abbas J. Ali (2005) *Islamic Perspectives on Management and Organization*, Cheltenham, UK: Edward Elgar Publishing, p. 54.
[243] Ali J. Abbas (1988) 'Scaling Islamic work ethic', *The Journal of Social Psychology*, 128(5), pp. 575-583. Even a simple overview of European moral philosophy will convey, however, that pure individualism does not encapsulate Western notions of fairness, virtue and morality. In fact, for example, Hobbes defines virtue as 'the conformity of our interests with those of the community' (W. Edward Hartpole Lecky, 1911, *History of European morals: From Augustus to Charlemagne*, London: Longmans, Green and Co, p. 11).

of moral development, personality, nurture, and socio-cultural background.[244] Certainly, Islamic thinkers conclude, a system of ethics guided only by individualistic impulses does not and cannot prevent amoral, unethical business behaviour. At the same time, however, Islam celebrates the role of the individual as the productive unit of an economic society and stipulates that individuals experience different stages of moral development, at the end of which they reach ethical maturity. In fact, failure to pursue the rightful path to personal (economic) development is frowned upon. Sayyid Ab'ul Ala Maududi, for example, devotes special attention to the celebration of the individual, within the Islamic society, and emphasizes the direct link between the individual and his creator. He claims that the freedom to pursue economic self-sustenance is a fundamental freedom for any Muslim but the economic relationships that emerged in the post-industrial revolution world inhibit most individuals' freedom to earn their living.[245] Islamic work ethic, then, does not rule out an economic system composed of individuals as the primary economic units; it proposes, instead, to contain those individualist impulses that are potentially destructive for the society by conditioning business decisions on Islamic morality rather than rational choice.

Turkey's Muslim business community embraces some of the parameters of Islamic morality, explained above. To that effect, three trends emerged out of my fieldwork interviews with businessmen. The first concerns the spirit of servitude to the ummah and the state, as configured and ruled by devout Muslim governments. The General Secretary of ANSIFED, a TUSKON federation, posits that their federation and their members serve the Turkish nation and the government because only then can these two entities thrive.[246] This tendency is explored below under the subheading 'Turkishness' because the terms of the service to the Nation and the State are defined by the Islamic business community's interpretation of Turkish identity.

The second trend is to find loopholes in a secular system to be able to follow an Islamic work ethic. This requires pious Muslim professionals in Turkey to constantly try to bypass institutionalized governance mechanisms in the public and private sector. Avoiding alcoholic beverages in work-related functions, growing a beard and wearing a traditional pair of loose, cotton pants (*şalvar*) are some of the ways in which devout

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[244] Rafik Issa Beekun (1997) *Islamic Business Ethics*, Herndon: International Institute of Islamic Thought and Civilization, p. 6.
[245] Sayyid Abu Ala Maududi (1980a) *Islamic Economic System: Principles and Objectives*. Delhi: Markazi Maktabah Islami.
[246] Interview with Celal Güneş, Secretary General of ANSIFED, Ankara, 07 May 2010.

Muslim men can and do demonstrate their piety. Most professions and a majority of medium to large companies in Turkey require male professionals to operate in a relatively secular space and not to condition their work according to their religious practices. For instance, attending Friday prayer is very common, if not passionately encouraged, however praying five times a day during a regular work day is not as common and not desirable - at least according to some of the interviewees. One interviewee in Istanbul declared that his company was an exception because he was able to practice Islam almost entirely as he wished despite his full time employment.[247] Almost all other men and women interviewed indicated that they had to forgo some of their duties as Muslims to remain in employment. Men would not take their wives to work functions to conceal that their wives wore the headscarf. Families in public sector employment would avoid lodging in dormitories or on-campus housing offered by the company or state body for which they work.

Some of the business people I interviewed did not object to bending the rules of Islamic economics to achieve business success. Ali Bulaç, a highly respected Muslim intellectual, journalist and AKP supporter, vindicates the liberal state and market for having diminished Islamic values and morals of Turkey's businesspeople. He suggests that private sector companies owned and managed by Turkey's devout Muslims engage in haram activities because they operate in a secular and liberal market environment. Bulaç highlights the discrimination against headscarved women in the recruitment to Islamic enterprises as a triumph of business pragmatism over piety.[248] A MUSIAD Board of Executives claimed that the nature of neoliberalism coaxes individuals to violate the terms of their morality or religion and that is quite normal.[249] This pragmatist perspective is also reflected in the oft-referenced 'Islamic Calvinists' report by ESI and yet should not be treated as a given. Some members of the Islamic community in Turkey criticize their fellow members for failing to comply in spirit and in practice with the Quranic worldview and teachings. During a roundtable in Konya, two participants suggested that Turkey is yet to be considered as part of *dar'ul Islam* because the secular elements of the system and the disregard that most Muslims have for the teachings of the book prevent Turkey from becoming a truly Muslim country.[250] Similarly, in several

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[247] Interview with Ömer Bitlis, Istanbul, 07 Apr 2010.
[248] Interview with Ali Bulaç, Istanbul, 05 Apr 2010.
[249] Interview at MUSIAD with two representatives, Istanbul, 28 May 2010.
[250] Group interview, male professionals, Konya, 7 May 2010.

roundtables discussions with headscarved women, women who chose to wear more substantial head and body covering suggested that other roundtable participants, who wore their headscarves in a more contemporary fashion, were not taking the *hijab* very seriously.[251] These reactions demonstrate the infighting between members of Turkey's devout Muslim communities and may be treated as symbols of a constant pluralisation process within the Islamic counterelite, as will be explored in the following section.

Turkishness and Turkish nationalism

However global their perspective may have become, Anatolian businesspeople continue to emphasize their Turkishness in their business and social conduct. In other words, the common denominator of the members of Islamic business associations is being Muslim and Turkish. A distinct category that combines select elements of Islam and a brand of Turkish nationalism define present-day Islamic business elite in Turkey. One case in point is how Anatolian businessmen engage with business contacts and stakeholders in markets abroad. For instance, the manager of the Gaziantep branch of TUMSIAD, a business association occupied by rather devout members, recounts the tale of a Turkish businessman from Gaziantep who 'corrected' the faulty conduct of his business partner in Indonesia and thereby contributed to building a positive image of Turks and Turkey in Southeast Asia.[252] TUSKON federations ANSIFED (Central Turkey) and GAPGIAD (Southeastern Turkey) also emphasize the Turkish identity of their membership. The Turkish language, customs and familiar Muslim practices are keys to smooth and successful business transactions, according to TUSKON.[253]

This emphasis on Turkishness hints at the wide resonance that Turkish nationalism has to the members of Turkey's Islamic business associations. Derya Gültekin Karakaş finds that Muslim conservative businessmen vote for Right wing and Turkish nationalist parties.[254] I found through my research that Turkey's Muslim businessmen place an extremely high value on their ethnicity. TUSKON federations had members that were particularly proud of their Turkishness. The General Secretary of ANSIFED boasted of the significance that the Turkish language has to expanding

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[251] Group interview, women professional, Ankara, 26 and 27 Mar 2010; Group interview, women professionals, Konya, 8 May 2010.
[252] Interview with top management at TUMSIAD Gaziantep, 28. 10. 2009
[253] Interview with Celalettin Demireli, Secretary General of GAPGIAD, Gaziantep, 27 Oct 2009; Interview with Celal Güneş, Secretary General of ANSIFED, Ankara, 07 May 2010.
[254] Derya Gültekin Karakaş (2011) Hem Hasımız Hem Hısımız (We Are Both Enemies and Kin), İstanbul: İletişim Publications.

Turkey's trade and cultural influence abroad.[255] Nationalism and the Turkish brand of Islamism alienated Muslim minorities, particularly the Alevis of Turkey, and at the same time unified Muslims of the mainstream Hanefi and other convictions against external pressures, such as the limitations of secular elite's strong presence and the military's authoritarianism. Tanıl Bora proclaims that in Turkey, nationalism is the common thread that runs through the discourse of different, and in some cases, opposing communities.[256] Evidently, when the exigencies of political survival demanded it, Turkey's Islamists and secular nationalists collaborated. For instance, immediately after the National Security Council authorized the discharging of thousands of public servants based on their or their spouses' choice of attire, i.e. whether they were headscarved or not, then- Minister of Health Osman Durmus prevented (or delayed) the laying off of headscarved healthcare personnel in public hospitals.[257]

      This seemingly unique combination, the so-called Turkish-Islamic synthesis, is not an AKP invention; the previous chapter established that Turkish Islam gained recognition and momentum in the 1980s under Özal's leadership. AKP MP and former Minister of Industry and Trade, Ali Coşkun's life and career present several pieces of evidence to support the claim that the present-day tradition of negotiating Islamic values and morality with business and public office was established during the Özal years and pervaded business-state relations during the subsequent decade of centre-right coalitions. When Coşkun arrived Istanbul as a freshman in electrical engineering, he was a total stranger to then Turkey's only metropolis, surely a thrilling place for almost all provincial students who come to a large city for the first time in their lives. Coşkun sated his longing for Anatolian values, piety and brotherhood in his university's Society of Students, a branch of the Nationalist Turkish Students Union. The student movement, where Coşkun polished his political skills, venerated Turkish nationalism and Islam and its followers were Democrat Party supporters. The military junta's ousting of his political party of choice in 1960, the year when Coşkun graduated, may have cemented his commitment to the socially conservative, democratic and economically liberal politics of the centre right in Turkey.

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[255] Interview with Celal Güneş, Secretary General of ANSIFED, 07 May 2010.
[256] Tanıl Bora (ed.), Milliyetçilik (Nationalism). Istanbul: Iletisim Yayinlari, 2002.
[257] This is an argument made in almost every personal or group interview with male and female research participants.

Coşkun pursued his political ambitions outside of the realm of political parties for over three decades until 1990s; instead, he acted as a Board Member in the Turkish Hearth Organization (*Türk Ocağı*), and was the Deputy Chair and a loyal follower of the Hearth of the Enlightened (*Aydınlar Ocağı*).[258] These two organizations educated and indoctrinated Turkey's leading Muslim and nationalist politicians, businessmen and intellectuals. The Society to Disseminate Enlightenment (*İlim Yayma Vakfı*), which acquired official status as a foundation in 1974, was one of the many conduits through which Turkey's nationalist and pious centre-right politicians and businessmen built a communion. Turgut Özal and his brother Korkut Özal were among the founding members of the Foundation, which offered need-based scholarships for public and private schools in Turkey and abroad, and free accommodation and care to children and young people. It also managed several afterschool and private courses and programs to teach the Quran and operated as a convent for Islamic learning and teaching where scholarship students, students of Quran, researchers, theologians and notable religious figures – of a particular school of Islam – convened.[259]

A third and final trend that relates to how present day Muslim business community practices the Islamic work ethic and morality concerns charitable acts. Turkey's devout Muslim businesspeople tend to and are devoted to charity, distributed in the form of *zakat* and *sadakah*. A *Zaman* newspaper columnist loyal to Gülen commemorates Sabri Ulker, the late founder of the now global Yildiz Group, with Ülker's generous commitment and support to a relief fund set up for the ultranationalist (Turkish Hearth) ex-convicts and families, perpetrated by the 12 September 1980 junta.[260] Personal contributions are quite substantial however there are transnational charities that emerged out of Turkey and expanded in size and fame by promoting Islamic messages and by effectively redistributing welfare across the globe. In the past decade, several Islamic charities, namely The Foundation for Human Rights and Freedoms and Humanitarian Relief (*İnsan Hak ve Hürriyetleri İnsani Yardım Vakfı*, IHH), Is Anybody There? Association (*Kimse Yok Mu? Derneği*), and the Lighthouse Association (*Deniz Feneri Derneği*), became remarkably prominent and they

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[258] Sürdürebilir Yaşam Ödülü: Ali Coşkun Biyografi, Uluslararası Enerji Forumu Biyografi Dizisi 1,Uluslararası Enerji Forumu, İstanbul, 2008.
[259] 'İlim Yayma Vakfı İlk Kurucular', http://www.iyv.org.tr/ilkkurucu.asp
[260] A. Turan Alkan (2012), 'Galip Erdem, Sabri Ülker', Zaman, 16 June 2012. Online. Accessed 20 May 2013, Available from http://www.zaman.com.tr/ahmet-turan-alkan/galip-erdem-sabri-ulker_1304548.html

institutionalized the redistribution of Islamic (particularly zakat and animal sacrifices) and voluntary contributions into health, education and social services. While all three organizations are tax-exempt[261] and can collect and distribute donations, the latter two are permitted by Law No.2860 to collect charitable donations without needing to apply for and obtain an official permit.[262] Of the three charities, IHH is the only one that publishes its financial status/profile annually and in 2010 IHH reportedly collected around 87 million Turkish lira (58 million USD) from Turkey-based donors.[263] This figure amounts to approximately 10% of total revenue generated in 2010 by all registered foundations in Turkey.[264] IHH pioneered the campaign to set sail the Blue Marmara aid boat to Gaza and while several of the charity's personnel were injured during the Israeli offensive against the boat, the charity earned top marks from its Muslim followers for confronting the state of Israel. The names of Lighthouse Association and its subsidiary in Germany, Deniz Feneri e.V., were tainted by a series of legal proceedings, which started in 2007 in Germany, culminated in three convictions for fraud in Frankfurt and later migrated to Turkey. Trial proceedings conveyed that Lighthouse had accumulated 41 million Euros in five years and subsequently 17 million Euros had been transferred to Turkey.[265] Finally, Is Anybody There? Association has its roots in a post-disaster relief campaign staged on Samanyolu TV in 1999. 'Is Anybody There?' Association skyrocketed to fame within a decade thanks to the expansive network of public, private and voluntary organizations attached to the Gülen movement, of which the charity is a part. Today, 'Is Anybody There?' Association enjoys exclusive public visibility and is able to attract a substantial portion of regular and emergency charitable donations.

These professional and transnational charities are interlinked with the business community, both as recipients of donations and in-kind contributions from businesses and as sister organizations that belong to same confessional network. Charities' performance may therefore reflect well or poorly on the business association and religious movements, as was the case in Deniz Feneri and the Gülen movement. Then

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[261] Revenue Administration, Turkey, 2012, http://www.gib.gov.tr/index.php?id=406
[262] Directorate of Foundations at the Office of the Prime Minister, Turkey, 2012, www.vgm.gov.tr/icerik.aspx?Id=192.
[263] http://www.ihh.org.tr/gelir-gider/
[264] 'Selected data from new foundations in Turkey', 2010, Directorate of Foundations, http://www.vgm.gov.tr/icerik.aspx?Id=192
[265] 'Two more arrested in Turkish Deniz Feneri e.V. case', Dunya Times Online, 6 Aug 2011, Online, http://www.dunyatimes.com/en/?p=15512

again, distributing alms is not the only means through which the capital accumulated by Islamic businesses is redistributed to Muslims in Turkey and around the world. Today, to support students and families to develop their social capital and to integrate into a fast-paced, urban economy and society, business associations organize seminars, trainings, scholarship programs and entrepreneurship programs. These organizations ensure that the local, familial and confessional bonds are conserved, despite the pace of social and physical mobility in 21st century, and that business interest groups assume a significant role in the evolution of Turkey's Islamic counterelite. In that sense, business associations are not too different from the university associations of which Coşkun and his likes were a part of. Present day business associations either function as or financially support organizations that advance a Turkish Muslim business and socio-cultural morality, and at the same time support their members' interests in policy bargaining.

Fethullah Gülen renders an impressive service to the Turkish-Islam synthesis – or rather to the ideal of a morally-superior Turko-Islamic world at peace.[266] Without a doubt, Gülen's most striking achievement is the ever-expanding network of Turkish Colleges around the world. 'They recite poems in Turkish whilst standing beneath portraits of Atatürk,'[267] recounts historian Yılmaz Öztuna of students of Central Asian origin attending the 'Turkish Colleges' of Fethullah Gülen. Kemal Karpat, another contributor to an edited volume on Gülen schools, praises the model, reasoning and practices of Turkish colleges for being nationalist. Karpat claims that the Turkish colleges conceptualize nationalism without referring to Islam or to an ideology. This supposedly pure and non-ideological form of nationalism is captured by the Turkish teachers, principals and by the use of the Turkish language of the teaching programs and curricula.[268] Karpat and Öztuna join the ranks of countless intellectuals, politicians,

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[266] Gülen confesses in an interview to Sabah in 1997 that he is not interested in material possessions and his only wish has always been to serve his country and nation, in hope of one day elevating Turkey to the heights of international development and recognition. '15. Gurbet Yılında Fethullah Gülen Hocaefendi'nin Türkiye Hasreti (Fethullah Gülen's Longing for Turkey As He Enters His 15th Year In Exile)' (2013), Fethullah Gülen Official Website, Posted on 21 Mar 2013, Available from http://fgulen.com/tr/turk-basininda-fethullah-gulen/fethullah-gulen-hakkinda-dizi-yazilar-dosyalar/fethullah-gulen-web-sitesi-ozel-dosyalar/34788-15-gurbet-yilinda-fethullah-gulen-hocaefendinin-turkiye-hasreti
[267] Yılmaz Öztuna (2005) 'Fethullah Gülen Hocanın okulları', In Barış Köprüleri: Dünyaya Açılan Türk Okulları-1. Toktamış Ateş, İlber Ortaylı and Eser Karakaş (Eds), Istanbul: Da Publishing, pp. 95-99.
[268] Kemal Karpat (2005) 'Yurt dışında Türk Okullarının değeri', In Barış Köprüleri: Dünyaya Açılan Türk Okulları-1. Toktamış Ateş, İlber Ortaylı and Eser Karakaş (Eds), Istanbul: Da Publishing, pp.53-65.

artists, and public figures that collectively own the argument that Turkish colleges pay service to the Turkish nation and Turkishness.

MÜSIAD, too, glorifies the 'unique' combination of nationalism and Islam in Turkey. Walls and desks of the expensively decorated office of the former MUSIAD President feature tokens of Turkey's Islamic and secular Republican past. One photo, which captures Kemal Atatürk posing next to an imam in prayer, stands out. Of all the many photos of Atatürk, the choice of this rarely published image speaks of the concern that MUSIAD has to emphasize its respect for Turkey's Republican national heritage as well as for the strong Muslim tradition.[269] The discourse of 'service to the Nation' runs across other Muslim conservative business associations. The president of TÜMSİAD, Dr. Hasan Sert, evaluates the deeds of the AKP administration through the lens of national and community service. He announced in a speech in 2009 that the government acts in harmony with the Nation, demonstrating a positive attitude to solve economic problems and to develop in collaboration with the Nation'.[270]

At the same, to disassociate Turkish nationalism from the Republican elite conceptualization of a secular Turkish Nation, Muslim conservative business associations refer profusely to imaginations of an Ottoman past. Arguably, the Ottomans perfected the concept of pluralism in the form of the *millet system*[271]. The *millet system* institutionalized tolerance for various faith-based communities in the Empire. Accordingly, pluralism was a result of religious diversity in the Ottoman lands and the Sultan chose to respond to religious diversity by 'tolerating' non-Muslims.[272] Official narratives on Ottoman history proclaim that the Ottomans were the most benevolent of (Muslim) imperial rulers when it came to accommodating non-Muslim peoples. Therefore, non-Muslims found a peaceful and hospitable environment within which to pursue their economic, social and cultural/religious activities, freely and

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[269] Having framed photos of Atatürk is not only customary but also enforced in public and commercial offices. Yael Navaro-Yashin (2002) *Faces of the State*: *Secularism and Public Life in Turkey*, New Jersey: Princeton University Press.

[270] 'TÜMSİAD Yeniden Yapılanmaya Giriyor (Administrative Restructuring Begins in TUMSIAD)', *TÜMSİAD Ekonomi*, July-Aug 2009, p.9.

[271] Will Kymlicka distinguishes John Rawls' model of tolerance as one which protects religious communities by removing religion from public space completely and by allowing individuals to pursue any/no faith privately. He acknowledges an alternative model, which recognizes religious communities as groups and protects group rights by granting those groups official status and self-governing powers, and associates this model with the Ottoman millet system.

[272] According to Nilüfer Göle, the word, tolerance, does not convey the true meaning of the concept, which it seeks to define. Hoşgörü, a trait that were attributed to the Ottoman rule, translates literally as perceiving (the other) as lovely/nice/welcome.

without interference. Surely, the idea of hospitability, tolerance and peaceful coexistence inspired present day Muslim business community, especially since in their imagination of the Ottoman Empire was an Islamic state that consistently held the moral high ground.

Neo-Ottomanism is a popular label attached to Turkey's foreign policy moves under the leadership of Foreign Minister Davutoğlu and is also used to refer to Turkey's industrialists and traders operating in formerly Ottoman territories in the MENA region. Since 2002 and more markedly since 2007, Turkey's commercial and trade relations with developing markets in Asia, Africa and South America have prospered. According to Bulent Aras, advisor to Minister of Foreign Affairs Ahmet Davutoğlu, Turkey's deeper engagement with countries other than those on its usual westward bound trade links is galvanized by President Gül's diplomatic skills and Mr. Davutoğlu's strategic concept. TUSKON members are mostly Anatolian producers that eagerly to expand their production and services towards countries in Central Asia, North and East Africa and the Far East.

In interviews held in Gaziantep, Ankara and Istanbul with business associations and a few of their members testify to some of the points made above. Members of the interviewed business associations believe they are morally-superior and well versed in business ethics and aim to infuse Islamic morality into societies in countries with which they trade. Though an implicit yet obvious division of labor exists between Gülen schools and academies (the schools of light), the boarding facilities, the mosque and spiritual foundations, and the family of 'volunteer workers', TUSKON member confederations and companies also contribute to some of the educational, cultural and religious work that the Gülen network undertakes in developing countries. One Chairperson of a TUSKON federation in Gaziantep scorned the Chinese companies' business and trade conduct in Africa. After announcing his disappointment with the Chinese style of capitalism, which in his view is irresponsible and amoral towards host societies, he enthusiastically recommended how his confederation and colleagues exercise a benign and moral style of capitalism. The interviews revealed that the collective effort in entering the host country and society with an imperialist zeal is shared and that the businessmen and their families remain faithful and eager servants of a common cause to disseminate Turkish-Islamic civilization's values and virtues.[273]

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[273] Interview with Celalettin Demireli, Secretary General of GAPGIAD, Gaziantep, 27 Oct 2009.

The glorification of the family

A global survey by PriceWaterhouseCoopers (PwC) found that 95% of private companies in Turkey are family-owned and that family businesses share 75% of Turkey's national income.[274] Family businesses are arguably more inclined to operate with and reproduce clientelism and nepotism. In the Turkish context, it may be deduced then that most of private enterprises are nepotistic. PwC's report states that in close to 70% of those businesses surveyed that survived and/or expanded their operations despite the recent financial crisis (credit crunch), business owner-managers have not appointed their successors. Evidently, today's family businesses in Turkey are patriarchal and the father or the oldest male founder of the company makes key financial and managerial decisions. Most of Turkey's family businesses are geographically concentrated and are small businesses (ASO, 2005). Accordingly, family businesses represent a majority of Turkey's private enterprise and understanding their identity and business behavior will yield significant findings for the purpose of this chapter: identifying and analyzing Turkey's new Islamic capitalists and their political/policy choices.

Academic and non-academic sources attribute the following qualities to family business: A family business creates wealth to support the members of the family and to reinforce a good reputation and a high social standing. Both the human capital and the revenues generated by the family enterprise are invested to secure the survival and proliferation of the family's dependents and its reputation; thus, family businesses are believed to lack a purely capitalist reasoning that dictates investment decisions based on competition, productivity, etc.[275] Most family businesses are believed to be short-lived (they last for 50 to 75 years) because of their reluctance or failure to recognize the demands of business capitalism. In other words, since the social and economic needs of the family precede the demands of a competitive market, family businesses are doomed! However, the reverse is also true; when competitive market pressures stifle family businesses, they turn to their internal resources, i.e. the labor power of family members,

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[274] 'Aileler ortaklık peşinde', Radikal, 12 January 2011, p.18; Aileler İşbaşında: PwC Aile Şirketleri Araştırması Türkiye Sonuçları 2010/2011, (2011), Pricewaterhouse Coopers (PwC) Turkey, Istanbul.
[275] Hayrettin Özler, Derya E. Özler and Gülten E. Gümüştekin (2007) 'Aile İşletmelerinde Nepotizmin Gelişim Evreleri ve Kurumsallaşma', Selçuk University Journal of the Institute of Social Sciences, Issue no.17 (Sep 2007), Accessed 14 Oct 2011, Available from http://www.sosyalbil.selcuk.edu.tr/sos_mak/makaleler/Hayrettin%20ÖZLER%20-%20Derya%20ERGUN%20ÖZLER%20-%20Gülten%20EREN%20GÜMÜŞTEKİN/ÖZLER,%20HAYRETTİN.pdf, p.442

the savings and assets of the family, for survival. Typically the family business domiciles and showcases patron-client relationships and nepotism is arguably both the blessing and the curse of family enterprises. Very broadly, nepotism enables family businesses to establish and maintain non-market support mechanisms and at the same time, establishing and maintaining clientelistic relationships demand time and capital and human resources. More importantly, nepotism operates in a parallel universe where the formulas of market capitalism may or may not apply. Therefore, in a business environment where implicit rules override contractual and legal commercial relationships, those actors who are well versed in those implicit cultural/ethical codes are more likely to prosper.

MUSIAD boasts of representing the majority of family businesses and of venerating family values. A MUSIAD representative recommends responding to economic or social problems, such as the underrepresentation of women in employment, by finding solutions inside the family.[276] Most men I interviewed were of the opinion that family was the unit where Muslim values and lifestyles were transmitted and reproduced. The reality of the everyday Turkish business is somewhere between the image/fantasy of the idyllic family business and that of a cutthroat competitive business landscape filled with professional, upwardly-mobile and purely capitalist businesspeople. Business associations compete fiercely for effective representation of the interests of the Islamic counterelite and at the same time propagate Islamic morals, values and lifestyles in their communication to the secular space and the global business environment.

Business associations are not the only free market actors that compete for SME clients. Right at the peak of the global financial crisis in 2009-2010, sharia compliant and conventional banks in Turkey were enthusiastically financing Turkey's SMEs. Albaraka Turk announced that SMEs constitute an 80% majority of all of the bank's customers and credit lending to SMEs make up 50% of the bank's total financial risks. Operational in Gaziantep, Adana, Bursa, Konya, Kayseri, Denizli and Istanbul, cities known for fast business growth among SMEs, Al Baraka Turk bankers engage and cooperate with trade and commerce chambers at the local level to broaden their client base. Bank Asya had 120,000 SME customers in end 2009 and despite the looming financial crisis, this allegedly-Gulenist shariah compliant bank offered new borrowing

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[276] Interview at MUSIAD with two representatives, Istanbul, 28 May 2010.

tools for its SME clients. Türkiye Finans, catering to over 50,000 SMEs in end-2009 had planned to invest 4 billion TL into SME loans in 2010.

Türkiye İş Bankası, one of Turkey's largest and oldest conventional banks, served over 1 million SMEs across Turkey and had signed cooperation agreements with about 2000 chambers to reach its SME clients. Akbank, chaired by members of the Fortune 500-listed Sabancı Group, reached 450,000 SMEs, which constituted around 30% of the bank's total lending. Akbank, too, facilitated close ties with chambers and business associations in various cities in Turkey to attract new SME clients and manage good working relationships with existing ones.[277] A public-turned-private bank, Halkbank, operated a unique model with chambers, whereby a pool of credit funded both by the chambers and the bank was serviced to SME members of chambers at advantageous terms and rates of debt-repayment. 12,000 SMEs had used funds through this combined scheme by end-2009.[278]

Judging by the figures announced at end 2009, shariah-compliant banks were outcompeted by powerful conventional banks in catering to SMEs. However in the case of Albaraka Turk, for instance, SMEs held the majority (with 80%) in the shariah bank's total lending. Critically, both conventional and Islamic banks entice new SME customers by way of trade and commerce chambers – not business associations. – and the corporatist KOSGEB.

What is then the difference between Islamic and conventional SME banking in Turkey? Apart from the obvious distinction in the size of business done by conventional banks, their most discernible quality is their assumptions about their SME clients. Kayhan Sönmez of Türkiye İş Bankası believed that SME managers and owners were not up to date with global trends and their businesses needed professionalization to survive the impending financial crisis. Erol Sakallıoğlu of HSBC Bank Turkey highlighted that SMEs needed to develop professionalism in management and render transparent their finances.[279] SME bankers in Islamic banks choose to point instead towards the impact of intrafamily relationships and the culture of doing small business in Turkey as potential challenges to SMEs survival in the coming years of financial

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[277] 'Akbank yeni ürün ve hizmet geliştirmeye devam edecek (Akbank will continue to develop new products and services)', Hürriyet (SME Banking Special Edition), 10 Dec 2009, p.22.
[278] 'İştahımızdan birşey kaybetmedik (We have not lost our appettite)', In Hürriyet (SME Banking Special Edition), 10 Dec 2009, p.23
[279] 'HSBC'de ticari kredilerin yüzde 30'u KOBİ'lere gitti (30 percent of HSBC's commercial loans were distributed to SMEs)', Hürriyet (SME Banking Special Edition), 10 Dec 2009, p.30.

crisis. A senior executive from Türkiye Finans declared that second or third generation male siblings run SMEs according to a traditionally hierarchical management culture.[280] The general manager of Bank Asya, Abdullah Çelik, defended the view that conservative Muslim businessmen, who constituted only a quarter of the bank's total customer base, pursued the best and most profitable service from private banks in Turkey, conventional and shariah-compliant[281]. These statements indicate that senior executives of shariah-compliant banks in Turkey have an indigenous understanding of 'conservatism' and of the Islamic or traditional elements in the businesses they serve. This shared understanding does not lead to a distinct spatial and commercial divergence between conventional and shariah-compliant private banks nor does the conceptualization of the 'conservative' elements of SMEs necessarily render shariah banks more attractive to SMEs.

The conduits for both conventional and shariah-compliant banks to reach SMEs are the corporatist organizations of KOSGEB, TOBB and chambers. Unlike business associations, state (KOSGEB) and semi-public (TOBB) organizations and chambers cannot be tagged with ideological and/or religious identities.

Policy bargaining in AKP era Turkey

The previous section introduced the dynamics that led to the rise of Turkey's new Muslim conservative elite and discussed their morals, values and approaches to economic, social and political phenomena. Based on those morals, values and approaches, Turkey's Muslim conservative businesspeople conduct their relationship with the state and other stakeholders. There are four key features of policy bargaining in AKP era in Turkey. The policymaking landscape opened up to new actors and their arrival influenced the transformation of Turkey's state to accommodate pluralism. Thus, the first measure of policy influence of Islamic business associations is whether their existence has had an impact on the changes in policies (policy alignment) and in state structures, i.e. policymaking bodies or mechanisms. The second feature concerns the 'maturity of capital hypothesis' (Ziya Öniş and Ümit Türem, 2002) that connects the democratic attitudes of businesspeople with the level of their integration with global markets. As a business community becomes less dependent on governments to reach

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[280] Words of Memduh Kara of Türkiye Finans – '2010'da 250 şube sadece KOBİ'lere hizmet edecek'
[281] Necla Dalan, 'Müşterilerimizin yüzde 25'i muhafazakar (25 percent of our clients are conservative') *Vatan*, 02.06.2012. Online. Accessed on 03.06.2012 Available from http://haber.gazetevatan.com/musterilerimizin-yuzde-25i-muhafazakar/455094/2/Haber

resources, the more democratic and plural their outlook and strategies become.[282] In contrast to the first feature, a measure of success for an Islamic business association in this second feature is how well positioned the association is to bypass the state and build and/or exercise policy influence outside of the state's realm. Third, business associations engage in policymaking often as part of an umbrella organization, which supposedly reflects the sentiments of the associations it represents. Two interesting developments in the 2000s are the emergence of two such umbrella organizations, TUSKON and MUSIAD, and the expansion of two peak-level semipublic entities, TOBB and TIM. Together, these four bodies dominate the economic and social policymaking landscape in Turkey, at the expense of secular business associations and secular establishment unions and confederations. Finally, the Islamic and democratic credentials of Turkey's now powerful business associations and the capitalists they represent are conditional upon an ambiguous set of criteria and contested not just by Turkey's secular, Republicans but also by devout Muslims in Turkey. By implication, Turkey's policymaking environment is opening up to new actors and new mechanisms on one hand and being pulled into corporatist/clientelist forms of decision making by traditionalist and conservative actors on the other.

(1) State transformation influenced by Turkey's Islamic business associations

I will use three parameters to observe state transformation under this subheading: The proximity between AKP politicians and Islamic business community; the breaking apart and/or forging of institutions to accommodate interest mediation between the government and Islamic business associations; and the alignment or divergence between policy positions of the government and major peak-level organizations that represent the interests of the Muslim conservative business community.

How integrated are the AKP government officials and Turkey's Islamic business associations? The AKP is a mainstream and popular political party that has attracted and continues to attract members and supporters from Turkey's business community. Streamlining a business career to include a high-ranking political post is quite common because of the potential gains accrued in political office. Moreover, a background in

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[282] Öniş,, Z. & Türem, U. (2002) 'Entrepreneurs, democracy and citizenship in Turkey', *Comparative Politics*, vol. 34, no. 4, pp. 439–456; Bayer, Reşat and Öniş, Ziya (2010) 'Turkish Big Business in the Age of Democratic Consolidation: The Nature and Limits of its Influence', *South European Society and Politics*, 15: 2, 181 — 201.

business, when combined with a past service in a bureaucratic post, is thought to increase one's chances of getting elected into parliament. These assumptions may explain the rise in the number of MPs with a business background in the Turkish Grand National Assembly between 2002 and 2012. In the 22nd parliament, 50 out of 325 AKP MPs were either members or leaders of business interest associations, bar associations or chambers; in the 23rd term of the parliament, this figure rose to 62 out of 331 and in the current parliament, it is 63 MPs out of 326. CHP MPs are also 27 out of 135 in 22nd term; 31 out of 101 in the 23rd term; and 43 out of 135 in the 24th and current term. The proportion of association members to the total number of MPS is slightly higher for the main opposition party, CHP than the ruling AKP however both parties consistently attract elected officials who have a background in associations and chambers.

The distinction between the two parties lies in the type of association or chamber that their respective MPs were affiliated with. CHP MPs have served in boards, upper management and ad-hoc commissions of chambers and associations that represent medical professionals, lawyers, and engineers. CHP is a party that still mobilizes support from a diminishing urban middle class, so their political base is still concentrated in district-level organizations, such as bar associations, branches of Turkish Medical Association, chambers of electrical, agricultural, and mechanical engineers, and of architects, veterinarians, and pharmacists etc. These institutions resisted decades of suppression of associational activity and maintained their connections to organized labor and unions because they were strictly Republican, secular and pro-establishment. Hence, CHP MPs from cities in western, northern and southern Turkey foster political power and credibility through their service in the lower rungs of the hierarchy of state corporatist institutions. Fewer CHP MPs have affiliations with chambers of commerce or industry and business associations.

Business associations and chambers of industry and/or trade are organizations of choice for AKP MPs. MUSIAD-affiliated MPs dominate Turkey's legislative. Since 2002, MUSIAD- affiliated businesspeople have filled the AKP seats in the Turkish Grand National Assembly. Leading MUSIAD members, Ahmet Edip Uğur, Abdurrahman Müfit Yetkin and Vahit Kiler, are seasoned AKP parliamentarians, who have been elected into the TGNA for three consecutive terms. Kiler belongs to the family that founded and owns the Kiler Group. According to his two brothers, Ümit and Nahit Kiler, he abandoned the world of commerce for politics. Vahit Kiler nevertheless remained committed to the corporate world and he chairs the Parliamentary

Commission on State Owned Enterprises since June 2011.[283] Bayram Ali Bayramoğlu was the President of MUSIAD between 1999 and 2004 and later he ran for parliament during the 2007 general elections and was elected out of Rize. Between 2002 and 2007, there were 11 MUSIAD-affiliated MPs in the parliament. This figure dropped to 7 in the second term of AKP in power, only to rise again to 10 MPs after 2011 general elections. MUSIAD's minor retreat from the parliament coincided with the first entry of TUSKON-affiliated parliamentarians in 2007. Tahir Öztürk, Orhan Karasayar, and Kayham Türkmenoğlu served in the 23rd term of TGNA and each had held significant positions of power in TUSKON's federations in eastern and southeastern Turkey. Representation of business associations in the AKP-held seats in the 24th and most recent term of the TGNA is much more diverse. Whereas affiliations to MUSIAD were common in 2002, by 2011, several AKP MPs were members or leaders of various other business associations, such as TÜMSİAD and SİADs attached to the umbrella organizations, TÜRKONFED. Of the three TUSKON-affiliated MPs, only Orhan Karasayar was reelected and he is the only MP with a background in a TUSKON organization in the 24th term of the TGNA.

Institutionalization was a key ingredient of market reform and Turkey's gradual adoption of the EU accession agenda. Robust public and private institutions were expected not only to assist Turkey's march towards sustainable economic growth and away from volatility but also to buffer Turkey against political crises. A multidisciplinary and exhaustive political economic analysis of least developed countries, by Daron Acemoglu et.al., find that a direct link between institutions and a country's propensity to decline into volatility, and then into a full blown financial crisis. The research also shows that weak institutions cause political crises.[284] For Turkey, at the micro level, institutionalization implied more and better communication between local government and public bodies and businesses. A better- regulated and supported associational landscape was expected to facilitate economic, trade and financial policy discussion at the micro level/ in the periphery. Better-organized chambers of commerce,

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[283] When asked about whether their brother, Vahit Kiler's position in the parliament has buttressed the growth of their business at Kiler Holding, the Board President and eldest brother Nahit Kiler answers: We have no business with Bitlis (where his younger brother Vahit is elected out of) and with the state. We operate in the private sector and do not need favors from the state to maintain our strong growth trends. The quote is taken from Ruhi Sarıyer (2011) 'İki hafta gezdik işi öğrendik (We learned the tricks of trade in two weeks)', *Radikal*, pp.26-27, 28 Nov 2011.
[284] Daron Acemoglu, Simon Johnson, James Robinson,Yunyong Thaicharoen (2003) 'Institutional Causes, Macroeconomic Symptoms: Volatility, Crises and Growth', *Journal of Monetary Economics*, 50 (2003) pp.49–123.

meanwhile, were to ease the transfer of policies from the centre to the periphery. Güven Sak describes the Turkish experience with institutionalization as the replacement of profitable (unregulated) relations with more structured and corporate relations, from the centre to the periphery. TOBB Chair's senior advisor and top aide, Sak's appreciation for structured and corporatist industrial/ business-state relations may be an occupational hazard. However, his formulation of the change that happened since early 2000s in institutionalization of policy dialogue implies a game change. 'There needs to be a formal and engaging policy dialogue process and we need to be prepared for it. That is why TOBB was strengthened and complemented by TEPAV'.[285]

Turkey's post-1980 democratization process contains several episodes of institutionalization and the increase in the number of boards; councils or commissions that assist, monitor, regulate or manage public bodies demonstrate a fixation with new institutions. For the game change that Güven Sak described to occur, political stability is crucial. Hence, three terms of majority rule by the AKP were ripe for institution-building. Furthermore, AKP strengthened Turkey's Executive, which effectively negotiated the terms of institutionalization first hand with the European Commission and the World Bank-IMF. However, according to Esen Çaglar of TEPAV, AKP has yet to establish strong, transparent and functional institutions across the landscape of economic and trade policy.[286] Possibly, 'good governance' within the context of Turkey's public sector reform was interpreted to mean a quick makeover; the fastest and most formulaic method for implementing reform was to invent new institutions to perform the functions of older organizations. In certain cases, the outcome of public reform or restructuring was simply a name change; the institutional structure, traditions and weaknesses lived on.

Products of the post-Derviş structural adjustment process in the area of industrial relations and economic policymaking were ad-hoc committees, commissions or temporary councils set up within ministries. Ad-hoc committees may take several forms however the most common form is the independent regulatory agency (IRA). IRAs were staples of the institutionalization frenzy, which defined public administration reforms in the 1990s and early 2000s. The reasons for reforming public administration were legitimate; in other words, public administration reforms were justified as a key

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[285] Interview with Güven Sak, Advisor to Rifat Hisarcıklıoğlu, TOBB President, and Director of TEPAV policy think tank in Ankara, Ankara, 26 Oct 2010.
[286] Interview with Esen Çağlar, TEPAV, Ankara, 26 Oct 2010.

ingredient in Turkey's privatization, liberalization and Europeanization processes. However, the invention of multiple bodies to regulate economic and trade policies, for instance, had unintended consequences. One critical consequence of the inflation in IRAs was a two-tiered bureaucracy. While ministerial bureaucrats were expected to be endowed with the necessary technical/professional skills and know-how and thus to serve those regulatory roles well within the confines of the ministry, they were rivaled by professionals appointed to work on similar tasks in corresponding IRAs. Furthermore, as IRAs became attached to the office of the Prime Ministry, this post expanded disproportionately.

Councils and ad-hoc commissions demonstrated corporatist characteristics; they were structured to preserve the corporate hierarchy of the public body to which they were attached. Coordination Council for the Improvement of Investment Environment in Turkey (*Yatırım Ortamını İyileştirme Koordinasyon Kurulu*, YOIKK); the Permanent Special Commission to Develop Competitiveness of Turkey's Industry (*Sanayinin Rekabet Gücünün Geliştirilmesi Daimi Özel İhtisas Komisyonu*, DÖİK), and the Investment Advisory Council (*Yatırım Danışma Konseyi*, YDK) held their regular meetings in the Prime Ministry, with former Minister of Economy Nazım Ekren at the helm. TOBB and TİM were the only two attendees that were provided access. State ministers or high-ranking public officials took up the rest of the council and commission seats. While according to Caglar, ad-hoc commissions were the places where most critical and short-to-medium-term decisions were taken, they were not representative of the non-state actors that their mandate concerned.

Broadly, AKP treated the market liberalization, Europeanization and its power consolidation processes as opportunities to reform public governance and expand executive powers through new institutions. Ad-hoc commissions, councils and other public bodies are essentially corporatist and determine which organizations can represent interest groups, thereby defining the legitimate space of policy bargaining hierarchically and with a top-down approach. By implication, it is the AKP government that empowered new business associations and confederations by giving them seats in old and new institutions – not the other way around. There may or may not be a direct policy alignment between the government and business associations which are pro-government or share similar cultural and religious values. However, business associations inevitably expect concessions and/or invitations to policy bargaining

processes from a powerful political Islamic government, which by its third term has allegedly hegemonized the state and the public domain.[287]

Despite the overlap between the members of parliament and the members of Islamic business associations, the AKP government's policies do not always align with the interests and demands of pro-government associations, MUSIAD, TUSKON, TUMSIAD, and pro-government chambers TURKONFED, TIM, TOBB, etc. The AKP government's 2009 policy package to incentivize domestic investment displeased the heads of chambers and associations in Turkey's southeast. These measures categorized Turkey's geographical regions into four investment zones, ranging from the highest priority zones with the greatest set of public policies to incentivize domestic investment to the lowest priority zones. Accordingly, the president of Diyarbakır Chamber of Commerce in 2009, Galip Ensarioğlu,[288] criticized AKP's incentive package's categorization, which placed his city in the same category as Trabzon – a city in northern Turkey considered dramatically safer to invest in than the so-called capital of Kurdish separatism, Diyarbakır. Other representatives of business associations and chambers in eastern Turkey also voiced their strong opposition to economic and trade policies, designed to jumpstart Turkey's productivity and growth during the worst days of the 2008-2009 crisis.

In the AKP era, three major union confederations representing workers, TÜRK-İŞ, DİSK, and HAK-İŞ, and the three confederations representing civil servants, KAMU-SEN, MEMUR-SEN, KESK, became confrontational and continued to pursue inter-ideological (socialism, nationalism, and conservatism) and intra-ideological (infighting between the socialist wing and the nationalist wing) battles over major policies, particularly during the rounds of minimum wage negotiations. Ahmet Gündoğdu, the President of MEMUR-SEN, is openly supportive of AKP policies and believes that the values of the majority of Turkey's civil servants align with the values of the AKP government.[289] MEMUR-SEN's membership base expanded exponentially over the course of 10 years of AKP rule and Gündoğdu has been a prominent actor in

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[287] Ziya Öniş (2013) 'Sharing Power: Turkey's Democratization Challenge in the Age of the AKP Hegemony', *Insight Turkey*, Vol 15, No 2, pp.103-122.
[288] Ensarioğlu later ran with the AKP and was elected into parliament from Diyarbakır in June 2011.
[289] Interview with Ahmet Gündoğdu, MEMUR-SEN, Ankara, 2010

the meetings of the Commission for Setting Minimum Wages (*Asgari Ücret Tespit Komisyonu*).[290]

Rarely do labor union confederations speak with a single voice, especially against the policies or decisions of public and private entities. During the winter of 2009 and 2010, the workers of formerly state owned tobacco monopoly TEKEL's Adana, Ballıca, Bitlis, Samsun, Malatya, and Tokat factories started a general strike on 15 December 2009 and the strike pervaded the mass of state-employed workers. Though the initial group of workers, who faced losing their jobs and their pensions as TEKEL was being sold off to British American Tobacco (BAT), was affiliated with Türk-İş, the strike brought together several other labor union confederations, primarily DİSK, Kamu-SEN and KESK. Prompted by its anti-privatization agenda, Turkish Communist Party was the first to own and actively participate in the rally against BAT and the AKP. TEKEL workers' strike expanded and persisted until midsummer 2010. This strike was by no means an indicator of the divisions within the organized labor; on the contrary, TEKEL workers' struggle signified a sense of unity and solidarity across classes, ethnicities, and political communities in Turkey. Yet, episodes of interest mediation between the government and organized labour since 2002 ended with AKP's victory, MEMUR-SEN and HAK-İŞ's support for government policies and the growing dissent and agitation among opposing union confederations.[291]

Regardless of their policy differences, Turkey's Muslim conservative business associations appreciated the leadership of Recep Tayyip ErDoğan and his 'AK' Party, an alias for cleanliness and moral superiority. Their admiration is most evident in the frequency with which Erdoğan is invited to appear as a keynote speaker at major annual events of TOBB, TIM, MUSIAD and TUSKON. Erdoğan's appearances on MUSIAD and TUSKON general assembly meetings sparked significant social and political debates each year because the PM chose to present some of his strongest views on issues, such as abortion, religious education, poverty and social welfare, and terrorism during those meetings. In contrast, Erdoğan appeared once on TUSIAD High Advisory

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[290] 'Memur-Sen'in Hızlı Yükselişi (MEMUR-SEN's fast rise)', Günlük Evrensel, 11 July 2012, page 4; 'Memurla hükümet zamda anlaşamadı, son sözü hakem söyleyecek (Minimum wage negotiations ended without a settlement and is now transferred to a referre council) Zaman Avrupa, 22 May 2012, p.7.
[291] Taner Akan (2011) 'The political economy of Turkish Conservative Democracy as a governmental strategy of industrial relations between Islamism, neoliberalism and social democracy', *Economic and Industrial Democracy,* May 2012 33: 317-349, first published on July 19, 2011.

Board meeting in 2007[292] and was a keynote speaker at the annual convention/general assembly in 2011.[293]

Several key figures in the AKP leadership, chiefly Ali Babacan, do address monetary and fiscal policy and economic policy issues that directly concern business interest groups on his appearances in annual conventions organized by Islamic business associations. As Deputy Prime Minister, Babacan declared the rationale for economic austerity measures in his speech to members and supporters of TUSKON at the confederation's leadership convention for its Board members. Babacan spoke of the comparative advantages that the Turkish economy had over other developing countries, both in terms of Turkey's declining total debt and of the rising percentages of debts paid on time and in full by lenders. It was on the TUSKON summit that Babacan also called for a medium-term strategy to boost savings. [294]

Kayseri Chamber of Industry (*Kayseri Sanayi Odası*, KAYSO) Chair Mustafa Boydak supports Deputy Prime Minister Ali Babacan's economic austerity program in fall 2012. Boydak's statement confesses to a proud yet conditional backing by his business association of Babacan's proposed monetary policies.[295] On the one hand, Boydak congratulates KAYSO and its members for confiding in the government's response to rising current accounts deficit and persistent threats to the stability of the Turkish lira from the international financial markets. 7 to 8% growth recorded in the first half of the 2000s triggered a troubling rise in current account deficits[296]. On the other hand, Boydak suggests that the business community's perseverance has a shelf life of three to five months, after which KAYSO members are likely to aggressively pursue growth and hence disregard Babacan's savings and borrowing advice.

In 2009, investment bankers were prescribing a similar solution to tackle the widening current accounts deficit. The Oxford Business Group's '2009 Turkey Report' cites at least five analysts from conventional banks, such as Garanti Bank and İş Bank, that propose to lower the deficit by slowing growth and thereby bringing down inflation. At the time, reducing the deficit was more critical for the private sector, which

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[292] http://www.tusiad.org/__rsc/shared/file/basin-bulteni-2007-34.pdf
[293] TUSIAD, '2011 Çalışma Raporu (2011 Corporate Report)',
http://www.tusiad.org/__rsc/shared/file/TUSIAD-faaliyetraporu-2011.pdf
[294] 'İstikrar için gerçekçi olmalıyız (We have to be realistic to ensure stability)', Taraf, 30 Sep 2012, p.7. (Economy Pages)
[295] 'Boydak'tan temkinli büyümeye destek (Boydak supports cautious growth)', Taraf, 30 Sep 2012, p. 7.
[296] Mahfi Eğilmez (2012) 'Türkiye'nin ekonomik büyümesi ve krizler (Turkey's economic growth and crises', Blog entry, 22 Mar 2012, from http://www.mahfiegilmez.com/2012/03/turkiyenin-ekonomik-buyumesi-ve-krizler.html

had recorded 247 billion USD foreign currency debts whereas the public sector debt was at 76 billion USD.[297]This is one of many instances when Muslim conservative businesses from the Turkish heartland have prioritized growth and therefore offered only conditional support of the AKP economic policies. By implication, achieving successful economic outcomes and keeping growth levels above the 3-4% mark are imperative for AKP to sustain the political backing of Muslim conservative business associations.

Policy alignment will be explored further in the following chapter in two specific policy areas: gender and media.

(2) Muslim capitalists going global

Turkey's Islamic counterelite or Anatolian Tigers rose to global fame as Turkey advanced onto the global stage with three distinct qualities: It was a Muslim democracy, ruled by a young, moderate political Islamic party. A latecomer to marketization and liberalization, Turkey nevertheless aligned with international economic organizations to stabilize its economy and to attract foreign investment. It actively pursued a policy of regional and international integration by way of EU Accession, the Turkey-Armenian peace talks, the Iran anti-nuclear dialogue, the Alliance of Civilizations initiative, and the more recent foreign policy initiative, 'Zero Problems with Neighbors'. A growing interest in Turkey engendered a mass of literature and analysis on the source of Turkey's economic growth, market productivity and political substance, all of which pointed towards Turkey's Islamic bourgeoisie and elites.

The onset of Turkey's opening up globally was the 1999 Helsinki Summit, which announced the beginning of accession negotiations with the EU. TUSIAD's persistent emphasis on Turkey's EU integration proved to be a positive force in overcoming popular and military resistance to the opening of accession talks with the EU in Helsinki summit, and throughout the EU integration process, TUSIAD has been an ardent supporter of reforms.[298] This shows that the traditional and established business elite has (a) more experience in organized and representative power-sharing or interest mediation with the state institutions and governments (b) a tradition of organizing within and across sectors and industries and of collective action, and (c) a

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[297] The Report: Turkey 2009. Oxford Business Group. 2009, p. 41 available from http://www.oxfordbusinessgroup.com/full_content/economy-92

[298] Reşat and Öniş, Ziya (2010) 'Turkish Big Business in the Age of Democratic Consolidation: The Nature and Limits of its Influence', *South European Society and Politics*, 15: 2, 181 — 201.

greater ability to usurp the conventional channels of dialogue with the state. Again, the goal of eventual membership in the European Union increased the practical and rhetorical importance of business interest groups, especially TUSIAD, in policymaking in Turkey.

EU membership catalyzed the building of a brief-but-powerful coalition between secular and Muslim conservative business elites. Associations of Turkey's Muslim conservative businesspeople warmed up to the idea of Europeanization and of joining the European Union as a full member after 2003. In her study of MUSIAD's approach to the prospects for Turkey's EU accession, Dilek Yankaya identifies three attitudes towards Europe and Europeanization: On a political level, MUSIAD and its members adopt an opportunist stance, assuming that EU membership will guarantee broader democratic and civil rights and freedoms, particularly the freedom of religion and conscience. At the same time, however, Yankaya observes that MUSIAD exercises a degree of Euroskepticism because the Islamic character of the association impedes its full submission to European belief and value systems. On an economic level, Yankaya analyzes MUSIAD's behavior as economic pragmatism: 'By economic Europeanization, I mean the process of social learning about European business patterns and culture in the sense of formal and informal norms as well as macro-economic governance. MUSIAD businessmen's ways and degree of integration into European business spaces and their evaluation of European business patterns provide a valuable indicator of the degree of their economic Europeanization'.

In my fieldwork interviews, the prospect of EU membership excited secular, establishment organizations immensely and they were the first to bring up the EU in their answers about their associational activities. During the interview at TISK, the confederation's representative gave a detailed description of the diverse services TISK carries out for its member organizations for EU accession, including trainings, legal counseling on accession criteria, and representing Turkey's business community in EU-level organizations, such as BUSINESSEUROPE.[299] The Gaziantep Chamber of Industry spoke highly of the EU membership goal and what that has done for the chamber and for business development in the region. At the same time, Islamic business associations support the EU accession process, even when there are moral objections to the idea of Europe, a Christian Club. Ali Bulaç summarizes these objections as a

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[299] Interview with Esra Belen, Press Secretary at TISK, Ankara, 24 Dec 2009.

counterfactual European identity-building exercise that excludes Islam and Muslims.[300] Europe's grappling with the idea of a Muslim-majority country in the EU affects business associations representing devout and proud Muslims however Islamic business associations do not take a decisively negative stance against full EU membership.

For Islamic business associations, going global means exploring countries and regions to the East and South of Turkey and pursuing a global civilizing mission in addition to trading and business opportunities. This vision, explored in the section above, led to the Islamic business community's engagement with Islamic financial networks in the Gulf and Southeast Asia, the Organization of Islamic Conference, and to diversifying the policy agendas of international organizations, such as the Council of Europe and the United Nations, to include top priority issues for devout Muslims, i.e. the Arab-Israeli conflict, inter-communal fighting in Sudan and other African states, the plight of Muslims in Russia, India, and China, etc. Two representatives from two different TUSKON federations spoke of the importance that engagement in international economic and political organizations has on expanding Turkey's business and cultural presence around the world. They even declared that President Gul would be better off assisting Turkey's trade expansion and business development in foreign countries than deal with appeasing social groups and dealing with political conflict at home.

Previous sections of this chapter alluded to a civilizing mission adopted by Turkey's Islamic business associations and this mission certainly affirms the global outlook of Turkey's emergent Muslim capitalists. Prime Minister Erdoğan has spoken on a number of occasions, including on his keynote addresses to the 3rd and 4th Annual TUSKON conventions, of this confederation's successful representation of 'Turkey's grandeur' in distant lands. Erdoğan congratulated TUSKON for acting beyond a business association's regular mandate to develop and promote commercial links on behalf of its members to adopt a patriotic mission of expanding Turkey's and Turks' influence around the world.

DEİK was a powerful actor in managing foreign commercial relations, until it was contested by TUSKON. Its former Chair, Rifat Hisarcıklıoğlu, was reputed to have oriented DEİK with the AKP leadership. Before DEIK became an organization that worked in collaboration with the likes of TUSIAD, TOBB and other leading

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[300] Interview with Ali Bulaç, 2010.

associations, its existence and mandate were questioned by the state. Altay Atlı demonstrates how state bureaucracy resisted the transfer of some of foreign policy implementation to DEIK in early 1980s, despite Özal's faith in the capacity of the business council to assume some of the foreign policy functions assigned to state bodies. Instead, a corporatist institution, the Joint Economic Commission (JEC) was established and DEIK was granted a seat in the JEC. Hence Atlı claims that organized representation of business interests rarely expands to a point when the state relinquishes some of its authority or functions to business associations. [301] Atlı's observations are crucial, considering how DEIK did expand its influence to the point where it is able to fulfill state's functions to boost foreign commerce. However, between 2009 and 2010, there were rumors of a split between TUSKON and DEIK, which had supposedly started during DEIK's annual convention in 2009. In 2010, Economy Minister ÇAğlayan gave a keynote speech at DEIK's annual convention'10 and he forgot to mention TUSIAD as one of Turkey's leading business interest groups (instead, he named TUSKON, MUSIAD, TOBB and TIM).[302] These two events were interpreted as yet another sign of a divide between Islamic capitalists and secular capitalists.

DEIK Chair Rona Yırcalı gave several statements between 2010 and 2012, inviting TUSKON to cooperate with DEIK to attract foreign investors, to expand Turkish trade into foreign markets and to engage in trade policy related dialogue with the government together. In 2010, Yırcalı's positive calls for cooperation were answered, as alleged by Sabah newspaper, with a 100 million dollar business venture between a buyer in Nigeria and Yırcalı's company, BEST. The venture is said to have been arranged by TUSKON as part of the business confederation's work during their commercial delegation to Nigeria.[303] Meral solemnly denied the allegations that TUSKON was uncooperative and even hostile towards DEIK.[304] More recently in 2012, Yırcalı continued to appeal to TUSKON for collaboration, justifying his call by

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[301] Altay Atlı (2011) 'Businessmen and Diplomats: The Role of Business Associations in Turkey's Foreign Economic Policy' *Insight Turkey*, Vol. 13 Issue 1, pp. 109-128.

[302] 'Bakan TUSIAD'ı neden unuttu? (Why did the Minister forget to mention TUSIAD)', (2010) *Gazeteport*, No date given. Online. Available from http://www.gazeteport.com.tr/mobil/mobil_detail.php?catID=70787

[303] 'DEİK Başkanı, TUSKON'a yaklaştı, karşılığı nakit oldu (DEIK President approaches TUSKON and cashes in)' (2010) *Sabah*. Online. 14 July 2010. Available from http://www.sabah.com.tr/Ekonomi/2010/07/14/deik_baskani_tuskona_yaklasti_karsiligi_nakit_oldu

[304] 'TUSKON: 'DEIK'e çalışm yorumuna katılmak mümkün değil (TUSKON: We refuse to agree with the allegation that we have targeted DEIK)' (2010) Zaman Online. 11 May 2010. Available from http://www.zaman.com.tr/ekonomi_tuskon-deike-calim-yorumuna-katilmak-mumkun-degil_982741.html

claiming that two similar organizations operating with the same agenda in foreign countries creates confusion for host countries about the business landscape in Turkey.[305] TUSKON responded by making a case for pluralism; the diversity that their work creates in foreign commercial relations is actually beneficial for Turkey's positive image.[306]

(3) The winners of AKP-era interest group politics: TUSKON, MUSIAD, TOBB and TIM

In a speech on 31 March 2012 Rızanur Meral celebrates the fourth anniversary of TUSKON, which has become Turkey's largest business confederation 170 individual business associations with a membership of 120.000 companies, as Turkey's largest 'voluntary civil society organization'. Meral emphasized the 'voluntary' nature of the contribution made or services rendered by TUSKON members throughout his address. Meral explained how TUSKON pursues this voluntary spirit of service to the nation and to Turks' growth and economic expansion by 'sending a business delegation to every country on Earth'. 'For instance,' Meral noted, 'our member businessmen ventured tirelessly into the South American market and I announce with great pride that a delegation of Turkish businessmen have just left Argentina and are heading to Paraguay' [*Author's own translation*][307]. Aiming to serve the grand Turkish nation by engaging in domestic and international commercial ventures on a civilizing mission carries TUSKON farther away from the realm of business interest groups. TUSKON is not deluded in positioning its main objective as economic and cultural imperialism.

Prime Minister Erdoğan praised TUSKON for having 'defined its mandate according to the wishes and expectations of the Nation (*millet*),' a mission that the Prime Minister believes was shaped by the teachings of Rumi. To describe the patriotic and halal mission of TUSKON to expand Turkey's commercial and cultural links at home and abroad, Erdoğan cited the Persian poet's famous analogy of a man grounding one feet in his homeland and circling the other foot around the world, as if he were a

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[305] Sibel Atik (2012) 'TUSKON'a çağrım, gelin birlikte çalışalım (I invite TUSKON to work together with us)', Economist, Available from http://www.ekonomist.com.tr/%E2%80%9Ctuskona-cagrim-gelin-birlikte-calisalim%E2%80%9D-haberler/3737.aspx?2.Page; 'İş dünyasında okyanus ötesi belirsizliği (Transatlantic ambiguity in Turkey's business community)' (2010), Milliyet Online. 28 Sep 2010. Available from http://www.milliyet.com.tr/is-dunyasinda-okyanus-otesi-belirsizligi/ekonomi/haberdetay/28.09.2010/1294453/default.htm

[306] ' TUSKON Başkanı Meral'den samimi açıklama (Frank statements from TUSKON Chair Meral)' *Bugün Online*. 2 Apr 2011 . Available from http://ekonomi.bugun.com.tr/bu-isinde-bir-bedeli-var--haberi/149177

[307] TUSKON website http://www.tuskon.org/?p=content&gl=faaliyetler&cl=faaliyet&i=344

compass. According to Erdoğan, the business confederation takes its intellectual and spiritual nourishment from Anatolia, Turkey's heartland, and 'conquers hearts and minds' of peoples outside of the Turkish heartland through a peaceful, economic and cultural dialogue. This interpretation is shared by Meral whose keynote references to TUSKON's 'peaceful, non-offending and humble efforts to attract Turkish business to every corner of the Earth' demonstrate the confederation's ownership of the compass analogy[308] and of a broader mission of cultural imperialism.

Both the government and business associations emphasize non-violence. TUSKON, MUSIAD and other Anatolian business organizations – perhaps with the exception of ASKON- have repeatedly highlighted their respective organizations' choice of peaceful, patient and constructive dialogue and actions. Preaching peaceful mechanisms for policy negotiations and policy making mean two different things. The first may be a political message to Turkey's established ruling elite, especially in the higher echelons of judicial bureaucracy, that unlike the Welfare Party era, the AKP era business interactions occur in a conflict-free space. Secondly and more importantly, the ultimate goal of expanding the economic and cultural influence of Turkish Islam requires a patient and reconciliatory approach, according to the teachings of Gülen. In a monthly journal distributed by TUSKON federations, Mümtaz'er Türköne writes that the maturity of Turkish democracy is best conveyed in the current administration's attempt to replace the established (secular) elite with a new elite, without resorting to violence or a dramatic systemic change (sharia or totalitarianism).[309] Türköne welcomes the peaceful transformation of Turkey's political and economic elite, a process that Türköne believes was long overdue. That the success of the Turkish economy and Turkish businesses are results of a grand Nation (millet) strengthens the political message of the AKP and of TUSKON, which is certainly more than just a business association.

TUSKON's fast rise to success is attributable, then, to three factors: Its roots in a strong, transnational movement with a coherent ideology, a charismatic leader and an international administrative network that runs like clockwork. To top that, the business

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[308] Rumi's teachings inspire Gulenists and Fethullah Gulen references Rumi's philosophy in most of his modern-day writings and sermons. I was given a brief lecture, which featured the compass analogy, on my first day of work at the Dialogue Society, a London-based British community organization that remains close to Gulen and his movement.
[309] Mümtaz'er Türköne (200) ' Seçkinlerin Dolaşımı (The Transformation of Elites)', *Mostar*, Volume 31, Issue Sep 2007, pp. 36-38

association (not the movement) refrains from confronting the AKP government and PM Erdoğan directly, thereby securing a safe distance from the heat of political debate. In many ways, TUSKON became the driving force behind the massive operation that the Gulen movement undertakes. For instance, TUSKON member federations take active roles in the organization of Turkish Olympics. They tap into the talent pool created by the Gulen Movement in the form of a mass of graduates from Turkish Colleges in Turkey and abroad. The member businesses and secretariat of the association are duty bound to assist students, families and Gulenists from a world over. They, too, rely on translators, teachers, spiritual teachers (missionaries), host families and individuals, business middlemen, all of whom are Gulen loyalists living in countries with which TUSKON affiliated businesses trade. Entering and remaining in markets as far as Bolivia and Tajikistan become considerably easier when there are familiar faces and a common language, both Turkish as spoken tongue and the nomenclature of Gulen's teachings, to be found there.

MUSIAD is the first and most recognizable Islamic business association and stands out as perhaps the most studied Islamic association in Turkey. MUSIAD, too, boasts of a strong network, particularly in Europe where generations of migrants from Turkey have forged powerful commercial and social links via MUSIAD with their homeland. As the first comer from the Muslim conservative business community into the realm of state-business relations in Turkey, MUSIAD rose to prominence by institutionalizing and professionalizing as a business organization. MUSIAD has an expansive net of committees, each with select and active members, working on a number of strategic issues and sectors. Former MUSIAD President Omer Bolat names each MUSIAD member as a full time MUSIAD professional, implying the sworn commitment that each member is alleged to have made to the business association. Their membership criteria are strenuous and they expect recommendations, background checks, etc. To that effect Bolat comments, 'we do not allow bad seeds to thrive in our midst [*Author's own translation*]'.[310] MUSIAD resembles an exclusive club, an analogy often used to refer to TUSIAD.

MUSIAD and TUSIAD stand on different sides of the political/ideological spectrum however they weigh almost equally on policy decisions and each have seats in corporatist policymaking bodies. Figures like Ethem Sancak, Abdullah Konukoğlu and

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[310] Ibid, Kobi Efor, 2007.

Murat Ülker have assisted TUSIAD's rapprochement with the Islamic conservative business community and deeper engagement with MUSIAD, a familiar and influential organization, served as an ideal conduit to build commercial and social links between secular and Muslim conservative businesspeople – not that there was a great divide in real economic terms but there certainly was a sense of estrangement that is largely influenced by the contrasting cultural/lifestyle choices. Ali Bulaç identified MUSIAD on a mission to become TUSIAD-like and highlights the hypocrisy behind this transformation. On the other hand, a board member at MUSIAD argues that although his association is Turkey's most powerful and enjoys the widest representation of SMEs, his administration still avoids being targeted by sections of Turkish state, which are secular, Republican, authoritarian and vengeful against what MUSIAD represents.[311] Based on a recent fieldwork with Anatolian SMEs, political economist Ayşe Buğra argues that the majority of MUSIAD members are companies with headquarters based in or around Istanbul whereas there are an increasing number of Anatolian small to medium businesses and entrepreneurs that join TUSIAD. Hence, both business associations evolve in a business-state relations space that is also gradually expanding[312]

TOBB and TIM certainly sharpened their respective roles and significance in economic, industrial and trade policymaking. TOBB is an effective confederation with a corporatist and hierarchical character but TOBB's member chambers sustain this peak-level organization voluntarily and elect TOBB leadership democratically. A senior policy analyst at TEPAV warns against naming TOBB as a semi-governmental organization because TOBB stages very intricate and competitive democratic elections. On a district level, chambers hold elections and these elections usually feature Gulenist or other *tariqat* affiliated candidates competing against other (secular, Republican or religious) candidates.[313] Güven Sak alleges that in the recent years (since 2007), Gülen loyalist businesspeople earned administrative seats in many chambers around Turkey.[314] He also observes that the secret to TOBB's success is the democratic elections process and that the entire business community across Turkey is covered by this vast network of chambers, established in 81 cities and 181 townships. TOBB Chairman Hisarcıklıoğlu

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311 Interview at MUSIAD with two representatives, Istanbul, 28 May 2010.

[312] Başak Solmaz and Ümit İzmen (2010) 'Ayşe Buğra ile Söyleşi (A Conversation with Ayse Bugra)', TUSIAD Görüş Journal, Vol. 64. , Oct 2010.

[313] Interview with Esen Çağlar, TEPAV, Ankara, 26 Oct 2010.

[314] Interview with Güven Sak, Advisor to Rifat Hisarcıklıoğlu, TOBB President, and Director of TEPAV policy think tank in Ankara, Ankara, 26 Oct 2010.

presides over more than 350 chambers of industry and/or trade and when TOBB makes a statement about a policy, then the government and all concerned parties recognize the weight of hundreds of chambers in all of Turkey's cities behind that policy opinion.

Considering the corporatist credentials of TOBB and particularly the fact that membership to chambers is compulsory in Turkey, it is no surprise that TOBB remains a key strategic actor in economic, financial, industrial and social policies in Turkey. An additional layer that complements TOBB's influence is the presence of religious confessional networks in TOBB's grassroots organization, as alluded to by TEPAV staff during my interviews with them in Ankara. Chambers across Turkey are lead by businesspeople that are considered to be devout Muslims with conservative political views and an appreciation of the AKP leadership. During the 2008 economic crisis, there were a series of newspaper articles discussing the impact of the global financial meltdown on Turkey's real economy and productivity with various chamber leaders in major industrial cities like Bursa, Kayseri, Uşak and Gaziantep. The heads of chambers in these four cities identified the 2008 crisis as the most damaging blow on industrial development and foreign trade they can remember and expressed deep concern about energy prices, inflationary pressures, monetary instability and the dearth of financial capital in international markets. Despite these serious concerns, none of these four chamber leaders, who own and manage large industrial enterprises in their home cities, blamed or attacked the AKP government for their economic policies or their management of the 2008 crisis. In fact, Konukoğlu of Gaziantep Chamber of Industry highlighted that the business community ought to empathize with and continue to morally support the government as they wrestle with a difficult financial situation. Their level of preparedness to economic and financial crises, built over time by experiencing multiple crises in the volatile 1990s and early 2000s, enables these businessmen to tolerate a crisis environment better than more vulnerable and smaller enterprises, perhaps. However at the same time, these chamber leaders recognize that in order to secure the tax relief schemes and incentive packages that their cities and sectors have benefited from, they need to recognize and emphasize their moral affiliation with the AKP government. Hence, Boydak of Kayseri Chamber of Industry calls to preserve 'moral values at a difficult time of crisis' and 'think of the relationship between state-

chamber-businesses as a marriage, in which partners pledge to remain loyal for better or for worse and in sickness and in health [*Author's own translation*]'.[315]

Last but not the least, another prominent player in industrial relations in Turkey is the Turkish Exporters' Assembly (Türkiye İhracatçılar Meclisi, TİM). This organization was set up in 2009 along with a country-wide organization of exporters assemblies, which were under the jurisdiction of the Ministry of Economy's Undersecretariat of Foreign Commerce. [316]The 'Exports Trategy of Turkey for 2023' document was released simultaneously with the establishment of city-level exporters assemblies and their parent institution, TİM.[317] Mandated to promote Turkey's 2023 Export Strategy, TİM is a textbook case of corporatist organization. The chair of TİM, Mehmet Büyükekşi is a key figure in Turkey's business circles and merits access to PM Erdoğan's inner circle. Büyükekşi engages with Zafer Çağlayan, Minister of Economy on a regular basis and partakes in several high-level commercial visits of President Gül, PM Erdoğan and cabinet ministers. Büyükekşi, a Gaziantep born businessman, sits on the boards of Turkish Airlines, Istanbul Chamber of Commerce, Istanbul Development Agency and assumes an active executive position in Ziylan Group companies.[318] TİM hosted PM Erdoğan in all its annual conventions where Erdoğan delivered important messages, sometimes unrelated to foreign commerce or R&D, two focus areas of TİM. The fact that TİM was set up as a privileged organization that is placed under the vast expanse of the Prime Ministry (where the Ministry of Economy is also located) and that its mandate relates to an exports strategy which extends to 2023, a target that AKP and Erdoğan are very politically committed to reach shows the incremental links between the government and this corporatist organization. Mehmet Büyükekşi is personally very committed to the political goals of the AKP and expects to be nominated as a mayoral candidate out of Gaziantep in the upcoming 2014 local elections.[319]

Although these four business interest groups represent Muslim conservative capitalists and maintain amicable relations with Turkey's neoliberal, democratic and

[315] Dilek Gedik (2008) 'Anadolu Kaplanları Yazı Dizisi (Anatolian Tigers Interviews Series)', Akşam Online, 22-26 Dec 2008, http://www.aksam.com.tr/haberprn.asp?a=138933,11

[316] Law on TİM and Exporters Assemblies (2009) TİM Official Internet Site. Available from www.tim.org.tr/tr/kurumsal-tim-ve-birlikler-yasasi.html

[317] 'The Exports Strategy of Turkey for 2023', Turkish Republic Ministry of Economy Official Internet Site. Available from www.economy.gov.tr/upload/strategy/strategy2023.pdf

[318] 'Başkan: Mehmet Büyükekşi' (2009) TİM Official Internet Site. Available from www.tim.org.tr/tr/kurumsal-baskan.html

[319] 'Büyükşehir süprizi Mehmet Büyükekşi (Gaziantep gets a surprise candidate)' (2013) Olay Medya Gaziantep's Media Portal, 5 Aug 2013, Available From www.olaymedya.com

conservative mainstream ruling party, there are nevertheless instances where the limits of their friendship with the AKP, particularly with PM Erdoğan, are tested.

(4) Intra-group rivalry among Turkey's Muslim conservative business elites

Pluralism and democratic consciousness go hand in hand in the case of Turkey's Islamic business associations. Rızanur Meral of TUSKON bluntly states that as Turkey follows the rule of law and advances its liberalization and democratization processes, favorable conditions for production, commerce and financial development will be created. [320] Furthermore, Derya Gültekin-Karakaş identifies pluralization and diversification within Turkey's capitalist class and shows that any given business association may contain members from groups with different ideological, moral or religious convictions.[321] Diverse cultural, moral, social and political convictions coexist in business associations but their coexistence is not always peaceful. Managing and containing rivalry and contestation among Turkey's Muslim conservative businesspeople and associations are a top priority, since most if not all leading business associations pursue a peaceful, stable and non-controversial environment to advance their business interests.

Concerned with Islamic morality and Quranic interpretation, Turkey's Muslims aspire to being recognized as good practicing Muslims. A secular culture, politics and state infrastructure has for decades interpreted which thoughts and deeds constituted good, according to Islam. The Directorate of Religious Affairs represents the state-sanctioned interpretations of the Quran and the Sunna as well as guidance on more quotidian matters to citizens who approach the Directorate with their questions. Moreover, Turkey domiciles contemporary preachers, teachers of Islam and confessional leaders, all of whom offer their advice and guidance on Islam. There is an ocean of scholarship and a plethora of oral traditions that relate to how one ought to conduct oneself everyday to be considered a good Muslim.

In such a varied space of religious scholarship and interpretation, their peers, families and colleagues for their choice of Islamic lifestyle challenge practicing Muslims in Turkey. Sometimes, as in the case of Alaeddin, a workshop participant from Ankara, these challenges escalate to acts of discrimination, mobbing and even hate

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[320] Zafer Özcan (2010) 'Ekonominin birinci gündemi demokratik anayasa (A Democratic Constitution is a Top Priority for Business)', *Aksiyon*, Online. 5 Apr 2010. Available from http://www.aksiyon.com.tr/aksiyon/haber-26471-200-ekonominin-birinci-gundemi-demokratik-anayasa.html
[321] Gültekin-Karakaş, p.176

speech, which complicate the building of a peaceful coalition of practicing Muslims. A devout Muslim, Alaeddin's secular family scorns his more conservative interpretation of Islam and nags him by asking whether he intends to 'rise to the Heavens, while still alive and well on Earth'.[322] Apparently, there are vast differences between Turkish Muslims' imaginations of one another and these differences may or may not correspond to the theological, ideological and sociological divide between followers of different tarikat in Turkey. Alaeddin's testimony also confirms that a hierarchy applies between believers and non-believers in Turkey. There is a clear sense of rivalry between businessmen and industrialist associations in Gaziantep, for instance. Those that represent the region's old and established business elites admit that Southeast Anatolian businessmen have been downcast and marginalized by the traditional state elite. During the agro-industrial development in the 1950s, the ruling Democrat Party dubbed the business elites of Anatolia 'hillbillies' and scorned them for their provincialities. Provinciality also implied religious conservatism, another trait that the Jacobinist state and business elites despised.

There are similar social pressures on the members of the Muslim community. Another participant at the Ankara workshop claimed that there are 'very orthodox Islamic organizations' in Turkey's many provinces and their followers coerce other Muslims into complying with their terms of Islamic morality and practice.[323]Business associations express their rivalry along religious lines, too. Konya-based ASKON and TUMSIAD are deeply critical of the moderate, mainstream and popular Islam that they allege MUSIAD members to be following. These two associations advocate more dedication to Islamic morality in their dealings with their member businesses, the state and communities. At the same time however, during my interview with several members of TUMSIAD in Konya, the chairperson confessed that his member businesses do not always work with Islamic banks and that they inevitably work with conventional banks too.

Ömer Bolat, former MUSIAD Chair, remembers the cultural and ideological victory that his business association and colleagues achieved to build an organization that propagates Islamic morality and welcomes practicing Muslims in Turkey's secular and corporatist business environment. Having waged a unified battle against Muslim stereotypes in Turkey, Islamic capitalists inevitably feel protective of their brothers and

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[322] Group interview, Ankara, 28 Mar 2010.
[323] Group interview, Ankara, 28 Mar 2010.

sisters. Implicitly, a Muslim businessman or politician is a better ally and serving a goal that is morally sound according to the teachings of the Quran is preferred. Explicitly, some businesspeople entertain revanchist thoughts to tame the business community in Turkey. Most radically, Ethem Sancak declared his intentions to take over TUSIAD and to extradite the old, secular and anti-Islamist elites from this influential business association. Sancak justifies his attacks on TUSIAD by citing TUSIAD leadership's backing of the 28 February soft coup, which in his view culled Turkey's Islamic businesses and their interest groups.[324] Though unclear whether Sancak's personal vendetta resonates with other equally wealthy and powerful Muslim conservative businessmen in Turkey yet the fact that a businessman of such a high standing (and alleged proximity to Erdoğan) publicly laments TUSIAD is significant. It is perhaps the clearest sign that the expansion of the Islamic counterelite will not stop where the space occupied by a secular elite begins.

Conclusion

So far, I treated politicization of business associations in the Islamic capitalist community as a given. The next chapter will observe the policy engagement of Islamic business associations in detail on two areas: gender and media policies. There is however a reservation that has been mentioned several times already in this thesis: Businesspeople are not politicized or engaged in politics by default. Most of the time, politicization is viewed as either risky or as a diversion from their main preoccupation, profit-making. However, conducting smooth business-state relations does require Turkey's Islamic business interest groups to assume political positions and to operate in a society and politics that recognizes and responds to identities first and foremost.

Overall, peak-level relations continue to be characterised by tension, particularly between the government and TUSIAD. To avoid direct confrontation with the government and to remain business-focused despite the frequency of political scandals and tensions in a transforming state and society in Turkey, Islamic business associations coopt with the AKP state. Hence the picture that emerges at peak level is that of a modus vivendi, where dissent on fundamental issues do not prevent functional cooperation in areas of common interest.[325]

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[324] Fatih Vural (2013) 'Burjuvazi aklını başına aldı, vesayetin beli kırıldı (The bourgeoisie finally came to its senses and the military's tutelage is broken'), *Türkiye*, 12 February 2013.
[325] Frederic Misrahi, 2009, 'Nuancing Conventional Wisdom on State-Business Relations in Turkey: The Case of Technical Product Regulations'. European Journal of Turkish Studies, 9(2009): 2-17.

Chapter 5: Media policies

In this chapter, I am mainly concerned with the policy influence that Islamic and secular business communities exercise over media policies. Whether Islamic associations' ideological or cultural positions aid or abet their policy influence over Turkey's policymakers, who set media policies, constitutes the main focus of this chapter. Specifically, this case study chapter will assess legal reforms, public and private procurement/privatization, administrative and structural changes and discursive changes between 1999 and 2012 in the media landscape in Turkey. Three cases will be explored in some detail, to showcase the periods of confrontation and cooptation between the secular and Islamic business communities and the government: the sale of Sabah-ATV media companies, the attempted dissolution of the Doğan Media Group, and the privatization of the public telecommunications giant, Turk Telekom.

The distinction between secular and Islamic business emerges most markedly in policy issues or democratization debates that have to do with morals, values, lifestyle choices, etc. On the more deeply rooted and divisive democratization issues, i.e. the Kurdish Question, judicial and constitutional reform, and security sector reform, both secular and Islamic business associations did produce similar liberal and democratic or apolitical messages. Representatives of the business associations tended to downplay politically contentious issues by consistently stating their members' commitment to Democracy, with a capital D, and to refrain from committing their association to specific policy angles within those difficult political debates. However, in two specific policy areas of media and gender policies, which will be dealt with in the following chapter, the split between the values and morals of businesspeople that make the membership of Islamic and secular business associations was discernable. By extension, these two policy areas are where secular and establishment associations encounter considerable barriers to reach and influence the Legislature, the Executive and relevant public institutions.

Turkey's media sector: a background

Turkey's media sector boasts of hundreds of private channels, with 18 million TV viewers in 2011.[326] Survey data from 2006, 2009 and 2012 show a marked increase

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[326] 'TV and on-demand audiovisual services in Turkey' (2012) *MAVISE Database*, Online Dec 2012, Available from http://mavise.obs.coe.int/country?id=32

in the percentage of households with one or more TV sets from 53.3% to 60.8% and also in the percentage of viewers with satellite (67.1% to 71.9 %) and digital platform (1.6% to 12.6%) subscriptions.[327] There are thousands of local and national radio stations however radio's presence in the media market is fast declining. Newspapers and print media, too, are losing blood over the impact of global trends in paper production and use and the shift in consumer trends towards e-content.

Digital communications is the future in Turkey, as well as in most developing and developed markets around the world. In 2012, 943 million TL (approximately 500 million USD) was invested into digital advertising in Turkey, up by 30% from 721 million TL. This was the fastest growing medium in Turkey, as well as globally, and consisted of 18% of the total ad revenue in Turkish media sector.[328] The rise of digital advertising as an extremely popular advertising medium corresponds to the widespread usage of the internet in Turkey. In 2012, the number of 3G users totaled 40 million, which is one of 'the highest social media usage through mobile internet' worldwide, which shows the strength of mobile communications providers in the Turkish media market. [329]

PwC's *Global Entertainment and Media Outlook 2013-2017* report reveals that Turkey's entertainment and media industry grew to 'a size of over USD10.2 billion in Turkey in 2012, [and that] the sector is expected to hit USD11.6 billion by the end of 2013, and approximately USD17.5 billion by 2017, with an annual average growth rate of 11.4% through the next five years'.[330] This makes for a very attractive site for domestic and global investment.

In Turkey, entering into the media sector makes political sense, too. From a political economic point of view, Turkey's media is not atypical to the media landscapes of other developing countries. Turkey's media sector has an oligopolistic

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[327] *Televizyon İzleme Eğilimleri Araştırması 2012 (Television Viewership Trends Research 2012)* (2013) RTUK, Mar 2013. Online. Available from www.rtuk.org.tr/sayfalar/IcerikGoster.aspx?icerik_id=95dd9280-77b3-4225-9649-37da1a6c0b94

[328] *Dijital Reklam Harcamaları: Adex 2012 Türkiye Raporu (Digital Advertising Spending: Adex Turkey Report 2012)* (2012) IAB Turkiye. Online. Available from http://www.iabturkiye.org/sites/default/files/adextr2012.pdf

[329] Scott Goodson (2012) 'Why is Turkey one hot advertising market for 2013?' Forbes Magazine. Online. 20 Dec 2012. Available from http://www.forbes.com/sites/marketshare/2012/12/20/why-is-turkey-is-one-hot-advertising-market-for-2013/

[330] 'Turkish entertainment and media industry to reach USD17.5 billion in 2017' (2013) *PricewaterhouseCoopers (PwC) Turkey*. Online. http://www.pwc.com.tr/en/publications/industrial/entertainment-media/published/eglence-medyaya-bakis-2013-2017.jhtml

structure and four to five corporations hold the majority of the market share. Doğan Group and Doğuş Group are both market leaders with 12% each in total revenues in television. Turkuvaz Group is a close second with 11% and is followed by Murdoch's Fox channels (8%) and the public broadcaster TRT (8%). Doğan Group is stronger in the newspaper (25%), magazine (22%) and digital (4%) segments, when compared to the other media conglomerates. Consolidated market shares are not the only indicators to the market presence and penetration of these media groups. Figure 2 shows the distribution of the total advertising revenue among five commercial media groups, which together make up almost 40% of total ad sales captured by all the players in the media sector. Between 2010 and 2013, all media groups increased their ad revenue, however, Doğan Group faced a dramatic rise between 2010 and 2011 and a severe drop between 2011 and 2012. On the other hand, Dogus Group recorded a steady and impressive rise from 3% to 12% in just three years.

Figure 1: Media Groups in Turkey (2012)[331]

Turkuvaz Group

- License owner: Ahmet Çalık (Çalık Holding)
- Acquired via TMSF-led public tender in 2007 from Ciner Group.
- Çalık Holding active in textiles, energy, construction, finance, logistics and communications (Albania)
- ATV, ATV Avrupa, A Haber, Minika TV, Turkuaz News Agency, Radyo City, Sabah, Sabah Avrupa, Takvim, Günaydın newspapers, periodicals, magazines and Turkuaz Distribution and Marketing co.

Doğuş Group

- Large industrial conglomerate, owned by Ferit Şahenk.
- Entered into broadcasting in 1999 by purchase of news broadcaster NTV.
- Active in banking (Garanti Bank) and finance, automotive, construction, tourism and hospitality, entertainment and energy.
- Star, NTV, Cnbc-E and other thematic channels, online sales portals, Virgin Radio Turkey and 3 other radios, Vogue, GQ, National Georgraphic and 4 more domestic journals.

Doğan Group

- Aydın Doğan's first entry into the media sector was with Milliyet newspaper in 1980.
- Active since 1950s in automotive industry, the Doğan Group now owns energy companies, industrial production companies, financial services providers and tourism companies.
- Doğan Publishing co. has a digital platform, 27 TV channels, 4 radio channels, 5 newspapers and 27 magazines, as well as several other media companies.

Beyaz / Yeni Dünya Communications

- Established by Erdoğan as Minicipal TV when the PM was Istanbul mayor, Beyaz Holding now belongs to Zekeriya Karaman, Erdoğan's son's father-in-law.
- Beyaz Holding also operates the Istanbul Metropolitan municipality's free public courses and trainings.
- The holding company has three media companies Hayat Görsel Co, Nokta Electronic Media Co, and Beyaz Iletisim Co with 6 TV channels and 1 radio station.

Çukurova Group

- Owned by Mehmet Emin Karamehmet, Çukurova Group's media division started its operations with Bulvar newspaper in 1982.
- The Group also controls "one Switzerland bank, two insurance companies, a company making investment in controlling finance companies directly or indirectly and the companies in the industry, construction, trade, media, communication and information technology, energy, transport and service sectors.' (Tayanç&Özkoçak, 2013, 35)
- The Group has 22 media outlets, including news and entertainment channels, a digital platform, and Turkey's mobile communications leader, Turkcell.

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[331] Neşe Kars Tayanç and Yelda Özkoçak (2013) 'Capital structure of the television channels and relations with advertisers in Turkey', II. International Conference on Communication, Media, Technology and Design, North Cyprus, 02-04 May 2013, Available from http://www.cmdconf.net/2013/makale/PDF/8.pdf; Corporate Profile (2006) Doğan Holding Online. http://www.Doğanholding.com.tr/en/investor-relations/_pdf/2006/4.pdf ; Çukurova Group Media (2012) Available from http://www.cukurova.com.tr/medya_grup.asp
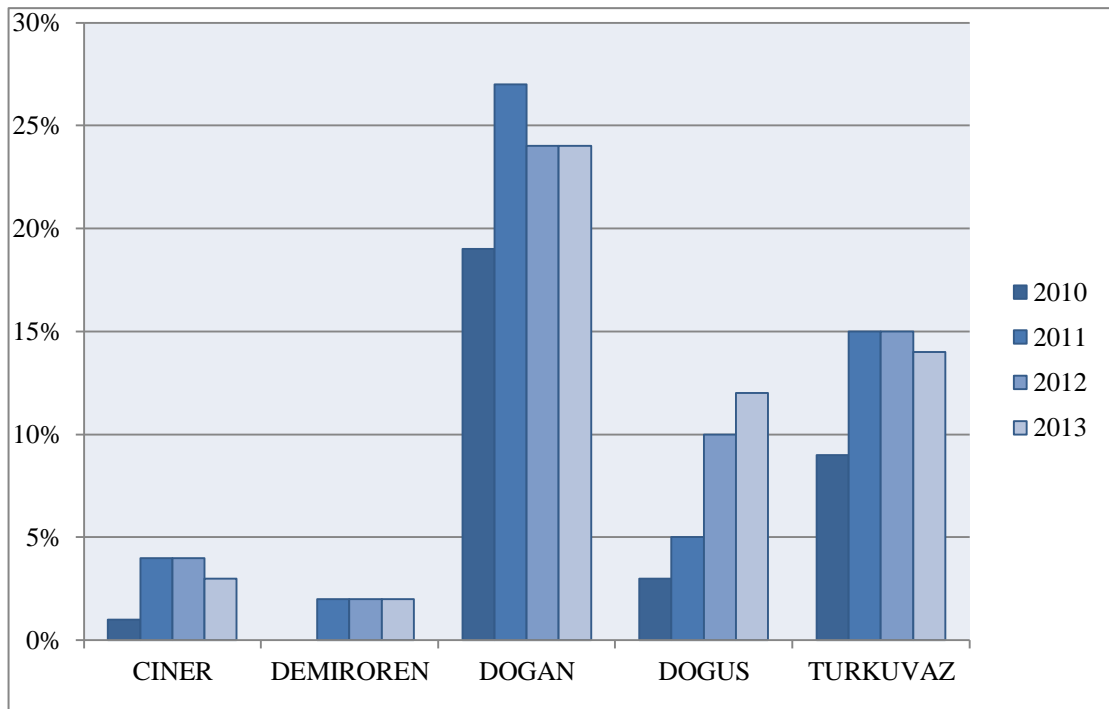
Figure 2: Share of advertising revenue of major media groups (Source: Carat, 2013)

In countries with a history of military authoritarianism and endemic clientelism, an exaggerated departure from media independence is observed.[332] Due to self-censorship or existing legal barriers to free media and expression, an overwhelming mass of mainstream news contains counterfactual or incomplete information. Preventing access to plural and fact-based news and information puts democratizing countries in greater danger. Incidentally, research and empirical evidence find a positive correlation between freedom of expression/media and democratic consolidation. The curtailment of media freedom by way of self-censorship also undermines the development of a competitive and liberal media market. However, quite possibly, media owners and operators preach self-censorship with the expectation to acquire greater economic gain and more political influence. The following subsection offers an observation of media governance in Turkey, with a discussion on how structures of media policymaking and regulation foster the patronage of a few businesspeople, associations and politicians.

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[332] Isaac A. Blankson and Patrick D. Murphy (2007) *Negotiating Democracy: Media Transformations in Emerging Democracies*, Albany: State University of New York Press.

Media ownership and governance in Turkey: then and now

Turkey's media companies depend on the state for services, advertising revenue, economic incentives to drive competition in the media market and for the fast adoption of legislation to align Turkey's media market with international markets. Media bosses and journalists, columnists and news anchors nurtured their companies and careers by building close personal relationships with members of the security sector, bureaucrats and elected officials, and by exercising favouritism towards their 'friends' in the government, the Turkish Armed Forces, and in ministries. Ceren Sözeri and Dilek Kurban argue that a strong tradition of patronage between the media and the civilian political and military elites contributes to social and political polarisation and media's self-censorship.[333] The media ownership structure in Turkey has traditionally worked against editorial independence and pluralism.

Before the 1980s, it was very uncommon for businessmen to own newspapers and leading newspapers were owned and managed by journalists. 'Professional identities and the journalism background of the owner were very important for the readers'.[334] Towards the end of the 1980s, the technological sophistication of print and broadcasting media and the adjacent developments in the Turkish market replaced entrepreneurial journalists with businessmen.

> The highly centralized decision making authority gave a strong power to the prime ministries and their associates to be used to influence business and media for their own sakes. As a result, strongly embedded relationships between government representatives, businesspersons, and media owners unfolded.[335]

As the space for private media opened up in mid- to late 1990s, newspaper owners began setting up private television channels and radios. The tradition of family-owned newspapers disappeared as a result of the diversification of the media sector in Turkey. In the meantime, media companies evolved into larger groups of companies in which a parent holding company coordinated the present and future investments into the private media companies within the group. The proliferation of large industrial groups in the media sector meant the influx of business actors that did not have a background in media management and an affiliation with media ethics, content, etc. Quite simply,

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[333] Ceren Sözeri and Dilek Kurban (2013) *Caught in the wheels of power*, TESEV Publications: Istanbul. Available from http://www.tesev.org.tr/Upload/Publication/6e7010fe-0f80-4c8d-821f-5278f2ca14ee/12301ENGmedya3WEB09_07_12.pdf

[334] Bahattin Karademir and Ali Danışman (2007) 'Business Groups and Media in Turkey: A Co-Evolutionary Perspective to their Interrelationships', Problems and Perspectives in Management / Volume 5, Issue 3, 2007, p.50.

[335] Ibid. Karademir and Danışman, 2007, p.51.

Turkey's new 'media bosses' were not equipped with the necessary skills that they needed to operate in a sector that was quite unlike other commercial sectors that these men had made their fortunes. The third trend was for media conglomerates to merge with smaller domestic media outlets to minimize competition in the domestic market. The fourth and final trend was for Turkey's media conglomerates to merge with international groups, as Doğan Group did with TimeWarner, and then to enter new regional markets, such as Doğan Group's launching of its leading entertainment channel, Kanal D, in Romania.[336]

These four trends strenghtened a handful of media conglomerates, which were owned and managed by capitalists seeking to accrue political and economic benefits from their presence in the domestic and regional media sectors. Turkey's emergent media conglomerates were pragmatic actors who had sharpened their business skills outside of the media industry and then transferred their capitalist instincts to the media sector. Their presence in a booming sector with incremental links to the political and public spheres required them to negotiate with governments and state bodies to survive. According to most students of media history and politics in Turkey, Turkey's media bosses have been cronies of the political elite since the early days of commercialization in media. Seasoned journalist, Şahin Alpay offers a striking account of the close and corrupt relationship between the political elite and the business community in Turkey in his analysis of the 'two faces of the press'.[337]

Businesspeople in the 1990s were motivated by the publicity and outreach that media companies provided and most bankers owned and operated media companies. In 2002, after a radical makeover of the banking sector in Turkey following the financial crises of 1999 and 2001, media companies were turned over to industrial groups. Unlike Turkey's collapsed private banks, which were able to channel extraordinary amounts of funds into media companies during the height of unregulated commercial banking in the 1990s, industrial groups in the 2000s set up media companies for commercial reasons and sought profitability.[338] The political motives behind media ownership are clear

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[336] Akın, Altug (2010). Dirty Seeds of Media Transformation in Turkey: The Vertigo of Communication. *EastBound* 2010(2).Available from http://eastbound .eu/2010/akin.

[337] Sahin Alpay (p.370) 'Two Faces of the Press in Turkey: the Role of the Media in Turkey's Modernization and Democracy', in Turkey's Engagement with Modernity: Conflict and Change in the Twentieth Century, Philip Robins, Kerem Öktem and Cerlia Kerslake, Oxford University Press, St. Antony's Series, 2010, pp.370-388., p. 376.

[338] 'Medyada yatırım ve rekabet ilişkileri: bugünü ve geleceği (Media investment and competition: today and the future)', *TESEV Media and Democratization Project*, 21 Apr 2011, Istanbul.

however these motives and the pursuit for profits and economic success are not mutually exclusive. More specifically, media and communications scholar Can Bilgili suggests that the media bosses of 2000s care equally about their business and their influence over national politics.[339] Evidently, Turkey's oligopolistic and corporatist media landscape is driven both by political and commercial interests.

National *and* local media are the foremost sites of 'power play' in Turkey, according to Nuri Çolakoğlu. His assertion is backed by Günseli Ocak Özenoğlu, columnist at Zaman newspaper and editor of a marketing communications journal, who observed on her tour of media outposts across Turkey's various provinces that provincial governors polish their authority over their area of jurisdiction by controlling local media outlets. Both Çolakoglu and Özenoğlu agree that the monopoly public advertiser, Press Advertising Council (*Basın İlan Konseyi*, BİK), holds the lifeline of smaller players in the media sector, and has also a sizeable share in the amount of advertising revenue that larger media holdings generate.[340]

There are five key problems afflicting freedom of speech and editorial independence in Turkey's media today: conglomerate pressure, judicial oppression, online banishment and surveillance defamation and accreditation discrimination.[341] In other words, Turkey's establishment and mainstream media was suppressed by a number of judicial, legal, administrative and social tools while new, so-called liberal media actors flourished under the guardianship of the AKP. Several academic and countless non-academic sources present Erdoğan and the AKP as authoritarian, based on their treatment of journalists, media outlets and businessmen in the media sector. This section does not deal with the several landmark cases of media suppression in the decade between 2002 and 2012, such as the prohibitions on the use of the world wide web, including the ban on accessing Youtube in 2010, the detention and imprisonment of Kurdish, socialist, secular and ultra nationalist journalists and media personnel and the widespread breach of rights to privacy via wiretapping of phones and other telecommunications equipment of various public and political actors. It is worth noting however that the cases focused here, i.e. the government's pressure on the economic and

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[339] Türkiye'de Medya: Sektörel Analiz Hazırlık Çalıştayı (Turkey's Media: A Sectoral Analysis Preparation Workshop), *TESEV Media and Democratization Project*, 8 Oct 2010, Istanbul.

[340] 'Medyada yatırım ve rekabet ilişkileri: bugünü ve geleceği (Media investment and competition: today and the future)', *TESEV Media and Democratization Project*, 21 Apr 2011, Istanbul.

[341] M. Akser and B. Baybars-Hawks (2012) ' Media and Democracy in Turkey: Toward a Model of Neoliberal Media Autocracy' *Middle East Journal of Culture and Communication* 5 (2012) 302–321.

financial interests of companies, owned by media conglomerates and the transformation of the communications infrastructure through Turk Telekom's sale, occurred in a politically charged, eventful and contested media environment.

Turkey's media sector liberalization and democratization are hampered by the slow pace and inadequacy of reforms.

> The draft law on data protection was submitted to Parliament in 2008 and the draft electronic commerce law in 2010. For example, the electronic communications law of 2008 introduced a general authorisation scheme, but did not abolish the old concessions. Also, the regulation of content transmitted over the internet and internet service providers' liability is not aligned with EU policy and legislation. Turkey regulates these issues in law no. 5651, which was adopted in 2007, but is not based on the EU Electronic Commerce Directive of 2000. Turkey does not yet have specific plans for transposing the EU 2009 regulatory framework.[342]

For Turkey's media conglomerates, legislative reforms to facilitate business relationships between media sectors in European countries and Turkey are crucial, since sector leaders such as Doğan and Doğuş Groups have operations and commercial interests in central and southeastern Europe.[343] For Turkey's media workers, better and faster integration with European legislation is crucial to advance legal guarantees to ethical and humane conduct in the industry. Finally, legal alignment with European norms in media business would expand and diversity the sector, eliminating the obstacles to editorial independence and sound media ethics that are usually attributed to the present ownership structure in Turkish media.

Despite the lethargy of the legislative to pass complete media reforms in line with the EU *Acquis*, Turkey's media landscape is not short of policymaking and regulatory bodies that exercise influence over the politics and business of media communications in Turkey. The executive (particularly the Prime Ministry, the Ministry of Trade, EU Ministry, and the Ministry of Transport and Communications), the parliament, and the civil and criminal courts, the independent or public media regulatory bodies govern Turkey's expanding media sector, populated by Turkey's private media companies (printing and publishing houses, newspapers, radios, TV channels, news agencies, production companies, broadcasters, cable/analogue, digital and online broadcasting service providers, media planning companies, advertising and public relations agencies), the consumers of media services in Turkey and abroad. Turkish Armed Forces' de jure involvement in media regulation ended with a 2004 amendment

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[342] Ibid. Cullen International, 2012, p.26.
[343] 'Competition Workshop' (2011) TESEV Media and Democratization Project, Istanbul, ; 'RTÜK Workshop' (2011) TESEV Media and Democratization Project, Istanbul,

to the Law on the Radio and Television Supreme Council (*Radyo ve Televizyon Üst Kurulu*, RTÜK), however the TAF remained a de facto policy actor in the media landscape, until the second term of AKP when security sector reform deepened and expanded across the ranks of the TAF.[344]

Chief among these actors are sector-specific associations, such as the Association of Advertisers (*Reklamverenler Derneği*, RD), the Society of Turkish Journalists (Türk Gazeteciler Cemiyeti) and the Press Council (Basın Konseyi), and regulatory organizations such as the Supreme Board of Radio and Television (Radyo ve Televizyon Üst Kurulu, RTÜK) and the Telecommunications Authority (Telekomünikasyon Başkanlığı). Sector specific associations have traditionally been secular and Republican. Media associations and the corporatist hierarchy that governs the media sector in Turkey are conveniently separated from the associations representing the core business sectors, such as industrial and financial goods and services. Whereas in industrial and commercial sectors, corporatist organizations seek to control the business transactions and to steer the course of business development, in the media sector the corporatist machinery seeks to control the content, as well. In other words, media sector associations and the pertinent regulatory or policy bargaining organs recognize media companies as agents of social control and attempt to manipulate their actions according to the interests and agenda of the state.

Government officials politicize the market market by way of semi-public bodies. For instance, the Ministry of Customs and Trade houses the Advertising Council, mandated to regulate the advertising and marketing activities of private sector companies by collecting, evaluating and responding to inquiries made by persons or companies. The Council is typically corporatist; it sits three representatives from TOBB, nine representatives from various ministries, and one representative from each of the main union confederations. The advertising industry is represented with one seat for the Association of Advertisers; publishers and the media are not represented. Oddly, the Directorate of Religious Affairs (*Diyanet İşleri Başkanlığı*, DİB) has a seat on the council. Clearly, some of the complaints raised by consumers require the technical skills of an expert from DIB. First established in 1995, the current Advertising Council is set up by a 2003 statute, which grants the Council the authority to accept, review and

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[344] TESEV's Almanac, 2007.

decide on the moral and professional aspects of advertising content. By regulating content, this association facilitates the government's involvement in the industry.

Locating the Islamic in Turkey's media landscape

Why is the media sector in Turkey particularly important to Islamic businesspeople and to associations that represent their interests? An immediate explanation is that the media in Turkey – much like in the rest of the world – is critical to the shaping of a national identity and cultural politics of the country. Until the mid 1990s, Turkey's state-controlled media was able to nurture a generation of viewers and consumers that absorbed and responded to similar messages. Public broadcasting transmitted narratives of a glorious nation, an omnipresent state, and a paternal military and helped to build a collective sense of nostalgia for Kemalist modernity.[345]Turkish Radio and Broadcasting Authority (TRT) represented the voice of the state and in practice catered to the political interest of ruling parties. TRT's corporatist program content and strict organization hierarchy was established and reaffirmed by successive coups in the 1960s, 1970s and 1980s. A second and related explanation to the significance of media to Islamic business associations is that a free and liberal media landscape facilitates a more pluralistic policy environment for businesses to negotiate with the state. By extension, a stronger and more vibrant media market strengthens the financial and political capacity of new (Islamic) economic actors *vis a vis* the state.

Furthermore, a media landscape that once represented elite status and a Republican value system changed into a more diverse space between 1999 and 2011 and this broadening and widening of the public space via the media attracted Turkey's power-hungry Muslim bourgeoisie and conservative pious politicians. EU accession reforms partially loosened the legislative grip on media freedom, thereby allowing for the development of alternative media content. Particularly pronounced was the broadening of the political debate via a more expansive media sector in the 2000s. Radio channels, newspapers and private television channels broadcast news and news-related entertainment more than any other type of content. Ferhat Boratav comments that Turkey has more news channels than any other average media market in Europe.[346] Moreover, broadcasters provide a significant and unrivalled channel for public debate

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[345] Esra Özyürek, Nostalgia for the Modern: State Secularism and Everyday Politics in Turkey (Durham, NC: Duke University Press, 2006).
[346] TESEV workshop on media sector.

on social, political and economic issues in Turkey, where television viewers outnumber followers of any other medium.[347] Thus, media outlets showcased the vibrancy of a growing public debate, which was joined not by secularist, elite actors but also by alternative political, cultural and religious communities. The media's function in facilitating and hosting political communication in contemporary Turkey inspired journalist and academic Şahin Alpay to call Turkey 'a media democracy or a 'mediacracy', a polity in which the media plays a decisive role in the shaping of public opinion and in the political decision making process.'[348]

Before moving onto the Islamic business' presence in and dealings with Turkey's media in the 2000s, it is useful to remember the media's dealings with Islam and Islamic business community until late 2000s. As pointed out in previous chapters, Turkey's nation-building project engendered a uniform conception of the Turkish Muslim identity. Certainly, the public broadcaster TRT and the organization of a state-controlled media landscape in Turkey facilitated the construction of a state-sanctioned Muslim identity, embedded within the imagination of a supra Turkish identity.

> In the collective memory of Turkish nationalism, the dark face of Islam belongs to a distant past, banished once and for all together with the Sufi orders, the Arabic script, the Khalifate, and the Sharia. In the discourse of secularism, it has remained very much alive, a primordial force lurking in the interstices of everyday life and practice, and ready to assume public form and substance, unless closely monitored and contained. Hence 'we' as enlightened Muslim, must be on constant guard against the hidden enemy within 'us', lest its dark face reappear. The other dark face of Islam has thus been as familiar for Turkish audiences as its visible 'civilized' face.[349]

Turkey's journalists and media professionals, who viewed journalism as an elite profession, portrayed an imagined divide between an enlightened secular media and a dark, uncivilized and uneducated Muslim culture. Journalists in Turkey competed with political elites in their claims to the true expression of popular aspirations; they themselves defined, in a truly Jacobinist manner, what those aspirations should be. As representatives of a civil society, they challenged political governments when those governments did not hold the

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[347] 'TV and on-demand audiovisual services in Turkey' (2012) *MAVISE Database*, Online Dec 2012, Available from http://mavise.obs.coe.int/country?id=32
[348] Sahin Alpay (p.370) 'Two Faces of the Press in Turkey: the Role of the Media in Turkey's Modernization and Democracy', in Turkey's Engagement with Modernity: Conflict and Change in the Twentieth Century, Philip Robins, Kerem Öktem and Cerlia Kerslake, Oxford University Press, St. Antony's Series, 2010, pp.370-388.
[349] Ibid. Öncü, 1995, pp. 56-57.

same views that they themselves espoused, or when these governments did not function in a manner journalists thought they should.[350]

Öncü's account of the framing of Islam in the Turkish media culture provides an excellent framework to understand some of the reasoning behind how the Turkish Republican regime utilized media sources and figures to foster public support and legitimacy in mid 1990s against the Welfare Party (and later the AKP), which manifested the 'dark face' of Islam in party politics, and how the media has become a 'front' in Turkey's secularists' fight against Islamism. Turkey's mainstream media asserted its strength to inspire public fear and anger against a so-called Islamist agenda. Until the commercialization of broadcasting in Turkey, the military easily concentrated its public diplomacy work in the TRT broadcasts. However, after the 1990s,

> the vast variety (both in content and ideology) of information transmitted produced a situation where citizens were suddenly and consistently empowered to make choices and take ownership of the information they choose to receive in the complete privacy of their own homes. Society, increasingly aware of itself as a consumer, led to power-seeking actors realizing that they must 'market' their perspective and agenda in order to gain consent. [351]

Welfare Party appealed to the latent Islamic core in many Turks, thus, the messages of political Islam did not fall entirely on deaf ears. [352]At the same time, the Welfare Party began as early as 1991 to utilize advisors and marketing agencies to package and communicate its political message in more familiar, mainstream terms. In other words, the Welfare Party 'cleaned up' for television; its party representatives and elections campaign materials became simple, sincere, and light. Despite the expectations of the Turkish military and secular elite that perhaps the former public image of the Welfare Party and its leader Erbakan as propagating radical Islamic lifestyles and government, the Welfare Party performed very well in the realm of commercial broadcasting.

Before the obvious prevalence of an Islamic counterelite in late 2000s, Islamic business community worked for many years to build solid and profitable businesses in the different sections of Turkey's media sector. There were notable printing and publishing houses that produced the type of content that helped shape a twenty-first century Turkish Muslim popular culture. The *Zaman* newspaper constituted a key player in the world of print media and stood out not only for its unique model of

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[350] Metin Heper and Tanel Demirel (1996) 'The Press and the Consolidation of Democracy in Turkey', Middle Eastern Studies, vol.32 no.2, pp. 109-123. P.111
[351] F. Michael Wuthrich (2010): Commercial Media, the Military, and Society in Turkey during Failed and Successful Interventions, *Turkish Studies*, 11:2, 217-234 (p.223)
[352] Ibid. Öncü, 1995, p.60.

voluntary subscribers but also for its professionalism in management, award-wining layout and its expansive network of local and international reporters. Published and distributed widely around the world, Zaman has enjoyed wide circulation since 1986. Zaman is owned by the Feza Group, which also owns the Cihan News Agency (*Cihan Haber Ajansı*, CHA). CHA emerged as a formidable rival to the state controlled Anadolu Agency (*Anadolu Ajansı*, AA). 'Feza has a partnership agreement with Samanyolu Group. Both groups are affiliated with the Fethullah Gülen movement.'[353] Notably, media companies owned by Fethullah Gülen movement's loyalists are alledgedly funded by the movement itself.

A mid-sized group, Ihlas Group's media companies, had entered into Turkey's media sector via the conservative and right wing *Türkiye* newspaper as early as 1970s and rose to nation-wide prominence with the TV channel, TGRT, launched in 2003. However, the news agency, TV channels and radio channels owned by the Ihlas Group were partially turned over to the Savings Deposit Insurance Fund (*Tasarruf Mevduatı Sigorta Fonu*, TMSF) after the Group declared financial difficulties. The Group's former owner, a WP politician, had a history of financial fraud and embezzlement via the finance division of the Ihlas Group, Ihlas Finance Co.[354]

An Islamic NGO that rose to prominence over the course of media sector's expansion in the 2000s is the Journalists and Writers Foundation (*Gazeteciler ve Yazarlar Vakfı*, GYV). I was personally referred to the GYV when I approached a contact about interviewing business associations loyal to the Gülen movement. I was asked to show up to a meeting at the state-of-the-art facilities of the Foundation in Istanbul's Altunizade neighbourhood and explain my thesis topic, my background and my affiliations to a handful of men, apparently high-ranking Gulen-loyalists, whose names I was unable to catch. After being advised to submit my PhD thesis to the Foundation upon its completion, I was given a few contact names for business association leaders in Anatolia. My personal experience with GYV pinpoints to the foundation's role in producing, facilitating, distributing and collecting Gülen

[353] Esra Elmas and Dilek Kurban (2010) 'The Case of Turkey' In *Background information report* by MEDIADEM: Media policies and regulatory practices in a selected set of European countries, the EU and the Council of Europe, Oct 2010, Available from http://www.mediadem.eliamep.gr/wp-content/uploads/2010/05/BIR1.pdf#page=412

[354] Kjetil Saeter (2006) 'Watchdogs or lapdogs: concentration of ownership in Turkish media', MA Thesis submitted to the Department of Culture Studies and Oriental Languages at the University of Oslo, Spring 2006, Available from https://www.duo.uio.no/bitstream/handle/10852/24358/WatchdogsxorxLapdogs.pdf?sequence=1

movement's academic, cultural and media content and relationships. GYV assumed a critical role in shaping the cultural habitat of the Gülen movement loyalists and their audiences in Turkey. From organizing a succession of high-level meetings in Abant to discuss key democratization issues with leading public intellectuals, business figures and politicians to hosting countless foreign delegations to visit Turkey's 'cultural' sites[355], GYV occupied a considerably larger space in Turkey's booming civil society its name suggests: a foundation for writers and journalists.

Finally, the media sector domiciles an industry association that is the equivalent of MUSIAD or TUSKON for the world of media communications: the Television Broadcasters Association (*Televizyon Yayıncıları Derneği*, TVYD). Founded in 1999, this association brings together the main actors of the new Islamic media, namely Samanyolu Group, ATV, Beyaz TV and Beyaz Group channels, Channel 24, and the public broadcaster TRT. Crucially, TVYD represents 95% of the sector and is considered the sole representative of the media sector's interests by the government and regulatory institutions like RTUK.[356] The association was a key party to the negotiations to change the RTUK Law in 2011. A RTUK Board member suggested that associations of broadcasters effectively lobbied to insert a clause that requires companies, which enter public tenders for broadcasting licenses, to have had at least two years of broadcasting experience. Though he supported that first time broadcasters were also permitted to enter the bidding process, allegedly, TYVD and RATEM pushed for the two-years-of-experience precondition, which dampened free market competition in broadcasting.[357]

By late 2000s, Turkey's media landscape reflects a friendlier imagination of Muslims, Islam and the Islamic. Increasingly, Islamic culture and lifestyles and practicing Muslims fill the frontlines of national news and entertainment channels. Once inconceivable and fear-inspiring, headscarved media figures hold significant positions in newspapers, televisions, radio shows and internet media. Conservative, traditional and pious media consumers inspire a new brand of entertainment that caters to their lifestyle choices. This transformation also includes a coming to terms with the past for Turkey's practising and political Muslims. Channel 24, a private channel which broadcasts on public transportation lines, broadcasts documentaries on past military

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[355] Journalists and Writers Foundation Official Website (2013) http://www.gyv.org.tr/
[356] Televizyon Yayıncıları Derneği, http://www.tvyd.org.tr/hakkimizda.asp
[357] Workshop on RTUK Law, 11 Mar 2011 09:30-13:00

coups, attempting to portray the suffering endured by Turkey's conservative Muslims at the hands of a brutal military and state. Muslim festivals are widely celebrated and coverage of religious debates and issues are more prolific on a number of commercial channels. These basic channels demonstrate an easing of the state's tension and control over Islamic culture, as captured by the media.

The forming of AKP's media and Islamic business associations

The case of ATV-Sabah and TMSF

The euphemism for present day media companies and channels in Turkey is 'Erdoğan's media' or 'partisan (yandaş) media'. Turkey's media organizations and their outlets have lost their credibility in the view of many Turks, who accuse media bosses for yielding to the demands and expectations of the Prime Minister. Beneath the surface of polemic, however, lie pieces of solid evidence to suggest that media owners and editors, who aim to align with the AKP, compromise pluralism and media independence. The determinants of press-party alignment are party ownership of media outlets, partisan bias in media organization's editorial policies, and party membership and support of readers, according to Seymour-Ure (1974). Ali Çarkoğlu and Gözde Yavuz use the PPP framework and election polling data from 2002 and 2007 to examine the obstacles to pluralism and media independence that the partisanship of media owners, workers and newspaper readers present in the AKP-era. They find that,

> newspapers are increasingly dependent on politically more homogeneous readership communities. Such, readership might be the outcome of an increasingly more partisan coverage. Alternatively, the newspapers when faced with more partisan readership might be left with little choice to cater to their expectations and demands by offering more partisan-biased coverage.[358]

Though limited to one medium (newspapers) and a particular political event (general elections), Çarkoğlu and Yavuz offer a convincing overview of the interaction between media consumers and media outlets in the years of the AKP rule. Media content is increasingly designed to reflect the AKP's point of view and this constructs the image of a powerful political party that is able to dominate the agenda. At the same time, media consumers' choices mirror the political choices of Turkey's electorate. Media-party alignment then becomes a consequence of the social and political transformation that Turkey underwent and a product of AKP's consolidation of power.

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[358] Ali Çarkoğlu & Gözde Yavuz (2010) Press–party Parallelism in Turkey: An Individual Level Interpretation, Turkish Studies, 11:4, 613-624, DOI: 10.1080/14683849.2010.540116, p.622.

Three cases are crucial to demonstrating the strengthening of AKP's hold over Turkey's media and the role of Islamic business associations: the Sabah-ATV sale, the Doğan Group's dealings with the government since 2005, and the Türk Telekom privatization process.

The formation of an AKP's media depends on the way in which media companies changed hands. TMSF played a critical role in the handling of the financial dissolution and resale of large groups of companies, which owned and operated media companies. In the 2000s, TMSF coordinated the transfer of media ownership from secular capitalists to business actors, allegedly close to the AKP, as part of a larger attempt to regulate the market and to eradicate corrupt and financially unstable elements.

> The measures taken to regulate the banking sector also had an impact on the restructuring of the media sector, since some of these banks were owned by business groups also operating in the media. These groups' media assets were overtaken by the newly established Savings Deposit Insurance Fund (*Tasarruf Mevduatı Sigorta Fonu*, TMSF) and later acquired either by barons that already controlled a large portion of media or by new business groups entering the media sector. The AKP promoted its close business circles to benefit from this wave of restructuring and own media outlets on sale from 2005 onward.[359]

TMSF's cleansing process nurtured the growth of the Turkuvaz Group, owned by Ahmet Çalık, a businessmen with a reputation for his proximity to PM Erdoğan. Çalık, in his fifties, presides over a corporation, with operations in banking, textiles, industrials, energy and media. He is best known for his Group's commissioning for the massive Samsun-Ceyhan pipeline (TAPCO) project.[360] Before Turkuaz Group bought ATV, this popular entertainment channel belonged to Turgay Ciner's Ciner Media Group, along with 21 other media companies. Ciner had bought ATV in 2000 and developed the media division of his industrial and commercial corporation remarkably in less than ten years. In 2005, 2006 and 2007, Ciner Media Group's flagship channel ATV and Kanal 1 ranked the second largest among broadcasting networks of media conglomerates in Turkey. ATV attracted 90% of all advertising revenue that flowed into the Ciner Group and between 2005-2007 the Group was able to collect around 20 % of the total ad revenue. The Group's *Sabah* daily newspaper was also a key competitor to other popular dailies, *Hürriyet* and *Milliyet* of the Doğan Group. In newspaper and

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[359] Ibid. Akser and Baybars-Hawks, 2012, 306.
[360] ' Star-ATV'yi alan Çalık kim? (Who is alık, the new owner of Sabah-ATV)', Rota Haber, Online. Available from http://haber.rotahaber.com/sabahatvyi-alan-ahmet-calik-kim_22834.html

magazine distribution, Ciner's Media Group was the only competitor to Doğan Group's YAYSAT. The media distribution market was split fourty to sixty by these two media conglomerates.

Turgay Ciner purchased ATV and Sabah from Dinç Bilgin via TMSF's sale of Bilgin's confiscated media assets. In 2005, Ciner signed a contract with TMSF to take over all of Bilgin's media assets in return for a transfer of 433 million USD to the public fund over ten years. TMSF discovered in 2007 a secret agreement or protocol between Dinç Bilgin and Turgay Ciner that violated the sale and asset transfer protocols that TMSF signed with Ciner. Apparently, Bilgin had remained a silent partner and Ciner had promised to share the media group's future revenues with its former owner. TMSF promulgated the sale protocol and Ciner Media Group shrunk considerably. In 2008, TMSF approved Ahmet Çalık's bid for ATV-Sabah, setting the sale price at 1.1 billion USD.[361] TMSF President Ahmet Ertürk declared his confidence and trust in Ahmet Çalık and his capacity to fulfil the payment conditions according to the protocol. Ertürk also criticized the Ciner Group for cheating the public fund by committing to a payment plan that the Group was unable to follow and at the same time generating advertising revenue illegally via the TV channels and print media that were entrusted to the Group by TMSF.[362]

In the last round of the public tender for the sale of ATV-Sabah, Çalık was the only bidder. It was alleged later that a Qatari investor had contributed 125 million USD to the 1.1 billion sale total. The allegations of the Qatari involvement were confirmed by Ahmet Çalık, who announced after the sale and the cash transfer were completed that the Qatar Investment Authority's Al Wasaeel International Media Company was a junior partner in the bid. The main opposition party, CHP, raised serious objections to the sale, based on the fact that Çalık Holding announced the name and share of the junior partner after the tender, not before as the law dictates. RTUK concurred with CHP's legal objection. CHP opposed the sale also on political grounds because PM Erdoğan's son-in-law Berat Albayrak manages Çalık Group and Berat's brother was appointed as the CEO of the company set up

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[361] 'TMSF approves Çalık's bid for ATV-Sabah', Today's Zaman, Online. 22 Feb 2008. Available from http://www.todayszaman.com/news-134612-tmsf-approves-calik-bid-for-atv-sabah.html

[362] 'Çalık'a güveniyorum (I Trust Çalık)', Medya Faresi, Online. 23 Jan 2008, Available from http://www.medyafaresi.com/haber/10583/medya-calika-guveniyorum-tmsf-baskani-erturkten-atv-sabah-aciklamasi.html

to take over Sabah-ATV. [363] The misconduct in the public tender was overlooked by TMSF and the involvement of family members of the Prime Minister raises the likelihood of political motivations behind Çalık's successful bid to take over these media houses. A high level executive from the Competition Authority declared that the allegations of the government's manipulation of the Sabah-ATV sale were not based on facts. He announced that CA's investigation of the public tender showed no sign of fraud or political manipulation. Samanyolu Broadcasting Group Chairman, Hidayet Karaca testified that as the chair of Television Broadcasters Association (*Televizyon Yayıncıları Derneği*, TVYD), he had been a part of the negotiations for the sale between domestic and foreign bidders and had not seen any evidence to prove that the government preferred one bidder against the others. Conversely, Nuri Çolakoğlu, acknowledged that political involvement in large-scale transactions in the media sector is quite common to Turkey as well as to other major media markets around the world. He implied that though AKP did not directly favour or oppose any particular proposal in the public tenders for media companies, political involvement was manifested indirectly. He gave examples from his experiences in setting up TV channels in central and eastern European markets to show that whereas Romanian government removed the legal and administrative obstacles for foreign companies investing in the Romanian media market, Polish government delayed the entry of foreign companies through a number of legal and administrative mechanisms. Ferhat Boratav pointed out that the Sabah-ATV sale was not well received by the Turkish public opinion and that even if the legal basis for the sale was sound, the public did not perceive the sale as an apolitical and objective exercise.[364]

From the perspective of Islamic business associations, Çalık has been a great promoter of their business interests, not only in media but also in the energy, banking and other industrial sectors at home and in countries like Iraq, Turkmenistan and Uzbekistan where TUSKON is very invested.[365] One of Turkey's top 100 billionaires, Ahmet Çalık, and Çalık Group executives have been active in many foreign trade summits organized by TUSKON and TUSKON President Rızanur Meral praised the entrepreneurial spirit and business success of Ahmet Çalık. Çalık also engages in a collaborative working

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[363] 'Turkey's media company sale raises eyebrows' (2008), *Hurriyet Daily News*. Online. http://www.hurriyet.com.tr/english/turkey/8769903.asp

[364] 'Medyada yatırım ve rekabet ilişkileri: bugünü ve geleceği (Media investment and competition: today and the future)', *TESEV Media and Democratization Project*, 21 Apr 2011, Istanbul.

[365] 'Profiles: Ahmet Çalık' (2013) Forbes Online. Available from http://www.forbes.com/profile/ahmet-calik/

relationship with MUSIAD, hosting commercial and social visits with the business association's top leadership. Neither TUSKON nor MUSIAD criticized the Sabah-ATV sale. These organizations did not comment on the Newscorp bid to purchase Sabah-ATV from Çalık in 2012,[366] nor did they provide their insights on the slow decline in the advertising revenue generated by the flagship ATV that same year.[367] Publicly, Islamic business organizations stood behind Çalık's media establishment.

The case of Doğan Media Group

Pluralism is further circumvented in Turkey's oligopolistic media market by informal obstacles to market competition, which are set by the major market players. Just as global media corporations dampen the chances of smaller, independent media organizations to survive and to build up a sufficient following, Turkey's media conglomerates hamper independent televisions, radio channels, newspapers and other conventional media outlets to flourish.[368] Media conglomerates engage in a close commercial relationship with advertisers, large industrial and services corporations in Turkey, thereby concentrating the mahjority of the total advertising revenue in a handful of TV channels and other media.

Media sector's strength and total worth may be measured to a great extent based on the total advertising revenue that media companies generate, according to political economists and scholars of media and communications in Turkey. However, as Can Bilgili warns, media companies and advertisers do not reveal the net advertising sales. RTÜK, which is technically authorized to collect information from all media companies, and Rekabet Kurumu, with a mandate to regulate competition in all sectors including the media sector, were either unable or unwilling to generate and make publicly available advertising sales revenues of media companies. Ferhat Boratav, an experienced media analyst and former editor of CNNTurk, argues that making the volume and net total of advertising revenue in TL and the net ad sales of each media outlet or medium publicly available, will hinder free competition in a sector populated by domestic and foreign companies.

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[366] 'Sabah ve ATV'ye dev teklif (Handsome offer to Sabah and ATV)', Bugün. Online. 22 Jan 2012, Available from http://medya.bugun.com.tr/sabah-ve-atvye-dev-teklif-haberi/182076

[367] Yavuz Semerci (2012) ' ATV düşüşte, star yükselişte (ATV falls, Star rises)', Habertürk, Online. 13 Jun 2012, Available from http://www.haberturk.com/yazarlar/yavuz-semerci/750425-atv-dususte-star-yukseliste

[368] Exceptions are internet journalism and social media, which translates into citizen's journalism in Turkey.

Judging from the distribution of total advertising revenue between 2008 and 2013, as shown in Figure 2, the largest commercial media group in Turkey is the Doğan Group. Aydın Doğan has weathered many storms in the 2000s to maintain the media division of his Group's leading position in the sector.

Doğan Group's relationship with Erdoğan's AKP has either been cooperative or confrontational. Putting political pressue on media company owners has been a tactic that PM ErDoğan employed effectively since his confrontation with Cem Uzan and the Uzan family in 2007, which ended with the legal and political decline of Cem Uzan.[369] Erdoğan's animosity towards the Doğan Media Group began in 2008, when the Group's flagship newspaper Hürriyet reported the details of financial fraud in an international charity, Deniz Feneri and its affiliate in Germany. The charity had collected donations from Turkey's Muslim immigrants in Europe and Turkey's Muslims and had then channelled the donations to undisclosed and corrupt activities. Doğan Group media published allegations that some of the donations were used to fund AKP activities. Erdoğan solemnly denied these allegations and accused Doğan Media companies of fraudulent and unethical reporting, calling on AKP supporters to boycott Doğan Group newspapers and TV channels.

> The government also used other discursive tools to control the media, the most common being the portrayal of Doğan Media and other similar groups as rich, snobbish, high class and bourgeoisie. The group's response to these tools has been to change its stance from gatekeeping to priming; that is, presenting a flood of negative portrayals of the government through all its media channels.[370]

The confrontation between Doğan Media Group and the AKP peaked as the government pushed for a tax fine on the Doğan Group in 2009. Fined for billions of dollars, Aydın Doğan responded by pulling out of sectors where he had to engage in direct dealings with the government, i.e. oil and energy, and by firing public opinion leaders and journalists that had attracted Erdoğan's scrunity by their fiery anti-AKP statements.[371]Although Doğan Holding attempted to sell its media business to interested foreign buyers, the tax authorities stopped the sale on the grounds of tax irregularities.

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[369] The Uzan family had operations in mobile communications through Telsim, which had engaged in a contractual relationship with Motorola Global that Telsim had abused by not paying Motorola its share in earnings. At the same time, the Uzan family had investments in private TV channels and print media through which Cem Uzan promoted his candidacy in 2002 and 2007 elections.
[370] Ibid. Akser and Baybars-Hawks, 2012, 311.
[371] Serhat Ahmet Kaymas (2011) Media Policy Paradigm Shift in Turkey: Rethinking Neo- Authoritarian Media Systems in the Age of Neo Liberalism, Acta Universitatis Danubius,Vol 5, No. 1/2011.

When the Doğan Group received the punitive tax fine, Aydın Doğan's daughter Arzuhan Doğan Yalçındağ was the Chair of TUSIAD. She served as Chairperson between 2007 and 2010. Looking back on her term, Doğan-Yalçındağ commented n 2010 that she was surprised to receive the criticism she did for her silence over the government's targeting of Doğan Group. She confessed that she strategically remained neutral on the Doğan Group tax fine issue as TUSIAD Chair because she did not want to burden the business association with a potential political debate. She added, however, that she had endured the most taxing time of her career and that her vice chair, Mustafa Koç of the Koç Holding helped her through the difficulties she faced during her term. Her defense reflects two importans truths about secular business community's reaction to political pressure from Erdoğan on secular businesses: TUSIAD almost always maintains a safe distance from heavily charged political debates since the emboldening of Erdoğan after the 2007 elections and though silent and understates, secular business community nevertheless stands in solidarity against political interference into the free market.

Doğan remained in the media sector and made concessions to survive and to maintain its market advantage. Most recently, Aydın Doğan – now Chairman Emeritus of the Doğan Group - announced the Doğan Media Group's renewed ethical code in early 2013.[372] This announcement followed Recep Tayyip Erdoğan's lunch with media owners where the Prime Minister pleaded for more responsible and compassionate reporting of the renewed round of peace talks between PKK leadership and the Turkish government.

The case of the privatization of Türk Telekom

The Turkish telecom operator, Türk Telekom A.Ş. (TTAŞ), was privatized in 2005 after many years of political wrangling between the Ministry of Transport, the Privatization Authority, and MPS and government ministers, who were either opposed to or in favor of the privatization of the public telecom company. TTAŞ public tender process and its current ownership structure present a third and final case of the way in which an Islamic business community providing support to and supported by the AKP assumed a key role in the media market and policies.

TTAŞ's privatization was a political matter, not least because it was a major public employer.

Auriol (2005) argues that privatization of telecoms leads to a substantial reduction in

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[372] 'Code of Behavioural Conduct' (2013) Doğan Publishing Holding, Online. Available from http://www.dmg.com.tr/eng/KurumsalYonetim.aspx

employment and real output (by and large, the decrease in the latter effect is dominated by the former, which leads to an increase in labor productivity), as well as a price increase.[373]

Thus, the governments that sought to privatize the public telecommunications monopoly faced the risk of poor performance and a reduction in profits. Controlling the telecommunications infrastructure, the privatized Turk Telekom also ran the risk of cutting back on infrastructure development if it faced financial difficulties. For the AKP especially, getting the best and most financially sound proposal for the sale of the 55% majority share of TTAŞ was a key performance indicator. The AKP was obliged to respond to privatization pressures from international organizations, the EU, the WTO, the World Bank, and also to domestic pressures from Turkey's business community. The Telecommunications giant's sale was a matter that concerns the highest level of Turkey's business elites and hence, long serving TOBB Chairman and DEİK Chairman Rifat Hisarciklioglu was closely involved in informing the public debate on the privatization of TTAŞ. Before the sale materialized in 2005, Hisarcıklıoğlu was quoted to have supported a hasty resolution to the public bidding for Turk Telekom. He added that the Turkish government ought to have guaranteed a competitive and transparent bidding process.[374] Shortly after his statement at a MUSIAD Summit, Hisarcıklıoğlu's prophecy came true: Oger Telecoms Group (Oger Italia and Saudi Oger, with BT Group PLC) outbid the other other entrants of the public tender for the majority share of Turk Telekom on 25 July 2005.[375] MUSIAD advocated for the sale of the TTAŞ by a clear, transparent process that would not lead to the transfer of a public monopoly to a future private monopoly. MUSIAD President Ömer Bolat warned against the salvaging of 'national values for the sake of private gains', meaning the telecommuniations giant ought not to be given away to foreign buyers for a price below its real value.[376] This meant that MUSIAD expected a

[373] Atiyas, İzak and Doğan, Pınar (2010) *Glass half empty? politics and institutions in the liberalization of the fixed line telecommunications industry in Turkey.* In: Çetin, Tamer and Yılmaz, Feridun, (eds.) Understanding the Process of Economic Change in Turkey: An Institutional Approach. Nova Science Publishers, New York, pp. 261-283. (p.280)

[374] 'TOBB, Erdemir ihalesine girebilir (TOBB may consider entering the public tender for the sale of Erdemir facility)', NTV Msnbc, Online. 07 Jul 2005, Available from http://arsiv.ntvmsnbc.com/news/332063.asp?cp1=1

[375] The minority share of 45% was divided up to yield a 5% share to Türk Telekom and telegraph services former and current employees and 15% of the share was made public in 2008. The public offering process was overseen by the Privatization Authority, which was recognized for its successful implementation of the fourth largest public offering of a telecommunications company worldwide. In 2013, an additional 6.68% of the Türk Telekom shares were considered in a new round of public offering. 'Türk Telekomünikasyon A.Ş.' *T.C. Başbakanlık Özelleştirme İdaresi (Privatization Authority)* Online. Available from http://www.oib.gov.tr/telekom/turk_telekom.htm

[376] ' MUSIAD'dan Telekom Uyarı (MUSIAD's Telekom sale warning') *Haber 7*. Online. 22 Jun 2005, Available from http://ekonomi.haber7.com/ekonomi/haber/98650-musiaddan-telekom-uyarisi

proportion of Türk Telekom's shares to be offered to the public, after its majority sale was realized.[377] Türk Telekom was made public in two successive rounds, as MUSIAD proposed.

On the other hand, Carlyle Group[378] and its Turkish partner, Koç Holding, were one of the three losers of the public tender for Türk Telekom. The telecom company, thirteen largest in the world,[379] would have made a lucrative investment for Carlyle and Koç but the Koç family's obvious objections to the AKP and to the consolidation of political Islam in Turkey would not have made this group an excellent choice to take over the majority share of Turkey's main communications infrastructure. Although Mustafa Koç gave several public statements in early 2005 on TUSIAD events, declaring his holding company's interest in purchasing the majority share of TTAŞ, Koç and TUSIAD did not offer any comments on the finalization of the sale in late 2005.

Since its privatization, TTAŞ and its subsidiary TTNet cater to the majority of the Turkish market for telecommunications and internet. TTNet alone boasts of over 80% of the market share in 2010.[380] Moreover, TTAŞ monopolizes the communications infrastructure and disables the fast expansion of competitors in new communications technologies. For instance, operators competing with the Turk Telekom to offer xDSL connections depend on bitstream services. Finally, Turk Telekom offers the fastest connections and downloads of more than 100 MBps to rule out competition from other service providers that lack the technical infrastructure and the access to policymakers that TT enjoys.[381] In short, TTAŞ bore elements of a private monopoly, which MUSIAD cautioned against.

At the same time however, the corporatist institutions in Turkey's media landscape closely monitored and regulated the commercial behaviour of TTAŞ, seeking to tame this giant media company if needed. The Telecommunications Authority (TA) was set up two days before the sale of TTAŞ was finalized, on 23 July 2005. It was a semi-civilian corporatist council that set representatives from the Central Intelligence

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[377] Ibrahim Öztürk (eds) *MUSIAD's Policy Proposals to Strengthen the Economy: 2004 and mid-2005* (2005) MUSIAD, Online. June 2005, Available from http://www.musiad.org.tr/img/arastirmalaryayin/pdf/arastirma_raporlari_48.pdf, p.72

[378] , Carlyle was lost another public tender in 2008 against the Çalık Group in the sale of Sabah-ATV.

[379] 'Türk Telekom özelleştirmesi başarılı oldu (Türk Telekom's privatization was a success') *SE Times*, 19 Jul 2005. Online. Available from http://www.setimes.com/cocoon/setimes/xhtml/tr/features/setimes/features/2005/07/19/feature-03

[380] Cullen International, 2012, p.19.

[381] Cullen International, 2012, http://www.cullen-international.com/ressource/3774/0/report-2-final-20120706.pdf

Agency (MIT), the gendarmerie, and the national police. The TA is mandated to surveil, audit and investigate the commercial players in the communications sector, and to start disciplinary and legal action against companies that breached the commercial and security protocols.[382] The TA dealt and continues to deal with wholesale broadband transactions of communications companies however it does not exercise its regulatory powers over the retail broadband market, which is overseen by the Competition Authority (Rekabet Kurumu). The jurisdictional areas of TA and CA are not clearly laid out in the relevant law, and hence both councils have taken action in cases regarding TTAŞ.[383]

The privatization of Türk Telekom is a success for the AKP and for the Hariri family of the Oger Group. TTAŞ remains the market leader and has the advantage of being recognized a former public company, with the benefits of unlimited access to the realm of politics and to consumers everywhere. TTAŞ towers over a media sector that continues to be associated with Erdoğan and his powerful hold over this sector.

Conclusion

Turkey's media sector demonstrates with surprising clarity the transformation of the power structures and powerholders since end-1990s. Activist and jailed journalist, Ahmet Şık defined the media sector as the only public face of powerholders in Turkey.[384] The Turkish state, which was once the most defining source of power over and in Turkey's media, maintained its corporatist machinery to govern and regulate media policies however the patronage networks that were once held by a secularist state elite dissolved. 'What defines Turkey's media sector today is the extent of influence that patronage networks enjoy, not the boundaries of the state.' In other words, Turkey's Muslim conservative business community established a formidable presence in Turkey's media sector and an equally powerful bargaining position in media policies by engaging closely with the AKP leadership. The AKP, in turn, tamed media conglomerates by several judicial and administrative tactics, thereby ensuring their compliance with the party's hold over media policymaking and absolute sovereignty.

Policymaking in media will continue to be shaped by the AKP leadership. The discussion in this chapter demonstrated the extent to which AKP followers have

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[382] Telekomünikasyon İletişim Başkanlığı (TİB) http://www.tib.gov.tr/en/
[383] Ibid. Atiyas and Doğan, p.273.
[384] 'İnsan Hakları ve Emek Çalıştayı', TESEV Media and Democratization Project, Istanbul, 2011.

infiltrated into the policymaking structures impacting media policies. Media conglomerates that engage in close crony relationships with the government, primarily Turkuvaz Media Group and most recently Doğuş Media Group, are reaping the benefits of political approval by securing broadcasting space on public transportation lines, for example. Critical corporatist institutions, such as RTUK and RATEM, are governed by AKP partisans. A RTUK Board member, who participated in my fieldwork workshop, declared over lunch that he intended to run for office the following year with the AKP. RATEM's chair is Hidayet Karaca, who openly supports the Prime Minister and his political vision. Mehmet Atalay, the Chair of the Press Advertising Council, who was among the participants of another fieldwork workshop that I organized for TESEVserved until 2000 as Erdoğan's Chief Sports Advisor in the Istanbul Municipal Administration and was later made the General Manager of *Yeni Şafak*, a conservative right-wing newspaper.[385] In short, Turkey's media sector is gradually moving towards a full press-party alignment, assisted by the leadership of media associations.

Three emerging trends will determine media policies in the short-to-mid term in Turkey: The global shift from conventional to new media; the citizens' resistance movements in Turkey against the political and economic pressures on the media sector; and the continuation or possible end of Turkey's bid for EU membership, which will affect legal and administrative reforms in the media sector. Turkey's media sector has been acclimated to the dawn of new media through the fast adoption of technological equipment, i.e. smart phones, tablets, and broadband television, by consumers. However, the communications infrastructure needs to be developed, along with pertinent legislation on the business and consumption of new media. In 2013, several thousands of citizens organized via social media to protest against various local and national policies of the AKP. These movements prompted the government to search for technological and legal barriers to the free exchange of information and messages via new media tools. The tug of war between the government and the representatives of an internet and social media savvy Y generation and underground networks of hackers will shape the future of political debate in Turkey. Finally, Turkey's relationship with the EU soured towards the end of 2000s. The media policy reforms that were driven by Turkey's alignment with the EU Acquis are likely to slow down to a halt if either Turkey or the EU decides to leave the accession process.

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[385] 'Mehmet Atalay's biography' (2013) Press Advertising Council (Basın İlan Kurumu) Online. Available from http://www.bik.gov.tr/mehmet-atalay-biyografisi-1/

Chapter 6: Gender policies

Gender policies in Turkey refer to social policies and programs targeting women and girls, particularly economically disadvantaged women, single, divorced or widowed mothers, illiterate women, ethnic-minority women and wives of veterans and martyrs. As of June 2011, the AKP government administers gender policies via the Ministry of Family and Social Policies, responsible for enacting positive discrimination policies for the above-referenced categories of women and children. This chapter will address two specific issues on which Islamic and secular business associations delivered public statements and engaged with the government to try and shape gender policies: The headscarf issue[386] and healthcare policies in maternity, child birth and abortion. These two policies are selected because they are directly linked to women's entry into and retention in Turkey's job markets, a policy agenda that the AKP government and all business interest groups have announced an interest in pursuing. I argue that two opposite trends shape gender policies in Turkey: perpetuating traditional and conservative gender roles whilst at the same time advancing freedom, equality and liberalism for women.

There are two reasons why gender policies matter to the debate on whether Islamic business community is a dominant force in Turkey's policymaking. On the one hand, the secular and the Islamic business cultures offer different conceptions of women in social and economic life and therefore their respective positions *vis a vis* women's employment, for instance, show how each business interest group conceives Islamic culture and lifestyles. On the other hand, all businesses in Turkey will benefit from the insertion of more skilled women in the workforce because of the potentially positive impact that higher levels of women's employment have on income levels.[387] In addition, employing more women in leadership roles increases the profitability of companies.[388]

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[386] The headscarf issue is a term coined to refer to political and social deadlock over the lifting of the ban on wearing headscarf to attend high schools and universities and to work in private and public sector jobs

[387] Claudia Goldin shows based on 1994 data from 100 countries how the effect of economic development on female labour force participation is U shaped. In earlier stages of development, higher rates of women work in family farming, at home, or in own-account professions. Declining rates of female participation in workforce are observed when countries' GDP per capita incomes and their respective populations' years of schooling rise and wage labor outside the family becomes culturally, socially and economically more accessible to men. Claudia Goldin (1994) 'The U-Shaped Female Labor Force Function in Economic Development and Economic History' NBER Working Papers. No. 4707. April 1994. Available from http://www.nber.org/papers/w4707.

[388] Beth A. Brooke et. al. (2012) *Fulfilling the Promise: How More Women on Corporate Boards Would Make America and American Companies More Competitive*, Committee for Economic Development (CED), Online. 26 June 2012. Available from http://www.ced.org/pdf/Fulfilling-the-Promise.pdf and

Aligned with international and EU-level policy priorities to empower girls and women economically, policies to promote gender equality in Turkey are designed to attract and retain more women into the domestic job market.

The headscarf issue

The headscarf issue or problem refers to the ban in public and private institutions and the public sphere on women wearing a veil, *burqa* or any other form of religious head covering or attire. This prohibition applied to young girls and women who were stopped at the gates of public high schools and public and private universities across Turkey by security personnel, asked to remove their headscarves or barred from entering campuses and classrooms. Mainstream analyses on the headscarf ban in Turkey concentrate on the prohibition of the religious headscarf on university campuses and base their arguments on the right to access education. However, pro-bono work and legal analysis carried out by Fatma Benli, several reports by the Association of Women's Rights Against Discrimination (*Ayrımcılığa Karşı Kadın Hakları Derneği,* AK-DER) and Human Rights Research Association (*İnsan Hakları Araştırmaları Derneği*, İHAD) demonstrate the many different instances of discrimination against headscarved women, in exercising their political and social rights, freedom of assembly and freedom of speech. Furthermore, Fatma Benli asserts that the multiple instances of right abuses committed against headscarved women had no legal or constitutional basis.[389] Cindoğlu and Ilhan find that public sector companies and public or semi-public institutions, such as vocational associations, chambers, etc, discriminate against headscarved women in their recruitment policies, often without needing to present a legal basis.[390] Genç and Ilhan argue therefore that the headscarf ban is much more complex and embedded in the legal and normative practices across almost all institutions in Turkey.[391]

Mary Curtis, Christine Schmid and Marion Struber (2012) *Gender Diversity and Corporate Performance*, Credit Suisse Research Institute. Online. 13 July 2012, Available from https://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=88EC32A9-83E8-EB92-9D5A40FF69E66808

[389] Fatma Benli (2005) 'Assessment of the women condition in Turkey', OSCE and AKDER. Available from http://www.osce.org/odihr/21012 and Fatma Benli (2010) Leyla Şahin kararı ışığında Avrupa İnsan Hakları Mahkemesi, Istanbul: AKDER.

[390] Dilek Cindoğlu (2011) *Headscarf Ban and Discrimination: Professional Headscarved Women in the Labour Market*. Istanbul: TESEV Publications. Available from http://www.tesev.org.tr/Upload/Publication/2011b868-60a8-492a-a170-0e2dca71b84b/headscarf-book.pdf

[391] Özge Genç and Ebru İlhan (2012) *Başörtüsü Yasağına İlişkin Değerlendirme ve Öneriler (An Evaluation of and Policy Suggestions on the Headscarf Ban)* Istanbul: TESEV Publications. Available

Indeed, Muslim women and men provide horrifying accounts of the abuses they had to endure from public servants, prosecutors, judges, media and public intellectuals and the private sector. One woman in a group interview in Ankara confessed that she had shaven her head completely for work one day, to protest against the decision of the public school, where she had taught for many years as a headscarved teacher, to suddenly expel her. A pharmacist from Istanbul talked about the mobbing she was subjected to at a public (SSK) hospital, where she attempted to put her pharmacy degree to use by working as a nurse. But after the ban was put into effect in 1998, the hospital dean who hired her told her to take off her headscarf if she wished to keep her job.[392] One male interviewee in Istanbul and another male participant of a group interview in Ankara allege that Koç Group companies refrain from hiring headscarved women.[393] Other interviewees assert that all large corporations discriminate against headscarved candidates in their recruitment. CVs bearing photos of headscarved candidates are turned down automatically at the very beginning of the recruitment process. CVs bearing no photos were evaluated and headscarved candidates called for interviews in the corporate companies were turned down for reasons undisclosed or for excuses such as the candidates' lack of potential or experience, etc.[394] In any case, a headscarved candidate may and does feel discriminated against because of her headscarf in a corporate world that she believes is *fundamentally* opposed to her religious identity. Finally, although the interviewees did not identify the discrimination they faced along the lines of social class, they were all attempting to fill professional positions in a competitive, middle class, corporate world. It was, therefore, possible for the recruiters to have exercised religious and social prejudices against headscarved women.

Men understand the challenges that headscarved women faced before and during the 28 February process as a traumatic episode in which a hostile state and its

from http://www.tesev.org.tr/Upload/Publication/aae343fe-c66c-4fa8-a7c9-641ccf4bc720/12046BasortusuYolHaritasi24_04_12.pdf

[392] Group interview with headscarved women professionals, 26 March 2010, Ankara. Crucially, research conducted on over 500 nurses in public and private hospitals in Turkey in 2006 find a very high percentage of nurses being mobbed daily by their superiors. All nurses in the sample were women, due to a law that permits only women to become registered nurses. This implies then that in healthcare sector, women in low ranking positions face mobbing for a number of reasons, including their choice of dress. Aytolan Yildirim and Dilek Yildirim (2007) 'Mobbing in the workplace by peers and managers: mobbing experienced by nurses working in healthcare facilities in Turkey and its effect on nurses', *Journal of Clinical Nursing*, 16, pp.1444–1453.

[393] Interview with Omer Bitlis, 7 April 2010, TESEV, Istanbul and Group interview with male participants, 28 March 2010, Ankara.

[394] Group interview with headscarved women professionals, 26 March 2010, Ankara.

representatives, bureaucrats, public servants, media, harass Muslim women. In this conceptualization, the headscarved woman is the perpetual victim and does not have a voice in the unequal relationship of an oppressor state and an oppressed Muslim. This is clear in for instance the account of a man from an Ankara workshop about the encounter that his wife had with most likely a public investigator from Ministry of National Education in Trabzon. The investigator suggested that the wife, a teacher in a public school, ought to resign because she is unfit to act as a teacher. In addition, the same participant conveys that his community and classmates who were involved as he was in student movements to promote Islamism in Turkey believed that teaching was suitable profession for women because it was not physically demanding and that women were better with children/students. Therefore, the assertion made by a state official that a headscarved woman cannot and should not teach is as absolute and presumptuous as the assertion made by the headscarved woman's husband that his wife and other women are naturally inclined to teach.

Moreover, businessmen and male professionals approach the prohibition of the headscarf in Turkey as a rights and liberties issue. 'I expect others to tolerate my wife's headscarf as I tolerate the way that some men wear their hair long... I did not offend anyone who wore the communist-style green parkas in the early 1980s,' exclaimed a participant who attended one of the fieldwork workshops in Ankara.[395] Salim Uslu, the former chair of HAK-IS labour union and Ahmet Gundogdu the chair of Turkey's largest public sector employees' union, MEMUR-SEN lamented the 28 February process as a time when the direst abuses of the rights of Turkey's Muslims were recorded due to the headscarf ban. The culprit in the troubled history of human rights abuses caused by the headscarf ban is therefore, the Turkish state. Whoever was holding public office at the time of the application of the headscarf ban is believed to be personally responsible in a collective act of rights violations against women and their families.

Hence, coming to terms with the 28 February regime via due process and by reversing the discrimination seems like the logical next step for a political party that plans to replace secular authoritarianism with a moderate Muslim democracy. However, the AKP and the Muslim conservative business community did not take significant steps towards resolving the headscarf ban legally, institutionally and culturally across

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[395] Group interview with male professionals, Ankara, 28 Mar 2010.

institutions and the public. Even as late as 2010 when the AKP, then in its second term in office, some public servants were still acting on behalf of an imaginary secular authoritarian state to impose the headscarf ban. One participant alleged that the Dean of Kırıkkale University, a devout man who supports the freedom to practice Islam in public and in private spheres, still hesitates to lift real and imagined barriers for headscarved students on campus.

So, why did the headscarf ban persist and what role did the corporatist structures, erected by the Turkish state, in sustaining the discrimination against headscarved women in private and public sector companies and institutions? The first and most immediate answer lies in the Muslim men's imagination of 'their women'. A group interview in MUSIAD reveals significant insights into the way empowered women evaluate the society's gaze on their piety and their choice of wearing headscarves. One participant offers the following statement:

> When you engage in a business interaction wearing a headscarf, you are immediately treated as a second or third-rate business contact. Your correspondents behave as if you are invisible to them. Headscarves bother secular and devout Muslim people equally. A pious old man with a long beard will sneer at a woman in a headscarf driving a car. Honestly, I have never seen or heard of a headscarved senior executive, have you? [*Author's own translation*]

The stigma against wearing a headscarf and working in a professional environment stems from two presuppositions: First, women in headscarves are conservative and religious Muslims and hence they belong in their homes. Second, women are created by God to assume more docile roles in servitude and motherhood. These presuppositions have been cited by practicing Muslim women, who work in professional jobs with (and rarely without) their headscarves, as obstacles to equal opportunities in Turkey's job market, and confirmed by Muslim conservative men, usually as absolute truths. Men and women often used the word, fitrat, to mean 'a woman's nature' and to justify gender roles, arguably sanctioned by Islam.

Similarly, in cases when secular Muslim men engage in a business relationship with headscarved women, the relationship becomes more complex than ordinary business interactions among men, devout or irreligious. In both cases, regardless of the strength of the man's conviction, the headscarved woman is viewed as *the* symbol of virtue and Islamic morality. Therefore, she inspires feelings of shame and frustration in her male colleagues or counterparts as they carry out everyday business interactions, especially when the occasion calls for drinking alcoholic beverages, venturing into

heavy industrial zones or for other activities that are conventionally considered unfit for women. A headscarved woman professional or business entrepreneur also deters devout Muslim colleagues and business partners for she inevitably violates their imagination of a meek, gentle housewife, who ought not to interact with them as their equal. Furthermore, when those MUSIAD members, who were headscarved business owners of very lucrative companies, I interviewed attempted to get their money's worth or apply the tricks of trade in their everyday business transactions, they are instantly accused of stepping over a moral boundary that is expected from all headscarved women. One businessman asked Zehra, a PhD holder who runs a successful company in carbon emissions offsetting and trading in Istanbul, for a discount on her consultancy fees on the grounds that she was obliged to offer a more favourable deal to a Muslim brother.[396]

The second reason why the headscarf ban persisted highlights a fundamental problem with the morality codes and practices of Turkey's devout Muslims. With the exception of the Directorate of Religious Affairs, there is not a sharia council or a democratically accepted body to govern the moral aspects of everyday business life of Muslims in Turkey. In the absence of an independent moral authority that would govern everyday business conduct of Muslim women and men, what do headscarved women and practicing Muslim men do? For example, headscarved women who were business owners and better off financially declared that they positively discriminated against headscarved job applicants. To them, this was an act of morality and empathy not bestowed upon them by the majority of the society. Some devout and conservative headscarved women have refused to shake the hands of male customers or colleagues. A few others in the healthcare sector have been treating female patients only. Most of the headscarved professionals in my fieldwork were not comfortable with working in an office filled with men or with having to work late with a male colleague so often they avoided such work environments.

Most devout, conservative Muslim men gave similar accounts of their understanding of moral and acceptable working conditions for men and women in an Islamic society. Some men, assuming that working with an uncovered woman would upset their wives, chose to employ headscarved and married secretaries and workers. Most men and women employed various strategies to live their professional lives in

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[396] Group interview with headscarved MUSIAD members, 8 May 2010, MUSIAD, Istanbul.

ways that did not severely violate their personal or group (confessional, *tariqat,* family, regional) moral codes. However, women and men who were employed in a variety of sectors, from banking to construction, endured situations where their expectations of morality were not met. In practice, then, Muslim women and men discovered almost on a daily basis that a pure form of Islamic morality did not exist and that they were to negotiate their own terms of morality with their colleagues, customers, community, the larger society and of course the Turkish state.

The absence of a moral guardian that was able to punish misdemeanour allowed practising and conservative Muslim businessmen to abuse the headscarf ban by two means: (1) urging headscarved women to turn to household chores, child care or NGO work to make use of their wives' university degrees or many talents and (2) employing headscarved women for lower wages and under poor working conditions. A testimony by a participant of a group interview in Ankara demonstrated the hypocrisy behind Muslim business owners' abuse of headscarved women as a cheap and unemployable labour force:

> So, instead of 'you're a woman, stay where you are', it becomes 'you're a woman, you're headscarved, so accept the lower wage...' But if they really cared about religion, they would have known what our prophet said –pay the worker before his sweat dries up. From that perspective, reducing what she is entitled to just because she is headscarved is a violation of her God-given right…[397]

Third, the choice to wear a headscarf often is unacknowledged and confused by the majority of Turkish society as a provincial habit. A common presumption in Turkey is that pious people are middle class or poor and are provincial. The implication of this maxim for headscarved women is that men, working in low-ranking positions in the service sector, treat headscarved women with exaggerated gestures of kindness and respect. A highly acclaimed owner of a publishing house, also an A-list MUSIAD member, remembers a doorman suggesting to take her to a doctor as she was entering the doorman's building, barely able to catch her breath. She had been running to make it in time for a meeting but the doorman had assumed this helpless headscarved lady had come into the building looking for help or medical attention. Another respondent shared a similar experience when a young waiter gave her a discount at a luxurious Istanbul restaurant simply because she was the hostess for a party of twenty-four guests, twenty-three of which were businessmen in dark suits. The waiter was not sure whether to congratulate her for her

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[397] Ibid. Cindoğlu, 2011, pp.92-93.

success as a businesswoman or to save her from the embarrassment of not being able to take care of the check at the end of the meal.

A fourth and final reason that I find beneath the surface of a persistent discrimination against headscarved women in Turkey is a culture of patriarchy that is embedded in institutional corporatism. To begin with, the patriarchal Turkish state perpetuated the headscarf ban on women. Ali Bulaç observed that when the public schooling system or the public sector employers discriminate against a particular community or group, then the rest of the state organization as a whole pushes that particular community out.[398] Then, the private sector, the society at large and other non-state actors adopt the state's discriminatory policies too. Furthermore, even in organizations where they would be expected to be hailed as heroines, headscarved women are held back from rising to management positions or from accruing power in the Muslim conservative community. For example, headscarved businesswomen who have joined MUSIAD to build business acumen and networks feel discriminated against by the business association. In the group interview with members of the MUSIAD Women's Branch, one respondent claimed that headscarved women are underrepresented everywhere, including in MUSIAD. She alleged that although the official figure released by the business association of the percentage of women among its members is around 10%, the actual number is much lower. She added that the business association's leadership roles are not open to women. None of the other participants of the group interview concurred with her, but their silence may have been a sign of their agreement with that respondent's comments.

None of the top business associations, representing Muslim conservative businesspeople, have women leaders or spokespersons. The highest-ranking woman in Turkey's Islamic business associations is Rana Tezcan Açıkgöz, Vice President (VP) of the TUSKON Board. Tezcan Açıkgöz is one of the four women on the 42-member TUSKON Board and the only woman among nine VPs on the Board. Significantly, Tezcan Açıkgöz does not wear a headscarf so her rank in the decision-making hierarchy of Turkey's most effective business confederation does not negate the claim that headscarved women face additional barriers to leadership roles. Melike Günyüz, one of the respondents on the fieldwork, has since 2012 been appointed to the MUSIAD Board and her photo appears next to the 25 Board members on the MUSIAD official website.

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[398] Interview with Ali Bulaç, Zaman columnist and TV commentator, 5 Apr 2010, Istanbul.

She has yet to appear publicly to represent the business association, though. During our interview with a MUSIAD board member in Istanbul, the respondent bluntly pointed out that as a leading Islamic business association, MUSIAD chose not to employ or promote headscarved women to avoid the possible confrontation with Turkey's secular state organizations.[399] By confining their activities to strictly business-oriented ones and by trying not to draw attention to their Islamic identity, MUSIAD leadership and secretariat secured a safe distance from what the board member called, 'a 28 February legacy'. When asked whether they have placed headscarved women in key management positions within their organizations, MUSIAD, TUMSIAD and two labour union confederations, MEMURSEN and HAK-IS declared in 2010 that they had not. In the offices and headquarters of the various types of associations visited during the TESEV project fieldwork and my own PhD fieldwork, there were not any headscarved women employed as full time staff, except for maintenance and kitchen staff.

Peak-level confederations, TOBB, TIM and TISK do not have a history of promoting women leaders within their ranks, either. However, TUSIAD has had two chairwomen, Arzuhan Doğan Yalçındağ (2007-2010) and Ümit Boyner (2010-2013). Boyner was particularly vocal about women's rights and lifting the gender gap in the labour market before and during her term as TUSIAD Chair. The examples of Doğan Yalçındağ and Boyner at TUSIAD's helm further testify to the claim made by the respondent, quoted above, that some business associations *choose* to disqualify women from the leadership game while others choose not to. It is questionable, though, whether TUSIAD general assembly would ever elect a headscarved woman as the chair of this traditionally secular association.

Other organized interest groups and associations discriminate against headscarved women, too. Chambers and vocational associations, mandated to grant licenses to holders of certain professions such as journalism, pharmaceuticals, dentistry and medicine, violate the rights of headscarved women, who apply to these organizations for membership or other services. Dilek Cindoğlu's report for TESEV demonstrated several cases where journalists and pharmacists were allegedly discriminated against by the Press Council (*Basın Konseyi*) and the Turkish Pharmacists' Association (*Türk Eczacılar Birliği*), respectively. In the cases featured in the TESEV Report, a headscarved journalist alleged the Press Council of denying to

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[399] Group interview with headscarved MUSIAD members, 8 May 2010, MUSIAD, Istanbul.

issue press cards (licenses) denied to headscarved women who refused to submit photos on which they had no head covering. The Pharmacists' Association was charged with the allegation that its officials conducted frequent and very thorough on-site visits to pharmacies, owned and run by headscarved women, to check for ethical violations. Both associations, which are mandated to govern the ethical conduct and licensing activities in their respective sectors, have semi-public statuses and are therefore able to sanction journalists and pharmacists for their actions. Both organizations were believed to be Republican and secular and therefore sought to keep headscarved women, a threat to the secular identity of the regime, in check. The third Turkey-wide association that was alleged to abuse its public authority to coerce headscarved women professionals was the Union of Turkish Bar Associations (*Türkiye Barolar Birliği*). The Union and its member bar associations in cities determine whether or not headscarved lawyers may or may not sit their bar examinations, submit their photographs to register as lawyers in their chosen district's bar, and operate with legal licenses in private practices of as part of law offices. The report found that headscarved lawyers, who were not allowed in courthouses due to the headscarf ban, were further discriminated against bar associations in major cities like Istanbul and Ankara and were obliged to complete their compulsory legal apprenticeship and obtain their license through bar associations in Konya or other cities where the ban is barely applied.[400]

Overall, Islamic business community's interests did not lie in protecting the rights of headscarved women by standing against the abuses conducted by corporatist organizations governing the private and public sector jobs. Though vocal about the pains suffered by the devout Muslim women of Turkey, Islamic business associations were nevertheless not the pioneers of a social and economic transformation that would have allowed headscarved women to participate in the labour market freely and equally and to assume leadership roles in the management of business associations. It is this hypocrisy that prompted headscarved women professionals and intellectuals to develop a bold and inspiring culture of criticism towards the lifestyles, morals and choices of Turkey's Islamic bourgeoisie. Elements of this critical culture were visible in the novels and non-fiction articles and books, authored by headscarved women intellectuals such as Fatma Barbarosoğlu, Nazan Bekiroğlu, Yıldız Ramazanoğlu and Cihan Aktaş, in the form of inquisitive female characters that challenged the convenience with which

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[400] Ibid. Cindoğlu, 2011, p. 74.

devout and conservative Muslim men adapted to social mobility and nouveau riche lifestyles. Devout and conscientious Muslim women, on the other hand, did not so readily accept the morals and culture of capitalism and the perseverance of gender roles in the bourgeois brand of Islam.[401]Similarly, headscarved women who had actively engaged in politics via the AKP, such as Fatma Bostan Ünsal, did not excuse the AKP for its decade-long delay in forwarding headscarved party members as candidates for MP and local office in elections.[402] The critical voices of headscarved women transmit a unified message of discontent with the male-dominated business and politics of Turkey's Islamic bourgeoisie.

Social policies on maternity, childbirth and abortion

Women's health seems unrelated to business interest mediation at first. However, public debates on maternity, childbirth and abortion and AKP's policy formulations to address these health issues attract criticism or approval from different actors within the business community, a clear sign of the business community's involvement in these social policies. AKP is very politically invested in keeping an excellent record of women and children's healthcare and a strong bond exists between the government's and the Islamic business associations' ambitions in healthcare provision. Turkey's healthcare performance improved dramatically in the first two terms of AKP rule, particularly for girls and women. The AKP built state-of-the-art public healthcare institutions and its aggressive social welfare programs or reforms, particularly the program to offer free healthcare to the poor via the Green Card Scheme, were referenced to explain the party's success in the 2007 and 2011 general elections.[403] The AKP's successfully provided better healthcare and improved children's access to pre-school and primary education. Turkey's healthcare spending rose to 6.7% of GDP[404] in 2009 and the downward trend in the under-5 mortality rate picked up in the past 10

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[401] Kenan Çayır (2008) Türkiye'de İslamcılık ve İslami Edebiyat (Islamism and Islamic Literature in Turkey) Istanbul: Istanbul Bilgi University Publications.

[402] Hazal Özvarış (2013) 'Fatma Bostan Ünsal: Başbakan ayakların baş olmasından gurur duymalı, AKP olarak biz de ayaktık (Fatma Bostan Ünsal: The Prime Minister ought to be proud of how the downtrodden rose to claim power today, as we at AKP have done ten years ago)' T24. Online. 08 July 2013. Available from http://t24.com.tr/haber/fatma-bostan-unsal-basbakan-ayaklarin-bas-olmasindan-gurur-duymali-biz-de-akp-olarak-ayaktik/233770

[403] For ex. Gülin Yıldırımkaya, 2011, 'AK Parti Neden Kazanıyor?', Habertürk, 14 June 2011, http://www.haberturk.com/polemik/haber/639586-ak-parti-neden-kazaniyor A. Metin Akpınar, 'CHP'liler Sahip Oldukları Gücün Farkında Değil', *Oda TV*, 15 June 2011, http://www.odatv.com/n.php?n=chpliler-sahip-olduklari-gucun-farkinda-degil-1506111200.

[404] Yet Turkey remained below the regional average since WHO classifies Turkey under the region, Europe.

years, bringing Turkey's figure very close to European average.[405] The government performed exceptionally well in reducing maternal mortality levels from 70 out of 100,000 births in 2000 down to 19 out of 100,000 by end 2009.[406]

Nonetheless, compared to most European and some developing countries, Turkey still underperforms in crucial areas of universal healthcare, such as contraceptive use and infant mortality. Results of the Turkish Demographic Health Survey from 2003 show how men and women have negative attitudes towards using modern contraceptive methods: 'Only one third of ever-married women aged 15 to 49 resorts to a modern method.'[407] Turkey's conservative, traditional and devout communities perceive birth control methods and contraception as undesirable and even blasphemous. AKP leadership has also openly advocated against birth control, feeding their supporters' doubts about the medical benefits of contraception.[408] Turkey still ranks far lower than most OECD countries in infant mortality: thirteen out of every 1000 children die before they turn one. Furthermore, only 68% of Turkey's adults report to being in good health. Finally, despite a 6.3% average annual increase in health expenditure per capita in real terms, total public healthcare coverage remains at 80%, which is well below most European and OECD countries.[409]

Two broader trends in social policy have affected the specific health policy issue of maternal and infant/child health that I focus on here: The AKP was bound to comply with international healthcare standards for the sake of maintaining a good reputation internationally and for being on track with its liberal and democratic reform agenda. Furthermore, arguably most if not all of the AKP's social welfare programs, including the Green Card Scheme, child protection services and the World Bank-backed conditional cash transfer programs, were designed to reduce the role of the state in social protection.

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[405] World Health Organization (WHO) Turkey, http://www.who.int/countries/tur/en
[406] *World Bank Development Report 2011: Gender*, The World Bank, New York, 2011, http://siteresources.worldbank.org/INTWDR2012/Resources/7778105-1299699968583/7786210-1315936222006/Complete-Report.pdf
[407] Dilek Cindoğlu, İbrahim Sirkeci, Rukiye Fusun Sirkeci, 2008, 'Determinants of choosing withdrawal over modern contraceptive methods in Turkey,' *The European Journal of Contraception and Reproductive Health Care,* Dec 2008;13 (4):412–421.
[408] 'Erdoğan: Halkımızı Kısırlaştırdılar (ErDoğan: They have neutered our men)', *Haberler.com*, Online. 18 June 2013. Available from http://www.haberler.com/erDoğan-halkimizi-kisirlastirdilar-4743245-haberi/
[409] Health at a Glance 2011, OECD, 2011, http://www.oecd.org/document/11/0,3746,en_2649_33929_16502667_1_1_1_1,00.html

> [W]ith its firm belief in the unregulated market economy as well as with its socially conservative outlook, the [AKP] government seemed to be more inclined to prefer traditional forms of solidarity to redistributive social policy.[410]

In other words, the AKP's social policy reforms served to delegate some of the roles that ought to be performed by the state to families, charities, religious foundations and philanthropists.[411] Also, social welfare transfers were not as effective as they ought to have been. Based on 2008 data, social welfare transfers fail to reach almost 30% of Turkey's poor, which is about 1 million people working in informal sectors.[412] At the same time and as a result of a second broad trend in AKP social policy vision, maternal and child healthcare policies reflected the government's understanding of traditional gender roles and conservative family values. One of the ways in which healthcare policies were corrected was by introducing a universal system of 'family clinics' and 'family GPs'.[413] Even in its formulation, family clinics and appointing healthcare professionals to families reflects the tendency of the AKP to reduce women's health to a family issue, as previous governments have done. Therefore, the state would delegate its social welfare roles to organizations that share the ruling party's conservative and religious outlook.

Erdoğan and his party's socially divisive policy positions on maternity and childbirth were difficult issues for the Islamic business community and its interest groups to publicly support. On the one hand, Islamic capitalists have branched into the healthcare sector with groundbreaking profits incurred by businessmen, like Ethem Sancak of the Hedef Group (pharmaceuticals)[414] and the Medical Park Hospitals Group (hospitals and clinics).[415] In 2005, a change in legislation allowed for the forming of public private partnerships (PPP) to build public hospitals.

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[410] Ayşe Buğra and Ayşen Candaş, 2011, 'Change and Continuity under an Eclectic Social Security Regime: The Case of Turkey', Middle Eastern Studies, 47:3, 515-528.

[411] Mine Eder believes this trend also creates a welfare policy landscape that is ripe for the deepening of patronage networks between municipalities, private hospitals or medical institutions, medical professionals and patients/benefactors. Mine Eder (2010) 'Retreating State? Political Economy of Welfare Regime Change in Turkey', *Middle East Law and Governance*, V. 2, pp. 152-184

[412] S.D. Şeker (2008) Türkiye'de Sosyal Transferlerin Yoksulluk Üzerindeki Etkileri, Devlet Planlama Teşkilatı Sosyal Sektörler ve Koordinasyon Genel Müdürlüğü Uzmanlık Tezi, p.133, quoted in Ayşe Buğra (2010) Türkiye'de Eşitsizlikler: Kalıcı Eşitsizliklere Genel Bir Bakış, Boğaziçi Üniversitesi Sosyal Politika Forumu, p.44. Available from http://www.spf.boun.edu.tr/content_files/turkiyede%20esitsizlikler_spf.pdf

[413] 'Aile Hekimliği Uygulama Yönetmeliği', (2013) *T.C. Resmi Gazete (The Official Gazette)*, Dated 25 Jan 2013, Numbered 28539 , Available from http://www.resmigazete.gov.tr/eskiler/2013/01/20130125-26.htm

[414] Hedef Alliance Official Website (2013) http://www.hedefalliance.com/en/

[415] Medical Park Hospitals Official Website (2013) http://www.medicalpark.com.tr/En/

Adding an item to the Health Services Basic Law NO 5396 in 2005 makes the first concrete PPP arrangement. According to the item, if the Supreme Planning Council decides to health facilities build on treasury lands by the private sector can be leased, and all of the services other than medical services can be provided by the private sector. It is a PPP model and is called the Build-Lease-Transfer and has come into affect in July 2006.[416]

The favourable legal conditions brought to fruition the key pillar of AKP's healthcare reform for the planning years of 2011 and onwards: the building of large-scale health care facilities that would convert Turkey's developing cities into 'Health Cities'. Based on a policy map developed by the Supreme Planning Council (*Yüksek Planlama Kurulu*)[417], the Ministry of Health oversees the commission of private sector companies to build before the end of 2014 over ten new 'City Hospitals' in Ankara, Izmir, Adana, Yozgat, Manisa, Konya and other cities to cater to over 25,000 new patients.[418] Although the main opposition party, CHP attacked the PPP bid in healthcare on the grounds that the government rigs (or intends to) public tenders in order to assign contracts to private sector companies that support the AKP, the building sites had already been opened. The City Hospitals' potential detriment to the future of welfare/social policies in Turkey is that they fuel the aggressive privatization of healthcare, in my view. Some fear that the retreat of the state would inevitably erode the ability of larger sections of Turkey's society to access free and universal healthcare.[419] Others fear that PPPs will enrich Turkey's Islamic capitalists to the extent that they will claim full ownership of the country's healthcare sector.[420] In any case, a potentially wider Islamic capitalist presence in the healthcare sector will prompt Islamic business associations and their members to publicly back ErDoğan's conservative policy stance on maternity, childbirth and abortion.

In February 2012, TUMSIAD's General Assembly meeting featured a keynote speech by the long-serving Health Minister, Recep Akdağ, who presented the business

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[416] Tekin, Perihan Senel, and Yusuf Çelik. 'Analysing public-private partnership policy as a financing method in Turkey health sector with political mapping.' *7th Biennial Conference in Organisational Behaviour in Health Care, Mind the Gap: Policy and Practice in the Reform of Health Care.*

[417] The Council was a part of the State Planning Organization, which has been placed under the jurisdiction of the Development Ministry in 2012. http://www.dpt.gov.tr/PortalDesign/PortalControls/WebContentGosterim.aspx?Enc=51C9D1B02086EAFB5BA461EB1BF84F03

[418] Health Tourism, Ministry of Health of the Republic of Turkey, Online. Available from http://www.saglikturizmi.gov.tr/148-sehir-hastaneleri.html

[419] Mine Eder (2010) 'Retreating State? Political Economy of Welfare Regime Change in Turkey', *Middle East Law and Governance*, V. 2, pp. 152-184

[420] 'Yandaşa kaynak transferinin yeni adı: Kamu-özel ortaklığı şehir hastaneleri (The new face of favoritism: PPPs in city hospitals', Sol Portal, Online. 24 January 2013, Available from http://haber.sol.org.tr/devlet-ve-siyaset/yandasa-kaynak-transferinin-yeni-adi-kamu-ozel-ortakligi-sehir-hastaneleri-haberi

case for the government's plans to finance city hospitals in the next couple of years. Akdağ forecasts significant profits for those companies that cooperated with the government to modernize Turkey's healthcare facilities by end 2015.[421] A public procurement process of the scale that Akdağ referred to would attract any investor, most primarily companies that are in construction and building products. Emrah Göker[422] explains that most of the MUSIAD and TUSKON presidents and board members have construction and building products companies.[423] Hence, Islamic business associations have the capacity and the immediate business interests to engage in a close working relationship with the government and thereby to back the government's policy vision on nurturing healthy families.

Another implication for state-business relations of the AKP's 'family-centred' social policy line is explored by anthropologist Berna Yazıcı, who points out that the 1980 junta regime created a system wherein the state nurtured the next generation in Turkey by providing for children-in-need in public housing and care facilities. This system established a corporatist structure to govern the services that single and poor mothers and orphans and children-in-need would receive.[424] This changed with the neoliberal globalization of Turkey's social policy landscape in 2000s and the AKP's moves to further privatize the healthcare sector replaced the state-controlled system of maternal and child care with a mixed model, where certain state functions are delegated to private or non-profit organizations. Therefore, similar to the proliferation of after-school tutoring centres (*dershanes*) and private education institutions operated by religious confessional networks; there will be multiple sponsors or benefactors to the provision of medicine and care to mothers, children and 'families'. These sponsors are

[421] 'Şehir hastanesi projelerine yatırım yapan kazanır (Investing in city hospitals will pay back' (2012), Yeni Şafak, Online. 26 February 2012. Available from http://yenisafak.com.tr/ekonomi-haber/sehir-hastanesi-projelerine-yatirim-yapan-kazanir-26.02.2012-369544

[422] Emrah Göker (2011) 'Burjuva siyaseti (Bourgeois Politics)', *Birgün*. Online. 2 January 2011. Available from http://94.75.229.225/writer_index.php?category_code=1278687992&news_code=1293965708&year=2011&month=01&day=02#.UiY2MmT09qs

[423] MUSIAD's former president Vardan owns Çukurova Heating and Çukurova Construction companies. TUSKON's president Meral has a lucrative business in heavy construction equipment. 'TUSKON's board members, Cahit Erbalcı (Erbalcı Construction), Recep Ekşi (Ekşioğulları Construction), Aydın Ateş (Gestaş Construction), Necat Nasıroğlu (Fernas Construction), Hamdi Kınaş (Kınaş Construction), Murat Atakan Kayalar (Sistema Building Products) and MUSIAD Board members Murat Kalsın (Arkon Construction), Şevket Can Tülümen (Tülka Construction), Mehmet Zeki Kaldırım (Reha Construction), Hikmet Köse (Işıl Engineering)' are expected to have high stakes in securing contracts in the public bidding process for city hospitals.

[424] Berna Yazıcı (2012) 'The Return to the Family: Welfare, State, and Politics of the Family in Turkey.' *Anthropological Quarterly,* Vol. 85, no. 1, pp.103–140. doi:10.1353/anq.2012.0013.

likely to propagate the same broad ideal that state-centric social welfare models of 1980s held as sacred, parents nurturing a generation of children to serve the 'Nation', however the allegiance constructed in return for the care provided would not be to a 'State' but to a number of possible organizations.

C-section versus natural birth was another policy debate that began with PM Erdoğan's pledge to severely limit the frequency of C-sections performed in public and private hospitals and that engaged Turkey's public opinion for many months in 2012. The international medical community is divided between advocates of C-sections as procedures, which decrease complications and mortality during birth, and proponents of natural births, which does not contain the risk of post-surgical complications and ease mothers' transition from delivery to nursing. Maternal and child mortality rates decreased due to several incremental measures or policy changes that the AKP government implemented, based on programs advised and partially funded by international organizations, i.e. the UNDP, World Health Organization and EU. A study conducted in 2000 in Turkey reveals that around 60% of mothers that delivered their babies via a C-section procedure felt anger, fear or frustration about their delivery method.[425] A more recent study in 2013 offered a radical increase in the rate of C-sections performed in Turkey in public and private hospitals from 7% in 1993 to 45% in 2010. The World Health Organization recommends developed and developing countries to limit C-sections to only 10-15% of all births in a year.[426] These findings confirm some of the medical reasons that the Minister of Health and the Minister of Family and Social Policies gave to support PM Erdoğan's plans to prohibit or severely limit C-sections. However, cause for public criticism of the AKP's offensive on C-sections emerged not due to the medical arguments they offered by due to the ethical implications of using public authority to restrict women's choices of delivery.

That the government's references to a possible C-section ban were almost always given in conjunction to the anti-abortion debate shows how the potential public healthcare benefit of promoting natural births may at best be a tertiary consideration for Erdoğan and his aides. International medical organizations recommend the medical practitioners to consult with mother-to-be to determine the delivery method. From a

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[425] Mehtap Tatar, Serdar Günalp, Sinem Somunoğlu, Aygül Demirol (2000) 'Women's perceptions of caesarean section: reflections from a Turkish teaching hospital', *Social Science & Medicine* , Vol. 50 (2000) pp.1227-1233. (p.1231)

426 Şenay Ünsal Atan et. al. (2013) 'Spontaneous vaginal delivery or caesarean section? What do Turkish women think?' *International Journal of Nursing Practice*, Vol.19, pp.1–7.

women's right perspective, the way a mother chooses to bring her child to earth rests on her informed decision.[427] However, Erdoğan's statements inspire anger and frustration in Turkey's women's movement and rights-based organizations for the PM's disregard for the women's right to choose the terms of their pregnancy, delivery, nursing and motherhood freely.

During the fieldwork for the TESEV headscarf report with Dilek Cindoğlu and my own fieldwork in Istanbul, Ankara, Konya and Gaziantep, devout and conservative Muslim men and women declared that they had at least two children. They were quite content with being parents and committed to teaching their children to follow Islam faithfully and methodologically. I deduce therefore that practising Muslims, especially women, in Turkey are quite sensitive about procreation and parenting. Having said that, I also sense that tradition dictates married couples to produce multiple children, to carry the male bloodline and to prove their union fertile and sacred. Healthcare programs to complicate delivery (possibly through C-sections) and to prevent or delay pregnancy through the use of contraceptives are not well received by a society that considers childbirth and procreation as integral parts of faith and tradition and hence there is a very tedious relationship between healthcare policymakers and their constituents. It is not surprising then that AKP configures its healthcare policy reforms by transmitting political and cultural messages to its voters and to an elite that it has helped build. In response, TOBB, TIM, TUSKON and other smaller Islamic business associations did not dwell on the AKP leadership's plans to limit or ban C-sections. By comparison, TUSIAD's leadership framed arguments against the AKP leadership's disregard for women's right to choose and for the medical community's responses in defence of C-sections.

This tenuous relationship becomes even shakier when a globally disputed issue, such as abortion, is concerned. Like many of its siblings in other Western and non-Western countries, a religiously-motivated and conservative AKP not only defended the right of an early human being to life but also condemned the termination of life by a mere mortal, whatever the motivation may be to choose adoption, as an act of sin. Erdoğan and successive members of his cabinet incorrectly associated the proponents of abortion, both within and outside the medical community, with aggressive secularism. In fact, a conventional, patriarchal and conservative perspective, held by both the

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[427] Ibid. Ünsal-Atan, 2013.

secular Republican and the conservative centre right policymakers of modern Turkey, has long been shaping the politics of maternity. Abortion was legalized in Turkey as late as 1982 and until early seventies; legalizing abortion was not even publicly debated. In 1930s, the early Republican governments emphasized the significance of reproduction to building a powerful Nation and thus banned contraceptives and abortion. After thirty years of uncontrolled population growth and a worrying rise in deaths caused by illegal abortions, a new policy of 'Population Planning' was introduced in 1965 to encourage the use of contraceptives. The 1965 Population Planning programs and family clinics that were opened to carry out these programs at the grassroots level received considerable public criticism. State propaganda materials silenced cultural, religious and nationalistic concerns of the Turkish public, by broadcasting the message, 'the attributes and capacity of a population are more important than its size'.[428]The secular and centre-right/religious camps in the abortion debate in Turkey between 1970 and 1983 held almost exactly similar positions then as they do in late 2000s: The secular camp stressed that abortion and contraceptives are medically sound methods to avoid unwanted pregnancies and that women were entitled to their right to choose to give birth. The opposite camp argued that population planning programs jeopardized the sanctity of the 'family' in Turkey and that abortion was amoral.[429] Regardless of the seeming difference in the positions of these two camps, when abortion was finally legalized in 1982, the bill introduced a precondition of written consent from both spouses to the abortions carried out in hospitals and clinics. Thus, legalizing abortion did not end the social control over women's bodies.

In 2012, critical healthcare reform legislation, combining amendments to the administrative structure of the Health Ministry and new regulations on the terms and procedures of abortion and C-section operations in public and private hospitals, was drafted by the Chair of the parliamentary commission on health; passed overnight by the commission and submitted to vote at the TGNA.[430] Recep Akdağ, Health Minister from 2002 to 2013, defended the new reforms, which permitted abortions only within ten weeks of pregnancy and if the pregnancy presented serious risks to the baby's and mother's health. Natural births were vehemently encouraged and C-sections were to be

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[428] Akile Gürsoy (1996) 'Abortion in Turkey: A matter of state, family or individual decision', *Social Science and Medicine*, Vol. 42, no.4, pp. 531-542 (p.533).
[429] Ibid. Gürsoy, 534.
[430] 'AKP'den gece 'acil sezaryen' ('Emergency C-Section' from AKP)', *Radikal,* 22 June 2012, p. 7.

offered only as a last resort, if and when the health professionals and operators presented evidence of physical and psychological obstacles to natural delivery. Additionally, the Health Ministry pioneered a nationwide pregnancy tracking system to regularly collect information from expecting women and to then assist them through to healthy delivery. The national database was open to the access of health professionals but also of administrative staff, a factor that risked the confidentiality of the information stored on the database.[431]

Then a newly appointed MUSIAD President, Nail Olpak, offered his support to PM Erdoğan's pro-life statements in the summer of 2012. Olpak argued that though he was not an expert in the legal or the medical aspects of maternity and childbirth, he supported the principle of an individual's right to life, regardless of whether life begins inside or outside the womb.[432] In sharp contrast to Olpak's and MUSIAD's position, TUSIAD's Ümit Boyner backed the pro-choice camp and stated that the public statements of AKP leadership have deeply offended not only women but also all concerned and conscientious sections of Turkey's society. She proceeded to say that TUSIAD has a fundamental interest in social and gender issues not only because of the business association's commitment to democratization but also because equal opportunities for women makes great business sense, too.[433]

Conclusion

The two specific cases of the headscarf ban and the prohibitive policies on maternity and childbirth do not capture the entire universe of gender policies that have galvanized social and political debates and concerns over the three terms of the AKP in office. Yet, over these two issues, Turkey's Islamic and secular business associations and the communities they represent are deeply divided. At the core of this divide rest secular and Islamic interpretations of women's equality, freedom and liberation. The literature and discourses to which TUSIAD and its women representatives refer are secular, Western and modern and as such, do not appeal to Islamic business associations, nor to devout Muslim women. Even so, devout Muslim businesswomen

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[431] Mine Tuduk, 'Mahremiyet butonu (Confidentiality button)', *Radikal,* 22 June 2012, pp.6-7.
[432] 'MUSIAD Başkanı Ereğli Esnafını Gezdi (MUSIAD President pays a visit to the Eregli merchants)', *Eregli Haber.* Online. 10 June 2012. Available from http://www.kdzereglihaber.com/6818-2-6818-hdetay-1.htm
[433] 'Boyner: Kürtaj tartışması rencide edici (Boyner: Abortion debates are demeaning)', *Posta.* Online. 14 June 2012. Available from www.posta.com.tr/ekonomi/HaberDetay/Boyner__Kurtaj_tartismasi_rencide_edici.htm?ArticleID=125344.

employ familiar, indigenous and at times, Quranic references to oppose patriarchy and the mechanisms and structures through which Turkey's new, Muslim conservative power holders exercise discrimination against 'their women'.

Adverse labour market conditions for single mothers, married women, and women with caregiving responsibilities; widespread discrimination based on race, ethnicity, language, social class or physical appearance; persistent legal and extra legal obstacles to the wider recruitment and career development of women, and gender pay gap are found in Turkey and the headscarf ban is surely not the only nor the most serious obstacle to women's equality in economic participation. Equally, the AKP's attempts to control women's bodies and choices as mothers and caregivers are not the most immediate solutions to women's economic and social empowerment in Turkey. Finding employment does not warrant against living above the poverty line, especially for women and other vulnerable sections of Turkey's society.[434]More women than men seek and cannot find jobs and consequently lose all hope of ever finding employment in Turkey.[435] Most of the acts of discrimination experienced by headscarved women were not exclusively targeting headscarved women, per se, but were features of a system of inequalities that affected Turkey's minorities and disadvantaged communities as well. What Cindoğlu (2011) and Genç and Ilhan (2012) have shown, however, is that the headscarf, being a visible and easily detectable feature, immediately attracts public scorn and discrimination without any further exploration on part of the perpetrator of the grounds for which the unequal and discriminatory treatment may be reconsidered. It is an immediate disqualifier for secular and Muslim conservative sections of Turkey's society and the economic marginalization of Turkey's headscarved women continues despite the strengthening of a Muslim conservative business community in policy bargaining.

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[434] Ayşe Buğra (2010) Türkiye'de Eşitsizlikler: Kalıcı Eşitsizliklere Genel Bir Bakış, Boğaziçi Üniversitesi Sosyal Politika Forumu, Available from www.spf.boun.edu.tr/content_files/turkiyede%20esitsizlikler_spf.pdf

[435] Seyfettin Gürsel, Duygu Güner and Burak Darbaz (2009) ' Kadınlar Daha Uzun Süre İşsiz Kalıyor', Bahçeşehir Üniversitesi Ekonomik ve Toplumsal Araştırmalar Merkezi (BETAM) Araştırma Notu, No. 47, Istanbul: Bahçeşehir University, Available from http://betam.bahcesehir.edu.tr/tr/wp-content/uploads/2009/09/ArastirmaNotu0471.pdf

Chapter 7: Islam as the red herring or the proverbial foe in state-business relations in AKP-era Turkey

Against a backdrop of growing uncertainty and social unrest about the global business community's role in shaping international monetary, financial and social policies, this dissertation looks at the agents and structures in contemporary business-state relations via the analytical framework provided by interest group theories. Theories of interest group politics establish meaningful connections between interest groups – specifically business associations, chambers and peak associations – and state and society actors. By maintaining the primary focus of academic inquiry on the interest group and the individuals that are assembled by a shared interest, interest group theories observe the broader social, economic and political context within which the representation of interests does/ ought to occur. Following the trajectory set out by twentieth century interest group theorists, this dissertation established the importance of a fair, equitable and sound representation of business interests to a well functioning democracy and free market. In other words, better representation through business associations contributes to the institutionalization of democratic policy negotiations between multiple actors, and, by extension, to the development of democratic states. It was also argued that the processes of interest group representation, both in theory and practice, are in constant transformation and that the various features of corporatism, clientelism and pluralism combine to accommodate the contemporary changes in the structure and actors of policymaking and interest mediation.

This pattern of constant transformation coincides with the development across the globe of alternative channels of influencing governments and institutions. Political communication digitalized with the proliferation of smart phones, tablets, personal computers and other media through which connected individuals engage with and challenge the policy choices made by elected representatives, ministers, leading public servants such as police or military leaders, and local government officials. Global social movements such as the 'Occupy Wall Street' movement, organized against the inequalities perpetuated by the international financial system, the more recent 'Tahrir Square' protests, communicated passionately via the Twitter and Facebook accounts of young Egyptians, and the 2012 Gezi Park protests in Turkey – which are further discussed below– excited and convinced some analysts and scholars to speculate that

social media curbed the power of elites, pluralized policymaking and revolutionized traditional power relationships between the state and non-state actors.

Critics oppose these optimistic readings of a new, digitalized era of global politics on the grounds that (a) social media and other digital channels are yet to become available universally and therefore exclude millions, who have no connectivity or digital literacy, and that (b) traditional agents and structures of policymaking continue to dominate politics.[436] One case in point is the presidential campaign for Barack H. Obama. Obama has effectively garnered the votes of digitally-native Americans in the past two Presidential elections in the United States by utilizing state-of-the-art social communication tools in his campaigns. However, the Obama campaign was also impacted by the lobbying power of big American businesses and their monetary and ideational support to the presidential race.[437] Rahm Emmanuel, Obama's former White House Chief of Staff said, "the first third of your campaign is money, money, money. The second third is money, money, money. And the last third is votes, press, and money,"[438] to testify how central campaign donations and their donors are to electoral politics in the US.

From electoral politics to policymaking during term time, politicians continue to respond to and engage with established institutions, especially those representing large corporations around the world. Contemporary business associations, often organized around or embedded in networks, provide the impetus for attaining more representative and pluralistic interest mediation processes even as states strive to maintain elements of traditional, often corporatist, arrangements. Observations from business associations and their policy negotiations with states in Europe, North and South America demonstrate that established structures of interest representation - when tested by time, significant social and economic changes, internationalisation and globalisation - transform into hybrid structures. By extension, these hybrid structures bring together elements of pluralism, corporatism and occasionally of monism or clientelism.

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[436] Larsson, Anders (2013) 'Rejected bits of program code": why notions of "politics 2.0. Remain (Mostly) unfulfilled', *Journal of Information Technology & Politics*, vol. 10, No. 1, pp. 72–85; Loader, B. D. & D. Mercea (2012) 'Networking democracy? Social media innovations in participatory politics', in *Social Media and Democracy: Innovations in Partcipatory Politics*, eds B. D. Loader & D. Merca, Routledge, New York, pp. 1–10.; and Enli, Gunter and Hallvard Moe (2013) 'Social Media and Election Campaigns: Key tendencies and ways forward', Information, Communication & Society, Vol. 16, Issue 5, pp. 638-645.

[437] 'The Hill's 2012 Top Lobbyists' (2012) The Hill, Posted on 31 Nov 2012, Available from http://thehill.com/business-a-lobbying/264987-2012-top-lobbyists

[438] Druckman, Lee (2012) 'Why Money Still Matters?', Sunlight Foundation Blog, Posted on 15 Nov 2012, Available from http://sunlightfoundation.com/blog/2012/11/15/why-money-still-matters/

Another preoccupation of this dissertation was to establish what 'Islamic' means to the members, representatives and correspondents of business associations in Turkey, as well as in the broader Muslim world. In the first couple of chapters, this dissertation evaluated whether the label 'Islamic' is a meaningful qualifier to define a group of devout practising Muslim businesspeople, subscribed to a business association that operates according to often secular laws of the countries where they are registered. In countries like Turkey where the references to religion are dictated by authoritarian forms of state secularism, the choice to use the label 'Islamic' alone requires the business association to risk stigmatization and prosecution on moral and religious grounds by secular public bodies and governments. Therefore, I argue that under such circumstances, the fact that an association chooses to call itself 'Islamic' deserves some merit. At the same time, however, a discussion of Islamic economics and morality, offered in Chapters 2 and 3 demonstrate that even in Muslim-majority societies, members of 'Islamic' business associations may not follow a business discourse or adopt business practices that are completely sharia-compliant, i.e. carry our financial transactions via conventional banks and are bound by conventional taxation systems instead of a *zakat*-based redistribution of wealth. Aligned either by choice or by obligation with conventional and secular monetary and fiscal policies, members of Islamic business associations operate in such policy contexts without dropping their claim to the title, Islamic. Consequently, this dissertation concludes that 'Islamic' business associations claim varied conceptualizations of Islam and are willing and able to negotiate the terms of their faith with the policy actors and structures in the countries where they are registered or operational.

Islamic morality is quite crucial to Islamic business associations in Turkey, however, as they have endorsed Muslimness as a panacea to the corrupt business and political engagements of secular and established business elites of the 1980s and 1990s. Chapter 4 proves that business-state relations do not occur in an abstract political science laboratory, where business organizations only approach the state through various legitimate and transparent channels and across policymaking structures that are made available by the state. There is overwhelming evidence from Turkey to prove the existence of a deep state network, which includes prominent business people as members, and to show that corporatist/clientelist policymaking structures encourage deep state actors to build and maintain powerful links with policymakers. Thus, the advent of a new Muslim business elite and the entry into Turkey's associational

landscape of Islamic business associations held strong implications for either the crumbling or the perpetuation of amoral and crony power relationships between various business, security and state actors.

Business associations and the state in the Turkish twenty-first century

The findings presented here on Turkey's secular and Islamic business associations, which were founded in a corporatist fashion but later included pluralist elements and thus hybridized, add to a growing body of literature on the future of industrial relations, as global economic and political trends change the way business interacts with states, international governance mechanisms and communities. Since the business community that is being observed is Muslim and conservative, the contribution made by the dissertation also aims to deepen the grasp of state and business transformation in predominantly Muslim democracies. I found that state-business relations in Turkey have advanced remarkably since 1999. Ayşe Buğra's 1995 book on state-business relations serves as an excellent template to observe the social class values, cultural and religious identity and political affiliations of businessmen, constituting Turkey's diverse business communities. This dissertation begins where Ayşe Buğra left off, to explain who the nascent actors in Turkey's business-state relations are, what their roles have become and to what extent are business actors able to exert their influence. There is also another layer to the academic inquiry in this dissertation, which concerns the values and worldview of Turkey's Muslim conservative business champions and whether those values and worldview impact their policymaking.

Previous chapters established that business associations were regarded as the leading actors of Turkey's civil society, since the early years of marketization. The tradition of state corporatism dominated policy bargaining between state institutions, politicians and official and state-sanctioned associations. The leading business associations of TUSIAD and MUSIAD, and the umbrella organizations of TUSKON, TOBB, TIM and TISK, negotiated their communication with and proximity to the Turkish state, replacing its corrupt, politically unstable, securitized and largely secular infrastructure with democratic, pluralistic and professional organizations. Overall, these associations and organizations sought to preserve a smooth working relationship with the AKP, which consolidated its power over the Turkish state by flexing its economic muscle, and to support the government towards common goals of maintaining at least

6% annual economic growth, a stable and globalized financial market, a lively labour market and a balanced domestic budget. Though their motivations were dissimilar, secular and Islamic business associations backed Turkey's bid for EU membership as well as its plea for deeper engagement with international organizations, too. Both secular and Islamic business associations worked side by side in old and new policymaking bodies, including AKP-era ad-hoc commissions, therefore, different sections of Turkey's business community became well versed in cooperating for effective economic, commercial, financial policies.

It is useful to remember that Turkey's business associations target legislators, cabinet members, technocrats and public opinion leaders to exercise policy influence over (1) legal reforms, (2) public and private procurement and privatization processes, (3) administrative appointments and structural changes, (4) public discourse and mass (consumption) trends. However varied the motives and agendas of business associations may be, their communication with their target groups traces the following pattern: A policy position is formed at the top by the leadership of the association concerned, usually inspired by the ideological and political positioning of the association, rather than scientific or policy research.[439] The policy position is communicated to the target institution or group via a press statement, a written statement or an official/semi-official meeting with the pertinent parties (the government officials, the association leadership, etc.). Unofficial mechanisms, such as providing gifts, favours or other non-material incentives to the targets of the policy negotiation, operate throughout the policy bargaining process. At times, the extension of the concessions precedes the official engagement of the business association in the policy negotiation process. The greater the political, economic, social or other benefits to be accrued by the policy change, the more eager are the public officials and government representatives to recruit organizational support for the policy change – sometimes, the passing of a new reform package is a source of greater motivation than any private gains that might be expected by the government or public institutions.

This pattern survived the decade of legal, economic and structural reforms in the 2000s and present-day business associations continue to be pervaded by obstacles to the satisfactory integration of pluralism and to have democratic deficits. This is particularly evident in the way in which Turkey's Islamic business associations, i.e. TUSKON and

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[439] With the exception of TUSIAD and MUSIAD, both of which commission academic and scientific research to inform their policy positions.

MUSIAD, and pro-government peak associations, i.e. TOBB and TIM, have an exclusive communication with and a proximity to the top AKP leadership, which is not enjoyed by other interest groups. Erdoğan makes regular appearances on the annual conventions of these associations where the PM delivers critical political messages, along with his take on relevant economic policies. In leadership roles in Islamic associations and interest groups, future politicians thrive and either become AKP parliamentarians or assume significant roles in public service jobs. In the case of TOBB, especially, TOBB leadership and experts from TOBB-affiliated organizations are able to directly inform commercial, trade, customs and financial policies as technocrats in pertinent ministers or advisors to the Prime Minister's or the President's offices.

The Islamic business community's current proximity to the AKP leadership is the result of decades of struggle against similar 'foes': global market dynamics and systemic crises afflicting Turkey's fragile financial markets and real economy, a deeply securitized and corrupt political class and security elite, a corporatist system that concentrated capital and resources in the hands of a select few and a body of public servants that methodologically applied the state's recipes of secularism on devout Muslims.

The 1990s economic turmoil and crises hung over a society that was torn between the world of Washington Consensus neoliberalism and its anti. Fringe/smaller political parties, labour unions, associations and intelligentsia on the left identified their position as anti-neoliberalism. As such, anti-neoliberalism opposed Turkey's foreign trade, economic and diplomatic relations with particularly Western European and North American countries and markets, membership in and creditor-debtor relationship with the IMF and the World Bank, accession into the European Union, and any other larger associations with globalization and imperialism. Ercan and Oğuz claim that these maxims define the national-developmentalist vein in the majority of Turkey's organized labour and socialist politics. National-developmentalism, assumed by political parties such as Turkish Communist Party (*Türkiye Komünist Partisi*, TKP), Party of Labor (*Emek Partisi*, EMEP), Worker's Party (*İşçi Partisi*, IP), conceives of the Turkish state as 'an ally of labour against neoliberal globalization and imperialism.'[440] Left-leaning and nationalist labour union confederations that were revived in early to mid 1990s,

[440] Fuat Ercan and Sebnem Oguz (2007)' Rethinking Anti-Neoliberal Strategies Through the Perspective of Value-Theory: Insights from the Turkish Case', Science and Society, 71(2), 173-202.

following a decade of prohibitions after 12 September 1980, namely the confederations of public servants, KESK (left-leaning) and TÜRKİYE KAMU-SEN (right-leaning/nationalist), and the confederations of workers, DİSK (left-leaning) and TÜRK-İŞ (centre-left), followed the national-developmentalist trend and positioned themselves against the invasion of Turkey's markets, resources and territorial, national and cultural integrity by global forces. Thus, a coalition of opposing corporatist institutions ossified around the ideal of a 'developmental state',[441] which defied mainstream economic theory in favour of the interests of civil servants and public sector workers.

Meanwhile, and not unlike just before 12 September 1980 coup, which was explored in Chapter 3, the military hierarchy also objected to domestic and international pressures Turkey faced in the wake of the banking crisis. Pragmatists among Turkey's business community and politicians who trusted Turkey's economic recovery with Kemal Derviş, a seasoned international bureaucrat, tolerated the Washington Consensus rescue model and the Copenhagen and Maastricht criteria. The carrots offered to Turkey's business elite by IMF, World Bank and the EU were better financial and economic management, loans to support rotting markets, smaller state and larger private enterprise, and gradual commercial, political and social engagement with Europe. Conversely, Turkish security sector elite, who sought to maintain semi-authoritarianism, was threatened by accountability, austerity, and foreign involvement in Turkey's public administration. Their objection to deeper engagement with Europe emanated from economic, industrial, agricultural and financial considerations, however, the source of almost an instant aversion to Europe was ideological: Europe respected human rights and democracy and (yet) it harboured Turkey's archenemies, namely the Kurdish diaspora, Kurdish politicians in exile, PKK leadership, and Muslim conservative politicians, émigrés, and extremists.[442]

More significantly, Turkey's left-leaning political parties and interest groups adopt the discourse of isolationism and patriotism, which is usually associated with Turkey's right-wing nationalism. In other words, these confederations occasionally downplayed class-based considerations and in their stead, emphasized the integrity and sanctity of Turkey's human and natural resources. Unions' messages of anti-

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[441] Chalmers A. Johnson (1982) *MITI and the Japanese Miracle*, Stanford: Stanford University Press.
[442] Ömer Taşpınar (2008) 'Between Neo Ottomanism and Kemalism'*, Carnegie Papers*, Number 10, Sep 2008.

Europeanism, anti-globalization and anti-privatization resonated with disgruntled sections of society and business community that lost to globalization and intense liberalization/marketization. Several episodes of direct confrontation between various business interest groups, governments and left-leaning confederations occurred during the 1990s and early 2000s. These two decades also witnessed strikes, marches, sit-ins and other instances when organized workers movements publicly challenged authorities, including members of international financial community. Some of the strongest messages against neoliberalism and Europeanization, perceived by leftists as a euphemism for global imperialism, were voiced against international financial organizations and foreign companies looking to invest into Turkey.

While Turkey's large, established and leftist workers union confederations were once members of a strong anti-privatization coalition, Turkey's policymakers, economic and financial administrators, public sector managers, and business associations and unions representing private sector employers were not entirely convinced that radical/aggressive privatization was the only way forward for public sector corporations. Entertaining alternative paths to public sector reform did not, however, prevent the gradual application of large-scale privatization in late 1990s and throughout the 2000s.

Even though the coalition of centre right, nationalist and Muslim conservative politicians assisted the development Islamic business and finance before 2000s, it took three terms of the AKP rule to democratize and widen the reach of business and state actors in the periphery/ in the middle-to-lower rungs of the state machinery to accrue power and profits. Until after 2007 elections, pious conservative Muslims were not fully integrated in the corporatist-clientelist forms of policymaking and interest mediation. These structures were still occupied by actors who were either secular or implicit about their piety. By 2012, most if not all of Turkey's business-state relations are dominated by Turkey's Muslim capitalists.

A recent and fundamental challenge to the AKP's claims of democratic policymaking: the Gezi Park movement

Over the summer of 2013, Istanbul staged Turkey's largest public protests in the AKP era. Better known as the 'Gezi Park' protests, the civil resistance movement engulfed multiple sections of Turkey's society, including devout Muslims, Gülen-loyalists, some of Turkey's 'liberal' journalists and public intellectuals that have long

supported the AKP, and older, otherwise apolitical and conformist middle class urban Turks. Business associations, whether their membership constituted conservative, devout Muslims or modern, secular, establishment elites, avoided publicly commenting on the disproportionate use of force by the law enforcement units in Istanbul, Ankara, Izmir, Eskişehir, Hatay, and Adana, which has left seven minors dead and several hundred injured. Prompted by a local exercise of civil and social rights against the planned demolition of a public park in Taksim, the Gezi Park protests escalated to a national civic activism movement against the indifference and defiance of the AKP leadership to the excessive use of police force and subsequent unlawful arrests and detentions across Turkey.

The Gezi Park movement and its reception by the business community in Turkey provide food for thought on this dissertation's main preoccupation: In times of critical social and economic transformation, how does the Islamic business community react, when compared to the secular business community? What sort of policy reflexes do Islamic business associations have? The previous couple of case study chapters have demonstrated that Islamic business associations reveal their true colours when the focus of the policy bargaining shifts from economic and financial policies – since ideological or cultural differences barely matter in a business environment inhabited by liberal capitalists – to culturally, politically and socially significant policies on gender and media. Hence, as an internationally-acclaimed and popular citizens' movement, the Gezi Park movement attracted the attention and criticism of all sections of Turkey's business community and unveiled the sentiments that conservative Muslim and secular businesspeople held towards democracy, freedom of assembly and speech, authoritarianism and the AKP's handling of popular dissent.

Interpreted by the AKP as a Republican/deep-state conspiracy to undermine the legitimacy and success of Turkey's Muslim democrats, the public protests that spanned several Turkish cities roused anger and resentment among many sections of Turkey's government and public institutions. PM Erdoğan was the most vocal and ardent critic of the protests and in turn attracted the majority of the scorn, mockery and dissent of the protestors. Crucially, cabinet members such as the EU Minister Bağış firmly supported the government's argument that the Gezi Park movement was a coordinated effort by the opposition and 'foreign powers' to topple the AKP and pull Turkey into chaos. Bağış acclaimed his government for having advanced democratization in Turkey to allow the innocent, free and democratic voices of the Gezi Park, however few they may

be, to be heard.[443] The government's refusal to assign political significance to the demands made by the protestors and the protestors' failure to engage in a meaningful and organized dialogue with the government – especially as part of a reconciliatory dialogue attempt by Erdoğan with the Taksim Solidarity Platform members and a follow up meeting with artists, journalists and public opinion leaders- pushed the multiple sides of the conflict into a deadlock.

Turkey's business community was taken aback by the fast disintegration of Turkey's financial and cultural capital Istanbul and other major industrial cities into stages of everyday violence. Erdoğan and his government ministers' hardliner approach, coupled with the uncertainty about the potential outcome of the months of public protests and quotidian police violence, confused Turkey's businesspeople and leading business associations about whether to formulate and articulate their opinions on the Gezi movement. In June 2013, TOBB published an announcement on the behalf of the chambers and other civil society organizations with which it drafted the public statement, calling on a peaceful and democratic end to the Gezi protests. The public announcement claimed that though the movement was triggered by civilians and environments, who meant well and were only concerned with preserving nature (referring to the trees in the Gezi Park), it was quickly engulfed by 'marginalized groups' that politicized and securitized a civilian movement. TOBB declaration matched the public statements made by members of the AKP government and was a clear sign that the business community sought a comfortable distance from a heated political conflict and wanted an end to street protests. There was unanimous agreement that the protests damaged Turkey's reputation and jeopardized the business ventures of Istanbul's shop owners, artisans, and service sector companies.[444]

A handful of businesspeople, on the other hand, were quick to respond to the Gezi movement by condemning the police violence and the reluctance of the AKP government to cease its law enforcement units' confrontation with civilians. Chief among them was the Koç family. The Koç Group's Divan Hotel opened its doors and showed utmost hospitality to groups of women, children and young people who had escaped tear gas and water cannons at the Elmadağ exit of the Gezi Park. Divan Hotel's

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[443] 'Turkish minister talks democracy in letter to New York Times' *Today's Zaman.* Online. 30 Jul 2013. Available from http://www.todayszaman.com/news-322234-turkish-minister-talks-democracy-in-letter-to-new-york-times.html

[444] 'TOBB'dan "Gezi Parkı açıklaması" (TOBB's Gezi Park opinion)' *Hürriyet Ekonomi*, Online. 7 June 2013. Available from http://www.hurriyet.com.tr/ekonomi/23445815.asp

institutional backing of the Gezi movement was shared – behind the scenes – by members of the Koç family and executives of the Koç Holding.

After domestic and international news outlets broadcast scenes from the Divan Hotel's lobby and meeting rooms, turned into makeshift emergency care centres for people suffering from exposure to excessive tear gas, an infuriated Erdoğan lashed into the Koç family, declaring them… Subsequently one early morning in May 2013, a delegation of tax authorities from the Ministry of Finance accompanied by about twenty police officers raided Turkey's largest publicly traded company, the oil and energy giant TÜPRAŞ in Kocaeli. Minister of Finance, Mehmet Şimşek, declared that the raid was carried out as part of a routine check; however, the Energy Market Regulatory Authority (*Enerji Piyasaları Düzenleme Kurulu*, EPDK) announced that no routine check was scheduled and the arrival of the tax authorities was unexpected for TÜPRAŞ.[445] TÜPRAŞ executives and the Koç family declined to comment on the timing and abruptness of the raid and only confirmed to the media their compliance with the tax authorities.

Mehmet Boydak, President of the Kayseri Chamber of Industry (*Kayseri Sanayi Odası*, KAYSO), released a statement three days after the TÜPRAŞ raid to support the Koç family and to warn the AKP government not to authorize an unfair and McCarthyist cull of the pro-Gezi businesses. Highlighting the importance of the Koç Group to the Turkish economy, Boydak reminded the AKP government and the public that the fresh memory of the 28 February 1997 coup and its aftermath ought to urge democratic-minded leaders not to divide the business community into two subjective camps of AKP opponents and supporters and to penalize the latter.[446] Boydak presides over a chamber that represents Turkey's powerhouses, industrial and agribusiness giants that represent Turkey's Muslim conservative Anatolian tigers. His family has been an ardent supporter of the AKP and as the previous sections have shown, Boydak was prepared to make concessions to back AKP's economic policies under very difficult financial circumstances. Only a month before his July statement in support of the Koç Group, Boydak backed the TOBB statement as a fully representative and authoritative

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[445] 'TÜPRAŞ'a şok baskın (A surprise raid on TÜPRAŞ') Milliyet. Online. 24 July 2013. Available from http://ekonomi.milliyet.com.tr/tupras-a-sok-baskin/ekonomi/detay/1741160/default.htm
[446] 'Boydak'tan TÜPRAŞ çıkışı: 28 Şubat'taki hatayı tekrarlamayalım' (Boydak's TÜPRAŞ comment: Let us not repeat the same mistakes we made on February 28 1997)', T24. Online. 27 July 2013. Available from http://t24.com.tr/haber/boydaktan-tupras-cikisi-28-subattaki-hatayi-yapmayalim/235423

indicator of how the Turkish business community viewed the Gezi Park events.[447] So what turned a powerful businessman and a long-time ally of the AKP from remaining quiet and reticent about a political debate?

Before attempting to answer this crucial question, it is useful to remember that TUSIAD assumed a position similar to the TOBB position with regard to the Gezi Park movement. TUSIAD Chair Muammer Yılmaz called on the authorities to opt for open and transparent dialogue with the relevant stakeholders instead of resorting to non-peaceful methods. This short statement was released within the first week of violence in Istanbul.[448]After the TÜPRAŞ tax raid, TUSIAD did not officially declare its solidarity with its most influential and oldest member, the Koç family. The political pressure on the Koç Group in fact served to reduce TUSIAD and its member businesses to a state of silent submission to Erdoğan's unquestioned authority. The members of the Koç family criticized this submissive state heavily during closed-door meetings held by TUSIAD top leadership.[449]However, publicly, the Koç family accepted PM Erdoğan's rebuke and the consequences attached and joined the rest of the business community in an open call to return Turkey to its peaceful and solid track of growth.[450]

In terms of personal wealth, business clout and international recognition Mustafa Koç outweighs KAYSO Chair Mehmet Boydak. However, Boydak outcompetes Koç in attempting to keep the authoritarian tendencies of the AKP in check. Boydak, speaking as the president of a semi-public business interest group, the Kayseri Chamber of Industry, raises public awareness on a crucial dimension of Erdoğan's assault on business-state relations in Turkey: the PM's disregard for the strides that Turkey's business-state relations have taken towards democracy and pluralism. Boydak notes that a divided business community would ultimately harm everyone, including Erdoğan and the Islamic elite that emerged under his leadership.

Meanwhile, TUSIAD and the individual members of Turkey's secular, old business elite are cowed by the AKP's impending authoritarianism. Opting for self-censorship has not delivered the results that the secular elite or businesses that expect

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[447] 'Boydak: Taksim olayları aile içi mesele' (Boydak: The events in Taksim concern us, the family of Turks, only)', Zaman. 29 June 2013. Online. Available from http://www.zaman.com.tr/ekonomi_boydak-taksim-olaylari-aile-ici-mesele_2105586.html

[448] 'TUSIAD'dan Gezi Parkı açıklaması (TUSIAD's Gezi Park comment)', *Hurriyet Ekonomi*. Online. 1 June 2013. Available from http://www.hurriyet.com.tr/ekonomi/23414830.asp

[449] The author wishes to note that the source of this information is confidential.

[450] ' Mustafa Koç Gezi Parkı ile sessizliğini bozdu (Mustafa Koç breaks his silence about Gezi Park)', Samanyolu Haber. Online. 18 Sep 2013. Available from http://www.samanyoluhaber.com/politika/Mustafa-Koc-Gezi-Parki-ile-sessizligini-bozdu/1027457/

favours from Erdoğan's AKP expected, however. The Doğuş Group's media division, with its flagship news channel NTV, was publicly disparaged for failing to offer a transparent and full coverage of the Gezi Park events. Doğuş Group's restaurants, entertainment companies, media companies and commercial bank, Garanti Bank, were boycotted by thousands of Gezi Park supporters. President of the Doğuş Group, Ferit Şahenk, was reputed to have ordered a coverage freeze of the Gezi Park, hoping to please the Prime Minister, and instead news channels aired documentaries and other content unrelated to the public protests. Erdoğan responded harshly by accusing Doğuş Media Group with deliberately censoring Gezi Park protests by airing ridiculous content, thereby encouraging the public to realize the government's irreverence towards a citizens' movement. Self-censorship backfired on Şahenk and the Doğuş Media Group was unable to appeal neither to the government nor to the supporters of Gezi movement.

In short, the Gezi Park movement unravelled the democratic potential of Turkey's secular and Islamic business associations and the communities they represent. Broadly, the business community chose to remain non-aligned in a politically contested movement, which some commentators have justifiably called a bourgeois revolution for the overwhelming presence of affluent urban Turks among the ranks of protestors in Istanbul and other major cities. The movement was also championed as a democratic and secular revolution in international media, primarily in the prestigious media outlets of the New York Times, the Guardian, CNN International and BBC, and this message, cheered by the main opposition CHP, was an outright offense against Turkey's Islamic capitalists, who were not secular or West centric. The way Gezi movement was received internationally (as a liberation movement against a Muslim oppressor, Erdoğan) galvanized nationalistic impulses among not only public servants and the AKP leadership but also the powerful and globally aware Muslim capitalists. Though the business community strategically avoided taking sides on the Gezi movement, secular business elites were particularly wary of being associated with the protestors and more importantly, with the prosecution their businesses were likely to face afterwards. Inevitably, secular businesspeople were associated with the secular and urban protestors chanting against the police barricades in Istanbul, Izmir, Ankara and Hatay.

Muslim conservative businessmen and Turkey's powerful associations were better placed to remain nonpartisan and nonaligned during the Gezi resistance. However, they were also able to raise critical voices – as Boydak did – from within the Muslim conservative community. Boydak's comments were testament to the democratic

potential that Turkey's globalized Muslims have. Etyen Mahçupyan referred to the natural fit between global and democratic attitudes and piety in Turkey on countless occasions:

> It was possible to continue to be religious and even improve religiosity while heading toward democracy, which could be defined as a "supra-identity" reference, which Westerners had failed to stick to and improve on although they had originally developed it. Given the fact that in a global world, democracy would spread on a global scale, there was nothing more natural than Turkey cooperating with the West and creating the future world in tandem with the West.[451]

Mahçupyan's faith in the democratizing potential of Turkey's Muslim conservative elite emanates from two truths that this dissertation has so far shown: Turkey's secular business elites have been reluctant democrats and shied away from questioning the state thoroughly and broadening the space for democratic dialogue between the state and society. Furthermore, Turkey's mainstream political Islamic movements were ready to deconstruct the authoritarian elements of the state since the members of these movements had been oppressed by the authoritarianism and corporatism/clientelism of the Republican state. Previous chapters alluded to the Welfare Party's pledge to solve the Kurdish Question by altering the traditional national security approach and to the AKP's execution of a 'democratic Kurdish opening', however limited its results may have been. A democratic solution to the Kurdish conflict demanded the security sector organizations, i.e. the state elite, to cooperate with a governing elite on a democratic solution and to consider breaking up existing coalitions between the military, big business and politicians.[452] Broadly speaking, Turkey's Muslim conservative businesspeople were on board with realizing a democratic roadmap to resolve the political, social and cultural deadlock between the Turkish state and Turkey's Kurdish community.

Wherefore art thou *not reforming*, TUSIAD?

TUSIAD fights an existential battle, without a pleasant and promising end in sight. It is still a very significant organization for a privileged group of business elites, politicians, media figures and international spectators for two reasons: TUSIAD continues to represent a large chunk of Turkey's powerful businesses, which boast

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[451] Etyen Mahçupyan (2011) 'Turning points for Turkey's religious people' *Today's Zaman*. Online. 17 Nov 2011. Available from http://www.todayszaman.com/columnist-263098-turning-points-for-turkeys-religious-people.html

[452] Yılmaz Ensaroğlu and Dilek Kurban (2010) *Toward a solution to the Kurdish Question*, Istanbul: TESEV Publications.

highly-developed corporate structures, extensive access to the global markets and highly skilled professional workforces. TUSIAD taps into the potential of these powerful companies and their working professionals to expand and advance its services to its members and to offer opportunities for building their members' social capital. For instance, TUSIAD leads the Turkey businesses' adoption of a sustainability agenda, facilitates its members' engagement with international sustainability initiatives, such as the UN Global Compact, the Climate Change Convention. Sustainability in and through business is a globally significant trend and only TUSIAD is able to pursue this trend on behalf of its members, so far.

Secondly, the presence of TUSIAD in an associational landscape that is dominated by new, Islamic actors is crucial to maintain a plural policymaking environment for businesses in Turkey. TUSIAD members, Turkey's top industrialists, consultants, service sector companies, still control most of the industrial and financial capital in Turkey. This economic muscle provides TUSIAD with the ability to assume a leading voice in Turkey's civil society and its opinions echo farther and wider than economic, industrial and trade policies. TUSIAD is a political actor and occupies a significant space in Turkey's political scene. TUSIAD is the secular democratic contingent in Turkey's increasingly Islamic business landscape.

Prime Minister Erdoğan publicly threatened TUSIAD in 2010 with the words: 'Those [business associations] that do not side with us will be cast out'. TUSIAD has refrained from taking sides on the eve of the 12 September 2010 referendum, according to Erdoğan who had demanded from TUSIAD, as well as from TOBB, to speak in support of the constitutional reform package that was to be voted on. TUSIAD released a public statement in response to Erdoğan's outcry against the democratic sentiments of the business association. In the public statement, TUSIAD reaffirmed its commitment to Turkey's democratization process, including the path to drafting a new, civilian constitution and its respect for the will of the people. It added, however, that the referendum ought not to have been politicized.[453]

The offensive on TUSIAD does not stop with the Prime Minister's occasional attempts to silence the business association. As mentioned in Chapter 4, pro-AKP business leaders such as Ethem Sancak announce their interest to take over and reform TUSIAD. Before the AKP consolidated its power through a constitutional referendum

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[453] 'TUSIAD'a uyarı: Bertaraf olursunuz (A warning to TUSIAD: You will be cast out)', *Radikal*. Online. 18 Aug 2010. Available from www.radikal.com.tr/politika/tusiada_uyari_bertaraf_olursunuz-1014192.

in September 2010, business leaders known for their proximity to Erdoğan and the AKP were not vocally against the institutional makeup of TUSIAD. They had accepted TUSIAD as the home of secular business elites and that Muslim conservative businesses had been turned down at TUSIAD gates in the past for not complying with the high standards of this exclusive association.[454]By 2012, powerful Muslim conservative businessmen, who have a history of working closely with secular business elites, are able to publicly announce their plans to reform TUSIAD into a more liberal, democratic and pro-Muslim business association.

What options does TUSIAD have? There are three possible scenarios for TUSIAD in the next decade until /if the AKP's vision 2023 for the Republic's centennial is realized. The first scenario spells TUSIAD's gradual decline into a smaller and ineffective organization. Businesses may leave TUSIAD to move onto more effective business interest groups that would ensure their proximity to the government.

Secondly, TUSIAD may be reinvented as a pro-Muslim democracy business hub that competes with MUSIAD and TUSKON affiliated organizations for access to policy circles to which its prospective Muslim conservative member businesses already have. This scenario is the most likely if Ethem Sancak is serious about his intentions to colonize TUSIAD.

Third and the least likely but the most desirable path for TUSIAD would be for TUSIAD to orchestrate its own democratization process. This is the least likely scenario because TUSIAD members have a history of rejecting change. İshak Alaton remembers a previous existential crisis that TUSIAD experienced in late 1990s, when a democratization attempt, culminated in a report by Bülent Tanör, was stymied by the overwhelming majority of TUSIAD members. Strong businesses that wanted to maintain status quo and elitism within the organization. Alaton was among a handful of members that backed the Tanör Report and the idea of a democratic, liberal, pluralistic and more open TUSIAD, which would have opened its doors to the blossoming Anatolian Muslim capital.[455] Though the three-year term of Ümit Boyner created the impression of a more effective and democratizing TUSIAD, the following term of

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[454] Columnist Süleyman Yaşar writes that Abdulkadir Konukoğlu of the industrial giant Sanko in Gaziantep alleged that his businesses had been denied membership to TUSIAD in the 1990s. Süleyman Yaşar (2009) 'TUSIAD'a ihtiyacımız yok (We do not need TUSIAD)', *Taraf*. Online. 24 Mar 2009, Available from http://www.taraf.com.tr/makale/4658.htm.

[455] Songül Hatırasu (2011) 'İshak Alaton: TÜSİAD Türkiye'ye 13 Yıl Kaybettirdi', *Milliyet*, Online. 7 February 2011. Available from www.milliyet.com.tr/Yazdir.aspx?aType=HaberDetayPrint&ArticleID=1349170.

Muharrem Yılmaz disappointed those who waited on TUSIAD to catch up with the larger democratizing trends that sweep Turkey, both in the secular and the Islamic space.

Concluding remarks on the bumpy road ahead for Turkey's business associations and the communities they represent

Is there a clear and present danger posed by the Islamic character Turkey's powerful business elites and their associations? Or is Islam the red herring in the debate on Turkey's contemporary business-state relations? Not unlike the 1990s, Turkey in the 2010s inspire security experts, international commentators and Turkey's secular and left-leaning analysts to concoct conspiracy theories of the imminence of Islamic fundamentalism or sharia rule. Islam had always been the proverbial foe in Turkey. Evidence to back this scenario comes from current events in the Middle East and North Africa where populist parties with strong Islamist tendencies overtook secular regimes. Hudson Institute, for one, detects the onset of a pernicious Islamist agenda to overturn the secular democracy in Turkey in the foreign and domestic policy moves of the AKP. Hudson draws this conclusion from its assessment of the political restructuring process in Egypt, after the 2011 revolution and toppling of Mubarak was conducted by the Muslim Brotherhood in collaboration with social and political groups of secular or non-Muslim convictions. Identified as 'hybridization' under the roof of the New Center Party, this initial stage of democratic political development in Egypt is observed internationally as a test case of whether political Islam and democratic consolidation are compatible. A pessimistic reading of Egypt's hybrid political scene in the aftermath of the revolution expects the Muslim Brotherhood to persist more rigorously to side-line other social and political groups in order to enact its political Islamist agenda. Alternatively, the post-Tahrir hybridization stage curtails the Islamist agenda that the Brotherhood allegedly has and serves as a preamble to a more pluralist political system in Egypt. An analyst at the Hudson Institute discredits such an optimistic reading of the Morsi's term in power and cautions against 'hybridity operating to reclaim non-committed or disillusioned populations for Islamism.'[456]

Obviously, Turkey's democratization experiment was critically shaped by the forces of globalization, which encouraged the development of what has been idealized

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[456] Hassan Mneimneh 'The Turkish Model in Arab Islamism: Rejection or Emulation?' In Hillel Fradkin et. al. (Eds) *Current Trends in Islamist Ideology* Vol 11, Hudson Institute, Washington D.C., 2011, p.21.

as a "Muslim awakening" in Turkey. Turkey's experimentation with Islam, economic liberalism and democracy galvanized a significant social awakening, among the ranks of secular and pious Muslim middle classes. Islamic transnational networks that emerged out of Turkey, particularly the Gülen Movement, fuelled the development and broadening of a democratic mindset among Turkey's Muslim communities and forced state institutions out of their rigid formulations of power, authority and sovereignty. Muslim conservative businesspeople built on intricate/clientelist relationships with politicians, bureaucrats, public and private sector actors via existing religious, cultural and social networks to penetrate into the hostile and defensive secular elite. Economic, social and political changes on a global scale affected the inner workings of Turkish state corporatism and broke down some of those (loose or institutionalized) coalitions of power between businesspeople, security sector and criminal organizations, state agencies and politicians. Ultimately, Turkey became a safer and more permissible place for Islamic businesspeople.

As effective the global context may have been on Turkey's corporatism, the breakdown of traditional coalitions has been precipitated by the strengthening of domestic political actors, chiefly the AKP. The Islamic movement in Turkey gradually and strategically mobilized support for cultural and social change. Cihan Tuğal argues that the Turkish Islamic movement chose to mobilize in the realms of Turkey's society and culture because its primary focus was to win the hearts and minds of Turkey's communities to support an Islamist agenda. Coerced away from the realms of the state and its security sector, Islamists chose instead to slowly and at a grassroots level transform secular cultural and economic practices and according to Tuğal, this was a pragmatic choice.[457] Assuming Tuğal's analysis is up to the mark, then the years of investment that Turkey's security sector organizations have made in assessing and trying to uproot Islamic fundamentalism have been in vain. In fact, as the discussions in Chapters 3 and 4 show, the strategies employed by Turkey's military-deep state emboldened Turkey's politically and economically motivated Muslims to form the AKP brand of moderate Islamic politics and encouraged new generations of political Islamists to respond in kind or equally to the Republican, secular and nationalist state elite.

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[457] Cihan Tuğal (2009) "Transforming everyday life: Islamism and social movement theory", *Theory and Society*, 38: 423–458.

The prevalence of Muslim conservative actors in Turkey's society, culture, politics and economy, as observed via Islamic business associations in this dissertation, do not pose a clear and imminent threat to the regime for two key reasons: Muslim conservative businessmen are pragmatists, who recognize and respond to domestic *and* transnational social, economic and political dynamics. Also, their religious affiliation is exaggerated to the extent that their Muslimness became a red herring, diverting the attention of spectators and analysts from the real problem with Turkey's democratization and marketization process: the lethargy of the government to implement institutional reforms that would bring about a plural, transparent and accountable policymaking environment.

The piety and conservatism of Turkey's Muslim capitalists have been softened down by capitalistic impulses and market incentives. Turkey's Islamic business associations possess the democratic potential that Mahçupyan and others have alluded to. The headscarf issue is an excellent case in point: Though the liberation of the headscarf and the entry of headscarved women into the workforce has moral significance to all Muslims, including the Muslim conservative business elites, they have not confronted the Turkish state or the AKP for not lifting the headscarf ban until 2012. Very generally, Islamic business associations did not volunteer to rise to the defence of headscarved women's rights in the job market and did not work to promote the engagement of headscarved businesswomen or professionals in the business interest groups and the business community in Turkey. Slowly and gradually, the stigma on promoting headscarved members and staff lifts and Islamic business associations and their member companies are revisiting their discriminatory practices against headscarved women. Though the human rights abuses conducted for many years have not yet been undone, several companies' policies towards erasing the legacy of a headscarf ban are hopeful and inspiring. With the increase in the public visibility of headscarved women and the increase in the number of headscarved women in the labour market, especially in professional jobs usually filled by secular men and women, Muslim capitalists expect a painless and non-confrontational solution to the headscarf problem.

The portrait of a Muslim conservative elite taking the peaceful and consensual road to tackle some of its deep-seated problems with the Turkish state tells only half the story of contemporary business-state relations in Turkey. There are at the very least two discursive sides or camps, the secular and Islamic, in Turkey's business community,

according to those actors who fill the ranks of secular voluntary associations and to the broader public opinion. The language of appeasement insinuates the existence of a much-dreaded but obvious divide in Turkey's civil society or more alarmingly in Turkey's middle class. The old bourgeoisie no longer feels secure in its access to public and private resources and this creeping sense of insecurity is justified in the vendetta that Erdoğan pursues against some of Turkey's oldest business families. Their fears may not be allayed until Turkey's institutions complete their democratic consolidation process and the popular AKP government ceases to undermine the fundamental legal, constitutional and institutional mechanisms through which citizens and interest groups may check and balance political power.

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