

THE ROLE OF THE STATE IN THE BIRTH OF THE
NATIONAL BOURGEOISIE, ITS STRENGTHENING
AND THE EMERGENCE OF ITS STRATA INTERESTS
AND CONFLICTS OF INTERESTS IN TURKEY IN
THE 20TH CENTURY

by

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In Europe

(The process of the original accumulation of capital, the process that is not the product but the starting point of capitalist production relations, was more or less completed in the European centres by the beginning of the 19th century. In contrast, at the beginning of the 20th century, on the eve of the Ataturk revolution, this process had not even begun in the disintegrating Ottoman empire.

Of the three traditional classes in Oriental despotic societies - the financial, fed by domestic ^{plunder,} ~~exploitation~~ the military, fed by ^{foreign} ~~domestic~~ plunder and thirdly, the organization of public works and the state guidance of productive activity, that is, ensuring reproduction - only the first two, domestic and foreign plunder, came into being.

The general backwardness was inherent in the specific military structure of the Ottoman empire, but it was primarily economic in nature. The relative stagnation of the productive forces was rooted in the empire's unique system of private ownership - a kind of private ownership of land that had undergone different modi-

fications in the course of history, ranging from predominantly monopolistic ownership by the sultan right up to the emergence of de facto private ownership - but in the different stages of its transformation this system acted ~~rather~~ to impede rather than to encourage the development of the productive forces.

Foreign plunder, the great campaigns of plunder in the Balkans, Asia Minor and North Africa greatly enriched the sultan's coffers. At the same time, it also led to the enrichment of the upper military stratum. However, the plundered treasures were generally only accumulated or used in a parasitic way. The antediluvian, that is, the pre-capitalist form of capital, ^{commercial} merchant capital, arose only in sporadic form. But under the conditions of the Ottoman empire this capital did not become the precursor of modern industrial capital either and did not penetrate into the productive sphere until the beginning of the 20th century and even then only to a modest extent.

The main productive activity in the Ottoman empire was conducted in agriculture and in the urban handicrafts industry. However, in the course of the classical period, the centralized official structure exercised guidance and strict supervision in these two spheres: in agriculture it was able to achieve this through the system of ^{timar estates} ~~tannars~~, and in the handicrafts industry through

control of the urban craftsmen grouped in/guilds, the

The system of timar estates, the emergence of which can be traced from the 15th century still appeared to be suitable for preventing the concentration of private ownership on a scale that would have led to the concentration of power. In the course of the classical times the holders of the timar estates still acted as the local representatives of the centralized state. And precisely in the interest of maintaining the integrity of the system, a reliable link had to exist between the strong centralized state power and the local power.

However, from the 17th century we can see the gradual disappearance of the rules that largely assisted the state guidance of productive activity. Above all, the empire ~~sixth~~ ceased to expand and later, in the course of the 17th century, it even contracted. Subsequently the silver and gold that flooded the Ottoman markets caused a price revolution, making the financial position of the state even more uncertain. Finally, the diversion of trade routes from the Mediterranean to the Atlantic zone meant an enormous loss for the treasury.

All these factors contributed to no small extent to the beginning of the erosion of the social and economic system and the timar estate system was also gradually transformed: the concentration of land in private

hands began on the one hand and on the other hand the oppression of the direct producers, not least of all as a result of the taxes imposed to make up for the loss of state incomes, and the plunder of the property of the working peasantry.

From the 17th century the action of numerous factors resulted in the decline of the organization and activity of the Ottoman guilds. However, it must be stressed that from the 18th century, with the end of state control over the guilds, although a wider scope for action was opened up for the guilds production proved incapable of keeping pace with foreign competition as the Ottoman market opened up at the same time under external pressure, that is, unconditionally.

By the 17th to 18th centuries even the Ottoman empire's state monopoly of the manufacture of weapons gradually shrank. The state factories based on forced labour had always produced for state orders, for a monopolized market where the products did not appear as a market commodity in the classical sense of political economics since their prices were not determined by the law of supply and demand. The factories withered together with the decline of the military power of the Ottoman empire and - to use the terminology of modern peace research - their armaments industry production in this way could

not be converted into "civilian production" and could not become the forerunner of modern industrial production, of the emergence of industrial capital.

The strength of the Ottoman empire was based to a large extent on its military power. Its golden age, the period of the major military campaigns, coincided with the age of European feudalism. Despite this, social development in the European centres and in its south-eastern periphery did not occur simultaneously and did not take the same direction. While feudal absolutism strengthened in Europe, the Ottoman empire began to decline, not least of all as a consequence of the former process.

The emergence of the productive forces and, in conjunction with this, the early bourgeois social transformation occurred on the one side in Europe and, parallel with it, on the other side in the empire the economic stagnation and traditional social structure were conserved. All this led to a gradually widening of the difference that already existed between the levels of development.

The economic backwardness soon had military consequences. The empire gradually lost the territories it had gained or brought under its control. The increasingly costly warfare had to be financed from the country's existing or potential sources of accumulation. This left very little scope for the encouragement of product-

ive activity and the accumulation of capital.

The emergence of capitalism in Europe sealed the fate of the Ottoman empire and closed the path of its conquests for good. This meant the depletion of the important source that had fed Turkish economic and political power.

The general military defeat that, in the final analysis, was rooted in the economic backwardness, finally inevitably led to the collapse of the feudal-type socio-economic system that had taken shape in the Ottoman empire, without it having produced the viable seeds of capitalism.

Thus the process of original capital accumulation did not actually begin until after 1923, following the victory of the Ataturk revolution. The capitalist ^{super-}infrastructure was created after the Ataturk revolution and it was one of the most essential socio-economic characteristics of the revolution that it created the institutional framework that made possible the emergence of capitalist production relations.

In this way the revolution differed from the classical European development in that it did not represent the political conclusion of the process of the emergence of capitalist production relations but, on the contrary, ^{it was} (the starting point for the creation of capitalist production relations.

As a result, in Turkey the classical process of the original accumulation of capital occurred with substantial modifications. Since the prevailing capital forms were largely pre-capitalist in nature - which ensured exploitation by capital without creating capitalist production relations - and since its transformation into and incorporation into the specific military structure/ industrial capital was not possible within the framework of the given feudal-absolutist power and social system, the essential features of original capital accumulation were able to arise only sporadically: the existing production relations largely withered without being transformed. The plunder of the means of production from the direct producers took place only very gradually, in a long and painful process of impoverishment and stagnation, without giving birth to the proletariat as a social phenomenon or without passing the means of production into the hands of a modern entrepreneurial stratum. Thus the prior condition for original capital accumulation, ~~the~~ original expropriation, appeared only partially and peripherally, a process that could lead only to the emergence of a powerless and weak bourgeoisie.

In the stage of its formation the bourgeoisie had only a fraction of the sources of accumulation that were at the disposal of the bourgeoisie in Europe at the

time of the rise of capitalism. The bourgeoisie that came into being in this way could not become the driving force of an independent, spontaneous and dynamic economic development. Supplementary sources, state intervention were required for the emergence of capitalism, the creation of capitalist production relations and the birth of the national bourgeoisie.

The Turkish bourgeois revolution took place 100-150 years later than the bourgeois revolutions in Europe in general. As a result, its course and results also differ considerably from the classical bourgeois revolutions.

The special character of the revolution is to be found ~~primarily in the~~ not in the general bourgeois goals, but much rather in the social structure that did not allow the national bourgeoisie to lead the revolution. Because of the weakness of the national bourgeoisie the leading role was played by a coalition formed by the army and the intelligentsia.

The army and the intelligentsia had already become the spokesmen and leaders of the long process of modernization. Their anti-imperialist commitment brought their coalition into being and as such they could count on a broad mass basis: under such circumstances the struggle against the big powers was able to grow into the bourgeois revolution. However, the divergence between

the class structure of the society and the goals of the revolution - the creation of a developed capitalist society - raised a barrier in the path of full and irreversible social and economic transformation: the revolution only met the national democratic demands in part. Because of the particular nature of the Turkish revolution, the emerging capitalism followed a path substantially differing from the classical development.

Unlike Western Europe, industrial capital in Turkey originated not in the period of feudalism but only after the system of the feudal superstructure was abolished 'officially'. This incongruity between the development of the basis and that of the superstructure called for a more intensive active role of the superstructure in the organization of the capitalist production relations.

The main sources of the formation of national productive capital were the conversion of commercial capital into industrial capital and the processes of redistribution which were realized via the active role of the state. Since the processes of redistribution were 'organized' by the state as the central power, the 'product' of the processes of redistribution appeared likewise in a relatively centralized form. For this reason, big capital appeared first - historically - in the form of bank capital and money capital. These two were active

in the Turkish economy not as an independent capital separated from industrial capital as it was the case in the "classical development" of capitalism, but the industrial ~~powerful banks~~ organizations were mostly born under the influence of the financially powerful banks, indeed, with their participation on the initiative of the state.

The liberal economic policy of the 20s favoured the big landowning and commercial stratum. At the same time, political power was held by the People's Republic Party whose members were recruited largely from the ranks of the army, the bureaucracy and the intelligentsia. But it was precisely in possession of political power that it became possible for the alliance of the army, bureaucracy and intelligentsia to gain ground economically by acquiring state monopolies and concessions. In this way the possibility provided by positions of power opened the way to capitalist enrichment for the bureaucratic bourgeoisie too. At the same time, in the spirit of the Ataturk concept of modernization, the country set out on the path of industrialization through the planned creation of the state sector and support for the productive undertakings of private capital. And this is the period where the intertwining of the political and economic interest of state and private capital appears.

But despite this, etatism created the institutional framework that strengthened and safeguarded the alliance of the army, bureaucracy and intelligentsia, its power and economic positions in face of the big landowning-commercial capitalist and the then emerging entrepreneurial strata.

On the basis of etatism, as a result of the classical concentration of capital "from below" and the centralization and concentration of capital guided from above, a young, aspiring bourgeoisie came into being on the modernizing social basis. However, this was a bourgeois stratum that enjoyed the privileges of the old feudal stratum. At the same time, this entrepreneurial stratum that was taking shape as a class had little in common with the progressive bourgeois stratum that arose in the period of classical capitalism. This was all the more so since the state ensured for the Turkish bourgeoisie right from the time of its birth, a profit similar to the monopoly profit of the capitalist countries. Right from the start the state took over the complementary investments, as well as those investments which proved to be capital-intensive or risky for private capital. Private capital settled in light industry that promised profits and required little capital, and even after it strengthened it continued to enjoy the support of

the state, support that in fact was equivalent to a permanent subsidy, in other words, the "revaluation" of ^{private} state capital.

Industrialization was aimed at the creation of a national industry. However, it lacked internal dynamism, it did not assimilate the rational principles of the industrial revolution that would have extended its influence to the pre-capitalist sector by inducing the linkage effect. Thus the concept and its realization lacked the qualitative leap that would have led to a higher and irreversible phase. On the contrary: the gap between large-scale modern production and the crafts-type production grew steadily wider. The industrialization concept did not lead to general economic and social consequences and in the period between the two world wars did not lead the country into a higher phase of capitalist development.

Examination of the Ataturk period shows the clearly decisive role of the state sector, the most socialized form of capital under capitalist relations. But the state just as clearly supported the creation of the entrepreneurial stratum. In this sense the state assisted capital accumulation, the emergence of the entrepreneurial stratum, in essence, the shaping and consolidation of private capitalist production relations. In this way,

etatism became the forerunner of in a particular form of a developed formation. The strengthening bourgeoisie increasingly placed the operating machinery of the economy in its own service. The democratic wing of capital was gradually forced into the background and also lost its positions in the political leadership. All this led to the point where the alternative of further development took a turn to the right, peripheral capitalism replaced autarkic capitalism, with all its social and economic consequences.

Following the elections of 1950, institutional political power passed into the hands of the big landowning-commercial capitalist strata. And although the new prominence of private capitalist interests had a growing influence on the economic management conception, the investments of the state sector continued to increase. In this way, the industrial development, the "planned" creation and expansion of industrial capital continued to be linked primarily to the state sector.

However, in the absence of a strong, industrial entrepreneurial stratum, private capital continued to receive strong state support as it had in the initial phase of capitalization guided by the state. One of the essential elements of this was the mechanism whereby part of the surplus value produced in the state sector

was realized by private capital, that is, the state sector served as a supplementary accumulation source for private capital.

In this way, the price and credit policy applied in face of the state sector led to the "revaluation" of private capital. The products from the state sector were incorporated at producers' prices, or even less, in the products of private capital sold at market or monopoly prices, while the credit mechanism created the opportunity for private capital - within the framework of joint ventures - to benefit from the "cheap" state ~~capital~~ credit made available to the state sector. This mechanism naturally led to the operation of the state sector at a loss and to forced deficit financing, since a great part of the surplus value produced in the state sector flowed to private capital through the channels of redistribution. ~~The classical accumulation of capital from below and the concentration of capital from above~~ Right from the outset the state ensured a higher than average profit rate through the system of redistribution for private capital that came into being and strengthened as a result of the classical accumulation of capital "from below" and the concentration of capital guided from above, the special state preferences provided for private capital. However, as it strengthened gradually - although relatively rapidly measured in his-

torical categories - private capital continued even later to enjoy this degree of support from the state that acted in the manner of a permanent subsidy and in the final analysis led to the "revaluation" of private capital. Although the state played a decisive role in launching industrialization, once the process of industrialization began as a result of the application of a wide range of instruments of import substitution, tariffs and subsidies and with the strong restriction of foreign capital imports, the system as a whole did not adapt as regards the political system and the economic structure to the direct and self-perpetuating requirement of the industrial revolution; the process of industrialization took place without an industrial revolution.

It was in this historical framework of economic policy and political absolutism that was shaped the profit rate which led to the historically relatively rapid emergence of big capital and even of monopoly capital.

In the process of capitalist concentration the state acted as a catalyzer and as an organizer of the processes of redistribution. The state considerably contributed to the speeding up of the development of big capital. This concentration of capital, which was steered from "above", was based not only on natural resources but also on a substantial part of foreign aid for private capital

received through state channels. Moreover, private foreign capital was looking for "partners" from the big bourgeoisie for cooperation. Thanks to this cooperation, part of the big bourgeoisie succeeded in securing for itself monopolies in different sections of the economy. This is how the Turkish monopoly bourgeoisie came into being. It was only with help from the two additional sources of accumulation, i.e., support by the state and different forms of assistance by the foreign monopoly capital, that the big bourgeoisie and monopoly bourgeoisie at the top, could develop.

This process was accompanied by an interlocking of industrial and bank capital, i.e., by the development of finance capital in a very early stage of capitalist development. In the early 50s, finance capital developed into a decisive economic and social factor, in a period in which state power as an economic power was completely subordinate to private capital for the first time in the development of capitalism in Turkey, in a period in which the influence of foreign capital made itself felt distinctly for the first time. This development process distinctly expresses the dependent character of the Turkish bourgeoisie, in particular of the big and monopoly bourgeoisie.

The emergence of capital in Turkey came about also in

the "classical" way. Small craftsmen enlarged their workshops, well-to-do peasants started to process their produce themselves, and so on. However, this form of capitalist development could "compete" only in rare cases with the capitalist development which took place on the basis of a promotional policy on the part of the state, or of the machinery for private enrichment (bureaucratic bourgeoisie). This is why capitalism developed in different "spheres" and on different "levels" whose interconnections were often very loose. Capitalism appears in a form which one might describe as capitalism of a heterogeneous character. Forms of capitalism, which represent various stages of capitalist development, appear in a complex whole. Different forms of national capital - ranging from the small capital of the trade of craftsmen to the mammoth capital of the financial oligarchy - exist side by side, together with pre-capitalist forms of capital such as usurious and middlemen capital.

National capital represents a system whose individual components do not combine organically and do not develop in the same direction. In accordance with the heterogeneous national capital, a heterogeneous bourgeoisie developed. This bourgeoisie is heterogeneous with respect to its origin, its socio-economic positions and, naturally, to the way in which it, as the class of ex-

exploiters, safeguards its interests.

In the mid-sixties, the economic policy conception based on import substitution was raised to the level of official state policy. The domestic market, surrounded by a wall of protective tariffs, defended the development of domestic industry from foreign competition, private capitalist production appeared "cheap" through the cheap inputs of the state sector, and the overvalued lira exchange rate also promoted the expansion of industrial capital. The process of redistribution "regulated" by the state continued and private capital enjoyed the opportunities for expansion provided by the supplementary source of accumulation.

Thus, in the course of the decade a development alliance actually came into being among many classes and strata of society since the big labouring-big commercial-importer groups, the clear winners from the state policy, but also the army-bureaucracy-intelligentsia strengthened their positions compared to the 50s, small-scale industry flourished and the situation of the working class and the peasantry also improved. As a consequence of the rapid concentration of capital this was actually the period when the stratum of big capital emerged and took shape within the Turkish bourgeoisie. Nevertheless, this stratum is not uniform and, indeed, contradictions

between industrial and commercial capital are appearing in increasingly stronger form. At the same time, the (between social classes and strata) development alliance that appeared on the surface in the sixties but in reality was based on the assertion of real economic interests hid the beginning of fundamental economic processes that reached maturity by the late 70s and early 80s and under the influence of which new interest alliances and group configurations were created.

Special mention must be made above all of one process that began in the sixties and which particularly later, from the mid-80s, has played and can be expected to play a big role in the future in the shaping of interests, conflicts of interests, and strata and classes privileged by the state. With the creation of OYAK ("Ordu Yardimlaşma Kurumu" = Army Mutual Aid Association) a considerable part of military spending was converted into productive capital, or at least into capital, military capital was incorporated into civilian production and in reality a substantial part of the non-military sector of the economy came increasingly under military control. With this, the leading stratum of the army set out on the path of becoming capitalists and, at the same time, the army-bureaucracy-intelligentsia interest alliance inevitably began to disintegrate.

By the beginning of the 70s Turkish big capital

overtook the state sector in its dimensions and diversification and was able to act as a political force aspiring for independence from the state. It was during this period (1971) that TÜSIAM (Federation of Turkish Manufacturers and Entrepreneurs) was set up as an independent interest body, (it was only in the 80s that but the big capital group was only able to assert its interests at the level of state regulation, ~~increasing~~ following the proclamation of the stabilization programme and the export offensive.

By the eve of the 80s the economic crisis that was surfacing constrained the Turkish government to change its economic policy. The policy of structural adjustment has continued to advance on the basis of severe conflicts of internal economic interests. As it is commonly known, the stabilization programme is being implemented at the cost of ~~increasing~~ strengthening the market economy mechanism to the detriment of the earlier regulated economy.

It is having a selective influence, fed by ~~increasing~~ influences from the domestic market and the world market. The Turkish example suggests that the existing system of regulators does not create a competitively neutral internal economic environment and thus acts in the direction of unequal distribution. While the earlier import substitution economic development conception

restricted the scope of movement of big industry, the new system of regulators has expanded it. In contrast, it not only violates the interests of small and middle capital, but in many cases openly threatens the conditions of its existence. In this way the state is actually promoting the further polarization of capital, catalyzing the process of monopolization. The shift in economic policy priorities has thus obviously further strengthened the positions of big capital in face of the state, while the old bureaucratic elite is clearly being forced into the background and is being replaced by the rising technocratic stratum.

In the course of the 80s, as so often in the course of the history of the Turkish empire and Turkey, the army has become a factor shaping history.

Following the imposition of the US armaments embargo, the creation of a domestic-based, national armaments industry began in Turkey. In 1985 the armaments industry investment programme was given priority in certain respects over investments in production. Apart from the economic aspects, the efforts to create an armaments industry will almost certainly lead to social consequences, for it is well known that the arms race has entered into a new stage in our decade, a whole series of countries have emerged as a substantial factor

beside the big powers, and armament has reached a global scale. At the same time, armament induces processes of internal redistribution within the economy in favour of the weapons and armaments manufacturers, while the international arms trade results in the international redistribution of ~~of~~ the national surplus values. In Turkey the army, having a direct interest and even acting as a capitalist in the production of armaments, is able to enjoy the extra profits flowing through the channels of redistribution and - as soon as the Turkish weapons and armaments can be sold on foreign markets - the international redistribution of profits will also help to enrich the armaments manufacturing capitalists of the army. In this way it is now possible to see the outlines of the emerging capitalist group ^{which} ~~that~~ is realizing the national and already in part international extra profits and which, through its military and political power, could bring the state under its subordination.

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