

NEOLIBERAL POPULISM AND THE “ÖZAL DECADE”: ITS IMPLICATIONS
FOR THE DEMOCRATIC PROCESS

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This study examines the Özal decade through the lens of populism and scrutinizes the manifestations of this neoliberal populist governance style on the economic, discursive, and institutional levels in a detailed manner. Throughout these analyses, the study contextualizes the neopopulist manifestations of the period within the general framework of Turkey’s overall experiment with populism. In addition to comparing and contrasting Özal’s neopopulist governance style with that of his populist predecessors and demarcating its parallels and distinctions from the characteristics of populism carried out in the previous periods in the Turkish context, it situates Özal’s governance practice within a broader and worldwide framework through the analysis of manifestations of neoliberal populism in Latin America. This analysis reveals that Turkey is a typical case study with its neopopulist governance practices. Within the framework of the detailed search of the fundamental manifestations of Özal’s neopopulist governance style at different levels, it is argued that this governance style had adverse implications for the quality of democracy in Turkey and undermined the basic credentials of democracy which needed to be based on the empowerment of individuals, the notion of citizenship, and the participatory roles attributed to intermediary institutions and civil society organizations. The period is evaluated as a case in point in which the “man of the people” turned into an authoritarian leader who governed the country in an extensively top-down and arbitrary manner.

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Başlık: Neoliberal Popülizm ve “Özal Dönemi”: Bu Sürecin Demokrasi Üzerindeki Etkileri

Bu çalışma Özal dönemini popülizm perspektifinden incelemekte ve bu dönemdeki neoliberal popülist yönetim şeklinin söylem düzeyinde, kurumsal düzeyde ve ekonomi alanındaki tezahürlerini kapsamlı bir biçimde analiz etmektedir. Bu analizler sonrasında, bu neopopulist yönetim şeklinin Türkiye popülizm tarihi içerisindeki yeri belirtilmektedir. Özal döneminin neopopulist yönetim şeklinin Türkiye tarihindeki daha önceki dönemlerde uygulanan populist yönetim şekilleriyle benzerlikleri ve farklılıklarının vurgulanmasının yanı sıra, bu çalışma Özal dönemindeki uygulamaları Latin Amerika'daki neopopulist yönetimlerle karşılaştırarak dönemi daha genel bir çerçevede incelemektedir. Bu analiz, Özal döneminin dünyadaki neopopulist yönetim şekilleriyle karşılaştırıldığında tipik bir örnek olarak ele alınabileceğini göstermiştir. Özal döneminin neopopulist yönetim şeklinin farklı boyutlardaki tezahürlerinin kapsamlı bir biçimde araştırılması sonrasında, bu yönetim şeklinin Türkiye'de demokrasinin kalitesi açısından çok olumsuz etkileri olduğu ve bireylerin güçlendirilmesi, haklara dayanan vatandaşlık kavramı ve kurumların ve sivil toplum örgütlerinin katılımına dayanması gereken demokrasinin temellerine zarar verdiği iddia edilmektedir. Dönem bir “halk adamının” ülkeyi son derece keyfi ve tepeden inme kararlarla yöneten otoriter bir lidere nasıl dönüştüğünün en tipik örneklerinden biri olarak değerlendirilmiştir.

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Anneme

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PREFACE

I was born on 3 January 1984 in the aftermath of Turgut Özal's victorious emergence, as a "man of the people," from the 6 November 1983 general elections, which signaled the transition to "so-called" democracy in Turkey after three years rule of the military regime. The 1980s in Turkey, corresponding to my childhood years, was the story of how this "man of the people" marketed his neoliberal agenda and drastic austerity measures on the pretext that this was the sole way to avert an economic crisis similar to that which the country had been confronted in the late 1970s and to achieve an economic recovery which would in turn improve the living conditions of the people. It was a period in which pragmatism and the iron laws of free-market reigned over ideologies. It was the story of a country in which the masses, concerned that a more severe economic catastrophe might engulf the country, tolerated the drastic austerity recipes despite the deterioration of their living conditions and purchasing power and even let Özal, who emerged as a "quasi-messianic savior of the country" and "paternalistic benefactor of the poor," rule the country for a second term in 1987 elections.

It was an era in which business groups that had close links with the government were favored and were provided the chance to acquire tax rebates, or low cost credit instead of the groups that actually deserved them. Business groups that had ties with the foes of Özal's party, the Motherland Party (MP), were penalized through selective punishment. Thus, the 1980s was a period in which the MP distributed state patronage to the favored business groups in an extensive fashion and sought to create its own clientele among these business circles. In other words, it was a decade in which discretionary tools rather than rules dominated the politics and decision making process.

More significantly, it was a period in which the great number of people who had migrated from the villages to the big cities with the hope of pursuing better lives that had to live in squatter towns (*gecekondus*) and mostly had to work in the informal sector of the economy were incorporated into the system through discursive appeal mechanisms and vertical clientelistic linkages. They were told they could “make it” if they were lucky and talented enough. In addition, Özal appealed to these people through the distribution of selective, material benefits or through mechanisms like the Squatter town Amnesty (*Gecekondular Affi*), granting construction permits, or providing the opportunity to transform their *gecekondus* to multi-storey buildings. These destitute masses, who were impoverished as a direct result of the neoliberal restructuration of the economy, were more prone to these kinds of vertical clientelistic networks. Thus, it was the story of how the notions of social justice and citizenship, the very basics of a democratic governance style, turned into a kind of “voluntary servitude” of the “grateful masses.” All in all, the 1980s in Turkey was the story of how Özal who emerged as a “man of the people” through his populist discourses that he was a “common” man like the rest of the people and he acted on behalf of the people, turned into an authoritarian leader. Özal governed the country with arbitrary decisions without feeling the need to consult or negotiate with intermediate associations and organized groups or pay heed to their concerns and criticisms, in a manner in stark contrast to the very credentials of the democracy.

This thesis has been prepared out of the concern of an individual who conceives of the process that her country underwent during her childhood years as being highly problematic in terms of its implications for democracy, since a democratic process in sharp contrast to which Turkey experienced in the 1980s needs to entail an elaborate decision making style with the participation of opposition

parties, intermediary institutions and civil society organizations and an understanding of universal citizenship based on rights and empowerment of the individuals. However, it should be underlined that this populist governance style is by no means unique to the “Özal decade” in Turkey, since from the rule of the Democrat Party (DP) to the rule of the Justice and Development Party (AKP), populism has been a recurrent theme in Turkish politics and a perennial problem for the quality of its democracy. In this respect, this thesis has been written in order to examine the “Özal decade” through the lens of populism and contextualize the populist manifestations of the period within the general framework of Turkey’s overall experiment with populism. In this analysis, this thesis sets some of the distinctions of Özal’s neoliberal populist (neopopulist) governance style from its classical populist predecessors.

In addition to comparing and contrasting Özal’s neopopulist governance style with his populist predecessors in the Turkish context, this study situates Özal’s governance practices within a broader and worldwide framework of neoliberal populist governance style through the analysis of manifestations of neoliberal populism in Latin America and argues that Turkey is a typical case study with its neopopulist governance practices. In this regard, this study could be evaluated as the work of an individual who would like to narrate a thorough account of neopopulist governance style of the “Özal decade” and delve into its details with the objective of delineating the highly problematical implications of this governance style for the quality of democracy in Turkey.

Throughout writing this thesis, apart from using secondary sources of books and articles related to the issue, I also examined four major newspapers of the era, *Cumhuriyet*, *Milliyet*, *Tercüman*, and *Güneş* in order to come to terms with the exact

language and discourses of Özal and his decision making style. The fact that the Atatürk Library in Taksim, the basic library to which a researcher applies to search for the magazines and newspapers of the previous eras, was closed posed an immense challenge. I carried out my research in the library of Boğaziçi University, which includes archives of *Milliyet* and *Cumhuriyet*, and in Beyazıt Library. The fact that you cannot take digital photos of newspapers in Beyazıt Library and the fact that you have to number the pages and wait in long queues in order to record on a CD slowed the process and prolonged the time that I spent during newspaper research. Since the period that I sought to investigate covered six years, from 1983 to 1989, I had difficulty in terms of selecting the examples that would provide the best image of the process. Yet, despite the fact that it was a laborious task, as a person that has carried out a newspaper research for the first time it was a valuable experience since it provided me with the chance to construct a more concrete picture of the major characteristics, discourses, and the decision making style of the decade.

The first chapter of this thesis is a theory chapter which aims to delineate the three overlapping features of all different types of populism in order to provide a starting point in my analysis of the different manifestations of Özal's neopopulism since they will be examined on the basis of these three overlapping features.

Afterwards, a brief definition of neoliberal populism is given with the objective of setting its distinctions from its classical version and clarifying the distinct tools used by neopopulist leaders in an environment characterized by neoliberal reorganization of the economy through structural adjustment packages and drastic austerity measures. The last part of the first chapter investigates the link between populism and democracy, examining two fundamental approaches toward the relation between the two in order to establish a theoretical framework in the analysis of the

implications of different manifestations of Özal's neopopulism on the quality of democracy in Turkey in the following chapters.

The second chapter examines the manifestations of neopopulism in the Latin American context since the region went through a similar restructuration of the economy from an inward-oriented, protectionist economic model of import substituting industrialization (ISI) toward a neoliberal, free-market economy. The countries in Latin America experimented with a similar neoliberal, neopopulist governance style that had adverse repercussions for their democracies. Study of these regimes allows us to draw parallels with Turkey, to situate Turkey's encounter within the neopopulist governance style in a broader context and to emphasize the point that Turkey is a typical case study with its neopopulist governance practices.

After this examination of the manifestations of neopopulism in Latin America, the third chapter provides an economic panorama of the 1980s in Turkey through analyzing the fundamental objectives and the characteristics of the neoliberal transformation model and then scrutinizes the impact of these economic policies on different social economic groups and illustrates the major winners and the losers of this neoliberal economic transformation model. The basic objective of this analysis is to show the distinct economic environment of the 1980s compared to the characteristics of classical populism. The policies implemented throughout the course of the decade had dire ramifications on the lives of the larger segments of society, composed of organized workers, civil servants, retired people, and agricultural producers, with the reduction in their wages and salaries, the reduction or removal in agricultural subsidies, increase in unemployment, decline in government's spending in areas concerning health and education, and deterioration in income distribution.

The fourth chapter investigates the fundamental manifestations of Özal's neopopulism at the economic realm with the aim of demarcating its distinctions and delineating its parallels with the populist governance style of the previous periods. In the first part of this chapter, the basic characteristics of Özal's economic populism will be analyzed under the rubric of two main categories. Özal's economic populism encompassed selective mechanisms such as the micro-level, targeted distribution of material rewards particularly to urban marginals living in *gecekondus*, granting construction licenses to their *gecekondus* and permits to transform their *gecekondus* to multi-storey buildings, the mechanisms of tax refunds and housing credits implemented to obtain the support of the "central pillar" (*orta direk*) whose living conditions deteriorated dramatically. In addition, the MP's economic populism included allocating state patronage to favored business circles that had close ties with the government in an extensive fashion. Afterwards, the damaging prospects of this process on the quality of democracy in Turkey will be discussed since it turned the democracy into a kind of patronage democracy in which the business groups that had close ties with the upper echelons of the political circles were granted with tax rebates, credits, or state bids rather than the ones that actually deserved them. Moreover, the process of selective, targeted, micro-level distribution of material rewards had devastating ramifications on the notion of citizenship since it transformed the concept, which needed to be based on universal rights and the empowerment of the individuals, into the "voluntary servitude" of the "grateful masses" that had to obey the demands of the populist leader in exchange for the distribution of benefits and services.

The fifth chapter elaborates on the manifestations of Özal's neopopulism at the discursive level through taking into account his charismatic leadership style, his

direct appeal to the masses with the rhetoric that he was a common, ordinary man like the rest of the people, his anti-status quo, anti-elitist rhetoric, and his extensive use of the media. In addition, the chapter examines other discursive tools he made use of in order to appeal to the masses, such as his party embraced all four ideological tendencies, his catch phrase of “central pillar” (*orta direk*) that he utilized in order to obtain the support of the workers, civil servants, retired people, and artisans, and his emphasis concerning the members of his party that they know “how to get things done.” After examining the discursive manifestations of neopopulism in the Özal era, the chapter looks at the prospects of this discourse on the quality of democracy in Turkey particularly with the emphasis attached on the gap between the populist discourse and the genuine policy outcomes and its adverse impacts on the democratic process.

The sixth chapter examines the manifestations of Özal’s neopopulism at the institutional level by taking into consideration the centralization of decision making, his extensive use of decrees, the technocratization of the decision making through the recruitment of his US-educated “Princes” to crucial posts of the economy, his anti-participatory approach toward the opposition parties in the decision making process, and his anti-institutional bias toward the business groups and labor organizations. After analyzing the basic tenets of Özal’s neopopulism at the institutional level, the adverse repercussions of this kind of decision making style for the country’s democracy are examined since the decisions were taken single-handedly, in a top-down, arbitrary, and hasty manner upon the initiative of prime minister and a few number of aides in his “inner circle” without allowing for the participation of the opposition parties, business associations, and labor unions in this process.

CHAPTER I

THEORETICAL FRAMEWORK

This chapter examines the basic approaches toward the concept of populism and opts for determining the major overlapping components which despite their divergence all populist programs embody. As my main concern in this thesis is to analyze in detail the fundamental characteristics of the neoliberal populist (neopopulist) governance style that Turkey experimented during the rule of Turgut Özal in the 1980s and its manifestations at different levels, after having explored these fundamental overlapping features, I will briefly analyze the basic characteristics of neoliberal populism and delineate its distinction from the classic macroeconomic populism since the tenets of Özal's neoliberal populism (neopopulism) will be scrutinized on the basis of these major features and its manifestations in different levels.

The implications of populism on democracy will be analyzed in the last part so as to shed light on and address my concerns in the analyses of the prospects of neopopulism for the quality of democracy in Turkey since each part which will explore different manifestations of neopopulism during the "Özal decade"¹ and simultaneously will investigate its connotations for the quality of democracy.

¹ Dani Rodrik referred to the 1980s in Turkey as the "Özal decade."

Different Approaches to Populism

A variety of scholars who specialize on the concept of populism have developed diverse definitions. With time the concept has begun to be associated with new meanings therefore from the very beginning we should acknowledge that it would be a demanding and difficult task to be able to make a firm definition of the concept to which everyone would agree. Therefore, I am aware of the limitations of my study, yet we can still come up with a number of overlapping factors that prevail in all different types of populisms which would help us grasp the concept in its totality. In this regard, although there are some scholars who argue that the concept has become such an oxymoron that we should get rid of it, I share Margaret Canovan's view that it would not be right to simply get rid of the concept despite its vagueness.²

Germani and Ianni have asserted that we need to associate the concept of populism with a particular economic transformation phase through which the countries in Latin America went from agrarian societies toward industrial ones in the 1930s. They based their argument on the assertion that in the aftermath of the collapse of the oligarchic rule, the incorporation of the newly emerging urban working and middle classes into the national politics was achieved through populism. This kind of coalition formation and the integration of the members of this coalition into the political process were also directly linked to urbanization and industrialization based on an economic development model of import substituting industrialization (ISI). In this respect, it can be emphasized that Germani and Ianni's study in regards to the definition of populism rested on a coalitional analysis and

² Margaret Canovan, *Populism* (New York, Harcourt Brace Jovanovich, 1981), p. 301.

structural approach that establishes a direct association between populism and industrialization based on ISI. Therefore, it can be noted that this structural approach toward populism is a limited analysis since it restricts the concept to ISI and lags behind in terms of providing explanations for the continuation and different versions of populism in the post-ISI period characterized by a different economic setting.³

Apart from the coalitional, structural approach toward the concept of populism, some scholars such as Rudiger Dornbusch, Sebastian Edwards, Robert Kaufman and Barbara Stallings regard populism as an economic model. These scholars associate populism with a number of redistributive policies, which mainly comprise Keynesian policies of raising nominal wages, exchange and price controls which would in turn have an impact on income distribution, having budget deficits with the intention of the demand stimulation. In this regard, an economic definition of populism conceives of the concept as the attempt of the populist leaders to maintain popular support through increasing the purchasing power of the masses and enabling them to enhance their consumption via expansionary fiscal policy.⁴

After noting this general definition of classical economic populism, it would be illuminating to analyze briefly the definitions of the particular scholars concerning the concept and the basic characteristics of the manifestations of classical populism in the Latin American context. Dornbusch and Edwards maintain that “economic populism” can be elucidated on the basis of its emphasis on growth and income distribution and its disregard on the possible problems of inflation and deficit

³ Mine Eder, “Globalization Versus Populism: A False Dichotomy?” *Prepared for the second ECPR General Conference, Marburg Germany. 18-21 September 2003 Section 26, Panel 2*, p. 8.

⁴ Ibid., pp. 8-9.

finance.⁵ The underlying strategy behind economic populism is to apply macroeconomic policy for the purpose of the redistribution of income through increases in real wages. Populist policymakers seek to carry out their economic programs with the objectives of redistribution of income, creation of more employment, and acceleration of growth, that is “reactivation with redistribution.”⁶

It should also be pointed out that scholars who define populism on the basis of economics assert that there is a direct link between economic populism and the inward-oriented, protectionist economic model of ISI, the main objective of which is to maintain the protection of infant industries from foreign competition until they become strong enough and building up a national domestic market;⁷ as the populist leaders in Latin America managed to appeal to a large constituency thanks to the economic growth achieved by ISI.⁸ To put it another way, scholars such as Kaufman and Stallings argue that macroeconomic populist policies can be directly associated with the economic environment that came about within the framework of ISI since an emphasis has been attached to the domestic market, giving grounds for increases in wages and higher government spending. In addition, for the protection of new domestic industries, high tariffs and overvalued exchange rates were enacted.⁹

⁵ Rudiger Dornbusch and Sebastian Edwards, “The Macroeconomics of Populism,” in *The Macroeconomics of Populism in Latin America*, eds. Rudiger Dornbusch and Sebastian Edwards (Chicago: University of Chicago Press, 1991), p.8.

⁶ Dornbusch and Edwards, pp. 10-11.

⁷ Albert O. Hirschman, “The Political Economy of Import Substituting Industrialization in Latin America,” *Quarterly Journal of Economics* 82, no. 1 (1968), p. 18.

⁸ Jolle Demmers, Alex E. Fernandez Jilberto and Barbara Hogenboom, “The Transformation of Latin American Populism: Regional and Global Dimensions,” in *Miraculous Metamorphoses The Neoliberalization of Latin American Populism*, eds. J. Demmers, A E Fernandez Jilberto and B. Hogenboom (London: Zed, 2001), p. 2.

⁹ Robert R. Kaufman and Barbara Stallings, “The Political Economy of Latin American Populism,” in *The Macroeconomics of Populism in Latin America*, eds. Rudiger Dornbusch and Sebastian Edwards (Chicago: University of Chicago Press, 1991), pp. 20-21.

Alberto Alesina asserts that “a crucial characteristic of populist experiments is the use of macroeconomic policy to achieve redistributive goals in favor of certain social groups.”¹⁰ In this respect, an analysis of the basic groups to which the populist leaders appealed in Latin America through redistributive policies is necessary to paint a thorough picture of economic populism. In addition, this analysis will also enable us to make a comparison with its neoliberal version. The populist leaders in Latin America sought to obtain the support of urban middle classes and labor, which were the major groups having the capacity to develop distributive pressures against the governments in power in this period.¹¹ Accordingly, middle classes and the urban labor could be portrayed as the supported groups during the ISI period in Latin America in that industrial workers acquired electoral power, welfare benefits, and union recognition and the middle classes obtained the chance of having more public jobs and better education. These policies incorporated a pattern of growth which went hand in hand with higher levels of consumption.¹²

Parallel to Alesina’s analysis, Kaufman and Stallings maintain that one of the major objectives that populist leaders aimed to accomplish was to acquire the support of organized labor and lower-middle-class groups. They also wanted to attain the backing of domestically-oriented businesses. Moreover, these populist leaders aspired to diminish the effectiveness of the rural oligarchy, domestic industrial elites, and foreign enterprises in the political realm.¹³ In this respect, Kaufman and Stallings

¹⁰ Alberto Alesina, “Comment,” in *The Macroeconomics of Populism in Latin America*, eds. Rudiger Dornbusch and Sebastian Edwards (Chicago: University of Chicago Press, 1991), p. 40.

¹¹ Kaufman and Stallings, p. 21.

¹² Eliana Cardoso and Ann Helwege, “Populism, Profligacy, and Redistribution,” in *The Macroeconomics of Populism in Latin America*, eds. Sebastian Edwards and Rudiger Dornbusch (Chicago: University of Chicago Press, 1991), p. 61.

¹³ Demmers, Jilberto and Hogenboom, p. 3.

regard populism as being composed of a set of economic policies with the purpose of accomplishing specific political objectives, which are the “mobilization of organized labor support and the lower middle class and the isolation of the rural oligarchy and large scale industrial elites.”¹⁴ Kaufman and Stallings examined types of populism in Latin America in the twentieth century, including Salvador Allende (Chile, 1970-73), Juan Peron (Argentina, 1973-76), Alan Garcia (Peru, 1985-90), Jose Sarney (Brazil, 1985-90), Luis Echeverria (Mexico, 1970-76), and Carlos Andres Perez (Venezuela, 1974-78). It is observed that in the periods of Allende, Garcia, and Peron major groups that supported these governments were labor and other low-income groups. During the rule of these governments, budget deficits, nominal increase in wages were observed which were implemented with the purpose of generating economic growth and distributive impacts on the vey groups supporting these governments.¹⁵

The rural poor, however, were neglected by the populists.¹⁶ Although redistribution can be depicted as the underlying emphasis of populism, the rural peasants could not profit from these populist policies in Latin America.¹⁷ William R. Cline contends that populism targets politically powerful groups such as organized labor and neglects the rural poor.¹⁸

In the light of these aspects, it can be argued that ISI was particularly an urban phenomenon in the Latin American context as the leaders appealed to organized labor and urban middle classes while they neglected the rural poor and the

¹⁴ Omar Sanchez, “Miraculous Metamorphoses: The Neoliberalization of Latin American Populism,” *Latin American Politics and Society* (2003), p. 151.

¹⁵ Kaufman and Stallings, pp. 16-18.

¹⁶ Cardoso and Helwege, p. 62.

¹⁷ Ibid., p. 88.

¹⁸ William R. Cline, “Comment,” in *The Macroeconomics of Populism in Latin America*, eds. Sebastian Edwards and Rudiger Dornbusch (Chicago: University of Chicago Press, 1991), p. 71.

workers in the informal sector. The scholars who hold this approach conceive of populism in an extremely critical fashion and assert that these expansionary, uncontrolled fiscal policies would sooner or later result in catastrophe and devastate the living conditions of the very groups they promised to ameliorate.¹⁹

In addition to the analyses which associate populism to a particular economic transformation or to a specific economic model, some scholars such as Kurt Weyland and Kenneth Roberts implement a political definition of populism. Weyland defines populism as a political strategy which embodies three main features: a personal leader appeals to a heterogeneous mass of people that have been largely excluded from the benefits of the prior economic development program, the leader appeals to the followers in a direct, personal way bypassing existing intermediary organizations and if the leader establishes new organizations they are confined to the characteristic of low levels of institutionalization.²⁰

In the light of these analyses, it could be argued that some scholars, such as Germani and Ianni, associate the concept with a specific economic transition period from an agrarian society toward an industrial one and hence develop a coalitional analysis and structural approach with respect to the definition of the concept, while other scholars, such as Dornbusch and Edwards, equate populism with a set of macroeconomic expansionary redistributive policies of increasing nominal wages along with exchange and price controls so that populist leaders would in return acquire the support of the masses as their living conditions have been improved in the aftermath of these redistributive policies. In addition, there are scholars such as Weyland and Roberts who develop a political definition of populism and approach

¹⁹ Demmers, Jilberto and Hogenboom, pp. 2-3.

²⁰ Kurt Weyland, "Neopopulism and Neoliberalism in Latin America: Unexpected Affinities," *Stud Comp Int Development* 31, no.3 (1996), p. 5.

the concept as a political strategy. On the basis of these approaches, it should be noted that we need to take into account the political, economic, institutional, and ideological facets of populism for an all-encompassing definition of the concept which would incorporate all different types of populisms from the rule of Juan Peron in Argentina to the rule of Alberto Fujimori in Peru. A three-dimensional analysis of the concept which would scrutinize its manifestations at the discursive, institutional, and economic realm would be instructive in this respect.

Determining Overlapping Features of Populism

Direct Appeal to the Masses and Anti-elitist Rhetoric

The analyses of Margaret Canovan, Torcuato DiTella, and Ernesto Laclau would be helpful so that they would illustrate a precise picture of ideological and discursive dimensions of populism. In one of the earlier analyses of populism, Torcuato DiTella evaluated populism as “a political movement which enjoys the support of the masses and is supported by sectors upholding an anti-status quo ideology.”²¹

Canovan notes the existence of seven different types of populism (revolutionary intellectual populism, peasant populism, farmers’ radicalism, populist dictatorship, populist democracy, reactionary populism, and politicians’ populism), all of which embody two similar elements in the sense that they all appeal to the “people” and they all carry an anti-elitist component.²² To put it differently, Canovan believes that appealing to the people and the anti-elitist nature seem to be two

²¹ Eder, “Globalization Versus Populism: A False Dichotomy?” p. 9.

²² Nicos Mouzelis, “On the Concept of Populism: Populist and Clientelistic Modes of Incorporatism in Semi-peripheral Politics,” *Politics and Society*, 14 (1985), p. 330.

fundamental features overlapping in all forms of populisms.²³ Thus, “commitment to the people” and “to speak in the name of the people” can be considered as the “defining” characteristics of populism. Paul Taggart notes that one of the main constituents of populism, which is anti-elitism, is derived from this assertion.²⁴

Ernesto Laclau argues that a discourse which embodies popular elements cannot be necessarily called a populist one. He maintains that the projection of these popular democratic-elements against the ideology of the dominant bloc in an antagonistic fashion can be described as the precondition for the emergence of populism.²⁵ In other words, according to Laclau populism is “an ideological discursive struggle between ‘the people’ and ‘the power bloc’.”²⁶

According to Laclau’s formulation, populism would be a left-wing, progressive type if the exploited classes manage to realize the expression of the popular themes; or it would be a reactionary, fascist type if the dominant classes succeeded in reorganizing the power block on their behalf.²⁷ In his evaluation of Laclau’s and Canovan’s definitions of populism, Nicos Mouzelis maintains that despite their diverging dimensions, Laclau and Canovan agree on the two major aspects of populism: “an appeal to the people (Laclau’s popular interpellations) and anti-elitism (Laclau’s popular interpellations against the power bloc).”²⁸

On the basis of the analyses of DiTella, Canovan, and Laclau, appealing to the people in a direct way and establishing an anti-elitist, anti-establishment rhetoric

²³ Canovan, *Populism*, p. 294.

²⁴ Paul Taggart, *Populism* (Philadelphia: Open University Press, 2000), p. 91.

²⁵ Ernesto Laclau, *Politics and Ideology in Marxist Theory: Capitalism-Fascism-Populism* (London: NLB, 1977), pp. 172-173.

²⁶ Eder, “Globalization Versus Populism: A False Dichotomy?” p. 9.

²⁷ Mouzelis, pp. 329-330.

²⁸ *Ibid.*, p. 330.

could be described as the first major component of populism that can be applied to its all different types. The manifestations of this dimension at the discursive level will be examined in order to delineate a more thorough definition of the phenomenon.

Similar to the analyses carried out by Canovan and Laclau with respect to their emphasis on the appeal to the people, Edward Shils maintains that the understanding of the preeminence of the will of the people and a direct rapport between the government and the people constitute two main pillars of populism.²⁹ Thus, it can be noted that one of the most distinctive features of populism manifests itself at the discursive level between a charismatic leader and “his people” as the leader appeals to the people in a direct way with the claim that he is their sole representative.

A clear cut definition of “charisma” would be helpful in order to be able to make a distinction between an ordinary leader and a charismatic leader. Max Weber classifies legitimate authority under the rubric of three categories, one of which is charismatic authority. He asserts that the charismatic authority depends on “devotion to the specific and exceptional sanctity, heroism, or exemplary character of an individual person and of the normative patterns or order revealed or ordained by him,” and in this way it distinguishes the individual personality embodying charismatic authority from an ordinary man.³⁰ In other words, as a result of these specific, exemplary characteristics, people establish a deep trust and personal devotion to this charismatic authority.³¹

Apart from this emphasis on the necessity of a direct rapport between the charismatic leader and the people, the populist leader appeals to the masses with the

²⁹ Francisco Panizza, “Populism and the Mirror of Democracy,” in *Populism and the Mirror of Democracy*, ed. Francisco Panizza (London; New York: Verso, 2005), p. 4.

³⁰ Max Weber, *On Charisma and Institutional Building* (Chicago: The University of Chicago Press, 1968), pp. 46-48.

³¹ Ibid., p. 49.

image of an “ordinary person with extraordinary attributes” since he continuously makes reference to the point that he is one of them. The charismatic leader narrates and makes use of his accomplishments in business life. Via this narration, the leader not only manages to differentiate himself from the other “ordinary politicians” but also aspires to strengthen the links between himself and “good common people” who have succeeded to rise in their careers through their own struggle and endeavors.³²

The role of the media in the appeal of a charismatic leader to his people needs to be taken into account as well. As Benjamin Arditi argues, modern channels of communications, particularly radio and television provide the candidates with the opportunity of a direct communication with their constituencies, eliminating the necessity of party networks for providing the mediation between the candidates and the voters. Thus, it should be underlined that mass media creates an environment of political representation for the charismatic leader as if it conveys a “virtual immediacy.” This “virtual immediacy” overlaps with populism’s major rhetoric of establishing a direct rapport between the charismatic leader and the people.³³

In a similar vein, Philip Oxhorn notes that television plays a crucial role in establishing a direct link between the leader and the led as it enhances the circulation of the message and the speeches of the leader.³⁴ Dr. Pedro Ernesto in Brazil is illustrative in regards to delineating the role of media for a populist leader, since Ernesto acquired the support of the middle classes, the newly emerged working class, and the marginal masses living in the favelas via implementing a new style of

³² Panizza, p. 21.

³³ Benjamin Arditi, “Populism as an Internal Periphery of Democratic Politics,” in *Populism and the Mirror of Democracy*, ed. Francisco Panizza (London; New York: Verso, 2005), p. 85.

³⁴ Philip Oxhorn, “The Social Foundations of Latin America’s Recurrent Populism: Problems of Popular Sector Class Formation and Collective Action,” *Journal of Historical Sociology* 11, no.2 (June 1998), p. 225.

politics characterized by a charismatic leadership style and wide scale use of media. Through his broad use of media, Ernesto managed to appeal to the masses as the *medico bondoso*, as the paternalistic father/ doctor of his people that first took their needs into consideration.³⁵ As a result, it can be argued that modern channels of communication have always been decisive mechanisms for a populist leader as they provide the leader with the opportunity to establish a direct, face-to-face relation with his people and help to turn his rhetoric into a kind of virtual reality.

In an article which examines the fundamental reasons behind the resurgence of populism in Latin America and heterogeneous class structure in the region, Oxhorn lists some of the major features of populism. Basing his argument on Laclau's definition of populism, as a "struggle between 'the people' and the 'power bloc'," Oxhorn asserts that depicting a certain group as an "enemy" in which the masses should be protected from constitutes one of the fundamental components of populism. The identification of an enemy helps to unite a variety of different groups for the achievement of a "common cause." In the first wave of populism in Latin America, the enemies of the people that had to be defeated for the well-being of the masses was the oligarchy and imperialism, primarily international capital since they were blamed for undermining the economic development. Currently, existing political institutions and the political elite, who are accused of hindering the economic development of the country due to their inclination toward rent-seeking and corruption, are depicted as the "enemy" of the people, in Oxhorn's analysis.³⁶

In congruence with Oxhorn's evaluations, Francisco Panizza underlines that the anti-status quo discourse constitutes one of the most crucial aspects of populism as it

³⁵ Mouzelis, p. 339.

³⁶ Oxhorn, p. 224.

splits society between “the people” and its “other.” The “other” is presented as a front which suppresses and exploits “the people” and therefore needs to be routed politically.³⁷ In this respect, Panizza maintains that the construction of the “other” and the antagonism created by the division between “the people” and its “other” stand at the very center of populism.³⁸ In the words of Panizza;

The “other” of populist identities is as diverse as the identity of the people of which it is the outside: Washington insiders and financier plutocrats epitomized the enemy of the people for America’s conservative populism, as much as the threat from the black ghetto and the so-called liberal establishment. The landed elite and foreign interests represented the enemy of the people in classic Latin American populism, and corrupt politicians became its other in its late-twentieth century version.³⁹

The image that the populist leaders aim to construct via portraying themselves as being politicians different from the other politicians, as outsiders seeking to drive a wedge between themselves and the other politicians could be depicted as another manifestation of the antagonism and the enemy rhetoric inherent in populism.⁴⁰ In the light of these evaluations, it could be argued that all diverse types of populisms manifest themselves at the discursive level in which a charismatic, populist leader appeals to the masses in a direct manner with anti-status quo, anti-elitist rhetoric and with the discourse that he is the sole representative of the will of the masses.

³⁷ Panizza, pp. 3-4.

³⁸ Ibid., p. 28.

³⁹ Ibid., p. 17.

⁴⁰ Ibid., p. 21.

Anti-Institutional Bias

Apart from its manifestation at the discursive level, its manifestation at the institutional level is a second overlapping component of all populisms and Mouzelis' analysis is helpful in this respect as he extends the analyses of Canovan and Laclau through incorporating an organizational, institutional dimension to the concept. Mouzelis maintains that these two concepts (appeal to the people and anti-elitist, anti-establishment rhetoric) can easily be argued to have been the components of all modern radically oriented political movements, as can be seen in the cases of the views of the nongoverning communist parties, in the socialist or social democratic parties of Western Europe that emerged during the late nineteenth century, or in the case of a wide range of clientelist parties in their antioligarchic reformist period. Hence, Mouzelis argues that populist movements cannot be confined to just the ideological level; instead, we need to pay special attention to their organizational structures, and especially the authority relations that prevail between leaders, cadres, and followers. Mouzelis asserts that there is a crucial link between the objectives and the ideologies of populist movements and the organizational and authoritarian structures and therefore this link should not be neglected.⁴¹

In his analysis, Mouzelis underlines the aversion of the populist leader to intermediary institutions since the charismatic, populist leader aspires to establish a direct, nonmediated link with his people. The Peronist movement in Argentina illustrates a clear case in point in this respect as it signifies the circumvention of existing intermediary organizations and a direct link between a charismatic populist leader and his people. "The working classes, especially the 'new' working classes

⁴¹ Mouzelis, p. 330.

recently arrived from the countryside, were in a direct rapport with the charismatic leader, namely, Peron, and this direct link emasculated the strength and autonomy of pre-existing working-class organizations.”⁴² In this respect, Mouzelis argues that political populism embodies three major characteristics, pro-people discourse along with its anti-elitist discourse and a patrimonial type of organizational incorporation⁴³ and thus he adds an organizational, institutional dimension to the concept of populism.

Similarly Oxhorn asserts that we need to pay heed to the organizational component of populism in which a populist leader, in tandem with his rhetoric that he appeals to the masses directly, governs the country in a top-down manner, circumventing the established intermediary organizations.⁴⁴ Parallel to this, Panizza also underscores the anti-institutional bias of populist leaders and their aversion to establish links with intermediary organizations. Panizza notes that the direct appeal of the populist leader embodies some kind of a distance from the other crucial intermediary organizations and institutions of democracy as the charismatic leader holds the belief that these institutions disrupt the direct link between himself and “his people.” In other words, it can be argued that populist leaders have a penchant for bypassing established intermediary institutions of democracy, which they conceive of as being divisive and meaningless.⁴⁵ Panizza brings to light the populist leader’s perception of the intermediary institutions as follows:

Institutions, parties, and established politicians that pretend to represent the people muffle the voices they claim to represent and betray their followers. In

⁴² Mouzelis, pp. 334-336.

⁴³ Ibid., p. 344.

⁴⁴ Oxhorn, p. 225.

⁴⁵ Panizza, p. 22.

contrast, the leader claims to have a direct rapport with the people that allows him to advance their interests without becoming prisoner to the powerful.⁴⁶

In the light of these analyses, it can be asserted that the organizational component of populism could be portrayed as the second major overlapping dimension of populism existent in all diverging types of populisms. In other words, all populist leaders, in congruence with their pro-people, anti-establishment rhetoric and their discourse that they appeal directly to the people since they are the sole representatives of the will of the people, have a penchant for bypassing the existing intermediary organizations and governing in a rather centralized, top-down manner. Thus, the second overlapping component of populism manifests itself at the institutional level on which the populist leaders rule the country in a manner distancing themselves from the established intermediary organizations in which they regard as being disruptive and divisive.

Economic Agenda either at the Macro-level or Micro-level

Last, all different types of populisms embody an economic agenda and thus manifest them at the economic level in order to acquire and secure the support of the masses either through macro-level, expansionary fiscal policies of wage increases, as pointed out by scholars like Dornbusch and Edwards, as in the case of the ISI populism in Latin America or through micro-level distribution of material rewards as in the case of the current neoliberal context. Oxhorn notes that the distribution of particularistic rewards through patron-client mechanisms in maintenance and the preservation of

⁴⁶ Panizza, p. 22.

support has always been a crucial tenet of populism. He underlines that the distribution of material rewards which operated at the macro-level during the previous economic development model is transformed into a new type of populism in which Roberts defined as “micro-level populism” in the neoliberal era.⁴⁷ Oxhorn highlights the point that the micro-level distributive benefits allocated toward the poorest of the society via targeted social welfare programs constitutes one of the major pillars of populism in the current neoliberal context.⁴⁸

In this respect, distributing rewards either at the macro-level via the expansionary fiscal policy of wage increases or at the micro-level via the selective distribution of rewards with the objective of acquisition and maintenance of the support of the masses constitutes the last overlapping dimension of populism, which can be observed in its all diverse types. In other words, it can be asserted that all types of populisms manifest themselves in the economic realm either through macro-level redistributive mechanisms of wage increases or micro-level selective allocation of rewards.

Defining Neoliberal Populism

Neoliberalism is a different economic model from its hitherto implemented economic model of ISI, since it embodies structural adjustment packages and drastic austerity measures of freezing wages, salaries, and subsidies. Therefore, neoliberalism has been by and large regarded as a death blow to populism. However, the situation that has been experienced in the aftermath of the 1980s reveals that this is not the case at

⁴⁷ Oxhorn, pp. 223-224.

⁴⁸ Ibid., p. 225.

all. Moreover, apart from being contradictory to populism, neoliberalism actually promotes populism in various realms as there are crucial affinities between the two concepts. In this part, after defining neoliberal populism briefly, the affinities between neoliberalism and populism will be scrutinized in order to clarify the point that they are not contradictory but instead complementary to each other.

Neopopulism is a new breed of populism the manifestations of which have remained intact at the discursive and institutional level compared to its classical version since neopopulist charismatic leaders appealed to the masses with the image that they are the saviors of the nation and via establishing direct, unmediated links with the masses. Besides, these neopopulist leaders, in tandem with their rhetoric that they are the sole representatives of the people and they speak in the name of them through the direct link, have the propensity to bypass established institutions which they regard as divisive and disruptive, and encumbrance to their power. Yet, the manifestations of this neopopulism in the economic realm differed significantly from its predecessor in the sense that neoliberal populist parties, in line with the logic of neoliberalism, largely dissociated themselves and their economic programs from the policies such as expansionary economic policies or Keynesian redistributive policies which were believed to be the supreme features of classical populism.⁴⁹ Instead, they made use of micro-level distributive tools, as argued by Roberts, such as the selective allocation of material rewards and funds which did not necessarily disrupt the country's budget and which achieved the acquisition of the support of the masses, whose living conditions had deteriorated due the environment created by the neoliberal restructuring, and thus who were more susceptible to these kinds of micro-level distributive policies and clientelistic networks.

⁴⁹ Demmers, Jilberto, and Hogenboom, p. 11.

The analysis of Weyland for the Latin American context in which he brings to light major affinities between neoliberalism and neopopulism will be illuminating for us to come to better grips with the marriage of convenience between neopopulism and neoliberalism. Weyland asserts that there are significant affinities between political populism and economic liberalism in their “sources of political support and rejection, their strategy of using state power, and their distribution of socioeconomic costs and benefits.”⁵⁰

With respect to their sources of mass support, both neoliberals and neopopulists endeavor to acquire support from the victims of the earlier economic development policy of ISI, namely the excluded marginal mass in the informal economy of urban underclass and the rural poor. First, this highly unorganized “marginal mass” that is appropriate for populist mobilization is regarded as the fundamental reservoir of people by neopopulists.⁵¹ According to Weyland, as these people were excluded to reap the benefits of the earlier ISI strategy and remained outside the nation-level organizations to a great extent, they became even more vulnerable to the strategies of neopopulist leaders.⁵² On the other side of the coin, since the marginal mass comprises a considerable portion of the voting population, it forms a crucial reservoir of electoral support and thus neoliberals appeal to this group because of political concerns. This political concern of mass support on the side of the neoliberal leaders is also strengthened in the significance that they attribute to

⁵⁰ Weyland, “Neopopulism and Neoliberalism in Latin America: Unexpected Affinities,” p. 4.

⁵¹ Ibid., p. 10.

⁵² Ibid., p. 11.

anti-poverty measures with their rhetoric as being the “paternalistic benefactors of the poor.”⁵³

Weyland maintains that another dimension of the first affinity of neopopulism and neoliberalism includes the groups that they both have adverse relations with, that is to say, the organized groups in civil society. Neopopulist leaders attempt to maintain direct, quasi-personal relations with their supporters and thus it turns out to be more difficult for them to obtain support from well-organized groups.⁵⁴ These organized groups constitute a similar source of hostility and antagonism for neoliberals as well since neoliberals with their deep-seated individualism regard these groups’ influence on the state and their market-distorting, rent-seeking behavior as the main threat to economic efficiency and distributional fairness.⁵⁵

Weyland underlines that similarities in their political strategy comprise the second dimension of the convergence between neopopulism and neoliberalism. The underlying factor behind this affinity depends on “neopopulist leaders’ struggle for power and neoliberal need for concentrated influence.”⁵⁶ He argues that they both seek to centralize power implementing a top-down, state-centered approach with the aim of increasing the political influence of the leader. In this respect, neopopulist politicians use their mass support in order to take over the government and reinforce their personal influence, autonomy, and position. On the other hand, neoliberals, different from classical liberals enact the power of state agencies to fight the resistance of groups that have acquired benefits from state intervention. As a result,

⁵³ Weyland, “Neopopulism and Neoliberalism in Latin America: Unexpected Affinities,” p. 12.

⁵⁴ Ibid., p. 13.

⁵⁵ Ibid., pp. 14-15.

⁵⁶ Ibid., p. 17.

they also attribute a significant role to the state and seek to strengthen the apex of the state.⁵⁷ Weyland notes that all neoliberal neopopulists have sought to undermine democratic checks and balances which they considered as a challenge to their personal leadership. In congruence with this, they have both resorted to decreeing laws to implement their reforms and boost the position of the leader.⁵⁸

In Weyland's analysis of neopopulism and neoliberalism, the affinities in distribution of costs and benefits form the last major point of convergence between them. The first dimension of this convergence embraces the rhetoric of prevention of a catastrophe. The severity of the economic crisis, their rhetoric of preventing catastrophe and ending hyperinflation through shock therapy programs of strict fiscal and monetary discipline actually enabled neopopulist leaders to turn the adversity to their advantage and obtain popular support as saviors of their country. These policies work to the detriment of state employees, civil servants, and formal workers.⁵⁹ Therefore, Weyland asserts that neoliberal policies are likely to reinforce the popular support for neopopulism through backing the sectors that neopopulist leaders try to gain support and harming the sectors that neopopulism endeavors to marginalize.⁶⁰

Another aspect of this dimension of convergence includes the distribution of targeted benefits. In order to secure their support, neopopulists are in the need of distributing some benefits. Weyland notes that the poor in the informal sector constituted the main target group of neopopulists. They have implemented special benefit programs, anti-poverty, and social programs in order to mitigate the impact of

⁵⁷ Weyland, "Neopopulism and Neoliberalism in Latin America: Unexpected Affinities," p. 16.

⁵⁸ Ibid., p. 17.

⁵⁹ Ibid., p. 18.

⁶⁰ Ibid., p. 19.

economic adjustment and strengthen their mass support. He concludes that contrary to common wisdom, strict neoliberal reforms do not necessarily weaken societal support of neopopulist leaders but actually further improve it.⁶¹

Jolle Demmers, Fernandez Jilberto, and Barbara Hogenboom share Weyland's view concerning the affinities between neoliberalism and neopopulism, yet they consider Weyland's assertion on the third affinity as being highly contestable and instead approach the affinity from a different angle. They maintain that it is questionable whether the poor really emerged as the beneficiaries of the anti-poverty programs which were launched by neopopulist leaders in Latin America. They propose a different, notable alternative by turning the argument upside down and assert that it is actually the acute pauperism of the large number of people in the informal sector engendered by the neoliberal economic restructuring that enabled the neopopulist leaders to obtain their support since these masses were more susceptible to this kind of mobilization.⁶² This argument is a rather noteworthy one which discloses the fact that the urban marginals were more prone to the selective distribution of material rewards and vertical linkages of clientelistic networks initiated by the neopopulist leaders although these benefits might not necessarily improve their living standards.

Two crucial points should be taken into account in the light of above-mentioned analyses of Weyland, Demmers, Jilberto, and Hogenboom. First, neoliberalism did not bring about the fatal blow to populism. Instead what is observed in the neoliberal era is the metamorphosis of populism in which its discursive and institutional elements remained intact while the macroeconomic

⁶¹ Weyland, "Neopopulism and Neoliberalism in Latin America: Unexpected Affinities," p. 20.

⁶² Demmers, Jilberto, and Hogenboom, p. 12.

expansionary tools that classic populist leaders made use of during the ISI period transformed into micro-level and selective allocation of material rewards through patron-client networks. Their marriage is more than a convenience since they embody crucial affinities in terms of the sources of political support and rejection, their strategy of using state power, and their distribution of socioeconomic costs and benefits. In addition, the destitution of large masses, which make up of a crucial portion of the voting population, as a result of the neoliberal economic restructuring even made these masses more vulnerable to the tools used by the populist leader since he could easily acquire their support through minor, micro-level distribution of benefits.

Implications of Populism on Democratic Process

After having examined the major overlapping features that are existent in all different types of populisms, and having defined the new breed of neoliberal populism briefly, this part will analyze the relation between populism and democracy in the sense that populism signals crucial implications concerning the quality of democracy in a particular area. Scholars are divided in terms of their approaches toward the link between populism and democracy. Some scholars, such as Canovan, conceive of populism as a phenomenon that emerges due to the unavoidable tensions between different faces of democracy, thus as a natural and inevitable process within democracy while others such as Benjamin Arditi approach the concept in a more critical manner with the understanding that it might easily turn into the “underside” of democracy and might have detrimental repercussions in regards to the basic credentials of democracy.

Canovan maintains that democracy consists of two faces – “redemptive” and “pragmatic” faces and asserts that it is the unavoidable tension between these two faces of democracy which prompts populism to emerge. To put it differently, Canovan argues that populism is more prone to appear upon the gap and tension between two faces of democracy, which are opposed to each other but also interrelated as well.⁶³

Canovan examines the tension between the “redemptive” and “pragmatic” faces of democracy under the rubric of three dimensions. First, democracy could be described as a ruling style with a redemptive component via its claim and promise of salvation through politics. Meanwhile, from a pragmatic dimension, it is also a mechanism of tackling the problems and the tensions of a society in a peaceful manner through a wide range of rules and practices. Second, the belief in the power of the people signals the redemptive vision of democracy. However, pragmatically, democracy is merely a type of government, a governing style in a particular place among other forms of governing techniques. Third, from a pragmatic point of view, democracy only gains a complete meaning through the role of the institutions, which operate not only to restrict power but also comprise and make it more efficient. Yet, the redemptive side of democracy embodies significant anti-institutional overtones with its features of arbitrariness, direct appeal, simplicity, and combating alienation.⁶⁴ In the words of Canovan:

The two faces of democracy are a pair of squabbling Siamese twins, inescapably linked, so that it is an illusion to suppose that we can have one without the other. But the tensions between them are very great, and it is

⁶³ Margaret Canovan, “Trust the People! Populism and the Two Faces of Democracy,” *Political Studies-Journal of the Political Studies Association* 47, no.1 (1999), pp. 8-9.

⁶⁴ Ibid., p. 10.

these tensions [I shall suggest] which provide the stimulus to populist mobilization that follows democracy like a shadow.⁶⁵

In the light of these assessments, Canovan asserts that an analysis of populism reflects the “inescapable ambiguity” of democracy. She highlights the point that the inevitable tensions which materialize between the two sides of democracy operate as a perpetual call for the emergence of populist mobilization. She maintains that the belief that the redemptive side of democracy can be averted and a purely pragmatic democracy can be achieved is not a realistic belief at all. Therefore, as the tensions between these two faces of democracy persist, she is of the opinion that they will inevitably persist, this possibility will leave the door open for populism to follow democracy as its shadow.⁶⁶ Accordingly, Canovan opposes the views which regard populism as a “pathological symptom” or a “symptom of backwardness”; in fact she has difficulty in terms of coming to terms with this contempt waged against populism and evaluates this contempt as being too “hasty” since the sources of populism stem from the tensions inherent in the very nature of democracy.⁶⁷ Quoting from Canovan,

We should resist the temptation to write off populism in general as a pathological symptom. In other words, we need to think seriously about the populist claim to democratic legitimacy. Unless we do so we will miss the opportunity to learn important lessons about the nature of democracy itself.⁶⁸

However, Arditi uses the term “internal periphery” in regards to populism’s link with democratic politics and approaches the relation between democracy and populism in a more cautious and critical manner than Canovan. Arditi utilizes the concept

⁶⁵ Canovan, “Trust the People! Populism and the Two Faces of Democracy,” p.10.

⁶⁶ Ibid., p. 16.

⁶⁷ Ibid., pp. 2-3.

⁶⁸ Ibid., pp. 6-7.

“periphery” in order to illustrate a more “paradoxical and contested status of the relationship” between the two concepts since a periphery differs from the concept of territory in the sense that it designates both “the outermost limit of an inside and the beginning of an exterior of a system.” In this regard, it could be asserted that Arditì conceives of populism as an “internal periphery of democratic politics” which can easily outgrow the confines of democracy and turn into its “underside.”⁶⁹

Therefore, according to Arditì, populism is not a concept that is merely a natural and inevitable byproduct of democracy that always operates within its boundaries and confines; instead it might easily surpass these limits transforming itself into its “underside” which would in turn have damaging prospects for democratic politics. In this respect, Arditì highlights the point that while examining the links between populism and democracy, we should not fall into the trap of neglecting the gaps that set them apart and therefore we need to scrutinize darker options that might accompany populism as well.⁷⁰ To put it another way, Arditì notes that when we contemplate about the relation between the two concepts, we should always keep in mind the fact that populism embodies authoritarian tendencies as he says that “the persistence of authoritarian variants is a reminder that one must keep a level head when thinking [populism’s] relation to democracy.”⁷¹

The way populism manifests itself at the discursive, institutional, and economic levels actually discloses the fact that Arditì has a point in being concerned about the authoritarian tendencies of populism and its adverse implications on democratic process. At the discursive level, populist leaders appeal to the masses in a

⁶⁹ Arditì, p. 98.

⁷⁰ Ibid., pp. 94-95.

⁷¹ Ibid., p.77.

direct, personal way with the claim that they are one of them and if they are elected they will be the representatives of the will of the masses, stand for the masses, acting in their name and on their behalf. However, this “common man,” “man of the people” might easily turn into an authoritarian leader who governs the country single-handedly without the need to make explanations about his policies because it is taken for granted that whatever he does, he does it in the name of his people and on their well-being as the sole representative of the will of the people. Arditì points to this possibility as he underlines that the rhetoric of populist leaders that they act on behalf of the people or stand for the people generally turns into an authoritarian style in favor of the leader and at the expense of the represented as in the case of the rule of Alberto Fujimori in Peru.⁷²

Populist leaders’ penchant for circumventing checks and balances and existing intermediary organizations, civil society groups and their highly top-down, centralized governing style have also adverse impacts on the democratic process. Democracy is a governing style that is based on discussions, debates, negotiations between different groups such as business associations, labor unions, and other civil society groups in the decisions concerning their rights and their well-being. Yet, populist governments rule their country in a way in which the populist leader and a few number of inner circle aides give decisions in an extensively arbitrary and top-down manner without the need to establish links with the intermediary organizations through the rhetoric that these established intermediary organizations disturb the direct rapport between the populist leader and the masses.

The way populism manifests itself at the economic level also poses crucial problems for democracy and the notion of citizenship as the populist leaders seek to

⁷² Arditì, p. 96.

acquire the support of the masses, or buy their support through the distribution of material rewards and vertical clientelistic networks and portray themselves as the promoters of social justice and paternalistic benefactors of the poor. In this regard, Arditì maintains that another aspect of populism that has to be questioned is the notion of “social justice” in which populist leaders keep recurrently refer to and refers to Lefort’s analysis concerning the subject. Lefort asserts that populist leaders seek to establish links and acquire the support of the underclass via the “mediation of welfare policies,” which in turn has damaging impacts on democratic credentials and the empowerment of the individuals. His argument does not stand for a conservative argument which criticizes social justice or welfare policies, but actually it is a rather democratic argument of a scholar who is concerned about the prospects of vertical linkages established through clientelistic relations. Therefore, Lefort reacts against the highly top-down process carried out at the very discretion of the leader and the vertical linkages that establish a link between the political leaders and the “grateful masses” since in the aftermath this process turns into a “voluntary servitude” of the “grateful masses” who have to abide by the demands of the populist leader in return for the benefits, rewards, or services distributed to them.⁷³ In Lefort’s words,

[It] instigates what de la Boetie called “a voluntary servitude.” Being drawn to populism and to the leader, or putting the destiny of all in the hands of the leader, merely highlights this form of servitude. ... What is the point of social justice if all the measures are decided by a government that seeks the obedience of its citizens as repayment for the rewards it offers, and if such a justice does not awaken in the people awareness of their rights, of their sense of endeavor, or of their freedom of association?⁷⁴

⁷³ Arditì, pp. 96-97.

⁷⁴ Ibid, p. 97.

Therefore, as Lefort argues this servitude of the dispossessed masses could easily undermine citizenship and turn it into an “empty shell,” while the distributive mechanisms could easily be transformed into “an instrument of domination” cunningly exploited by the populist leader. As underlined by Arditì, this situation indicates the fact that populism, which deteriorates the notion of citizenship through converting it into a relationship of “voluntary servitude,” can cast a “darker shadow on democracy.”⁷⁵

In the light of all these examples, it can be argued that naturalizing the link between populism and democracy through the argument that populism emerges as a direct result of the inevitable tensions between different faces of democracy and portraying it as an inherent feature of democracy would merely help to strengthen the hands of populist leaders who justify their acts on the grounds that it is all about democracy. In this respect, I maintain that we should be aware of the fact that the link between the two concepts is more of a contested one, as argued by Arditì, in which populism with its highly authoritarian tendencies might easily cross over the boundaries of democracy and turn into its “underside” with rather harmful impacts on the very credentials of democracy such as the empowerment of individuals, the notion of citizenship, and the participatory roles attributed to intermediary institutions and civil society organizations.

Concluding Remarks

This chapter examined different approaches toward the concept of populism with the intention of delineating certain major overlapping aspects that exist in all different

⁷⁵ Arditì, p. 97.

types of populism. In this regard, three fundamental overlapping characteristics that manifest themselves in all varying types of populism were listed. A direct appeal to the people and an anti-status quo, anti-elitist, anti-establishment rhetoric constitutes the first major overlapping component that can be observed in all different types of populisms. This dimension manifests itself at the discursive level when a populist leader appeals to the masses directly with the rhetoric that he is the sole representative of the will of the people. In addition, the leader constructs the people's other, an enemy in line with the anti-status quo rhetoric of populism and portrays the image that this enemy needs to be defeated for the well-being of the masses.

The second common characteristic of populism manifests itself at the organizational, institutional level as underlined by Mouzelis, in that populist leader governs the country in a top-down manner which bypasses all the established intermediary organizations. Since the populist leaders endeavor to establish direct, non-mediated links between themselves and the masses, they have a dislike of established intermediary institutions, which they regard as challenge to their power and the direct link that they establish with their people.

The last overlapping component of populism is that all varying types of populisms have an economic agenda in the sense that all populist governments seek to mobilize the masses and obtain their support either through expansionary fiscal policies of rising wages which have a macro-level agenda as in the case of classical populism of ISI or through micro-level selective distribution of benefits as in the case of the current neoliberal context.

The second part of this chapter gave a concise definition of neopopulism as in the aftermath of the worldwide neoliberal restructuring of the economy and the drastic austerity measures and structural economic packages, contrary to the common

wisdom that populism will fade away, populism remained but with a different face in terms of its manifestations at the economy. It should be noted that neopopulism encompassed the overlapping features of populism at the discursive level via a direct appeal on the part of the neopopulist leaders to the masses and their anti-status quo, anti-elitist rhetoric and at the institutional level through the aversion of neopopulist leaders to intermediary institutions since they regard the influence of these established intermediary institutions encumbrance to their power and as threats that would divide and disrupt the direct link they establish with the masses. However, in the economic realm, neopopulism manifested itself with a different strategy of micro-level, selective distribution of benefits different from its classic version, which implemented a macro-level expansionary fiscal policy of rising wages.

After having defined neopopulism briefly, the last part of this chapter examined the implications of populism for the democratic process, taking into account different perspectives of two major scholars concerning the link between the two concepts. Canovan underlines the existence of two faces of democracy- “redemptive and pragmatic faces”- and asserts that it is the inevitable tensions between these two faces of democracy that results in the emergence of populism. Therefore she argues that populism reflects the “inescapable ambiguity” of democracy. Consequently, Canovan objects to the views which conceive of populism as a “pathological symptom” or a “symptom of backwardness” and contends that the sources of populism emanate from the tensions intrinsic in the very nature of democracy.

Meanwhile, Arditi in his conceptualization of the link between populism and democracy differs from Canovan as he uses the term “internal periphery” with respect to the relation between the two. Arditi maintains that the link between the

two is more of a “contested and paradoxical” one since populism as an “internal periphery of democratic politics” might easily surpass the boundaries of democracy and turn into its “underside” with adverse repercussions for the quality of democracy.

My evaluation of the relation between populism and democracy is more of a critical one as underlined by Arditì. My argument is that populism with its highly authoritarian tendencies might easily cross over the confines of democracy and turn into its “underside,” which would in turn have severe implications on the credentials of democracy such as the participation of the intermediary institutions and civil society organizations in the decision making process, and the notion of citizenship. My concerns stem from the fact that populist leaders have a propensity for bypassing established intermediary institutions in which they regard as impediments to their power. Besides, they constantly refer to the notion of “social justice,” which actually turns into a kind of “voluntary servitude” of the “grateful masses” rather than the empowerment of the individuals. Arditì’s approach will provide the basis for my analysis concerning the implications of Özal’s neopopulist governance style on the quality of democracy when its manifestations at different levels will be examined in the later chapters of this thesis.

After the discussion on overlapping components of all different types of populism, a brief description regarding the concept of neopopulism, and the prospects of populism on the democratic process described in this chapter, the next chapter will elaborate on the manifestations of neoliberal populism at the discursive, institutional, and economic level in the Latin American context.

CHAPTER II

MANIFESTATIONS OF NEOPOPULISM IN LATIN AMERICA AND ITS PARALLELS WITH TURKEY

This chapter examines the manifestations of neoliberal populism at the discursive, institutional, and economic level in different countries of Latin America through elaborating on specific examples in these countries to shed light on Turkey's experience with neoliberal populism during the Özal decade and to enable us to make a comparison between the two. Before investigating the different manifestations of neopopulism in Latin America, fundamental characteristics of populism in Turkey prior to the Özal decade, that is to say the rural populism of the Democrat Party (DP) and the classical populism of the ISI period, will be explored briefly and will be compared to the classical economic populism in Latin America. This comparison allows for evaluating the parallels and distinctions with respect to the basic aspects of neopopulism in Latin America and Turkey in a broader context and in its totality.

A Comparison of Populism in Turkey with its Latin American Counterpart Prior to the Neoliberal Era Rural Populism of the Democrat Party (1950-1960)

In 1946 first competitive elections were held in Turkey with the transition to a multi-party system and 1950 was marked by a significant turning point in which Democrat Party (DP) came to power as being the first opposition party ever managing to rise to

power. The era of the DP, the period between 1950 and 1960, has been by and large regarded as the first example of “populism” in the history of Turkey.

It was a period in which approximately 80 % of the population lived in the countryside, and against this background the DP particularly sought to obtain the support of the rural population and appealed to them through party patronage mechanisms and expansionist economic policy which would act to the advantage of this constituency. To put it differently, it could be underlined that the DP’s economic populism embodied two main features. First, it encompassed the allocation of party patronage to its supporters on various fronts. The DP’s economic populism also involved an expansionary economic program and uncontrolled spending in order to secure the support of its rural constituency. As Sabri Sayarı notes, one of the major reasons behind the DP’s rising to power in 1950 and its continuous success in the elections during the course of the decade particularly via the support of the rural population stemmed from its distribution of government patronage.⁷⁶

The DP focused on informal patronage relations instead of bureaucratic administrative institutions. As a result, the DP began to divert the relations organizing the linkages between state and society from the monopoly of the bureaucracy to the party patronage.⁷⁷ Similarly, Ayşe Güneş-Ayata asserts that the success of the DP emanated from its skill at mobilizing the peasantry on their behalf.

⁷⁶ Sabri Sayarı, “Political Patronage in Turkey,” in *Patrons and Clients in Mediterranean Society*, eds. Ernest Gellner and John Waterbury (London: Duckworth, 1977), pp. 110-111.

⁷⁷ İlkay Sunar, “Demokrat Parti ve Popülizm,” in *Cumhuriyet Dönemi Türkiye Ansiklopedisi* 8, (İstanbul: İletişim Yayınları, 1983), p. 2083.

Throughout the decade, the DP allocated the party patronage in a way which would operate to the advantage of its party's supporters.⁷⁸

The patronage of the DP encompassed different features such as finding places in the hospitals by the deputies for the people in their districts, price policies, or the involvement of "politics commissioners" (*siyaset komisyoncuları*) acting as intermediaries between the citizens and the state, and all these different patronage mechanisms targeted the continuation of the political support.⁷⁹ Çağlar Keyder writes of the credit mechanism for the purchase of tractors as being part and parcel of this political party patronage. Keyder notes that in a 1952 survey, 93 % of households that owned agricultural machinery were detected to have been financed by credit adding up to 60 % of their expenses and political patronage mechanism played a significant role in the distribution of these funds.⁸⁰ Yet, it should also be maintained that the distribution of these patronage mechanisms did not involve in an egalitarian manner for the different sectors in the society. It should be pointed out that during the DP era, the agricultural sector, especially the small and medium sized farmers benefited the most from these patronage mechanisms while the workers had been neglected to a great extent.⁸¹

The DP's appealing to the rural sector through an agricultural development program and its persistence of continuation of this support mechanism at any costs for the sake of securing the support of them even under crisis situation could be

⁷⁸ Ayşe Güneş-Ayata, "Roots and Trends of Clientelism in Turkey," in *Democracy, Clientelism, and Civil Society*, eds. Luis Roniger and Ayşe Güneş-Ayata (Boulder, Colo. : Lynne Rienner Publishers, 1994), p. 53.

⁷⁹ Sunar, "Demokrat Parti ve Popülizm," p. 2083.

⁸⁰ Çağlar Keyder, *State and Class in Turkey: A Study in Capitalist Development* (London; New York: Verso, 1987), p. 130.

⁸¹ Sunar, "Demokrat Parti ve Popülizm," p. 2083.

portrayed as the second major component of the DP's economic populism. In order to be able to delineate a more concrete picture of this aspect of the DP populism, the fundamental economic policies of the DP will be scrutinized briefly. In the period between 1950 and 1954, the DP has attached its emphasis to infrastructural development programs in the areas of transportation, communication, and public works; and it has prioritized the import of machines that would enhance modernization in agriculture.⁸² The impact of Marshall Aid in this agricultural development was noteworthy since the DP made use of it for financing the import of agricultural machinery and particularly the tractors, the number of which escalated from 10,000 in 1946 to 42,000 at the end of the 1950s.⁸³

In this period, cheap credit facilities and export of agricultural products stemming from high price policies resulted in an agriculture-led boom.⁸⁴ The impact of some of the conjunctural factors such as favorable weather conditions and worldwide high agricultural prices due to the Korean War also need to be taken into account behind this agriculture-led boom. Approximately three-fourths of the population were living in rural areas in this period and therefore this agriculture-led boom signified good times and increasing incomes for the economy in general.⁸⁵

Yet these favorable conjunctural conditions started to deteriorate with the end of the fine weather conditions and the Korean War.⁸⁶ Starting from 1953, with the decreasing demand on the part of the agricultural products, the country has become

⁸² Sunar, "Demokrat Parti ve Popülizm," p.2082.

⁸³ Roger Owen and Şevket Pamuk, *A History of the Middle East Economies in the Twentieth Century* (London: I.B. Tauris& Co. Ltd, 1998), p. 107.

⁸⁴ Sunar, "Demokrat Parti ve Popülizm," p. 2082.

⁸⁵ Owen and Pamuk, p. 108.

⁸⁶ Ibid., p. 107.

confronted with the foreign trade deficit.⁸⁷ After 1953, the sources that would cover the imports for the most part depended on external borrowing.⁸⁸

In this unfavorable economic environment, the DP did not want to risk losing the support of the agricultural producers and carried out a price support program for wheat financed by the Central Bank credits of the Soil Products Office (SPO) with the purpose of protecting the agricultural producers from the adverse effects of the price movements. Within the context of this initiative, it was incumbent on the SPO to buy low-priced wheat and allocate it to urban areas that had severe repercussions for the inflation.⁸⁹ That is to say, through these price support policies, the domestic terms of trade operated to the advantage of the agricultural sector and the countryside emerged as the ultimate beneficiary of the DP period. However, the inflationary economic environment operated to the detriment of the workers and the civil servants worsening the real value of their wages and salaries.⁹⁰

The DP did not take into consideration the highly prioritized policy of the earlier period that is adherence to the balanced budget and the last years of the DP government were marked by uncontrolled spending, increasing demands on imports, and decreasing exports with rising foreign debts.⁹¹ The growing payment difficulties culminated in the devaluation and the stabilization package of 1958.⁹²

With the notorious devaluation of 1958, 1 dollar increased to 9.00 TL from its level of 2.8 TL. Thus, all these policies paved the way for the first economic crisis of

⁸⁷ Sunar, “Demokrat Parti ve Popülizm,” p. 2082.

⁸⁸ Ibid, p. 2083.

⁸⁹ Owen and Pamuk, p. 108.

⁹⁰ Ibid, p. 110.

⁹¹ Oktay Yenal, *Cumhuriyet’ in İktisat Tarihi* (İstanbul: Homer Yayınları, 2003), pp. 81-83.

⁹² Sunar, “Demokrat Parti ve Popülizm,” p. 2083.

Turkey and its first encounter with the International Monetary Fund's (IMF) first stabilization packages. In this respect, the DP's populist policies confirmed the general belief about the populist cycles, that they would be followed by stabilization programs revealing the confines of "uncontrolled expansion, fiscal indiscipline, and patronage politics."⁹³

In their historical economic analysis, Şevket Pamuk and Roger Owen also represent the DP as the first example of a populist government in Turkey in the sense that it aimed at appealing to a large constituency and implemented a redistributive agenda to the benefit of this constituency. Furthermore, it also sought to maintain economic growth through short-term expansionist policies, with its long-term decisive economic consequences.⁹⁴

Classical Populism of the ISI Period in Turkey (1960-1980)

After having analyzed the basic features of the DP's rural populism, this part will investigate the fundamental tenets of the economic populism of the period between 1960 and 1980 which was characterized by the economic development model of ISI in Turkey. Before dwelling on the basic tenets of this economic model, the basic features of persisting patronage relations will be analyzed firstly. As underlined by Sayarı, the Justice Party (JP) could be described as a political party that presented itself as the continuation of the DP's strategy in terms of the creation of its own clientele via patronage mechanisms. The JP made use of its command over

⁹³ Mine Eder, "Populism as a barrier to integration with the EU: rethinking the Copenhagen criteria," in *Turkey and European Integration: Accession Prospects and Issues*, eds. Mehmet Uğur and Nergis Canefe (London; New York: Routledge, 2004), p. 55.

⁹⁴ Owen and Pamuk, p. 110.

governmental resources and used every single opportunity to allocate patronage toward its clientele which was particularly composed of the peasants and the urban poor.⁹⁵ Güneş-Ayata asserts that its local organizations were premised on economic power, while the JP made use of the state power for pork-barrel politics with the intention of achieving the mobilization of the voters and promoting local brokers.⁹⁶

According to Frank Tachau's analysis, the local leaders of the JP continuously resorted to resource allocation mechanisms in order to establish their command in the region. Construction of roads, schools, and other amenities together with the provision of electricity and water constituted one of the major tools of voter mobilization through patronage for the JP. Güneş-Ayata emphasizes the significance of these vertical linkages in the consolidation of the party's power as the party provided a fertile ground to have access to state resources and the state had command over the bulk of credit opportunities.⁹⁷

Sayarı notes that the Republican People's Party (RPP), which distanced itself from the usage of party patronage in the way carried out both by the DP and the JP, and continued to rely on traditional notables, began to alter its strategy toward the end of the 1960s. In the words of Sayarı, "the party leadership has become much more aware of the political pay-off of patronage."⁹⁸ In a similar vein, Güneş-Ayata highlights the transformation in the party both in terms of its ideology and its rhetoric of appealing to the masses as it espoused a left of center, social democratic ideology and a populist rhetoric. That is to say, Güneş-Ayata asserts that the ideological change in the RPP was the main reason behind the transformation in the party from

⁹⁵ Sayarı, "Political Patronage in Turkey," p. 111.

⁹⁶ Güneş-Ayata, p. 54.

⁹⁷ Ibid.

⁹⁸ Sayarı, "Political Patronage in Turkey," p. 111.

the dominance of traditional notable to the extension of power on the part of the local professionals who established crucial social links with the bureaucracy and thus who were well aware of the state activities via these contacts.⁹⁹

Ergun Özbudun carries out a noteworthy analysis concerning the patronage relations in the 1970s and argues that the mechanism of resorting to patronage subsided at least in the metropolises during the course of the 1970s. He stresses that the 1970s witnessed a transformation in regards to the party politics which had been characterized by the dominance of vertical linkages, short-term, interest based clientelistic relations to a system that was based on more horizontal linkages of ideological allegiance to the party. Meanwhile, Sayarı states that the persistence of vertical linkages during the 1970s should not be underestimated either. Sayarı acknowledges the fact that the ideologies and party programs had more of an influence over the voters, particularly for the ones living in the cities. Yet, Sayarı also asserts that the prevalence of group belongings and horizontal linkages did not necessarily lead to the eradication of vertical linkages and these linkages and the distribution of patronage persisted during the period in question.¹⁰⁰

Patronage-clientelistic mechanisms might have persisted during the 1970s, yet I am of the same opinion with Özbudun and hold the belief that the patronage mechanisms were less influential in the 1970s since the period was mainly characterized by horizontal linkages of ideological commitment and allegiance toward a party rather than a vertical allegiance which was merely based on accepting the service in return for votes. In this respect, I maintain the idea that a political

⁹⁹ Güneş-Ayata, p. 56.

¹⁰⁰ Harald Schuler. *Türkiye’de Sosyal Demokrasi Particilik Hemşehrilik Alevilik*, trans. Yılmaz Tombul (İstanbul: İletişim Yayınları, 2002), pp. 105-106.

environment which is characterized by ideological commitments toward a political party is less vulnerable to mobilization via patronage networks.

Apart from the persistence of patronage mechanisms, the period between 1960 and 1979 in Turkey was characterized by a new economic modeling of ISI with its features of planned industrialization carried out by the State Planning Organization (SPO), five year development plans, protectionism, and emphasis on the domestic market. This period can be said to have opened the way for a new type of populism, different from the rural populism of the DP, illustrated as “classical macroeconomic populism” in its Latin American counterpart, major features of which were elaborated on in the first chapter, with its emphasis on urbanization and fast industrialization.¹⁰¹ In other words, the period in question was characterized by a classical macroeconomic populism targeting a wide range of constituency along with the persistence of above-mentioned patronage mechanisms.

The urban workers and civil servants significantly benefited from the ISI policies in Turkey with their real wages incessantly rising except for the two years following the 1971 military coup. If we take 1963 as the base year of 100 for the level of wages, then 1976 would be labeled as 220.¹⁰² The emphasis has been directed toward consumer durables and workers and civil servants were able to become involved in the domestic market for consumer durables with their increasing wages. These increasing wages did not threaten the large industrialists in that they were protected in the domestic market and were not encountered with the pressure of competition

¹⁰¹ Eder, “Populism as a barrier to integration with the EU: rethinking the Copenhagen Criteria,” p. 55.

¹⁰² Korkut Boratav, *Türkiye İktisat Tarihi 1908-2005* (Ankara: İmge Kitabevi Yayınları, 2006), p. 139.

for the export markets, and thus could afford these increasing wages which also helped to extend the demand for their own products.¹⁰³

In line with this characteristic, Korkut Boratav stresses that one of the most prominent aspects of the period between 1962 and 1976 was that it was characterized by populist policies. The ISI was based on the expansion of the domestic market and in this model the wages were not merely regarded as costs for the capitalists but also considered as an aspect of demand fostering production. Therefore there was no need to put the wages under pressure through political means. In this period, compared to the other less developed countries, Turkey maintained considerably high wages.¹⁰⁴ 58 % wage increase has been observed for the period between 1974 and 1978 and 28 % increase in the total employment has been detected for the same period. Moreover, at the beginning of the period wages constituted 27 % of the value added, this percentage increased to 38 % by the end of the period.¹⁰⁵

However, different from the Latin American context, ISI was not merely an urban phenomenon in Turkey in the sense that ISI policies did not completely wipe out and neglect the rural sector. As part of ISI's emphasis on rapid industrialization, the share of agriculture decreased from its level of 38 % in 1960 to a level of 25 % in 1980. By the end of the 1970s it lost its leading position in the economy with respect to its contribution to total growth. Yet, people in the agricultural sector still made up more than 50 % of the labor force, which was a crucial portion.¹⁰⁶

¹⁰³ Owen and Pamuk. pp. 111-113.

¹⁰⁴ Boratav, *Türkiye İktisat Tarihi 1908-2005*, pp. 123-125.

¹⁰⁵ John Waterbury, "Export-led Growth and the Center-right Coalition in Turkey," in *Economics and Politics of Turkish Liberalization*, eds. Tevfik F. Nas and Mehmet Odekon (Bethlehem: Lehigh University Press, 1992), p. 63.

¹⁰⁶ Owen and Pamuk, p. 116.

In this period, agricultural production rose by 65 % due to the “intensification of cultivation, use of improved plant varieties, increased inputs of chemical fertilizers, and increased mechanization.” Beneath this increase, the impact of the government price subsidy programs with favorable exchange rates and interest rates also needs to be taken into account.¹⁰⁷ Moreover, the small and medium-sized peasant producers together with the larger landowners, managed to take their shares from the expansion of the domestic market as a result of these subsidy programs.¹⁰⁸

That is to say, these macroeconomic populist policies of the two decades in question, compared to its previous version of the DP populism, culminated in more or less similar results via mechanisms of government price support and subsidy policies for the agricultural sector. Especially in the years before elections the prices that the farmers acquired surpassed the levels of external prices and the prices that would occur without the intervention and subsidies of the government.¹⁰⁹

As examined in the first chapter, the rural sector was severely neglected and excluded from the benefits of the ISI in Latin America, while the urban organized groups emerged as the main beneficiaries of the period with high wages, social security guarantees, and unionization rights. Whereas, ISI in Turkey was not purely an urban phenomenon and thus it did not totally exclude the rural sectors from the benefits of the economic program. Two main factors may have been influential on this outcome. First, the peasants in Turkey were predominantly small and medium sized independent peasants and secondly although the share of agriculture has decreased with respect to its role in the economy, the agricultural sector still made up

¹⁰⁷ Owen and Pamuk, p.116.

¹⁰⁸ Ibid., p. 113.

¹⁰⁹ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 125.

of a crucial percent of the working force and thus the electorate that none of the governments could endeavor to take the risk of losing its support. Keyder underlines the significance of the peasantry for the governments as being a crucial reservoir during the election times and maintains that the governments could not take the risk of the isolation of the peasantry in the Turkish context.¹¹⁰

This analysis reveals that the period in question for Turkey was characterized by lingering patronage-client relations along with the persistence of rural populism. The DP period was the embodiment of the rural populism in that it aimed to obtain and secure the support of the rural population which accounted for more than two thirds of the overall population via party patronage mechanisms, credit opportunities particularly for the purchase of tractors, price support programs and thus expansionary economic policy. The biased policies of the DP which favored the rural population had vehement consequences for the workers and civil servants as the inflationary economic environment deteriorated their purchasing power. Meanwhile, beginning with the 1960s the economic structure of the country underwent a crucial economic transformation by the initiation of the protectionist, inward-oriented economic model of ISI with its emphasis on urbanization and industrialization. Party patronage mechanisms, vertical linkages of clientelism persisted during the ISI period. Particularly, the JP, which was regarded as the continuation of the DP as it had taken over the DP's local organizations to a great extent, was a clear manifestation of lingering patronage mechanisms during the ISI period.

Urban workers and civil servants benefited largely from the economic environment created by the ISI as their wages and salaries rose continuously during

¹¹⁰ Çağlar Keyder, "Türkiye Demokrasisinin Ekonomi Politikası," in *Geçiş Sürecinde Türkiye*, Irvin Cemil Schick et al. (İstanbul: Belge Yayınları, 1992), p. 67.

the period. In line with the logic of the ISI, the wages were also considered mechanisms of demand creation since the wage income groups could become part of the internal market through their purchase of consumer durables. Yet, contrary to its Latin American counterpart, the rural sector was not excluded from reaping the benefits of the ISI, in other words, the ISI in Turkey was not completely an urban phenomenon and it incorporated the rural sector within its confines as well. As underlined by Çağlar Keyder and Ayşe Öncü, the governments that ruled throughout these three decades embarked on policies that aimed to acquire the support of the rural population and their mobilization. They maintain that “the overriding theme [of the period] was the incorporation of the peasantry into electoral politics.”¹¹¹

After examining the basic characteristics of populism in Turkey for the period between 1950 and 1980 and comparing and setting its parallels and distinctions with the classical economic populism in the Latin American context, the later parts of this chapter will investigate the fundamental features of neoliberal populism in Latin America. While analyzing the different manifestations of neoliberal populism at the discursive, institutional, and economic level in Latin America, overlapping features of neoliberal populism of the Özal decade, the details of which will be explored thoroughly in the later chapters, will also be briefly examined in order to set its parallels and distinctions with the Latin American context.

¹¹¹ Çağlar Keyder and Ayşe Öncü, *Istanbul and Concept of the World Cities* (İstanbul: Friedrich Ebert Vakfı, 1993), p. 17.

Neoliberal Populism in Latin America

The macroeconomic populist policies and the economic environment of the ISI period encountered their limits in Latin America in the 1970s. The countries in the region went through a wide scale economic transformation during the 1980s and the 1990s, from an ISI-based economic development model toward a market-oriented neoliberal economy parallel to the worldwide neoliberal transition,¹¹² which is also the case in Turkey as will be analyzed in the next chapter. Privatizing state enterprises, bringing a halt to a number of subsidies, state support schemes, protectionist policies, and price controls along with reducing trade barriers were projected as the recipes of neoliberal restructuring that needed to be carried out in order to overcome the intense economic maladies in Latin America.¹¹³

As underlined in the previous chapter, there is a general belief that populism cannot survive under these neoliberal structural adjustment programs and harsh austerity measures; thus, the neoliberal economic transformation that came in the aftermath of the harsh debt crisis of the early 1980s are highly regarded as being a death blow to populism in Latin America. To put it differently, the transition to a neoliberal market economy are considered as being synonymous with the demise of populism in the region.¹¹⁴ In this regard, a variety of thinkers, academics, and politicians welcomed the transformation that the countries in Latin America underwent during the course of the 1980s on the grounds that it would hamper the

¹¹² Demmers, Jilberto, and Hogenboom, p. 5.

¹¹³ Ibid., p. 10.

¹¹⁴ Ibid., p. 9.

resurgence of populism in the region.¹¹⁵ Unfortunately, this was not the case in Latin America as the region experimented with a new breed of populism.

In the words of Demmers, Jilberto, and Hogenboom: “At the beginning of the 1990s, populism was rendered obsolete. Nevertheless, as the decade unfolded, it turned out that various populist parties had managed to ‘survive’ the neoliberal transformation.”¹¹⁶ They emphasize that “while they are often perceived as natural antagonists, their crossbreeding was more than a ‘marriage of convenience’.”¹¹⁷

Demmers, Jilberto, and Hogenboom underline three different factors that occurred in Latin America, paving the way for “neoliberalization” of populist parties. Populist parties in countries like Argentina and Chile during the course of the 1990s followed the path of the military regimes of the 1970s and the 1980s, which instigated the neoliberal restructuring. In some of the cases, the ruling populist parties went through internal alterations within the party apparatus, which led to the ascendance of neoliberal, technocratic leadership at the expense of the Keynesian factions. The emergence of new neoliberal populist leaders, as in the case of President Alberto Fujimori in Peru constitutes yet a third case of the neoliberalization of populism in Latin America.¹¹⁸

Demmers, Jilberto, and Hogenboom stress that we need to take into consideration the major socioeconomic and political changes that Latin American countries underwent such as urbanization, the emergence of new democracies in the aftermath of long military rules, economic crises, and the neoliberal transformation

¹¹⁵ Kurt Weyland, “Populism in the Age of Neoliberalism,” in *Populism in Latin America*, ed. Michael L. Conniff (Tuscaloosa: University of Alabama Press, 1999), p. 172.

¹¹⁶ Demmers, Jilberto, and Hogenboom, p. 11.

¹¹⁷ *Ibid.*, p. 1.

¹¹⁸ *Ibid.*, p. 11.

of the economy in order to grasp the re-emergence of populism in Latin America in the 1980s and 1990s in its totality. The legacy of recurrent military take-overs and single-party rule along with the adverse impacts of the severe economic crisis, the impact of the organized interest associations and opposition parties in the decision making process remained extremely fragile in the Latin American context.

Furthermore, Latin America also witnessed a speedy escalation in the number of people in the informal sector of the economy, nearly making up half of the population, due to the economic crisis and neoliberal transformation. This transformation is noteworthy because the neopopulist leaders in Latin America sought to obtain the support of these urban marginals in the informal economy who constituted a crucial portion of the electorate.¹¹⁹

Manifestations of Neopopulism at the Discursive Level in Latin America

As has been examined above, despite their differences, all types of populism manifest themselves at three fundamental levels, one of which is the discursive level in that a populist leader appeals to the masses directly making use of his charisma with an anti-elitist rhetoric and simple, everyday language. He constructs an enemy and claims that this enemy needs to be defeated for the well-being of the masses. In addition, particularly in the aftermath of the crisis situations, the charismatic leader portrays himself as the sole alternative who can save the country from economic catastrophe, just like a “quasi-messianic savior.” Upon this brief theoretical background, this part will examine the way neopopulist leaders portrayed themselves

¹¹⁹ Demmers, Jilberto, and Hogenboom, p. 11.

at the discursive level with concrete examples in the cases of Peru, Mexico, Brazil, and Argentina, in a detailed manner.

Carlos Menem in Argentina, Fernando Collor de Mello in Brazil, and Alberto Fujimori in Peru all rose to power in a predominantly populist manner via depicting themselves as being political outsiders who had no dirty hands in the previous political mess that their countries encountered and appealed directly to the unorganized masses which constituted a crucial portion of the voting population.¹²⁰

Collor appealed to *descamisados*, using an expression coined by Argentine populist Juan Peron in the 1940s. Fujimori exploited the resentment of Peru's darker-skinned, poor majority (*cholos*) against the country's white elite. Menem promised to favor poor workers and invoked the old Peronist loyalties among the most destitute. As a result, all three leaders won the presidency with disproportional support from the poorest, least organized sectors.¹²¹

Collor, Fujimori, and Menem appealed to these unorganized masses in a direct fashion, largely via making use of television. As will be analyzed in the fifth chapter, Özal also widely made use of television even to the point of undermining the impartiality of the state television TRT at the expense of the opposition parties through the monthly broadcast of "From Within Our Executive Performance" (*İcraatın İçinden*) program on prime time.

The poor economic performance of the previous governments in these countries (during the rule of Garcia, Sarney, and Alfonsin) caused the majority of the population to search for a new savior and abide by his recipes. In other words, in an environment in which their countries were confronted with skyrocketing rates of inflation, the promises of these neopopulist leaders became more alluring for the

¹²⁰ Weyland, "Populism in the Age of Neoliberalism," p. 173.

¹²¹ Ibid., p. 180.

masses that were afraid of the emergence of a more severe economic crisis. Against this background, Collor, Fujimori and Menem skillfully made use of the expectations and fears of these masses via portraying themselves as being total “outsiders” who opted for nothing but “clean[ing] up the existing mess.”¹²² They were complete outsiders who were “untainted by the vices of the political establishment,” and this rhetoric enabled them to boost their power and disgrace the parties in opposition.¹²³

Similarly, this kind of discourse constituted one of the major components of Özal’s appeal to the masses as he presented his party as a totally new party that had no antecedents and that was not the continuation of any other previous parties, therefore the sole party that would save the country from the adverse impacts of the economic crisis, which will be examined in the fifth chapter.

The neopopulist leaders in Latin America chided the governments in office, corrupt politicians, interest groups and socioeconomic elites, portraying them as the enemies that needed to be defeated and claiming to be the sole and real allies of the lower segments of the society.¹²⁴ These neopopulist leaders waged their allegations to the old politicians on the grounds that they had acquired paramount privileges which functioned to the detriment of the masses. They frequently made use of anti-corruption slogans, portraying the administrations of “old-corrupt” politicians as “venal.” In this respect, some concrete examples would be illuminating in terms of delineating the kind of rhetoric these neopopulist leaders used. Fujimori closed the Congress on the pretext that he was launching warfare against the privileges of the established politicians. Collor promised that he would purge the country from

¹²² Weyland, “Populism in the Age of Neoliberalism,” pp. 179-180.

¹²³ Ibid., p. 185.

¹²⁴ Ibid., p. 180.

Maharajas, politicians who had acquired huge wealth through government salaries. In a similar vein, Menem made use of the disdain of Argentineans for the political class.¹²⁵ Similar to his Latin American counterparts, as will be examined in the fifth chapter, Özal recurrently made references to the “old, dark, chaotic” days of the pre-1980 period and blamed the old politicians for their corrupt attitudes and their malpractice in the economy. Besides, he demanded the masses to refrain from voting for the old politicians for the maintenance of law, security, and order in the country.

Salinas de Gortari, who ruled Mexico from 1988 to 1994, also governed the country in a similar fashion. Salinas implemented neoliberal economic packages which deregulated industry and trade and increased foreign investment, one of the manifestations of which was the privatization of state companies in a large scale.¹²⁶ The reduction in the number of state economic enterprises from 1155 in 1982 to a number which slightly surpassed 200 reveals the extent of privatization.¹²⁷ Jolle Demmers compares the discourse of the previous populist leaders in Mexico and that of Salinas and asserts that Salinas was akin to his classic populist predecessors. In the words of Demmers, “Salinas was the quintessential ‘populist leader.’ Casually dressed in leather jacket, he toured the country, promoting his ‘Solidarity’ Program, visiting remote areas, being ‘a man of the people,’ very much like in the footsteps of his (classic) populist predecessors Lazaro Cardenas and Echeverria.”¹²⁸

This common man rhetoric also constituted one of the major features of Özal’s discourses as he projected himself as a “man of the people” and an “ordinary”

¹²⁵ Weyland, “Populism in the Age of Neoliberalism,” p. 185.

¹²⁶ Jolle Demmers, “Neoliberal Reforms and Populist Politics: The PRI in Mexico,” in *Miraculous Metamorphoses The Neoliberalization of Latin American Populism*, eds. J Demmers, A E Fernandez Jilberto, and B. Hogenboom (London: Zed, 2001), p. 158.

¹²⁷ *Ibid.*, p. 159.

¹²⁸ *Ibid.*, p. 174.

man like the rest of his “people” who was born in Malatya and was well aware of the hopes and expectations of the masses. Like Salinas, he dressed casually to strengthen this rhetoric of being a “common” man in the eyes of the masses.

However, in the light of these aspects we are still confronted with the paradox of how these neopopulist leaders secured their support in the aftermath of the drastic austerity measures which deteriorated the living conditions of the masses to a great extent. This was largely due to the fact that the impacts of the economic crises in these countries were so grave that the masses were ready to swallow the harder pills for the aversion of total economic collapse. The implementation of these highly risky economic policies helped to boost the charisma of the neopopulist leaders.¹²⁹

Menem’s statement, in which he said he would implement “surgery without anesthesia” in order to achieve the economic recovery of the country,¹³⁰ would be illustrative in this respect. It reveals the general aura of the era in the sense that there was no objection that these drastic austerity recipes had to be implemented. The masses, who had experienced harsh economic conditions in the previous periods, did not oppose the implementation of these risky economic policies and did not raise serious criticism about these programs which they regarded as the sole, inevitable mechanisms to be carried out for the aversion of a greater economic catastrophe.

The case of Peru also will help us come to terms with the obedience of the masses toward the severe austerity recipes in that the country witnessed a tremendous increase in the price of basic food staples and services, as in the case of petrol, the price of which increased thirty-one fold. In the aftermath of the shock therapy, the purchasing power of the workers decreased drastically as the real wages

¹²⁹ Weyland, “Populism in the Age of Neoliberalism,” p. 175.

¹³⁰ Ibid., p. 188.

diminished by half of their value, with 12 million people out of 22 million living beyond the extreme poverty line. However, the government did not encounter any significant protest as the majority of the population believed that the economic crisis was so severe that this kind of a shock therapy was unavoidable.¹³¹

We could draw parallels between the compliance of the masses in Latin America toward the drastic shock therapy recipes which resulted in the deterioration of the purchasing power of the larger segments of society along with worsened income distribution and the way the masses in Turkey tolerated the severe austerity measures implemented in the aftermath of the 24 January Decisions, the details of which will be investigated in the next chapter. Confronted with one of the most acute economic crises that the country suffered, people in Turkey were ready to abide by the austerity recipes of the 1980s since they believed that the crisis was so extensive that these measures had to be implemented in any way in order to hamper the resurgence of a more severe economic catastrophe.

In the light of these aspects, it could be asserted that all of the leaders in the four Latin American countries rose to power with a similar populist discourse that their (classic) populist predecessors took office. They appealed to the masses directly with simple language, with an anti-elitist, anti-status quo rhetoric in which they severely admonished the previous leaders for bringing their countries to the brink of collapse due to their venal, corrupt attitudes. In this way, they depicted themselves as the sole alternatives that would save their countries from an economic crisis and projected themselves with the image of a “messianic savior.” The severity of the

¹³¹ Giuseppe Solfrini, “Populism and Authoritarianism in Peru: An Old Vice in the Neoliberal Era,” in *Miraculous Metamorphoses The Neoliberalization of Latin American Populism*, eds. J Demmers, A E Fernandez Jilberto, and B Hogenboom (London: Zed, 2001), p. 123.

crisis that their countries encountered helped these leaders to turn the adversity to their advantage in that the masses, who had been extremely concerned that their countries might experience a resurgence of a new crisis, trusted these charismatic leaders and abided by the recipes that they offered without much reaction. We can draw parallels between the discourses of the neopopulist leaders in terms of their portrayal of themselves and their party to the masses and Özal's neopopulist discourses, which will be scrutinized in detail in the fifth chapter.

Manifestations of Neopopulism at the Institutional Level in Latin America

A second manifestation of populism takes place at the institutional level, where populist leaders who would like to establish direct links with the masses and who would like to boost their power, govern in a top-down manner bypassing the established intermediary organizations most of the time. In this respect, the populist leaders, who regard intermediary organizations as nuisance to their power, rule with an anti-institutional bias and de-institutionalizing tendency. This has also been the case for the neopopulist leaders in Latin America. Weyland maintains that neopopulist leaders sought to circumvent the established intermediary organizations such as opposition parties and interest associations or exploit them in a way which would promote their personal ambitions in Latin America. With the objective of increasing their own autonomy and power, the neopopulists undermined the influence that these organized groups would have in the decision making process through marginalizing them in the Latin American context.¹³²

¹³² Weyland, "Populism in the Age of Neoliberalism," pp. 182-183.

In her analysis of neopopulism in Brazil, Karla Lemanski-Valente points to the authoritarian governance style of Collor in the aftermath of his rise to power.¹³³ Lemanski-Valente asserts that Collor put the structural adjustment plans into action in a highly authoritarian fashion with no viable debate with Congress, parties and interest groups. He generally blamed the businessmen for not “making sacrifices to improve the country’s economy” in his populist speeches.¹³⁴ One concrete example would be his stance against Brazil’s premier business association, the Federation of Industries of Sao Paulo (FIESP), which he not only rebuked but also ignored, which had an age old feature of negotiating with the government and undermined the power of the labor unions.¹³⁵ During Collor’s rule, neither business associations nor labor organizations were able to exert pressure on the government in the political decisions concerning the rights and conditions of these groups and thus they were unable to have influence on the decision making process.¹³⁶

Similar to Lemanski-Valente’s analysis, Giuseppe Solfrini underlines that Fujimori ruled Peru in a rather authoritarian way and his rule was characterized by an environment in which none of the opposition parties and organized groups in Peru could express their ideas and criticism toward the policies of the government.¹³⁷ As in the case of Collor, Fujimori extensively resorted to governmental decrees in order to remove job security laws and liberalize labor relations.¹³⁸

¹³³ Karla Lemanski-Valente, “The Cardoso Administration and Brazil’s Transition to the Third Millennium,” in *Miraculous Metamorphoses The Neoliberalization of Latin American Populism*, eds. J Demmers, A E Fernandez Jilberto, and B. Hogenboom (London: Zed, 2001), p. 94.

¹³⁴ Ibid., p. 96.

¹³⁵ Weyland, “Populism in the Age of Neoliberalism,” p. 183.

¹³⁶ Lemanski-Valente, p. 97.

¹³⁷ Solfrini, p. 108.

¹³⁸ Ibid., p. 123.

One major example which reveals the extreme authoritarianism of Fujimori was his closing down of parliament and other state institutions on 5 April 1992, right after the congress had obstructed the implementation of a variety of decrees. Before this act, Fujimori had harshly criticized the opposition parties in the parliament for playing havoc with his economic policy prescriptions. It should also be noted that a number of incidents that occurred during the period such as the capture of the “sanguinary leader,” Sendero Luminoso, Abimael Guzman operated to legitimize Fujimori’s highly authoritarian governance style. During the course of these events, the economy began to recover with growth rates and relatively reduced inflation rates. Hence, the two major setbacks that the country suffered, that is to say political violence and ballooning inflation, seemed to have been routed. Upon this background, Fujimori acquired popularity ratings that reached the level of 71%.¹³⁹

None of the traditional parties managed to acquire the support more than five percent of the electorate in the 1995 elections in Peru. In the light of these aspects, Fujimori’s top-down governance style that bypassed the major political institutions in the decision making process and hampered them to maintain the linkages between the masses and the leader could be portrayed as the major manifestations of populism in Peru at the institutional level in the neoliberal era, which in turn paved the way for the deterioration of Peru’s democratic institutions.¹⁴⁰

As will be discussed in the sixth chapter, which will examine the institutional manifestations of Özal’s neopopulism, all these features have been by and large akin to the governance style of Özal as he implemented fundamental decisions such as the ones concerning the reorganization of the economy single-handedly and in a highly

¹³⁹ Solfrini, p. 124.

¹⁴⁰ Ibid., pp. 125-128.

top-down manner without the prior discussion of opposition parties, business associations, and labor organizations with the pretext that these decisions had to be implemented in an extremely speedy manner for the recovery in the country's economy. In addition, the major features of the highly anti-democratic 1982 Constitution remained largely intact especially the parts concerning the rights of the labor unions during his rule which would reveal his authoritarian tendencies. Moreover, like his Latin American counterparts, he implemented crucial decisions through decrees in a manner circumventing the parliament most of the time. Parallel to the extensive use of decrees, the 1980s in Turkey can be described as a period characterized by the supremacy of the executive over legislative.

In an article on the neoliberalization of populism in Mexico, Demmers notes that during the course of the 1990s, neoliberal administrations in Mexico governed the country with a "populist side," the basic manifestations of which were an ascendancy of presidentialism and a personalist type of governance.¹⁴¹

What was observed in the Mexican context was the escalation of rivalry between the *politicos* and *tecnicos* within the state apparatus and the governing party during the course of the 1980s and the 1990s. "The *politico*, or 'dinosaur' is generally portrayed as a bossy, pompous, often corrupt member of the party's old guard, who is terrified of losing his economic privileges. His counterpart, the *tecnico*, is pictured as a young, pragmatic, US-educated politician eager for change and reform." Academic studies reveal a decline concerning the well-being of the *politicos* and increase in the wealth of the *tecnicos* who were appointed by the very choices of de la Madrid and Salinas. Centeno's research in regards to Mexican ruling elite discloses the ascendancy of a "new technocratic elite," many of whom had

¹⁴¹ Demmers, p. 151.

postgraduate degrees from the elite universities of the United States after having graduated from economics departments in Mexico. These new technocrats obtained crucial posts in organizations that undertake the duty of planning, and mainly the ministry of Planning and Budget (SPP).¹⁴²

Demmers notes that the increasing power on the part of the Presidential Office, the SPP, and the party think-tank IEPES can be portrayed as the major reason behind the ascendancy of the new technocratic elite. It should be noted that Mexico underwent a crucial institutional transformation which operated to the detriment of the Ministry of the Interior and the Mexican Revolutionary Institutional Party (PRI) and to the benefit of the above-mentioned agencies. The members of this new technocratic elite were the ones who benefited the most from this institutional change.¹⁴³ It should be emphasized that the ascendance of this new technocratic elite, which ardently backed a neoliberal development model, led to the rise in the power of the presidency and the parts of the bureaucracy involved in finance, and the deterioration of power on the part of the traditional bureaucracy.¹⁴⁴ As highlighted by Demmers, this institutional change which discloses the increase in the power of the president's office, along with the centralization of decision making, could be categorized as the major changes that a typical populist leader aspires to achieve.¹⁴⁵

As examined briefly in the previous part, Salinas carried out neoliberal economic packages of liberalization and deregulation, yet via the implementation of these policies in the economic realm, he depicted himself as a "man of the people," putting all the attention on the president since the improvements were believed to be

¹⁴² Demmers, p. 162.

¹⁴³ Ibid., p. 163.

¹⁴⁴ Ibid., p. 165.

¹⁴⁵ Ibid., p. 164.

implemented only by the president and not by the party.¹⁴⁶ Salinas ruled the country with a highly personalistic governance style and extensively made use of his executive power to redesign state-society relations. These factors are believed to have fostered the leaders of the organized groups to establish links with the president instead of the PRI. Actually, this extended use of personalized ties designates a considerable loss of power on the part of the crucial political institutions,¹⁴⁷ as in the case of Brazil and Peru.

De la Garza Toledo evaluates the transition from the ISI toward a neoliberal economic model as a case of transformation from the “social authoritarian” type of development to a “neoliberal authoritarian” type in Mexico. In accordance with de la Garza Toledo’s analysis, what was observed in the Mexican context was a considerable deterioration of the power of the labor unions in terms of their impact in the decision making process as the state was less inclined to establish links with the labor unions. Thus, it should be asserted that the neoliberal transformation culminated in the decline of power on the part of the labor organizations in regards to their involvement in the decision making process in Mexico.¹⁴⁸

In a similar fashion, Menem in Argentina exerted a total control over his party and the Peronist unions, which in turn diminished their organizational power. He, in fact, promoted the division in the labor movement so that it would not pose a threat to his personal ambitions.¹⁴⁹

Similar to the experience that took place in the Mexican context, Turkey during the rule of Özal experimented with the technocratization of decision making

¹⁴⁶ Demmers, p. 164.

¹⁴⁷ Ibid., p. 171.

¹⁴⁸ Ibid., p. 169.

¹⁴⁹ Weyland, “Populism in the Age of Neoliberalism,” p.183.

and an institutional change which operated to the detriment of the classical, patrimonial bureaucratic elite and to the benefit of the newly emerging managerial technocratic elite. The era witnessed the recruitment of young, energetic, US-educated technocrats, dubbed “Özal’s Princes” and widely known for their loyalty to Özal and commitment to a free-market economy, to the crucial posts in the economy, which will be elaborated in the sixth chapter in extensive detail. Turkey also experimented with the loss of organizational power of the labor unions and business associations that all these four countries underwent during the rule of the neopopulist leaders, since the era was by and large characterized by the predominance of personalistic and individualistic ties between different institutions rather than a relationship that manifests itself on an organizational basis in Turkey.

All these examples reveal the point that the newly emerging neopopulists in Latin America governed their countries in an extremely top-down manner. As these leaders believed that the diffusion of power would pose a serious challenge to their leadership, they sought to centralize the state apparatus via reorganizing the public agencies and appointing close aides to crucial posts in these agencies. All these presidents extensively made use of their decree powers particularly in the decisions pertaining to the transformation in these governmental agencies.¹⁵⁰ In tandem with the aversion of populist leaders toward established intermediary organizations, they circumvented the intermediary organizations and did not include them as partners in their highly centralized and arbitrary decision making process. In this respect, it should be pointed out that neopopulism undermined the power of the established intermediary organizations in Latin America since they could not have a major influence in the decision making process. As Weyland notes, “In the most extreme

¹⁵⁰ Weyland, “Populism in the Age of Neoliberalism,” p. 186.

case, Peru, neoliberal neopopulism has created a virtual organizational wasteland. Fujimori's scorched earth tactics make it difficult for democracy to thrive."¹⁵¹

Weyland asserts that the centralization of decision making undermined the accountability of the governments in Latin America. As the politics became highly associated with the personality of the charismatic leader, this played havoc with the basic credentials of democracy and the notion of democratic citizenship. The rule of these neopopulist leaders witnessed their disposition toward misusing their already extended powers in various cases. As has been illustrated, Fujimori closed the parliament and for an interim period embodied dictatorial powers, while Menem's government was notorious for his stance toward the journalists.¹⁵² The manifestations of neopopulism at the institutional level were no more the exception during the rule of Özal as the period was characterized by a highly top-down, centralized decision making style in which the major decisions were taken single-handedly upon the initiative of prime minister and an inner circle of aides without consulting to the opposition parties, business institutions, and labor organizations which in return undermined the fundamental tenets of democracy in Turkey.

Economic Manifestations of Neopopulism in Latin America

As was explored in the first chapter, populist leaders either carry out an expansionary fiscal policy of raising wages and salaries at the macro-level or launch a selective distribution of material benefits at the micro-level. In this respect, neopopulists differed significantly from their classic populist predecessors in the sense that in the

¹⁵¹ Weyland, "Populism in the Age of Neoliberalism," p. 190.

¹⁵² Ibid., pp. 189-190.

distinct economic setting of the neoliberal era, they opted to carry out selective, targeted distribution of material benefits, clientelistic networks, mainly in order to acquire the support of the urban marginals in the informal economy and the rural poor in the Latin American context.

The urbanization and the informalization of the economy need to be taken into account in the transformation of the economic tools used by neopopulist leaders. The Latin American countries experienced high economic growth during the 1960s and 1970s, which in turn prompted huge waves of migration from the rural areas to the cities. The major objective of these migrants was to acquire relatively better jobs in the formal sector of the economy. However, the majority of them was unable to attain their objectives and could only find jobs in the informal sector of the economy devoid of any type of government regulation. “They worked in repair shops, produced goods in their homes or in illegal shops, provided a wide range of services, from shoe shining to house cleaning to prostitution, or sold cheap goods in the streets.”¹⁵³ Thus, in stark contrast to the workers employed in the formal sector, these people were deprived of any kind of legal protection in an extremely insecure socioeconomic situation. In this respect, they were less inclined to organize in broad organizations such as political parties, unions, and interest associations and more prone to the vertical clientelist linkages that operated in slums.¹⁵⁴

As the living conditions of the masses in these groups declined dramatically due to the neoliberal restructuration of the economy, they actually became more vulnerable to the economic tools of the neoliberal leaders. The neoliberal leaders were able to easily acquire the support of these extremely impoverished masses,

¹⁵³ Weyland, “Populism in the Age of Neoliberalism,” p. 176.

¹⁵⁴ Ibid.

which constituted a major component of the electorate. Different from the wide scale of subsidies allocated by the classical populists, even the distribution of very slight amount of material benefits could have an influential impact on the poor, especially when we take into account the extent of the poverty with which the people in the informal sector of the economy were confronted in countries like Peru. Besides, these anti-poverty programs did not necessarily disrupt the fiscal equilibrium and they could be implemented simultaneously with harsh structural adjustment policies. Mexico's National Solidarity Program (PRONASOL) could be cited as a case in point which enabled the ruling party PRI to avert an impending election defeat for the presidential elections of 1988.¹⁵⁵

Salinas launched PRONASOL with the claim that this program would increase the power of the organized citizens since it would diminish the excessive power of the bureaucracy. Solidarity aimed to appeal to the urban poor, peasants, and indigenous peoples, via construction of infrastructural facilities such as electrification, provision of sewage and potable water, allocation of food and distribution of loans for low- income peasants. Moreover, the distribution of the services was not merely undertaken by the federal agencies but also municipalities were entitled to deliver these services. The role that was attributed to the municipalities in the delivery of the services needs to be taken into account since a great variety of the mayors of the opposition parties criticized the program on the grounds that it circumvented them through the direct linkage of the state and the federal government to local solidarity committees. It should be noted that Solidarity

¹⁵⁵ Weyland, "Populism in the Age of Neoliberalism," p. 189.

functioned in the centralization of power via establishing a direct link between the president and the local community.¹⁵⁶

This program largely boosted the popularity of the president as he acquired popularity ratings surpassing those of the official party in 1991 opinion poll ratings. It was very clear that Salinas had political motivations as it can be understood from the fact that the Solidarity Program disproportionately distributed rewards to the areas that had a tradition to vote for the center-left electoral opposition. For instance, 12 % of the fund's entire budget was allocated to a small state named Michoacan, which is known to have been the major base of the center-left Party of Democratic Revolution (PRD), right before the gubernatorial elections in 1992. Among the 2500 promoters of PRONASOL, one-fourth was organized in the region.¹⁵⁷

In this regard, the program was harshly criticized because its funds were alleged to have been exploited for political purposes. Critics of PRONASOL declared that Salinas had distributed the funds in a biased fashion through allocating most of them in the areas which had attached their backing to Cardenas in 1988, and this action in turn hampered the power of the opposition parties. Moreover, PRONASOL is also a clear case of lingering clientelism in the Mexican context.¹⁵⁸ Salinas was also accused of seeking to construct a political party based on clientele outside the PRI due to the close association of the program with the personality of the president and therefore PRONASOL was by and large regarded as a program which strengthened presidentialism. In fact, the requests about the funding were channeled directly to the office of the presidency, which paved the way for the

¹⁵⁶ Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46, no. 2 (January 1994), pp. 167-168.

¹⁵⁷ *Ibid.*, p. 166.

¹⁵⁸ Demmers, p. 171.

president to bypass state bureaucracy along with local *priistas*.¹⁵⁹ Many critics emphasize the point that “with the implementation of PRONASOL the state moved from constitutional guarantees to labor and the poor to vague promises of ‘solidarity’.” The analyses reveal the reproduction of traditional clientelist mechanisms in Mexico under the rule of Salinas.¹⁶⁰

Against this background, a variety of scholars argue that the increase in the power that the president wields, together with the deterioration in income disparity and curtailment of particular social rights, functioned in a way which facilitated particularism and vertical bargaining relations in the Mexican case.¹⁶¹

In a similar fashion, Menem and Fujimori launched spending programs that were calculated to obtain the support of the downtrodden. It should be underlined that these neopopulist leaders made use of the discretionary power of the president in distributing material rewards to their supporters and harming their political foes, in a classical carrot and stick approach. Beginning from early 1994, Fujimori distributed these rewards during his personal tours. Similarly, Menem constructed a social fund, known as the Federal Solidarity Program. These mechanisms escalated these leaders’ support in the eyes of the destitute, which were particularly vulnerable to these kinds of appeal tools.¹⁶²

In the case of Brazil, the clientelistic linkages between the state and the society persisted in the aftermath of the democratic transition. Clientelism remained as a perennial characteristic of Brazilian democracy as the politicians largely make use of clientelistic linkages via using the resources that they have command on for

¹⁵⁹ Demmers, p. 171.

¹⁶⁰ Ibid., pp. 171-173.

¹⁶¹ Ibid., p. 169.

¹⁶² Weyland, “Populism in the Age of Neoliberalism,” p. 189.

their constituencies. Lemanski-Valente notes that one major reason behind the lingering of clientelism in Brazil is the federal system, which actually strengthened particularistic tendencies. Another major reason behind the persistence of clientelism stems from the weakness of the party system in Brazil. Upon the background of a highly fragile party system, political parties are generally not deemed to be channels of representation and interest groups and leaders opt for making use of personal, particularistic relations instead of applying to administrations of political parties.¹⁶³

The basic manifestations of neopopulism in the economic realm during the course of the 1980s in Turkey operated in a very similar manner compared to the experience in Latin America. Turkey experimented with a crucial wave of migration from the rural areas to the urban areas along with the process of the informalization of the economy. In this respect, Özal aimed to obtain the support of urban marginals that constituted a crucial portion of the voting population through different mechanisms such as squatter town amnesty (*gecekondu affi*), the distribution of construction licenses, granting permits to transform squatter towns (*gecekondus*) into multi-storey apartment buildings and micro-level clientelist distribution of material rewards. As the living conditions of these people deteriorated due to the neoliberal restructuring of the economy and they could only find employment in the informal sector of the economy, parallel to their Latin American counterparts, they were more prone to these kinds of clientelistic, vertical networks of micro-level, selective distribution of material benefits, as will be discussed in the fourth chapter.

However, different from its Latin American counterparts, Özal's neoliberal populism was an "urban populism" which did not take into the considerations of the rural population since the era witnessed the reduction or removal of agricultural

¹⁶³ Lemanski-Valente, pp. 92-93.

subsidies, an era in which the agricultural sector was described as the “forgotten sector” of the economy. Apart from this difference, all the other manifestations of neoliberal populism during the Özal decade coincided with those of Latin America. Similar to the funds established by the neopopulist leaders as in the case of PRONASOL launched by Salinas in Mexico, the decade was well-known for the construction of abundance of funds, the majority of which were extra-budgetary funds which enabled the prime minister to boost its discretionary power. These funds by and large aimed to establish a clientele for Özal’s Party, the Motherland Party (MP), and operated in cooperation with the municipalities. As in the case of the other Latin American countries, the period witnessed the persistence and proliferation of clientelistic networks and rent-seeking tendencies among the business sector in which the policies promoted the groups that had close links with the government while punishing the business groups that established links with the opponents of the MP in a classical carrot and stick approach.

Concluding Remarks

This chapter examined the basic manifestations of neoliberal populism in Latin America at the discursive, institutional, and economic levels in order to shed light on Turkey’s experiment with neoliberal populism during the rule of Özal. The first part of this chapter explored briefly the fundamental characteristics of populism in Turkey for the period between 1950 and 1980 and compared these aspects with the features of classical economic populism in its Latin American counterpart. The fundamental objective of this comparison was to be able to grasp the parallels and

differences of the manifestations of neopopulism between the two cases in a broader framework.

The DP was the embodiment of rural populism in the history of Turkey in which the agricultural producers which made up the crucial portion of the voting population were favored through different expansionary policies of distribution of agricultural subsidies, price support programs and credit schemes. 1960s marked the transition to a new economic model of ISI which was based on inward-oriented protectionist model of planned industrialization. This was a period in which the tools of classical macro-economic populism were implemented via wage and salary increases. Yet, different from the Latin American context, ISI was not merely an urban phenomenon in Turkey, since the agricultural sector was incorporated into the process of ISI and it also reaped its benefits through the continuation of agricultural subsidies. Hence, it should be underlined that the urban side of the picture between Latin America and Turkey coincided to a great extent during the ISI model as the urban wage income groups of workers and civil servants emerged as the beneficiaries of this economic development model. Yet, there was a crucial difference concerning the rural side of the picture since the agricultural producers were not excluded to reap the benefits of this economic development model in Turkey. However, the rural sector was neglected and it emerged as the loser of the classical macroeconomic populism implemented in the Latin American context.

During the 1980s and the 1990s, Latin America experimented with a new breed of populism the manifestations of which remained intact at the discursive and institutional level, while changing its face in the economic realm. The neopopulist leaders in Latin America, just like their classic populist predecessors, appealed to the masses directly with an anti-status quo rhetoric, made use of their charisma, depicted

themselves as the “messianic saviors” of the nation and dissociated themselves from the previous politicians via blaming them for their corrupt attitudes. Özal made use of similar discourses in appealing to the masses. He constantly made references to the chaotic environment of the pre-1980 period, putting the whole blame on the malfunctions of the previous governments and corrupt politicians. He portrayed his party as a totally new one and as a signal of new beginning and the sole party that would save the country from the severe economic crisis that the country encountered.

The neopopulist leaders in Latin America also governed their countries in an extremely top-down manner and extensively resorted to rule by decrees. They sought to bypass the checks and balances and circumvented the established intermediary institutions in which they regarded as hindrance to their power and the direct link that they establish with their people. The manifestations of neopopulism in Turkey during the rule of Özal at the institutional level also bore crucial resemblance to those in Latin America as Özal governed the country in top-down, arbitrary manner, gave decisions single-handedly with a limited number of aides in his inner circle. As in the case of neopopulist leaders in Latin America, he resorted to decrees and thus bypassed the parliament in an extensive manner. Özal did not seek to establish links with opposition parties, business associations, or labor unions and did not even consult to them concerning the decisions related to these organizations.

Last, these neopopulist leaders in Latin America made use of the micro-level allocation of material rewards to acquire the support of particularly the urban marginals in the informal economy and the rural poor whose living conditions had deteriorated severely and who have become more vulnerable to the tools of neopopulist leaders. Weyland’s analysis is illustrative in terms of delineating this situation. Weyland notes that, “The poor people hurt by the invisible hand of the

market, which neoliberals unleashed, received compensatory benefits from the visible hand of the state.”¹⁶⁴ Similar to the strategy carried out by the neopopulist leaders in Latin America, Özal particularly aimed to attract the urban marginals who migrated from the rural areas to big cities and notably to Istanbul and who had to work in the informal sector of the economy through clientelistic networks and the micro-level allocation of material benefits.

One major area of distinction encompassed the situation of the rural poor in the Turkish context. The neopopulist leaders in Latin America aspired to acquire the support of the rural poor who was excluded to reap the benefits of the hitherto implemented ISI model. However, agriculture was the “forgotten sector” in the Turkish context during the Özal decade especially until the later periods of the 1980s since the era was characterized by the removal or reduction of agricultural subsidies previously granted to the agricultural producers. All in all, it should be noted that the manifestations of neoliberal populism in Latin American context revealed that Turkey was a typical case in its practices of neoliberal populist policies during the rule of Özal in the 1980s.

After having explored the fundamental manifestations of neoliberal populism in Latin America at the discursive, institutional, and economic level with the objective of bringing to light its parallels with the Turkish experience and disclosing the fact that Turkey was typical in terms of its neoliberal populist practices compared to its Latin American counterpart, the next chapter will paint a picture of the economic panorama of the 1980s in Turkey.

¹⁶⁴ Weyland, “Populism in the Age of Neoliberalism,” p. 189.

CHAPTER III

AN ECONOMIC PANORAMA OF THE 1980s

This chapter will examine the major economic transformation that Turkey underwent during the 1980s in order to be able to paint a general economic panorama of the 1980s and will analyze the fundamental impacts of these policies on different social economic groups with the aim of highlighting the major winners and the losers of the economic transformation carried out during the “Özal decade.”

Moreover, this analysis will also enable us to delineate the differences of neoliberal populism from classical macroeconomic populism as the era witnessed the worsening of living conditions of larger segments of the society mainly wage income groups of organized workers, civil servants, retired people and agricultural producers, bearing stark contrast to the features of classical populism and the expansionary fiscal tools of increasing wages used by classical populist leaders.

Neoliberal Economic Transformation

The later periods of the 1970s in Turkey witnessed governance by weak coalition governments which were unable to cope with the unfavorable economic conditions of this period. Toward the end of 1970s, Turkey encountered one of the most acute balance of payments crises in its history, coupled with skyrocketing inflation. The

inflation accelerated to an unprecedented 120 % annually in the early 1980.¹⁶⁵ The government led by Süleyman Demirel, launched a fundamental stabilization and structural adjustment program known as the “24 January Decisions” in order to combat this severe economic crisis. The 24 January Decisions had been prepared by an economic team led by Özal, who had held significant posts in the higher echelons of the bureaucracy since he worked as a technocrat in charge of electrification projects, in the directorship of the State Planning Organization (SPO) and functioned as undersecretary of the prime minister’s office in 1980. Özal was known as the architect of the 24 January Decisions.¹⁶⁶

The major objectives of the structural adjustment program were to attain domestic and foreign equilibrium, reduce public sector deficits, combat inflation, maintain a free-market economy and accomplish the outward orientation of the economy with significant emphasis attached to export promotion.¹⁶⁷ The prices of the SEEs were increased and the amounts of the real wages and government subsidies were reduced under the rubric of the program’s goal of reducing public sector deficits.¹⁶⁸ The stabilization package also encompassed the drastic devaluation of the

¹⁶⁵ Dani Rodrik, “Premature Liberalization, Incomplete Stabilization: The Özal Decade in Turkey,” in *Lessons of Economic Stabilization and its Aftermath*, Michael Bruno et al. (Cambridge: MIT Press, 1991), p. 325.

¹⁶⁶ Ersin Kalaycıoğlu, “The Motherland Party: The Challenge of Institutionalization of Charismatic Leader Party,” in *Political Parties in Turkey*, eds. Barry Rubin and Metin Heper (London: Frank Cass, 2002), p. 42.

¹⁶⁷ Selim İlkin, “Exporters: Favored Dependency,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), pp. 89-90.

¹⁶⁸ Tosun Arıcanlı and Dani Rodrik, “An Overview of Turkey’s Experiment with Economic Liberalization and Structural Adjustment,” *World Development* 18, no. 10 (1990), p. 1345.

Turkish lira from TL35 to the dollar to TL70, increasing interest rates, and granting export subsidies, in order to accomplish its targets on the export front.¹⁶⁹

An externally competitive economy could be attained via policies of trade liberalization and liberalization in payments regime, according to the stabilization package. Ziya Öniş maintains that the new neoliberal structural adjustment program with its emphases on liberalization, privatization, and particularly on export promotion, bore stark contrast to the previously implemented inward-oriented economic model of ISI characterized by a high level of protection.¹⁷⁰

Shortly after the initiation of the structural adjustment program, the military take-over took place on 12 September 1980, the pretext of which was the ongoing political turmoil in the country. The military government complied with the policies outlined in the structural adjustment program during the course of its rule. For most of the time during the rule of the military regime between 1980 and 1983, Özal worked as a state minister responsible for the economy until the Banker's Crisis in June 1982, after which he was replaced by Adnan Başer Kafaoğlu.¹⁷¹

The military ruled the country for three years and decided to hold the parliamentary elections on 6 November 1983. As a result of the severe restrictions imposed on the party participation by the military, only three parties were allowed to run for the general elections. These three parties were the Nationalist Democracy Party (NDP), led by Necdet Sunalp, strongly supported by the military power; the

¹⁶⁹ Rodrik, p. 326.

¹⁷⁰ Ziya Öniş, "Democracy, Populism and Chronic Inflation in Turkey: The Post Liberalization Experience," in *State and Market The Political Economy of Turkey in Comparative Perspective*, ed. Ziya Öniş (İstanbul: Bogazici University, 1998), p. 499.

¹⁷¹ Kalaycıoğlu, "The Motherland Party: The Challenge of Institutionalization of Charismatic Leader Party," p. 42.

center left Populist Party (PP), headed by Necdet Calp; and the Motherland Party (MP), led by Turgut Özal. The MP emerged victorious from the elections.¹⁷²

In the aftermath of 1983, the MP implemented a variety of economic decisions either via laws or decrees in accordance with the major objectives outlined in the 24 January Decisions. Özal carried out the second round of measures with a particular emphasis on enhancing the outward orientation of the economy. December 1983 and January 1984 witnessed the substantial liberalization of the trade regime and the capital account in that the level of tariff protection on imports diminished to a significant extent. This reduction regarding the tariff protection on imports was accompanied by the removal of restrictions on capital flows and foreign exchange.¹⁷³

Apart from the measures carried out in 1983 and 1984, a new series of policy changes put into effect on 8 August 1989, was also significant in the transformation of the economy. The Decree Law was the first of its kind allowing every Turkish citizen the right to have foreign deposit accounts up to 3000 U.S. dollars “without showing intent for travel to foreign countries.”¹⁷⁴ As will be discussed in the sixth chapter, which will elaborate on the institutional manifestations of neopopulism during Özal decade, the basic decisions concerning the economy were fundamentally taken by decrees in a rather speedy manner and in a way bypassing the parliament.

Dani Rodrik maintains that permitting the opening of foreign-currency deposit accounts in domestic banks could be cited as one of the most crucial developments of

¹⁷² Ziya Öniş, “Turkey: Democratization and Adjustment from Above,” in *State and Market The Political Economy of Turkey in Comparative Perspective*, ed. Ziya Öniş (İstanbul: Bogazici University, 1998), pp. 326-327.

¹⁷³ Ziya Öniş, “Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), pp. 29-30.

¹⁷⁴ Ersin Kalaycıoğlu, “Commercial Groups: Love-Hate Relationship with the State,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), p. 83.

the period not in the positive manner, but in a negative way which later led to the entrenchment of inflation.¹⁷⁵ As Ersin Kalaycıoğlu notes the decree had a wide scope and involved other measures which promoted the free circulation of up to 25 million U.S. dollars in and out of the country.¹⁷⁶ In the light of these developments, it can be stated that the August 1989 reforms overall culminated in the conversion to full convertibility and considerable liberalization of imports.¹⁷⁷

Winner Groups

After having conveyed a brief economic panorama of the decade, the main groups which emerged as the beneficiaries of the economic program implemented during the 1980s will be scrutinized. Exporters, rentiers, financial capital, and big family holdings could be cited as the major representatives of these groups.

In congruence with the general emphasis given toward export boom within the framework of the transformation of the economy from the previously implemented ISI model toward an open, competitive, free-market economy, exporters emerged as the main winners of the decade.

¹⁷⁵ Rodrik, p. 326.

¹⁷⁶ Kalaycıoğlu, “Commercial Groups: Love-Hate Relationship with the State,” p. 83.

¹⁷⁷ Ziya Öniş, “The Political Economy of Export Oriented Industrialization in Turkey,” in *Turkey: Political, Social, and Economic Challenges in the 1990s*, Çiğdem Balım et al. (Leiden; New York: E. J. Brill, 1995), p. 120.

Table 1: Foreign Trade Indicators (1980-1989)

Years	Total Exports (billion US \$) (FOB)	Exports/ Imports Compensation Ratio (%)	Exports/ GNP (%)	Imports/ GNP (%)	Industrial Exports/ Total Exports	Foreign Exchange and Gold Reserves (Net) (billion US \$)
1980	2.91	36.80	5.00	13.60	6.00	1.21
1981	4.70	52.70	7.90	15.00	48.70	1.66
1982	5.89	65.00	10.60	16.30	59.70	1.98
1983	5.91	62.00	11.10	17.90	63.90	2.09
1984	7.39	66.30	14.20	21.40	72.10	3.48
1985	8.26	70.20	14.80	21.10	75.30	3.28
1986	7.58	67.10	12.70	18.90	71.40	4.35
1987	10.32	72.00	14.90	20.10	79.10	5.21
1988	11.93	81.40	16.50	20.20	76.70	6.43
1989	11.77	73.80	14.40	19.60	78.20	9.29

Source: State Planning Organization, Main Economic Indicators (Various Years)

A brief analysis of Turkey's success in its export performance would be illuminating in this respect. After the implementation of 24 January neoliberal structural adjustment program, an outstanding improvement in Turkey's export performance took place. Turkey, which was one of the most closed economies of the previous period, turned out to become quite an open economy with this fast increase in its exports and a considerable rise in the contribution of shares and foreign trade in Gross National Product (GNP).¹⁷⁸ As can be seen from the data, Turkey's export performance doubled within two years, increasing from \$2.91 billion in 1980 to \$5.89 billion in 1982. Moreover, this level surpassed \$8 billion by 1985. This export boom was also accompanied by a recovery in growth. Kalaycıoğlu underlines this point, stating that growth also recovered for the given time span as a result of the improvements in the export performance of the country and developments in public

¹⁷⁸ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," p. 113.

investment.¹⁷⁹ It should also be noted that this export boom was one of the major reasons that enabled Turkey to overcome its severe balance of payments crisis.¹⁸⁰

This favorable picture concerning country's export performance was accompanied by a crucial structural change as the export of manufactured goods extended decisively in the course of the first half of the 1980s. As can be deduced from the data, manufactured exports nearly made up 80 % of the total exports toward the half of the 1980s.¹⁸¹ As a result of this rapid and noteworthy improvement with respect to the volume and the content of its exports, Turkey was conceived of as a major success story in the world.¹⁸²

Selim İlkin also emphasizes this point in which Turkey's export performance was described as a "miracle" by foreigners as a result of an unprecedented 52 % increase that had been attained during the period between 1980 and 1984.¹⁸³ However, as will be analyzed in the fifth chapter in the part which examines the MP's discourse on the export boom of the country and the country's increased creditworthiness, there were also geostrategic factors in Turkey's success story with respect to its export performance such as the USSR's invasion of Afghanistan and Iran-Iraq War which were all nonexistent in the MP's discourse since it projected the policies implemented by the MP as the sole reasons behind the country's export boom.

¹⁷⁹ Kalaycıoğlu, "Commercial Groups: Love-Hate Relationship with the State," pp. 81-82.

¹⁸⁰ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," pp. 113-114.

¹⁸¹ Ibid., p. 113.

¹⁸² Öniş, "Democracy, Populism and Chronic Inflation in Turkey," p. 499.

¹⁸³ İlkin, p. 94.

Table 2: Export Credits, 1977-1986 (TL Million, %)

Years	Export Credits	Share of Export Credits Central Bank Credits	Share of Export Credits Commercial Bank Credits	Export Credits Total Exports
1977	15.157	4.4	2.8	48.4
1978	26.848	6.4	3.8	48.4
1979	40.614	6.4	3.7	53.6
1980	91.290	7.3	5.5	41.2
1981	206.911	12.2	7.1	39.0
1982	479.767	11.1	21.0	51.2
1983	728.741	14.7	22.6	56.1
1984	594.517	6.8	17.8	22.8
1985	724.942	0.5	12.9	17.5
1986	1,576.894	0.1	18.8	3.1

Source: Central Bank; as presented in Öniş and Özmucur (1988).

Table 3: Evolution of Tax Rebates, 1980-1988(TL Billion, %)

Years	Total Tax Rebates	Tax Rebate Ratio (a)	Tax Rebates/ Total Exports
1980	4.9	8.9	2.2
1981	24.7	14.2	4.7
1982	86.7	21.0	9.3
1983	149	22.3	14.2
1984	329.1	20.8	13.2
1985	287.4	12.7	6.9
1986	258.4	10.3	3.5
1987	605.5	n/a	6.8
1988	603.9	n/a	3.6

Source: State Planning Organization (SPO)

(a) Tax rebate ratio is defined as total tax rebates divided by “eligible exports.”

n/a: not applicable

As can be seen from the data, the government made use of a wide range of instruments such as the distribution of foreign exchange for imported goods, low-interest credits and export tax rebates in order to enhance Turkey’s export performance during the course of the decade.

The establishment of Foreign Trade Companies (FTCs) should be taken into account in this respect as well. The main emphasis behind the formation of FTCs was to support large firms financially via additional export incentives. Generally, FTCs

emerged as the export outlets of the major domestic conglomerates.¹⁸⁴ The Act on FTCs stipulated the conditions which would enable the companies to become qualified for the tax rebates. According to the Act, the companies exceeding a pre-specified export target would be granted with tax rebates. It should be emphasized that until export tax rebates were removed by the beginning of 1989, they operated as the fundamental tools for export promotion.¹⁸⁵

Table 4: Share of FTCs in Total Turkish Exports, 1980-1988 (\$ US Million, %)

Years	FTC Exports	Total Exports	FTC Share
1980	171.0	2,910.1	5.8
1981	642.1	4,702.9	13.6
1982	970.4	5,746.0	18.4
1983	1,643.4	5,727.8	28.6
1984	3,261.8	7,133.6	45.7
1985	3,376.2	7,958.1	42.4
1986	3,689.1	7,456.7	49.4
1987	4,496.9	10,190.0	44.1
1988	5,403.2	11,662.1	46.3

Source: Turkish Foreign Trade Association

Table 5: Comparative Performance of FTC Exports and Total Turkish Exports, 1980-1988 (Annual Rate of Change, %)

Years	Total Exports	FTC Exports
1980	28.7	_____
1981	61.6	275.5
1982	22.2	51.1
1983	-0.3	69.4
1984	24.5	98.5
1985	11.6	3.5
1986	-6.3	9.3
1987	36.7	21.9
1988	14.4	20.2

Source: Turkish Foreign Trade Association

¹⁸⁴ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," pp. 115-116.

¹⁸⁵ Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism," p. 31.

The increase in the number of FTCs in the aftermath of 1980 is enlightening in terms of depicting their extended role in the economy. There were only seven FTCs in 1981, which later escalated to 28 in 1984 and 38 in 1988.¹⁸⁶ By the end of 1987, FTCs acquired a bigger role in the organization of foreign trade, having formed approximately 50 foreign offices and subsidiaries.¹⁸⁷ The exports by the private sector FTCs achieved a six-fold increase rising by 580 % between 1980 and 1984. Meanwhile, as can be seen from the data, the share of private FTC exports in total exports escalated from its 6 percent level in 1980 to 45 % in 1984.¹⁸⁸

However, 1985 experienced a decline in incentives to the export sector, reducing the increase in total exports for this year. Yet, a decree-law was issued in the later periods of 1985, which redefined an FTC in the sense that it eliminated the requirement an FTC to raise its exports by 10 percent annually to be able to obtain incentives. In this way, many FTCs were better off which would otherwise have been deprived of their rights to incentives.¹⁸⁹ As in the case of the decision concerning the full convertibility and liberalization of imports which was implemented in 1989, the decisions which redefined the basic characteristics of an FTC were also implemented via decrees indicating the role attributed to the decrees by Özal concerning the economic reorganization of the country.

The policy changes carried out on 8 August 1989 were also influential in creating a favorable environment for exporters. Kalaycıoğlu states that these policy changes endowed the exporters greater latitude with respect to transferring part of their exchange earnings abroad, paving the way for a radical alteration concerning the

¹⁸⁶ İlkin, p. 91.

¹⁸⁷ Ibid., p. 92.

¹⁸⁸ Ibid., p. 94.

¹⁸⁹ Ibid., p. 95.

country's export regimes.¹⁹⁰ All these characteristics reveal that the government made a conscious attempt to promote exporters via a variety of policy tools including the formation of FTCs, foreign exchange allocations, low cost credits, and tax rebates. However, it should be underlined that the business circles that had close ties with the government benefited from these credits and tax rebates instead of the groups that really deserved them, as will be examined in the next chapter. This situation could be evaluated as a clear case in which discretionary tools and personal preferences dominated the decisions concerning the allocation of these credits and tax rebates rather than the rules.

Table 6: Turkish Exports to OECD Countries and Dimensions of “Overinvoicing,” 1980-1988 (US Million, %)

Years	Turkish Data	OECD Data	Degree of Overinvoicing
1980	1,634	1,789	-8.0
1981	2,282	2,239	1.9
1982	2,576	2,328	10.7
1983	2,771	2,461	12.6
1984	3,172	2,903	27.9
1985	4,084	3,773	8.3
1986	4,311	4,578	-5.8
1987	2,349	1,535	53.0

Source: Dani Rodrik (1988), based on the OECD Monthly Bulletin of Foreign Trade Statistics and *Devlet İstatistik Enstitüsü Aylık Dış Ticaret İstatistikleri Bülteni (Çeşitli Sayılar)*

Moreover, as the data reveals, we should also pay heed to the phenomenon of fictitious exports since the era was inundated with the news of the companies that acquired huge wealths as a result of fictitious exports. The case of fictitious exports will be examined in detail in the next chapter.

¹⁹⁰ Kalaycıoğlu, “Commercial Groups: Love-Hate Relationship with the State,” pp. 83-84.

Apart from the exporters, rentiers and financial capital emerged as the main beneficiaries of the policies carried out in this period.¹⁹¹ Within the framework of the financial liberalization objective, a deregulation on deposit rates and the liberation of non-preferential lending rates were carried out in July 1980. In addition to these measures, foreign currency deposits were introduced within the domestic banking in 1985 and this constituted another major aspect of financial liberalization.¹⁹²

Ayşe Öncü and Deniz Gökçe in their analysis of the banking sector highlight another dimension of this financial liberalization when they note that the liberalization of financial markets in the 1983-89 period went hand in hand with the centralization of decision making upon an inner circle of technocrats who were “directly attached to the Prime Ministry,” an aspect which will be elaborated on during the analysis of institutional dimensions of Özal’s neopopulism. However, the banking sector was loath to challenge this technocratization of decision making, which deprived them from being involved in policy-making process as the era of economic liberalism has turned out to operate to the benefit of the banking sector. Öncü and Gökçe point out that this era experienced an economic expansion with pronounced external and internal borrowing opportunities which was profitable for the banking sector in return.¹⁹³ The increase in the share of finance in GDP would illustrate this profitable environment for the banking sector as “the share of finance

¹⁹¹ Korkut Boratav, “Inter-class and Intra-class Relations of Distribution under Structural Adjustment: Turkey during the 1980s,” in *The Political Economy of Turkey: Debt, Adjustment, and Sustainability*, eds. Tosun Arıcanlı and Dani Rodrik (New York: St. Martin’s Press, 1990), p. 221.

¹⁹² Arıcanlı and Rodrik, p. 1345.

¹⁹³ Ayşe Öncü and Deniz Gökçe, “Macro-Politics of De-Regulation and Micro-Politics of Banks,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), pp. 100-101.

in GDP has increased by more than 50 % from 1979 to 1986” and the profits of the banking sector has outstandingly benefited from this relative increase.¹⁹⁴

According to a study carried out by Eskişehir Industry Chamber, the share of interest in industry rose from 13 % to 39 % for the period between 1979 and 1986. The statistics prepared by İstanbul Industry Chamber for the greatest 500 industry associations reveal that the number increased to 56.3 % in 1988. The share of organized finance in the form of profits and incomes escalated from its level of 1.9 percent in 1977 to 3.3 percent for 1988. Meanwhile, Adil Temel’s study discloses that the share of interests in national income rose to 9.8 percent in 1988 from its mere 2 percent level in 1980.¹⁹⁵

Table 7: The Largest Ten Banks in Turkey (December 1988)

Banks	Total Assets (Million TL)	% Share in Total	Cumulative % Share
1. Ziraat Bank	8,882,010	22.7	22.7
2. İş Bank	6,064,685	15.5	38.2
3. Akbank	3,151,065	8.0	46.2
4. Yapı ve Kredi Bank	3,043,785	7.8	54.0
5. T. Emlak Kredi Bank	2,776,651	7.1	61.1
6. T. Halk Bank	1,889,234	4.8	65.9
7. T. Vakıflar Bank	1,606,934	4.1	70.0
8. Pamukbank	1,289,318	3.3	73.3
9. T. Ticaret Bank	1,229,443	3.1	76.4
10. T. Garanti Bank	1,130,489	2.9	79.3
Other Banks	8,112,357	20.7	100.0
Total	39,175,966		

Source: *Türkiye İş Bankası*, Review of Economic Conditions, (Supplement), no.1, (January-March, 1988)

¹⁹⁴ Boratav, “Inter-class and Intra-class Relations of Distribution under Structural Adjustment,” p. 221.

¹⁹⁵ Korkut Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 168.

The improvements in the conditions of rentier sector during the course of the decade have attracted the criticism of many prominent scholars and journalists such as Taner Berksoy and Osman Ulagay. Berksoy believes that the policy changes which improved the conditions of rentier sector functioned to the detriment of the productive forces in the economy and impeded productive investments.¹⁹⁶ In a similar vein, Ulagay conceives of these economic policies as income transfer from the productive forces of the economy to a sector of rentiers whose ability to be involved in productive production was limited.¹⁹⁷

Table 8: Turkish Foreign Trade Companies: Source of Affiliation and Contribution to Export Performance

Name of FTC	Year of Establishment	Export Contribution (Million Dollars)	Source of Affiliation	Nature of Parent Company
ENKA	1972	2,162.4	ENKA	CC
RAM	1970	1,692.6	KOÇ	IC
TEKFEN	1981	1,396.0	TEKFEN	CC
EXSA	1973	1,360.0	SABANCI	IC
EDPA	1980	1,097.8	AKSU	TC
CAM	1976	1,031.0	İŞ BANK.	IC
MENTEŞEOĞLU	1975	1,015.8	MENTEŞEOĞLU	GITC
ÇUKUROVA	1979	991.0	ÇUKUROVA	ISC
MEPA	1976	975.0	İŞBANK	IC
AKPA	1977	910.1	DİNÇKÖK	TC
FEPAS	1983	866.9	FENİŞ	ISC
PENTA	1976	852.9	NOTAFFIL	
İZDAŞ	1981	828.1	İZMİR DC	ISC
ÇOLAKOĞLU	1982	732.0	ÇOLAKOĞLU	ISC
SÜZER	1979	679.1	SÜZER	GITC
EPTAŞ	1983	619.9	METAÇ DC	ISC
BATI	1978	615.3	BİLGE	GITC
YAŞAR	1971	608.7	YAŞAR	IC
TEMEL	1974	554.8	STFA	CC
BORUSAN	1975	476.5	BORUSAN	ISC

Sources: Turkish Foreign Trade Association

¹⁹⁶ *Cumhuriyet*, 21 April 1993.

¹⁹⁷ Osman Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti* (İstanbul: Bilgi Yayınları, 1987), p. 173.

IC: Industrial Conglomerates, CC: Construction Companies, TC: Textile Companies, GITC: General Industrial and Trading Companies, ISC: Iron and Steel Corporations

In line with these favorable conditions provided for the exporters and the financial sector, Eric Jan Zurcher notes that increasingly export-oriented big family holdings which were structured as holding companies with their own banks, insurance, trading, and production companies, emerged as the supreme winners of the period. The Koç group and the Eczacıbaşı group, which had been established in the very early periods of the Republican era, and the Çukurova group and the Sabancı group, which had started burgeoning during the 1950s, can be cited as the fundamental representatives of these family holdings. In addition to these second generation of holding companies, Zurcher also cites the success of a “third generation” of holdings, such as Anka and STFA, which had by and large benefited from the construction boom that occurred in the first half of the 1980s in the Arab oil producing countries.¹⁹⁸ The data showing the export contribution of FTCs illustrates the case in point. Yet, it should be pointed out that the success of these business groups during the course of the decade particularly rested on their close links with the upper echelons of the political cadres, as will be discussed in the next chapter.

Apart from the exporters and financial and rentier capital, Özal also sought to obtain the support of the urban marginals in the squatter towns (*gecekondus*). Tosun Arıcanlı and Dani Rodrik underline this point and state that urban marginals mainly living in the *gecekondus* and involved in the informal sector that constituted the peripheries of the previous political organization constructed another major group to

¹⁹⁸ Eric Jan Zurcher, *Turkey A Modern History* (London: I.B. Tauris& Co. Ltd, 2004), pp. 307-308.

which Özal tried to appeal.¹⁹⁹ As underlined by Meral Özbek obtaining the very fluid votes of the *gecekondus* was extremely crucial for the success of the MP in national elections.²⁰⁰ The role of the urban marginals and the major tools that Özal made use of in order to obtain and secure their support will be explored in a detailed manner in the next chapter.

Losers

Urban wage earners and the agricultural producers who were the previous beneficiaries of ISI in Turkey were financially worse off during the course of the 1980s with the decrease in the incomes of wage earners both in absolute and relative terms and the elimination of the previous subsidies given to the agricultural sector in the form of high support prices.²⁰¹

Table 9: Macro Economic Performance, 1980-1989, (%)

Years	Real GNP Growth	Inflation Rate	Public Sector Borrowing Requirement(PSBR/ GNP)
1980	-1.10	10.20	10.50
1981	4.10	36.80	4.90
1982	4.50	27.00	4.30
1983	3.30	30.50	6.00
1984	5.90	50.30	6.50
1985	5.10	43.20	4.60
1986	8.10	29.60	4.70
1987	7.50	32.00	7.80
1988	3.60	68.30	6.40
1989	1.90	68.20	5.60

Source: State Planning Organization, Main Economic Indicators

¹⁹⁹ Arıcanlı and Rodrik, p. 1346.

²⁰⁰ Meral Özbek, “Arabesk Culture: A Case of Modernization and Popular Identity,” in *Rethinking Modernity and National Identity in Turkey*, eds. Sibel Bozdoğan and Reşat Kasaba (Seattle: University of Washington Press, 1997), p. 219.

²⁰¹ Öniş, “Democracy, Populism and Chronic Inflation in Turkey,” p. 497.

The decade witnessed a highly apolitical environment in which the major tenets of the anti-democratic 1982 Constitution concerning the rights of the workers and labor organizations remained largely intact especially until 1987, as will be discussed in the sixth chapter. As can be deduced from the data, apart from this highly apolitical environment, the decade was also marked by high rates of inflation, which operated to the detriment of wage income groups. Just after the stabilization program, inflation actually had been reduced by a noteworthy margin from 107 % in 1979 to 27 % in 1982.²⁰² One of the most important reasons behind Turkey's success in its fight against inflation in this period rested to a large extent on the assistance and support of the external creditors and international institutions such as the IMF and the World Bank (WB). Yet these accomplishments on the inflationary front did not last long as inflation began to increase in 1983, reaching 50-60 % in 1984.²⁰³ In the aftermath, Turkey witnessed ups and downs in the inflationary front and inflation picked up in 1987.²⁰⁴ Tevfik Nas emphasizes that the inflation rate in Turkey did not at all represent a positive picture in the second half of the 1980s. After dropping below its 1981 level in 1986, the inflation rate climbed to approximately 70 % in August of 1989 due to high interest rates as well as a high budget deficit.²⁰⁵

In the light of the above-mentioned circumstances concerning the suppression of organized groups and raising inflation, the purchasing power of the wage earners and

²⁰² Rodrik, p. 328.

²⁰³ Ibid., p. 332.

²⁰⁴ Ibid., pp. 332-333.

²⁰⁵ Tevfik F. Nas, "The Impact of Turkey's Stabilization and Structural Adjustment Program: An Introduction," in *Economics and Politics of Turkish Liberalization*, eds. Tevfik F. Nas and Mehmet Odekon (Bethlehem: Lehigh University Pres, 1992), p. 15.

civil servants deteriorated severely in this period. The studies of different scholars regarding the share of wages and salaries in national income for different time periods would be informative in terms of revealing the impoverishment of these groups during the decade. John Waterbury underscores the existence of a decisive reduction in the level of real wages.²⁰⁶ Real wages dropped from a level of 33 % in 1979 to 18 % in 1985-86 as a proportion of the national income. Similarly, a decline in the gross government salaries and wages was observed for the same time span, decreasing from 9 percent of GNP to 6 percent. Furthermore, the share of salaries and wages in the value of State Economic Enterprise (SEE) production dropped dramatically from 47 % in 1979, to 19 % in 1986.²⁰⁷

Rodrik compares the share of wages between 1980 and 1988, a wider time scope than Waterbury's analysis, and reaches by and large similar results. The share of wages and salaries, according to Rodrik's analysis, decreased dramatically from 27 % to 14 % during the period.²⁰⁸

Yakup Kepenek makes a comparison between 1976 and 1988 and 1979 and 1988 respectively. He states that the conditions of the wage earners in this period were so devastated that if we take 1976 as the base year of 100, the amount of real income in 1988 was about 38.6 % of this level, and if we take 1979 as the base year of 100, then the amount of real incomes ranked as the 49.4 % of this level.²⁰⁹

Korkut Boratav, in his class based analysis, asserts that with the policies implemented in 1980s, the relations of distribution turned dramatically in favor of

²⁰⁶ Waterbury, p. 64.

²⁰⁷ Ibid., p. 65.

²⁰⁸ Rodrik, p. 350.

²⁰⁹ Yakup Kepenek and Nurhan Yentürk, *Türkiye Ekonomisi* (İstanbul: Remzi Kitabevi, 2004), p. 429.

capital and against labor.²¹⁰ In line with the arguments developed by Boratav, Süleyman Özmucur's statistics indicate that between 1980 and 1986, the amount of income transfer from the wage earning sector to capital reached a level of 12.8 trillion and this level extended to more than 22 trillion in 1986.²¹¹

Apart from the wage income earners, another group whose income was drastically deteriorated due to the policies of the MP in this period was the agricultural sector. Especially, during the earlier periods of Özal rule, agricultural sector was amongst the groups which were largely marginalized. Most agricultural products could not be exported and encountered severe competition from imports, including wheat.²¹² In this period, agricultural subsidies and price support programs, which had constituted principal source of support for the rural population, were lowered to a significant extent.²¹³ As pointed out by Üstün Ergüder, "the MP has forgotten this sector."²¹⁴

As underlined by Pamuk and Owen, "the intersectoral terms of trade turned against agriculture by more than 40 % from 1977 until 1987."²¹⁵ According to Özmucur's studies, the degree of transfer from the agricultural sector to capital between 1980 and 1986 was 4.8 trillion, and this amount reached the level of 7.5

²¹⁰ Boratav, "Inter-class and Intra-class Relations of Distribution under Structural Adjustment," p. 208.

²¹¹ Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 243.

²¹² Öniş, "Turkey: Democratization and Adjustment from Above," p. 340.

²¹³ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," p. 443.

²¹⁴ Üstün Ergüder, "Agriculture, the Forgotten Sector," in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), p. 76.

²¹⁵ Owen and Pamuk, p. 120.

trillion in 1986.²¹⁶ The rates of output on the part of the agricultural sector were the lowest for the postwar period, being at approximately 1.4 percent per year for the decade,²¹⁷ although the reduction in the agricultural labor force only accounted for a 12 %, from 58 % in 1980 to 46 % in 1990.²¹⁸

Within the framework of these statistics, the adverse conditions that occurred concerning the position of the agricultural sector in the 1980s can be paralleled to the harsh times that the farmers went through during the 1930s in Turkey. Boratav notes that, the 1980s together with the 1930s could be considered as the periods in which the most adverse conditions for the farmers took place in the history of Turkish Republic.²¹⁹ For the first time in the twentieth century, agricultural output could not keep up with population growth during the 1980s.²²⁰

Examining the increase in the rate of unemployment and the deterioration in the income distribution as a direct result of the policy preferences carried out by the MP would also be illuminating within the framework of our analysis delineating the losers of the economy. Fikret Şenses maintains that “the rate of unemployment based on surplus labor in both agricultural and nonagricultural sectors” increased from 14 % in 1979 “to an average of 16.8 % during 1982-86.” Furthermore, a three-fold increase on open unemployment was observed for the period between 1981 and 1986 based on the data of Turkish Employment Service.²²¹

²¹⁶ Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 243.

²¹⁷ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 166.

²¹⁸ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 340.

²¹⁹ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 166.

²²⁰ Owen and Pamuk, p. 122.

²²¹ Fikret Şenses, “An Overview of Recent Turkish Experience with Economic Stabilization and Liberalization,” in *Liberalization and the Turkish Economy*, eds. Tevfik F. Nas and Mehmet Odekon (New York: Greenwood Press, 1988), p.12.

Another major characteristic of the period was the deterioration of the income distribution as underlined by Şenses. What is observed during this period was an increasing rate of unemployment coupled with a significant fall in real wages and salaries paving the way for a worsening income distribution.²²² Mehmet Odekon also underscores the unfavorable impacts of the structural adjustment program on income distribution, pointing out a 6.9 percent decline in real wages for the period between 1982 and 1985.²²³

In line with the part on the main winners of the period, it can be asserted that the policies implemented during the 1980s culminated in “regressive distribution of income from popular sectors to profits, rents, and interest income.”²²⁴ The adverse repercussions of these policies with respect to income distribution can be clearly understood from the data in which Turkey ranked sixth among the group of countries having the worst income distribution in the WB’s statistics.²²⁵

Meanwhile, the government’s expenditures concerning health and education services also declined in this period. Public health expenditures in the overall GDP declined from 3.3 percent in 1980 to 2.4 percent in 1985 and expenditure on education dwindled .6 percent from its 1.1 percent level for the same period.²²⁶

We also need to take into account the minor policy shifts that took place after 1987 as the period in the aftermath of 1987 witnessed an opening of the democratic system with the removal of the political bans imposed on the pre-1980 leaders, the

²²² Şenses, p. 13.

²²³ Mehmet Odekon, “Liberalization and Turkish Economy: A Comparative Analysis,” in *Liberalization and the Turkish Economy*, eds. Tevfik F. Nas and Mehmet Odekon (New York: Greenwood Press, 1988), p. 34.

²²⁴ Rodrik, p. 348.

²²⁵ Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 254.

²²⁶ Waterbury, p. 65.

establishment of a full-party competition, and the relaxation on restrictions and control over organized labor. As a direct result of these changes, the civil servants, workers, and farmers found some kinds of channels-though limited- to voice their criticism and pressure the government. In this period, wage earners sought to recover the crucial losses inflicted on them and improve their wages and living conditions via pressuring the government. The workers and civil servants managed to acquire some increases in their wages and salaries, yet these increases were far from making up for the losses they have incurred during the decade.²²⁷ The second half of the 1980s also experienced the revival of the agricultural subsidies as a direct result of the escalation of pressure from the rural sector, which formed more than 40 % of the population.²²⁸

We also need to include the industrialists among the loser groups in our analysis as the industrial sector suffered losses from the policies carried out by the MP, though not at the acute level of losses suffered by the wage earners, civil servants and farmers. Industrialists had a share of 29 % in the overall capital accumulation in 1978-79, however this share declined to 16 % for 1988. Consequently, the share of industrial investments declined from 6.1 percent to 4.2 percent for the time period.²²⁹

In accordance with the previous argument concerning the MP's attitude toward exporters, it is observed that the MP favored exporters more directly through the mechanisms of tax exemptions, low cost credits, and foreign exchange allocation since government support and subsidies were directed toward the exporters and not

²²⁷ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," p. 118.

²²⁸ Ibid.

²²⁹ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 162.

the industrialists. In the light of these aspects, Yeşim Arat states that “the industrialists were kept at bay” during the course of the decade.²³⁰

Concluding Remarks

The basic objective of the first part of this chapter was to bring to light the stark contrast of the economic environment of neoliberal populism compared to its classical version, which was characterized by expansionary fiscal policy of nominal wage increases and granting subsidies to the agricultural sector in the Turkish context as the era witnessed the worsening in the purchasing power and living conditions of workers, civil servants, and retired people, removal or reduction of agricultural subsidies, increase in the rate of unemployment, and a severe deterioration in the income distribution of the country.

The first part of the chapter analyzed the fundamental tenets of the economic transformation that Turkey underwent during the 1980s, while the second part aimed to depict the major socio-economic groups who benefited from this neoliberal transformation and the groups who suffered drastic losses during the course of the decade as a direct result of the draconian austerity measures.

The main objective of the economic program was the transformation of the economy from the previously implemented inward-oriented highly protective ISI model toward a liberal, competitive, free-market economy with the fundamental emphasis put on achieving an export boom. In accordance with this particular objective, the ultimate winners of the economy were the exporters, who were

²³⁰ Yeşim Arat, “Politics and Big Business: Janus Faced Link to the State,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), pp. 142-146.

supported via different tools of tax rebates, low cost credits and foreign allocations along with banking sector, rentiers and big capital groups. It should be emphasized that the groups that had close ties with the upper echelons of the political circles benefited from these tax rebates and low cost credits.

Meanwhile, the groups who had been the beneficiaries of the previous ISI program, urban wage earners, civil servants, farmers, and the industrialists incurred drastic losses during the course of the period. The economic program had dire repercussions on the very lives of the larger segments of the society, in sharp contrast to the conditions in classical populism, as their share in the national income diminished, their salaries and wages could not keep up with the pace of the inflation and the subsidies previously granted to the farmers were eliminated to a crucial extent especially until 1987. All these adverse impacts resulted in the deterioration of the income distribution in the country which was also accompanied by the increase in unemployment rates.

After having analyzed the economic panorama of the 1980s and the socioeconomic groups who emerged as the winners of these neoliberal policies and the socio-economic groups whose living conditions deteriorated sharply and after having delineated the distinct economic environment of the 1980s from the environment of classical populism, the next chapter will examine the basic manifestations of Özal's neopopulism at the economic level in a detailed manner.

CHAPTER IV

CONTINUITIES AND DISCONTINUITIES IN THE ECONOMIC ASPECTS OF POPULISM DURING THE MP ERA

As examined previously, all different types of populisms manifest themselves at the economic level, either through macro-level expansionary fiscal policy of wage increases as in the case of classical populism or through the distribution of micro-level, targeted, selective material rewards in a way which would not necessarily disrupt the country's budget as in the case of neoliberal populism.

This chapter examines the fundamental manifestations of Özal's neopopulism at the economic level. The first part of this chapter will analyze the micro-populism of the MP under the rubric of two categories. First, it will elaborate on the MP's urban populism which mainly targeted to obtain the support of the urban marginals in the *gecekondus* through granting construction licenses, micro-level selective allocation of material rewards and vertical clientelistic networks. As a second category, it will scrutinize the rising clientelist ties and the proliferation in the distribution of state patronage toward the business community.

After exploring the micro-populism of the MP within the framework of the above-mentioned two categories, it will briefly dwell on two contradictory tools the MP made use of toward the end of the 1980s, which indicated that the MP exploited the tools of classical populism. These tools included the use of State Economic Enterprises (SEEs) as mechanisms of state patronage and expansionary fiscal policy of wage increases which Özal resorted to after the political opening of the system.

Last, this chapter will examine the adverse impacts of the manifestations of Özal's neopopulism at the economic level on the democratic process.

One of the major objectives of this chapter is to be able to shed light on the recurrent characteristics of economic populism in Turkish politics and some of the distinguishing features of the MP's micro-populism from its predecessors. In this respect, making use of patronage mechanisms which are based on the distribution of resources, goods, and services in exchange for loyalty and support²³¹ as a tool of establishing a clientele particularly before elections and using the SEEs for similar strategic purposes could be portrayed as the recurrent features of economic populism in the Turkish context. While, the MP's micro-populism which exploited selective, micro-level distribution of material rewards which did not disrupt the fiscal balance until the political opening of the system in 1987 could be described as the major distinguishing feature of the MP's economic populism from its predecessors which had made use of macro-level expansionary fiscal policy of wage and salary increases and allocation of subsidies to the agricultural producers.

Neoliberal Micro-populism of the MP

"Urban Populism" of the MP

Within the context of a neoliberal economic environment which was characterized by structural adjustment packages and drastic austerity measures, as examined in the previous chapter, the MP carried out a different type of populism until the late 1980s both in stark contrast to the rural populism of the previous three decades which

²³¹ İlkay Sunar, "Populism and Patronage: The Demokrat Party and Its Legacy in Turkey," in *State, Society and Democracy in Turkey*, ed. İlkay Sunar (İstanbul: Bahçeşehir University, 2004), pp. 125-126.

aimed the incorporation of the peasantry into the electoral politics through party based patronage networks, agricultural subsidies and credit schemes and the classical macroeconomic populism of the ISI period with relatively high rates of wages and salaries for urban workers and civil servants. Parallel to the objectives of structural adjustment and stabilization packages, the period witnessed the reduction or removal of agricultural subsidies, elimination of government spending in the social realm, decline in the purchasing power of wage earners and civil servants, and the deterioration in income distribution. In other words, it was an era in which the majority of the population emerged as the losers of this neoliberal restructuration process.

How did the majority of the masses whose living conditions deteriorated tolerate this process and besides more importantly how did the MP manage to secure the support of an undeniable majority in the 1987 elections in the existence of abundance of losers? One of the reasons had to do with the severity of the economic crisis. As in the Latin American context, the impacts of the previous economic crisis were so adverse that the masses tolerated the draconian measures which paved the way for the deterioration in their living conditions and purchasing power and swallowed the harder pills which they believed would avert a total economic collapse and catastrophe. In other words, similar to the Latin American experience, the masses that had confronted the previous economic crisis in Turkey did not wage serious criticism against the shock therapy and the drastic austerity measures since they conceived of them as being the sole, unavoidable measures that had to be implemented for the prevention of a more severe economic catastrophe.

In addition, Keyder and Öncü assert that the support of the masses was largely due to the MP's "discovery of urban populism," which indicated a crucial

shift from the rural populism of the previous governments.²³² Thus, it could be noted that what was observed during the rule of the MP was a type of “urban populism” in which the MP appealed to the urban marginals living in *gecekondus* via policies like “Squatter town Amnesty” (*Gecekondu Affi*), the distribution of construction licenses, permission granted to *gecekondu* dwellers to build more storeys in their *gecekondus* along with the prevailing clientelist networks. Moreover, apart from its appeal to *gecekondu* settlers, the MP had sought to appeal to the *orta direk* (workers, civil servants and retired people) whose purchasing power had severely deteriorated due to the neoliberal structural adjustment policies through mechanisms like granting housing credits which would enable these people to possess their own houses or tax refund which reduced the amount of tax that these groups had to pay to the state. Hence, it can be asserted that the MP attempted to obtain the support of the groups living in the urban areas via mechanisms which would not necessarily create a burden on the state and disrupt the country’s budget.

A brief analysis of the major features of the internal migration of the 1980s will be helpful in terms of coming to terms with the basic aspects of the MP’s “urban populism” since the era witnessed an increase in the population of big cities and particularly Istanbul. Especially in the second period of the 1980s, the increase in the population of Istanbul became extremely manifest as approximately 1.5 million people migrated to Istanbul. Toward the end of the 1980s, about 13 % of the overall population was living in Istanbul. The statistics of 1990 reveal that one among every four citizens lived in a different place than their birthplace and one third of these 13.3 million internal migrants migrated to and resided in Istanbul.²³³

²³² Keyder and Öncü, p. 20.

²³³ Schuler, pp. 83-84.

In 1950, 53 % of the residents of Istanbul had been born within the limits of the city, this percentage dropped to 38 % in 1985. The ones who had changed their place of residence amounted to 2,885,873 in 1985, whereas this number increased to 4,065,173 in 1990. The population of Istanbul in 1990 discloses an increase of 99 people among every 1000 residents older than five years of age.²³⁴ In the light of these statistics, Harald Schuler maintains that the 1980s, particularly the second half of the 1980s, were characterized by a second wave of migration from the rural areas to the big cities, the impact of which was particularly felt in Istanbul.²³⁵ Upon this background of a crucial wave of migration to the urban areas, obtaining the support of the migrants who migrated to the big cities and mainly to Istanbul became extremely important for the MP in order to secure its rule throughout the decade.

Keyder and Öncü state that the cities and prominently Istanbul constituted the major source of support for the MP. One of the major components of the MP's "urban populism" was an ardent attempt on the legalization of the urban rent different than the ad hoc policies carried out by the previous governments through mechanisms like the "Gecekondu Amnesty" or permission to transform *gecekondu*s into multi-storey apartment buildings.²³⁶

In this respect, it should be pointed out that the cooptation of the urban marginals into the system has always been a crucial theme for the governments in Turkey as can be understood from the amnesty laws implemented in order to legalize the irregular residences in 1953, 1963, 1966, and 1976. However, as underlined by Keyder and Öncü, against the background of a crucial wave of migration to big

²³⁴ Schuler, pp. 85-87.

²³⁵ Ibid., p. 85.

²³⁶ Keyder and Öncü, p.20.

cities, the MP implemented systematic measures to secure the support of these urban marginals different from the ad hoc measures launched by the previous governments.²³⁷

Keyder and Öncü assert that despite the fact that the living standards of the organized groups worsened as a result of a decline in their real wages and salaries and the urban marginals were adversely affected by the diminishing employment opportunities, the same population benefited from the transformation in the residential market. To put it differently, all these factors embodied the function of thwarting the adverse impacts of the increase in unemployment, the decrease in real wages and salaries, and the deterioration in income distribution, which made up the “essence of the urban populism” of the MP, according to Keyder and Öncü.²³⁸ Big metropolitan centers, and notably Istanbul, constituted the fundamental target of the MP’s urban populism with the supremacy of clientelist networks in these places.²³⁹

In a similar vein, Boratav coins the term “crooked populism” (*yoş populizm*) in his evaluation of the populism of the MP regarding the workers, civil servants, and the urban marginals. Boratav stresses that the fundamental objective of the MP concerning these groups was to eradicate their class consciousness, and establish a clientele for the MP devoid of any class consciousness.²⁴⁰ This thesis is not written within the framework of a class based perspective, yet similar to the argument carried out by Boratav, I hold the idea that the MP sought to establish a clientele

²³⁷ For a detailed study on the issue, see Ayşe Öncü, “The Politics of the Urban Land Market in Turkey: 1950-1980,” *International Journal of Urban and Regional Research* 12, no.1 (1998) and Ayşe Buğra, “The Immoral Economy of Housing in Turkey,” *International Journal of Urban and Regional Research* 22 (1998)

²³⁸ Keyder and Öncü, p.20.

²³⁹ Ibid.

²⁴⁰ Korkut Boratav, *1980’li Yıllarda Türkiye’de Sosyal Sınıflar ve Bölüşüm* (İstanbul: Gerçek Yayınevi, 1991), pp. 117-118.

among civil servants, workers, and particularly urban marginals devoid of any ideological commitment if not class consciousness.

Before elaborating on the manifestations of the MP's "urban populism" in depth, the transformation in the administration of the municipalities will be analyzed concisely since the municipalities that were by and large under the control of the MP in the aftermath of the 1984 municipal elections embodied a crucial mission in the accomplishment of the MP's "urban populism" as underlined by Boratav.²⁴¹

One of the major policy changes that the MP implemented in the transformation of the role assigned to the municipalities was an increase in their tax revenues. As Hasan Cemal notes, the municipalities have received more autonomy and their revenues have increased in this period.²⁴² Local governments obtained 6.4 percent of the national taxes in 1983, whereas the amount of national taxes allocated to the municipalities increased to 13.3 % by 1990.²⁴³ Apart from this development, the era also witnessed the initiation of a new legal setting which endowed the municipalities with the opportunity to boost their local taxes, fees, and charges on a wide range of areas such as sports, entertainment, and advertising, which paved the way for a further increase in the revenue of the municipalities.²⁴⁴

The news in the *Güneş* newspaper illustrates the point concerning the increase in the revenues of the municipalities. The newspaper reported that a total amount of \$836, 919 million had been allocated to some metropolitan municipalities in the aftermath of the 1984 municipal elections. According to the data of the Ministry of Finance and Customs, most of these credits had been financed by the WB and the

²⁴¹ Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 118

²⁴² Hasan Cemal, *Özal Hikayesi* (Ankara: Aslımlar Matbaacılık, 1989), p. 321.

²⁴³ Keyder and Öncü, p.21.

²⁴⁴ Ibid.

Islam Development Bank (IDB) and the Istanbul Metropolitan Municipality obtained \$392.3 million while the İzmir Metropolitan Municipality acquired \$208.7 million of these credits.²⁴⁵

Cemal emphasizes that in line with the rise in their revenues, the expenditure of the municipalities has increased significantly escalating from a level of 111.5 billion in 1981 to a level of 1 trillion 298 million in 1987. Meanwhile, the level of their expenditure in the GDP increased from 1.7 percent to 3.3 percent for the same time span.²⁴⁶ Boratav asserts that it is a well known fact that the *gecekondu*s received the bulk of these investments and the services of the municipalities.²⁴⁷ Apart from the mission attached to the municipalities in terms of rendering crucial services to the *gecekondu* districts, municipalities were also the areas in which the clientelist networks between the government and the business circles took place since the highly profitable bids of the public works of the municipalities such as the founding of new thoroughways were given to politically favored business circles.²⁴⁸ In this regard, Cemal notes that the MP used the municipalities to reinforce its power base in the sense that huge rents were distributed to the supporters of the MP via municipalities.²⁴⁹

Apart from all these missions, the municipalities were also entitled to regulate the housing policy at the local level and thus embodied an important duty on the success of the MP's "urban populism." During the rule of the MP, an enormous amount of new land was opened to "quasi-informal settlement" and this process was controlled

²⁴⁵ Güneş, 1 May 1988. The title of the news was "*Belediyeler de Yiğitleşti*"

²⁴⁶ Cemal, p. 322.

²⁴⁷ Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 118.

²⁴⁸ Keyder and Öncü, p. 23.

²⁴⁹ Cemal, p. 322.

by the district municipalities. This process which was dominated by the clientelistic networks between the contractors, district councilmen and the immigrant constituencies resulted in a “new wave of legalization and retroactive planning in the older informal settlements.”²⁵⁰ In tandem with this analysis, Helin Burkay emphasizes the crucial role attributed to the municipalities in regards to the “formulation of housing policy at the local level.”²⁵¹ Öniş also highlights the patronage-clintelistic networks of the municipalities and maintains that the distribution of patronage took place also at the municipal level, as the local governments allocated patronage through their spending and through the issuing of construction licenses.²⁵²

As underlined in the second chapter, the roles attributed to the municipalities were also extended in the Latin American context during the governance of the neopopulist leaders. The experience in Mexico would be a perfect case in point in this respect since apart from the federal agencies, the municipalities were also entitled to have mission in the delivery of services such as the construction of infrastructural activities and the distribution of food and loans which were carried out particularly with the objective of appealing to the urban poor in Latin America.

The first component of the MP’s appeal to the urban marginals living in the *gecekondu* districts manifested itself at the discursive level. Turkey was undergoing a crucial social transformation during the 1980s and Ulagay argues that Özal was conscious of this social transformation and aware of the hopes and expectations of these people. Because he came from Malatya, and was part of this social

²⁵⁰ Keyder and Öncü, p. 31.

²⁵¹ Helin Özge Burkay, (master’s thesis, Bogazici University, 2006), p. 61.

²⁵² Öniş, “Turkey: Democratization and Adjustment from Above,” p. 334.

transformation process, he could more easily appeal to these people.²⁵³ These people migrated from the villages to the cities with the aims of earning more money and having better conditions of life. Ulagay believes that under these circumstances, neoliberalism's emphasis on individualism, Özal's motives, his emphasis on capitalism's rhetoric of individualism, and his methods of trying to come up with individual solutions rather than societal solutions to the problems coincided with these people's expectations of having better living standards and "turning the corner without due labor."²⁵⁴

In line with this analysis, Keyder and Öncü maintain that the neoliberal economic model with its "promise of a market free of government tutelage, and likely to reward the initiative and luck" coincided with the expectations of the urban marginals who had high hopes of "making it." In other words, it should be underlined that the emphasis attached to the free-market attracted the support of a wide range of society via its promise of creating new quick riches among the ones who were clever and lucky enough.²⁵⁵

The *Gecekondu Affi* and the distribution of construction licenses could be cited as other major components of the MP's appeal to the urban marginals living in *gecekondu*s. Özal portrayed the MP's decision on the *Gecekondu Affi* as being a manifestation of his party's trust to the citizens. "Our two million citizens applied for construction amnesty. The important concept is to trust the citizens, and we do trust our citizens," said Özal in his second press conference. Özal also noted that the number of buildings without construction licenses constituted approximately 70 % of

²⁵³ Osman Ulagay, *Özal'ı Aşmak İçin* (İstanbul: AFA Yayıncılık, 1989), p. 20.

²⁵⁴ *Köşeyi dönmek*, Ibid., p. 124.

²⁵⁵ Keyder and Öncü, p. 20.

the total buildings and added that they would use the resources obtained from these types of buildings without construction licenses under the rubric of construction amnesty for the infrastructure of the *gecekond* districts.²⁵⁶

The news about the *Gecekond Affi* attracted huge press coverage with the titles stating that *gecekond*s obtain their construction licenses as in the case of the headline of *Milliyet* published on 25 February 1984.

*Gecekond*s obtain their construction licenses. The law pertaining to construction and *gecekond* amnesty has been accepted in the General Meeting of Turkish Grand National Assembly. People will apply to the related institutions (municipalities, governor's offices) within 6 months; the council of ministers will have the right to extend this period to one year. The ones who undertake the related liabilities will be granted land registry certificates. The law exempts the *gecekond*s constructed after 2 June 1981 and the buildings that are contradictory with the zoning legislation that began to be constructed in the aftermath of 1 October 1983. Despite the attempts of the deputies of Populist Party (PP) and Nationalist Democracy Party (NDP) in changing some of the aspects of the law, the law was ratified largely on the basis of its format accepted in the commission.²⁵⁷

It is also important that the decision concerning the legalization of the *gecekond*s took place prior to the municipal elections of 1984 and the construction licenses began to be distributed before the municipal elections. This can be considered a clear blueprint for the MP's appeal of the votes of the *gecekond* dwellers as they constituted a crucial reservoir of the voting population. *Milliyet* reported this

²⁵⁶ 2 milyona yakın vatandaşımız imar affi için başvurmuştur. Mühim olan konu burada vatandaşa itimat etmektir. *Milliyet*, 9 February 1984.

²⁵⁷ *Gecekond*ular tapuya kavuşuyor. İmar ve *gecekond* affına ilişkin yasa tasarısı TBMM Genel Kurulu'nda kabul edildi. Başvuru altı ay içerisinde yapılacak, Bakanlar Kurulu süreyi 1 yıla kadar uzatabilecek. Yükümlülükleri yerine getiren *gecekond* sahiplerine ilgili kuruluşlarca tapu tahsis belgesi verilecek. 2 Haziran 1981'den sonra yapılan *gecekond*ular ile 1 Ekim 1983'ten sonra inşasına başlanan imar mevzuatına aykırı yapılar yasadan yararlanamayacak. Tasarı, HP ve MDP'li milletvekillerinin değiştirme çabalarına karşın, büyük ölçüde komisyonda kabul edilen şekliyle yasalaştı. *Milliyet*, 25 February 1984.

development with the title that “*Gecekondu* dwellers benefited from the timing of the local elections” on 10 March 1984.

The *gecekondu* dwellers benefited from the 25 March municipal elections, the construction licenses will be distributed prior to the municipal elections. Minister of Public Works and Settlement Safa Giray said that the by-laws that clarify the law pertaining to the Construction Amnesty will be issued till Monday and the construction licenses will be distributed within the framework of a short time span.²⁵⁸

During the period Minister of State Sadi Türel constantly informed the public about the content of the law, about the number of construction licenses that would be distributed and the procedures of the debt payment. In one of these declarations, Türel said that the citizens who would take the construction licenses would pay their debts within four years and with 12 installments. Türel continued by saying that they would demolish the one-storey *gecekondus* and construct four to five-storey *gecekondus* according to the nature of the land. Türel informed the public that land registry certificates would be distributed to 500,000 *gecekondus* in Istanbul, 200,000 *gecekondus* in Ankara, and 150,000 *gecekondus* in İzmir in the first round.²⁵⁹

Apart from the rhetoric that the distribution of the construction licenses revealed the MP’s trust to the citizens, Özal made use of every opportunity to make references to the *Gecekondu Affi* and thus sought to appeal to the *gecekondu* dwellers as once he stated that the *gecekondus* had been revived with the rule of the MP.

As the Motherland Party began to rule the country, the *gecekondus* have turned to life. Are not the mayors who claim that they have served to the country aware of the fact that 60 % of Istanbul is without construction

²⁵⁸ 25 Mart yerel seçimi *gecekondu* sahiplerine yaradı. Tapu belgesi seçim öncesi verilecek. Bayındırlık ve İskan Bakanı Safa Giray İmar Affi Yasası’na açıklık getiren yönetmeliklerin pazartesi gününe kadar çıkarılacağını bildirerek, “Tapu tahsis belgelerinin dağıtımına en kısa sürede başlanacaktır” dedi. Milliyet, 10 March 1984.

²⁵⁹ Milliyet, 13 March 1984. The title of the news was “Construction licenses will be distributed to 1 million *gecekondus*”. (1 milyon *gecekonduya* tapu belgesi verilecek)

licenses? We are granting construction licenses to the buildings that do not have one.²⁶⁰

In a similar vein, in one of the monthly *İcraatın İçinden* TV program, Özal stated that the MP managed to solve one of the bleeding injuries of the country and assured the citizens that the state has the responsibility over the protection of their houses and construction licenses.

The *gecekondu* problem has become such a loophole that it has obtained some kind of immunity. We have totally changed the law about the construction amnesty and simplified the process. Inform the state about your situation and take your construction license. The *gecekondu* dwellers reside in the middle of our cities and they provided solutions to the housing problem whether we accept it or not. Our citizen has created, produced a value. Our intention is not to frustrate this value.²⁶¹

“We have managed to eradicate the problems that the *gecekondus* encountered in the last five years. We have delivered construction licenses more than 2,5 million houses. These construction licenses in return allowed them to construct more storeys and thereby increase their revenues. Municipalities also launched noteworthy services for these regions. Turkey has a far better income distribution than all the other developing countries,” said Özal in 1988. These statements are crucial in terms of illustrating the essence of the MP’s populism regarding the *gecekondus*.²⁶²

²⁶⁰ *Anavatan geldi, gecekondu'lara hayat geldi. Bu memlekette hizmet ettim diyen belediye başkanları bu memleketin yüzde 60'ının tapusuz, ruhsatsız olduklarını bilmiyorlar mı? Bütün ruhsatsız olanlara, tapusuz olanlara tapularını ruhsatlarını biz veriyoruz. Milliyet, 22 March 1984.*

²⁶¹ *Gecekondu meselesi o kadar büyümüştü ki adeta bir dokunulmazlık kazanmıştı. Biz işi bitirmek istedik. İmar affını baştan aşağı değiştirdik. Şimdi iş basitleştirildi. Devlete bilgi verin, tapunuzu alın. Gecekondu sahipleri şehirlerimizin ortasında, biz istesek de, istemesek de, farkında olsak da olmasak da arsa üretmişlerdir. Konut sıkıntısına çözüm üretmişlerdir. Vatandaş bir değer yaratmış, bir değer üretmiş. Geçtiğimiz yol bu değeri baltalamak değildir. Milliyet, 30 April 1984.*

²⁶² *Son beş yılda gecekondu sorununa çözüm bulduk. İki buçuk milyondan fazla eve ruhsat verdik. Böylece kat çıkıp gelir artırabilecekler. Belediyeler de son yıllarda büyük*

Boratav highlights the point that the construction licenses that targeted the *gecekondus*, the impacts of these policies need to be taken into account in relation to construction amnesties and the construction permits that were granted to *gecekondus* and the poor regions of the big cities that acquired a potential to bring lucrative rents. These construction permits did not necessarily end up creating a financial burden for the government and did not undermine anybody's interests; however, they enabled the *gecekondu* dwellers and the residents of the poorer districts to become a partner to the urban rents and alter their wealth abruptly and radically in return. Boratav believes that all these transformations resulted in changes in the political preferences of the poor masses in the urban centers as the crucial factors of class dynamics such as the deterioration in their real earnings lost its value for these people who became exposed to the offers of the contractors such as apartments and stores.²⁶³

One of the news in *Milliyet* which reported that the *gecekondus* in *Fındıkzade* were more expensive than the apartments would be instructive in this respect. The newspaper reported that the value of the *gecekondus* approximately amounted to TL 2 million. However, there was one *gecekondu* of 110 square meters which was composed of four to five rooms and had a huge garden. The owner of the *gecekondu* determined its price at a value of TL 7 million. Meanwhile the apartments of 110 square meters adjacent to the *gecekondus* are sold at a value of TL 6,5 million.²⁶⁴

Apart from the *Gecekondu Affi* and the distribution of construction licenses, the MP also carried out policies of distributing material rewards at the level of municipalities in order to attain and secure the support of the urban marginals as

hizmetler götürdüler. Türkiye 'de gelir dağılımı bütün gelişen ülkelerden daha iyidir. Boratav, 1980'li Yıllarda Türkiye 'de Sosyal Sınıflar ve Bölüşüm, p. 119.

²⁶³ Ibid., p. 118.

²⁶⁴ *Gecekondu Apartman Dairesinden Daha Pahalı Milliyet, 18 April 1984.*

stated by Özbek.²⁶⁵ Ata Soyer maintains that one of the ways of distributing material rewards to the people in the *gecekondu* districts was through the funds of social cooperation and social help. Through the activities of these funds, the MP sought to construct the image that they took the needs of the citizens into consideration.²⁶⁶ However, it should be pointed out that this fund was established toward the end of the 1980s in 1986 and it was not used in an extravagant manner in the presence of the above-mentioned means to appeal to the urban marginals.

It should also be noted that the period in sharp contrast to the highly political environment of the 1970s was characterized by apolitization with the impact of the 12 September military take-over, ban imposed on political parties and leaders, and restrictions exerted on organized groups and mainly labor unions. Upon this background, I support the idea that the 1980s witnessed just the opposite of what Erbudun delineated for the 1970s in that the people particularly the urban marginals were more vulnerable to the vertical linkages of patronage client networks as the horizontal linkages based on ideological commitment and affiliation to a specific party were by and large nonexistent due to the apolitical environment of the decade.

During the course of the decade, the newspapers were abundant with news of the municipalities showing the allocation of presents, dresses, and food to the needy, especially before *Bayrams*. Two examples would be illustrative in this respect:

Beyoğlu mayor Haluk Öztürkatalay distributed clothes for 10,000 needy people prior to the *Bayram*. A search has been carried out in order to determine the needy in 43 districts within the period of 45 days and clothes have been distributed to the needy with the help of the philanthropic people and the associations. “We will carry out these kinds of activities and enlarge the scope of them in a way which will include distributing books, notebooks,

²⁶⁵ Özbek, p. 219.

²⁶⁶ Ata Soyer, *Sanayi Devriminden Küreselleşmeye Darbeden AKParti'ye Sağlığın Öyküsü* (İstanbul: Sorun Yayınları, 2004), pp. 144-145.

pencils to the students and coal and wood to houses during harsh winter conditions,” said mayor Öztürkatalay.²⁶⁷

Bakırköy municipality distributed clothes for *bayram* to 7000 families and Fatih municipality and Charitable Foundations distributed meat to thousands of families. Municipalities pleased the poor prior to *Bayram*.²⁶⁸

Cüneyt Arcayürek’s account of one of his experiences would be helpful in delineating the nature of the MP’s clientelism in this regard as well. Arcayürek states that in a minor party congress of the MP, which was carried out on 23 November 1986, Özal reiterated his criticisms about two journalists by which he accused them of working for a rival party in the Silifke municipal elections. These journalists were Cüneyt Arcayürek and Teoman Erel. However, Arcayürek notes that all these allegations had nothing to do with the reality. They had actually learned that the members of the MP had distributed money and food in exchange for votes in the Roma Street (*Çingene mahallesi*) in Silifke and they went there in order to find out about this situation.²⁶⁹

In the light of these aspects, Özbek asserts that “clientelism and promises of legalizing *gecekondu* ownership rights manipulated *gecekondu* votes before each election” during the 1980s.²⁷⁰

²⁶⁷ *Beyoğlu Belediye Başkanı Haluk Öztürkatalay, Kurban Bayramı öncesinde ihtiyaç sahibi 10 bin kişiyi giydirmeye başladı. Belediye Başkanlığının 43 mahallede 45 gün süren taramaları sonucu tesbit edilen ihtiyaç sahipleri hayırsever kişi ve kuruluşlardan temin edilen elbiselerle tepeden tırnağa giydirilmeye başlandı. Öztürkatalay, “Yardım modeli değişik usullerle devam edecek. Okul zamanı öğrencisine önlük, defter ve kalem, kışın kömür ve odun tanzim satışları düzenlemek gibi çeşitli sahalara yayılacağız,” dedi Tercüman, 23 August 1985.*

²⁶⁸ *Bakırköy Belediyesi 7 bin kişiye bayramlık, Fatih Belediyesi ve Vakıflar da binlerce aileye et dağıttı. Belediyeler bayram arefesinde fakirleri sevindiriyor. Tercüman, 24 August 1985.*

²⁶⁹ Cüneyt Arcayürek, *Demokrasi Dönemecinde Üç Adam* (Ankara: Bilgi Yayınevi, 2000), p. 284.

²⁷⁰ Özbek, p. 220.

As examined in the second chapter, Özal's appeal to the urban marginals who migrated from the rural areas to big cities and who were mainly working in the informal sector of the economy through clientelism and the targeted distribution of services and material benefits at the micro-level coincided with the policies of his Latin American counterparts. Salinas' National Solidarity Program (PRONASOL) and the spending programs that were carried out with the aim of acquiring the support of the downtrodden, destitute masses could be cited as cases in point.

Before investigating some of the mechanism that the MP made use of in order to appeal to the *orta direk*, it should be noted that the formation of extra-budgetary funds (EBFs), the major features of which will be analyzed in detail in the sixth chapter, materialized as one of the mechanisms for distributing patronage on the part of the MP. The MP governments made use of the EBFs in order to enhance its electoral support via "directing public expenditures to specific groups or regions."²⁷¹ One dimension of the creation of the Mass Housing Fund (MHF) therefore needs to be taken into account in this respect. The formation of the MHF which was established with the objective of subsidizing houses for lower and middle income groups constituted a major channel of public funding in large cities and the greatest share of this fund was allocated for Istanbul. One crucial tenet of the MHF was that it was the sole institutionalized mechanism which provided housing credits for the would-be house owners.²⁷² As will be examined, the resources of the fund had been provided via off-budgetary means such as new taxes and fees. This highly arbitrary

²⁷¹ Öniş, "Turkey: Democratization and Adjustment from Above," p. 334.

²⁷² Keyder and Öncü, p. 23.

nature of the fund caused great controversy since the opposition parties criticized the fund on the grounds that it was deprived of any supervisory mechanism.²⁷³

The major objectives of the Mass Housing Law were projected as enabling middle and low income groups to become house owners, ameliorating the living standards of the *gecekondus*, provision of a steady flow of resources for financing housing, and diminishing the building costs.²⁷⁴ The fixed income earners, particularly employees and the retired personnel of the SEEs, whose purchasing power had deteriorated due to the decrease in their wages, salaries, and pensions and the inflationary economic environment, accounted for the major groups which benefited from the housing credits.²⁷⁵ Oktay Türel said that the fundamental objective behind the policy was to enable the workers and civil servants to live in their own houses.²⁷⁶

There were widespread news about the number of houses that would be constructed and the amount of money that would be collected in the fund during the period. Two such statements would be illustrative in this respect:

Minister of Public Works and Settlement Safa Giray said that they would spend TL 200 billion to mass housing during 1984. Giray said that the by-laws and public acts regarding the Mass Housing Law would be issued within three weeks. The officials maintained that the price of a social house of 80 square meter amounts to TL 3 million and thus nearly 67,000 houses could be constructed with TL 200 billion.²⁷⁷

²⁷³ Burkey, p. 64.

²⁷⁴ Ibid., pp. 64-65.

²⁷⁵ Keyder and Öncü, p. 23.

²⁷⁶ *Milliyet*, 13 March 1984.

²⁷⁷ *Milliyet*, 8 April 1984.

Özal said that low interest rates credits would be allocated for houses, TL 32 billion would be distributed for the inchoate houses. Özal maintained that TL 100 billion would accrue in the MHF by the end of the year and noted that they would supply TL 200 billion for cooperatives and inchoate houses for the next year. Özal noted that they needed TL 32 billion for inchoate houses and underlined the point that the credits that would be distributed under the rubric of the MHF would be less than the amount of the interest rate of the banks and this amount would be even less for the citizens who had no houses. Özal also added that the price of rents and key money would decline with the increase in the number of houses.²⁷⁸

In one of his speeches Minister of Public Works and Settlement Giray said that the investments in Mass Housing would also provide employment opportunities for 80,000 people. Giray underlined that TL 400 billion would be spent for mass housing within one year, and this would provide employment opportunities for 80,000 people and enable 66,000 families to possess their own houses.²⁷⁹

As underlined by Keyder and Öncü, the major groups that benefited from the MHF were the workers, civil servants and retired people. The news in *Milliyet* which depicted different groups that benefited from the fund and delineated their percentages in the overall clearly shows this aspect of the fund. *Milliyet* reported that 29,389 of people composed of workers, civil servants and retired people received credits from the Mass Housing Administration to possess their own houses the previous year. Workers constituted the largest segment of the cooperative members who obtained certificate of conformity as they made up of 44.49 % of the total cooperative members. Meanwhile civil servants and retired people accounted for

²⁷⁸ *Milliyet*, 9 April 1984.

²⁷⁹ *Milliyet*, 14 April 1984.

36.64 % and 3.74 percent of the members of cooperative members respectively, wrote *Milliyet*.²⁸⁰ That is to say, it can be asserted that the MHF provided new venues of opportunity for the losers of the economy and thus targeted to obtain their support.

Apart from the credits provided by the MHF, Özal also appealed to the *orta direk* with his emphasis on the positive impacts of the entry to invoiced sale and tax refund. Özal portrayed the entry to the invoiced sale as a clear blueprint of the MP's social justice.

We give more tax refund to the poor and low income groups while we give less tax refund to the groups that have greater wealth. This can be portrayed as the best example illustrating our notion of social justice. We also have incorporated retired people within the context of the groups that benefit from this tax refund opportunity. A ten percent refund can be considered as a donation granted to the retired people by the state. We increase the income of the retired people by ten percent via this mechanism. The Mass Housing Fund will provide the necessary means for personal housing credits and mass housing credits. Our citizens will be able to apply to any banks in order to receive credits for the housing.²⁸¹

All the above-mentioned policies had either a positive impact on the wealth of these groups or at least increased their expectations in a positive sense. In addition, none of these policies increased the wage costs and thus waged a threat for the capital.²⁸²

All in all, it should be underlined that up until the later periods of the 1980s the MP carried out micro-level populism like the neopopulist leaders in Latin America different from the classical, expansionary macroeconomic populism of the previous governments. In an environment in which the agricultural subsidies were either

²⁸⁰ *Milliyet*, 2 September 1986.

²⁸¹ *Fakire ve dar gelirliye daha fazla vergi iadesi veriyoruz. Geliri ve durumu nisbeten daha iyi olana ise daha az vergi iadesi veriyoruz. Bu bizim sosyal adalet anlayışımızın en güzel örneğidir. Emeklileri de faturalı vergi iadesi kapsamına aldık. Verdiğimiz, yüzde 10'luk iade esasında devletin emeklilere yaptığı hibe bir yardımdır. Konut kanunu ile ferdi konut kredisi ve toplu konut kredisi almak mümkün olacaktır. Herhangi bir bankadan konut için kredi alınabilecektir. Milliyet*, 9 February 1984.

²⁸² Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 120.

reduced or removed, the purchasing power of the workers, civil servants, and the retired people decreased, income distribution worsened, and employment opportunities were diminished, the MP discovered what Keyder and Öncü described as “urban populism” amid an environment in which the country witnessed a second crucial wave of migration from the rural areas to urban areas, particularly big cities and notably to Istanbul. Upon this background, the MP appealed to the urban marginals with its free-market ideology and this discursive appeal coincided with the hopes and expectations of the urban marginals who had high hopes of “making it.” The MP’s urban populism concerning the *gecekondu* dwellers encompassed the *Gecekondu Affi*, granting construction permits, and permits which enabled them to raise their one-storey *gecekondus* to four to five storeys. Apart from the legalization of the *gecekondu* ownership, the MP also sought to obtain the support of the urban marginals through clientelist networks of rendering services, distributing material rewards at the municipal level in return for votes. In the highly apolitical atmosphere of the 1980s, these people were prone to these kinds of clientelistic mechanisms.

Furthermore, the MP also appealed to the *orta direk*, whose life conditions had been drastically worsened via a similar mechanism of reorganization of residential area, that is to say, granting housing credits to the people in these groups at relatively better interest rates, paving the way for them to be able to possess their own houses. The invoiced sale which reduced the amount of tax refund that these people had to pay to the state yet constituted another dimension of the MP’s appeal toward the *orta direk*. Özal portrayed all these policies in a way which proved that the MP was the real and sole representative of the notion of social justice. That is to say, until the later periods of its rule, the MP appealed to the urban population via micro-level,

selective, targeted mechanisms which would not necessarily disrupt the country's budget but which would alter the wealth of these people in a positive way.

Rising Clientelist Ties: The Case of Patronage Relations with Business

After having scrutinized the MP's urban populism, an analysis of the fundamental features of the micro-populism of the MP also needs to take into account the clientelist networks between the business circles and the government, an aspect which has been a perennial characteristic of Turkish politics. Kalaycıoğlu notes that interest group relations were ultimately dependent on the personal ties with Özal via clientelistic networks throughout the course of the decade and he underlines the point that "this [situation] does not constitute a major break with the recent past."

Kalaycıoğlu states that "elaborate networks of clientelistic ties between sectoral and company interest on the one hand, and the political and bureaucratic elites including the mayors and other municipal authorities on the other hand" dominated the relationship between the State and commercial interest organizations in this period.²⁸³ However, although the clientelistic networks between the government and business circles have always been existent in the Turkish context, the 1980s with its neoliberal economic setting witnessed an environment characterized by proliferation of particularistic ties between the government and businessmen along with greater inclination of the business circles toward rent-seeking.

The new instruments of the neoliberal economic setting and an extremely centralized decision making style could be cited as the fundamental reasons behind

²⁸³ Kalaycıoğlu, "Commercial Groups: Love-Hate Relationship with the State," pp. 84-86.

this situation. Jesse Biddle and Vedat Milor assert that the 1980s marked the initiation of new instruments together with the escalation in the number of incentives compared to the previous periods. Hence, the 1980s were characterized by an environment in which industry associations competed for the wide range of incentive and subsidy programs.²⁸⁴ Similarly, Ayşe Buğra notes that majority of the policies carried out by the government in order to create an outward-oriented market economy such as the liberalization of imports or incentives granted to the export sector led to the acquisition of easy profits for certain sectors and groups.²⁸⁵

Furthermore, Buğra states that the centralization of decision making which granted enormous discretionary power to the office of prime minister, as will be investigated in the sixth chapter, further increased the particularistic ties between the business circles and the government.²⁸⁶ Similar to the argument carried out by Buğra, Biddle and Milor maintain that the centralization of decision making within the office of prime minister and a few inner circle aides and thus the increase in the discretionary power on these people created an environment characterized by a greater tendency of rent-seeking as the privileges were granted to the groups closer to the government circles and the groups that had links with the opponents of the party were punished by the selective measures.²⁸⁷ In congruence with this assertion, Kalaycıoğlu notes that the clientelistic ties between commercial interest groups and

²⁸⁴ Jesse Biddle and Vedat Milor, "Economic Governance in Turkey: Bureaucratic Capacity, Policy Networks, and Business Associations," in *Business and the State in Developing Countries*, eds. Sylvia Maxfield and Ben Ross Schneider (Ithaca: Cornell University Press, 1997), p. 288.

²⁸⁵ Ayşe Buğra, *State and Business in Modern Turkey A Comparative Study* (Albany, N.Y. : State University of New York Press, 1994), p. 151.

²⁸⁶ Ibid.

²⁸⁷ Biddle and Milor, p. 288.

the State carried out via direct contacts with “the top level officials of the public bureaucracy and/or ministries, and sometimes with the Prime Minister himself.”²⁸⁸

In tandem with the centralization of decision making, the “reorganization of the state bureaucracy” and creation of a new managerial bureaucracy as opposed to the patrimonial bureaucracy of the previous decades with a number of US-educated “Princes,” as will be examined in the sixth chapter, could be cited as another major reason behind the increase in the clientelistic ties between the government and business circles. Öniş points out that the “reorganization of the state bureaucracy” resulted in the formation of a highly politicized bureaucracy and the deprivation of its group identity, which had been prevalent in the 1960s and the 1970s. As the personnel in the state bureaucracy was predominantly chosen via political appointments, the bureaucracy “lost a sense of common vision.” Hence, it lost its ability to manage corruption and combat rent-seeking behavior.²⁸⁹

Parallel to this analysis, Boratav maintains that the recruitment of US-educated “Özal’s Princes” in crucial posts in public administration who had come from outside the classical civil service bureaucracy and who can be described as the direct extension of certain political circles through personal links fastened this process of rent-seeking tendencies in business circles.²⁹⁰

In the light of these aspects, Boratav asserts that the government policies of the neoliberal economic setting created new and greater venues for benefits and rents, one of the most obvious mechanisms of which was the concept of fictitious exports

²⁸⁸ Kalaycıoğlu, “Commercial Groups: Love-Hate Relationship with the State,” pp. 85-86.

²⁸⁹ Öniş, “Democracy, Populism, and Chronic Inflation in Turkey,” p. 502.

²⁹⁰ Boratav, *1980’li Yıllarda Türkiye’de Sosyal Sınıflar ve Bölüşüm*, p. 95.

that emerged as a result of the arbitrariness in export incentive system.²⁹¹ The government made use of an extension of discretionary power either for boosting or devastating certain firms via its continuous change of policies pertaining to the rate of protection in tenders. Tax and credit subsidies granted to the favored sectors, municipal construction permits, recovery of certain firms, privatization operations, permits given to the foreign firms for joint venture and the incentives granted to foreign investments could be cited as new rent venues of the neoliberal era.²⁹²

As has been analyzed, FTCs were established during the course of the decade in line with the emphasis attached toward the significance of attaining an export-oriented economy. Hakan Batur points out the fact that Undersecretariat of Treasury and Foreign Trade (UTFT) had been formed as an Undersecretariat being directly dependent on the Prime Ministry. Thus, he asserts that in this political environment in which the checks and balances for inspecting the transfer of state resources to export oriented sectors had been eliminated, the ones who managed to obtain close links to this “center” would emerge as the most advantageous ones from the “export-orientation drive” as they would be the ones to “reap the benefits.”²⁹³

Öniş maintains that the companies found themselves in fierce competition in order to be able to acquire an additional share of tax rebates which paved the way for export-oriented rent-seeking.²⁹⁴ To put it another way, in the Turkish context, profitable export incentives turned out to operate as fundamental sources of rent-

²⁹¹ Boratav, *1980’li Yıllarda Türkiye’de Sosyal Sınıflar ve Bölüşüm*, p. 94.

²⁹² Ibid., p. 95.

²⁹³ M. Hakan Batur, *Reformism to Neoliberal Centralism: Institutional Politics of Economic Bureaucracy in Turkey (1960-1984)* (Ph.D diss. Bogazici University, 1998), p. 399.

²⁹⁴ Öniş, “Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism,” p. 32.

seeking, giving the way to all-encompassing overinvoicing, or fictitious exports in its popular form.²⁹⁵ Similarly, Buğra states that the tax rebate system for export promotion was prone to manipulation and rent-seeking activities. Consequently, the decade witnessed a variety of cases of fictitious exports. Within the time frame of a few years, these fictitious exports reached to an unprecedented level, making up a crucial portion of the total exports and created a huge controversy in the society.²⁹⁶

Biddle and Milor assert that the fundamental tenets of the incentive regime kept changing recurrently on a random and daily basis via the decrees issued by the council of ministers. This arbitrariness led to an ambiguous environment concerning the classification and definition of benefits that would be granted to particular groups. Upon this ambiguous environment, firms sought to have an influence on the basic parameters of incentives and subsidies so that they would end up acquiring the maximum benefit possible. Furthermore, firms also attempted to use their political influence in an environment in which a great variety of certificate holders competed with each other in order to acquire the benefits in the form of cash grants or subsidized credits. Biddle and Milor argue that all these aspects culminated in the “politicization of the incentive regime,” which particularly benefited large conglomerate holdings at the expense of small and medium-sized firms since they did not have the necessary means for information collection and lobbying.²⁹⁷

One major feature that needs to be taken into consideration concerning the incentive regime is that the prime minister and the economic bureaucrats were well aware of the fact that the incentive regime with its largely unregulated features was

²⁹⁵ Öniş, “The Political Economy of Export Oriented Industrialization in Turkey,” p. 122.

²⁹⁶ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 150.

²⁹⁷ Biddle and Milor, p. 291.

prone to abuses and manipulation of business circles and thus could lead to fictitious exports.²⁹⁸ To illustrate the point, Biddle and Milor cite a specific example of the abuses in the incentive regime of fictitious hotel development in which firms appeared as if they were carrying out a hotel construction in order to obtain investment certificates which would lead them to have access to direct subsidies, yet the ground had not been broken for the construction of the hotel.²⁹⁹ Thus, it should be emphasized that the major concern of the prime minister and government circles was to show on paper that the country had been extremely successful in regards to its export performance and therefore compliance with the rules of the incentive regime was not of a much concern for the prime minister. As long as the country seems to attain an export boom on paper, noncompliance to the rules of the game can be neglected by Özal. His reaction to the journalists who disclosed the ones involved in fictitious exports could be cited as a case in point. “Leftist amigos keep criticizing fictitious exports. Let them continue on their way. Most of them aim to play havoc with Turkey’s advances in exports. Instead of focusing on fictitious exports, they should first abstain from fictitious news.”³⁰⁰

However, the news pertaining to the cases of fictitious exports became so predominant that in the midst of severe criticisms in the society, the MP had to remove many of the incentives granted to FTCs in 1988 and 1989.³⁰¹ The title of one of the news in *Güneş* newspaper would be illustrative in this respect, “Check Toward

²⁹⁸ Biddle and Milor, p. 293.

²⁹⁹ Ibid., p. 292.

³⁰⁰ *Sol amigolar şimdi bir hayali ihracattır diye tutturdular. Tutturmaya devam etsinler. Birçoğunun maksadı Türkiye’nin ihracatını baltalamak. Aslı budur. Ona bakacaklarına ilk önce hayali haberlerden vazgeçsinler.* Ulagay, *Özal’ı Aşmak İçin*, p. 38.

³⁰¹ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 150.

Fictitious Exports.”³⁰² Öniş states that the external pressures coming from the General Agreements on Trade and Tariffs (GATT) were also influential in the elimination of the tax rebate system toward the end of the decade.³⁰³

The particularistic relations between the state and the businessmen were strengthened by the new institutional instruments of the decade such as the extra-budgetary funds (EBFs) as underlined by Buğra. Huge amount of credits at relatively advantageous rates were allocated to favor certain individuals via these funds. In this respect, the resources collected under the body of the Mass Housing and Public Participation Fund were believed to be distributed to a small number of firms.³⁰⁴

The discussion in the parliament concerning the law on the MHF would be indicative of the basic features of this fund system. During the debate in the parliament, the deputy of the PP Barış Can said that the draft concerning the MHF aimed to save some of the firms which were in financial straits. He asserted that the government planned to construct 30,000 houses on a piece of land belonging to a press tycoon. “The business circles largely speculate on the fact that the government will allocate huge amounts of credits to this person,” said Can.³⁰⁵ In this respect, it should be noted that apart from its being an appeal mechanism toward the *orta direk* through providing low-cost credits to the people in these groups and enabling them to possess their own houses, the MHF was also used to favor a small number of firms and create a clientele on the part of the MP. As analyzed in the second chapter, in a similar vein, PRONASOL was criticized severely by the opposition in Mexico on the

³⁰² *Hayali İhracata Fren, Güneş*, 16 January 1988.

³⁰³ Öniş, “The Political Economy of Export Oriented Industrialization in Turkey,” p. 122.

³⁰⁴ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 153.

³⁰⁵ *Bu şahsa hükümetin yüklü meblağlarda kredi aktaracağı söylentileri iş çevrelerinde yaygın kanaat halinde bulunmaktadır. Milliyet*, 2 March 1984.

grounds that Salinas made use of the program for political purposes. PRONASOL was regarded as a clear case of lingering clientelism and the resurgence of traditional clientelist mechanisms in Mexico.

There were some laws or decrees which were carried out with the objective of benefiting certain individuals. Apart from these types of laws or decrees which aimed to enhance the conditions of specific sectors or groups, there were also decisions which were implemented with the goal of punishing certain individuals who establish links with opponent political parties.³⁰⁶

Different governmental bodies could make alterations concerning the lists of commodities which benefits from specific incentives or the premium percentages which would be collected from the exports of certain commodities and all these policy changes could have a significant influence on certain individuals and firms in regards to the export revenues they would acquire. This extremely erratic nature of decision making concerning the measures of export promotion contributed to the formation of state-supported wealth on behalf of certain individuals and groups. To illustrate the point, Buğra gives the example of a certain case which reduced the payments that would be paid to a certain fund by the exporters of dried figs from twenty-five to fifteen cents. It was the end of the export season for the commodity and there was only one person in the sector who would reap the benefits of this decision since he had acquired a noteworthy amount of dried figs to be shipped overseas. As expected, the exporter had close contacts with the Finance Minister and he would later become the father-in-law of Özal's son.³⁰⁷

³⁰⁶ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 152.

³⁰⁷ Ibid.

In a similar example, the government took a decision to diminish the export premiums of certain commodities, yet it neglected to remove plastic slippers from this list. Thus, the exporters of plastic slippers were given premiums which by far surpassed the cost of the commodity's production. Although the event attracted the attention of the press, the exporter that the scheme targeted was not disclosed.³⁰⁸

Besides, there were also cases in which the changes that were carried out concerning the import regime with the objective of providing support to specific industries actually aimed to promote the well-being of the certain individuals. The decision which was taken in order to enhance the conditions of the automotive industry was a case in point since it mainly operated to the benefit of the Sabancı group, which initially decided to realize investments in this sector via a couple of joint venture arrangements with the Toyota group.³⁰⁹

Therefore, it could be argued that as Boratav maintained the ultimate precondition for being able to benefit from the rents of the state was to establish close links with the upper echelons of the political cadres.³¹⁰ ENKA, ESKA, Toprak among capital circles, Sabancı and Koç among holdings, and STFA, Koçtuğ, Kutlutaş among traditional groups were the major beneficiaries of the era as they had made use of the rents through their affiliation with the government circles.³¹¹

Mustafa Süzer, who was known with his close links to Istanbul metropolitan mayor Bedrettin Dalan, managed to increase the construction permit on his land in Taksim from ten storeys to thirty-four storeys. "Sabancı will be granted a huge amount of rents, why wouldn't I be? These are the rents that were obtained as a result

³⁰⁸ Buğra, *State and Business in Modern Turkey A Comparative Study*, pp. 152-153.

³⁰⁹ Ibid., p. 153.

³¹⁰ Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 96.

³¹¹ Ibid., p. 97.

of the risks taken,” was the reaction of Süzer toward the criticism waged against him. Boratav evaluates this reaction as the underlying logic of risk of competition in modern Turkish capitalism.³¹²

There were also cases in which the government authorities intervened in order to harm certain sectors that had affiliation with the rivals of the MP before the 1983 parliamentary elections. As Boratav maintains, the groups that could not establish close links with the government circles, or the groups that supported other parties in the elections such as Narin, Yaşar, Anadolu Endüstri Holding, Ercan not only were deprived of the new rent mechanisms of the decade but also were punished through different means.³¹³ The decision that banned the advertisement of beer on television in 1984 was considered a conscious move initiated to make trouble for Yaşar and Anadolu Endüstri since these two firms had overtly backed the NDP during the 1983 general elections.³¹⁴

The statements of Halit Narin would be illustrative in this respect. “I have some kind of expectations in the aftermath of the change of the government. This is normal and natural,”³¹⁵ had said Narin. However, his group did not accomplish to be classified under the rubric of the favored groups and he changed course and lashed out at the MP harshly when his group was confronted with financial straits due to increasing interests of credits and his exclusion from the special rents. Narin said:

There are some firms that have their places at every meeting, bids, and groundbreaking ceremonies during the last five years. Moreover, the same

³¹² *Sabancı'ya kırk kat rant verilecek de bana niye verilmeyecek? Bunlar risk olarak kazanılmış rantlardır.* Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 99.

³¹³ *Ibid.*, p. 97.

³¹⁴ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 154.

³¹⁵ *Hükümet değişikliğinde menfaat, beklentilerim olmuştur. Bu da doğaldır.* Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 99.

firms undertake the responsibility in the privatization of Boğaziçi region. Aren't there any other firms in Turkey that involve in business and become the preferred bidder apart from a few monopolies? We are of the opinion that the situation which confines all the benefits and opportunities of the state to a number of firms is unacceptable; instead all the firms should be able to reap the benefits of the state.³¹⁶

Parallel to these expressions, Güneş-Ayata writes that the newspapers of the period were inundated with the news about corruption scandals and the clientelistic relations developed between the bourgeoisie, higher ranks of the party, and “favored businessmen” on a daily basis during the course of the decade.³¹⁷

One such corruption scandal involved allegations against Ekrem Pakdemirli. Vice Secretary General of Social Democratic People's Party Cüneyt Canver said that the building of the Mistaş firm in İzmir, in which Pakdemirli was the third greatest shareholder, was still used as the city center of the MP. Canver said that Mistaş firm later moved to another address and Tekoplast firm has been established in the same address. He added that although Pakdemirli was not among the shareholders of this firm, it drew attention that it was owned by the other shareholders of Mistaş and Pakdemirli had had the mission of being the head of the Incentive Application during the establishment of the firm.

Canver continued by saying that after the inquiry of İzmir police, it has been disclosed that only 1,469,000 of the ventilator parts among the 3,200,000 imported from Japan were exported while the rest of them was sold within the country in contradiction with the existing legal regulations. However, İmdat Akmermer, who

³¹⁶ *Bazı firmalar çıktı son beş senede. Bunları her temel atmada, her toplantıda, her ihalede görmeye başladık. Boğaziçi'nin özelleştirilmesinde de bunları görüyoruz. Türkiye'de iki üç tekelin dışında ihale alan, iş yapan yok mudur? Hadiselerin birkaç firmanın etrafında sergilenmesi yanlış. Şunu düşünüyoruz, herkes devletin her şeyinden istifade etmelidir.* Boratav, *1980'li Yıllarda Türkiye'de Sosyal Sınıflar ve Bölüşüm*, p. 99.

³¹⁷ Güneş-Ayata, “Roots and Trends of Clientelism in Turkey,” p. 60.

was a student of Pakdemirli, acted as a substitute for the head of Incentive Application when a criminal case has been filed against the firm. Akmermer halted the inquiry saying that the ventilators could be sold within the country as well and thus the situation did not contradict with the legal regulations. Apart from this, İzmir governor Hüseyin Ögütçen was dismissed from his office after he prepared a report which stated that the activities of the firm were against the law. Canver evaluated the situation as follows:

The situation is exactly clear. It is an undeniable fact that the secret boss of both Mistaş firm and Tekoplast firm was Pakdemirli. These firms acquired their unjust wealth when Pakdemirli worked as the head of Incentive Application and later when İmdat Akmermer substituted to this post. The links between Pakdemirli and the MP were also extremely manifest in this respect as well.³¹⁸

These examples not only reveal the continuation of and lingering patronage relations between the MP and the business circles during the rule of the MP, but also indicate the proliferation of rent-seeking tendencies during the course of the decade. There were two major reasons behind the extension of rent-seeking tendencies and the increase in the particularistic, clientelistic links between the government and the businessmen. First, the neoliberal economic setting had widened the instruments that the state used in the economy with a wide range of incentives and subsidies. The centralization of decision making upon the initiative of prime minister and a few technocrats also had an impact on the escalation of rent-seeking tendencies and particularistic links between the government and the business circles. The

³¹⁸ *Gerek Mistaş, gerekse Tekoplast adlı şirketin gizli patronunun Pakdemirli olduğu su götürmez bir gerçektir. Bu şirketler haksız kazançlarını Pakdemirli'nin Teşvik Uygulama Başkanı olduğu dönemde ve daha sonra bu görevi vekaleten yürüten İmdat Akmermer'in döneminde sağladılar. Bu olaylardaki Pakdemirli-ANAP ilişkisi de son derece açıktır. Milliyet, 3 September 1986.*

recruitment of US-educated technocrats, Özal's Princes, to crucial posts that had not come from the ranks of classical bureaucracy also hindered the checks and balances and further strengthened these particularistic ties.

The statements of one of the interviewees of Ayşe Buğra would be edifying in terms of revealing the particularistic ties between the state and the business circles:

He who manages to explain his case to the Prime Minister or the minister concerned solves his problem. You go to Işın Çelebi [one of the ministers responsible for the economy], you cry on his shoulder and he says 'O.K., I will find you the necessary funds.' When the central bank says that the funds are not available, the minister orders the transfer of funds from one budget to the other. This leads to interferences at all levels of the bureaucratic process. And, of course, you are very happy because your problem is solved. You tell others what a nice, understanding person the minister is, and how nicely he has solved your problem. But the institutions cannot function under these circumstances, the State Planning Organization cannot function, the Treasury and Central Bank cannot function. Institutionalization becomes impossible.³¹⁹

All in all, it should be pointed out that the decisions concerning the economy such as the incentives were taken on a highly daily and arbitrary basis during the course of the decade that some of the decisions were taken merely with the objective of favoring a single businessman as in the case of the dried fig exporter. The groups who managed to establish close links with the government circles were granted favors, benefits, tax rebates while the groups that had established links with the opponents of the MP were punished with different measures. "Everybody had some business in Ankara the next day" could be described as a crucial term which revealed the atmosphere of the period as one interviewee of Ayşe Buğra cited.³²⁰

Parallel to the situation experienced by Turkey, the countries in Latin America witnessed lingering clientelism and escalation of particularistic relations between the

³¹⁹ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 164.

³²⁰ Ibid., p. 251.

business groups and the government circles. The neopopulist leaders in Latin America gave decisions at their own discretion, favored the business groups that they had close ties with and used selective punishments in order to harm their foes in an extremely arbitrary manner as in the case of Turkey.

Return to Classical Populism?

The Role of the State Economic Enterprises (SEEs)

After having examined micro-populism of the MP and set its distinctions from the classical macroeconomic populism of the previous governments, we should point to the fact that especially toward the end of the 1980s, the MP made use of the some of the tools of the classical populists such as using SEEs as a venue of state patronage and wage increases prior to election times. Therefore, an analysis of the basic characteristics of the MP's populism in the economic realm needs to take into account the use of SEEs which have been used as mechanisms of distribution of political patronage and securing electoral support in Turkish politics particularly by the center-right governments and the MP has been no exception in this respect. In this regard, Öniş notes that although SEEs have been particularly influential in Turkey's industrialization drive beginning with the 1930s, they have been manipulated by governments as a tool for the allocation of political patronage and therefore as a mechanism for maintaining electoral support.³²¹

Waterbury argues that there are two main aspects of center-right tradition in Turkey. On the one hand, they promote privatization, liberalization and the

³²¹ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," p. 124.

expansion of the private sector in key export sectors, while they depend largely on the government expenditure mechanisms of patronage politics in order to secure their electoral support. The policies of the DP was a clear proof of this strategy in which SEEs played a significant role and expanded to a great extent especially in the second half of the 1950s.³²² This was also the case during Özal period. Waterbury emphasizes that the amount of public sector did not decrease in this period but what occurred during the course of the decade was that public sector “has regrouped.”³²³ Rodrik, citing from Waterbury, asserts that Özal’s politics has two faces: on the one hand, it aims to enhance economic efficiency and public-sector finances; on the other, it relies on the traditional mechanisms of “coalition maintenance through state patronage.” The first is what “Özal wishes to show the donor community, the EC, and international business;” the second reflects the payments he has to make to ensure the dominance of his center-right coalition.³²⁴

Before delving into some of the statistics to delineate the role of the state in the economy during the 1980s and the way in which SEEs were exploited as mechanisms of distribution of state patronage and recruitment of contract personnel largely loyal to the MP, I have to clarify the point that I do not share the view that the state has to retreat from the economy for an efficient economic setting. However, I largely hold a critical attitude toward the use of the public sector and the SEEs yet another mechanism of state patronage. Moreover, the role of the public sector in the economy would also be illustrative in terms of depicting the contradiction between the discourse of the MP (since it was portrayed as a party which is an ardent

³²² Waterbury, pp. 44-49.

³²³ Ibid., p. 50.

³²⁴ Rodrik, p. 340.

supporter of retreating of the state from the economy) and the materialization of this discourse in the genuine political context in a totally different way.

It should be noted that during the course of the decade, a shift in the nature of public expenditure from manufacturing toward infrastructural activities was observed yet public sector continued to make up for higher than 50 % of total fixed accumulation. We did not experience a decline with respect to the role of SEEs in GNP.³²⁵ That is to say, although there was a transition in the composition of public investment from manufacturing to infrastructural activities, the share of the public sector in the economy did not undergo a crucial change in the period.³²⁶

Buğra also emphasizes the point that the state did not retreat from the economic realm in the neoliberal era as the share of the public investment in total investment rose at a continuous pace until 1988. The share of the public sector accounted for 49.7 % of the total fixed investment in 1979. 1980 witnessed an alteration with respect to the share of public and private sectors in favor of the public sector and the dominance of the public sector over private sector continued until 1988. In 1987, the relative shares of the public and private sectors accounted for 53.5 % and 46.7 % of the total fixed investment, respectively. The shares of the public sector amounted to 47.6 % and the shares of the private sector made up of the 52.4 % of the total fixed investment in 1988.³²⁷ Waterbury carries out an analysis of the role of the SEEs in total investment and maintains that this share has increased from its level of 33 % in

³²⁵ Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism," p. 32.

³²⁶ Ziya Öniş, "The State and Economic Development in Contemporary Turkey: Etatism to Neoliberalism and Beyond," in *State and Market The Political Economy of Turkey in Comparative Perspective*, ed. Ziya Öniş (İstanbul: Bogazici University, 1998), pp. 463-464.

³²⁷ Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 144.

1981 to a 40 % level in 1985, meanwhile 15 % rise has been observed in their share of public investment with an increase from 53 % to 68 % for the same time span.³²⁸

The dominance of the public sector in financial system persisted and the contribution of public banks in total bank deposits underwent an expansion in the post-1980 period.³²⁹ Buğra notes that the share of public sector banks in total bank deposits rose, reaching a level of 55 % in 1990.³³⁰ In a similar vein, Öniş maintains that the public banks' share of bank credits increased during the decade.³³¹

In accordance with the analysis in the previous part of this chapter concerning the particularistic ties between the government and the business circles, Buğra asserts that the predominance of the state in the financial sector also needs to be taken into account as constituting a crucial reason behind these particularistic ties. The new financial setting of the stock market with public securities accounting for 90 % of the traded securities, the mechanisms which would avoid the transfer of inside information to the people who had close links with the government authorities had been extremely limited. The event in which Özal's son "made a fortune in the stock market" would be illustrative in this respect. There were various other cases which resulted in the accumulation of illegitimate wealth as a result of the above-mentioned aspects of the stock market.³³²

Moreover, the distribution of credits from public banks constituted another fundamental avenue for allocation of patronage. "Lucrative public sector contracts and preferential access to the output of public enterprises, which was being sold at

³²⁸ Waterbury, p. 55.

³²⁹ Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism," p. 32.

³³⁰ Buğra, *State and Business in Modern Turkey A Comparative Study*, pp. 144-145.

³³¹ Öniş, "Turkey: Democratization and Adjustment from Above," p. 333.

³³² Buğra, *State and Business in Modern Turkey A Comparative Study*, p. 153.

prices that lagged behind inflation, constituted other avenues through which firms favored by the government could benefit in return for political support.”³³³

We also need to pay attention to the point that the prime ministry had direct access to all SEEs via Decree-Law 233, which was put into effect in October 1984. Furthermore, the law also determined the rules for the foundation and dissolution of SEEs. “The law stipulated that new SEEs could be founded only by action of the Council of Ministers, while they could be dissolved by action of the High Economic Coordination Board.”³³⁴ In the light of these aspects, it should be underlined that the essential characteristics of public sector remained unchanged to a great extent throughout the decade and employment opportunities in the public enterprise sector and bureaucracy were exploited as major tools of patronage.³³⁵

Biddle and Milor also bring to light the fact that the politicians had been predominantly influential in the recruitment of jobs and promotion patterns during the course of the decade. The recruitment of contractual personnel to the SPO was carried out in ways which circumvented the normal procedures of written and oral exams. Act 3064 which was issued in 1984 enabled to sidestep the restrictions of Public Personnel Law No. 657 in regards to the hiring and laying off of the state personnel.³³⁶ The recruitment of only 281 out of a total of 520 nonadministrative personnel had taken place via regular channels of written and oral exams; the rest of the personnel were recruited in the status of contractual employee. Moreover, among the civil servants who were responsible for the allocation of incentives and subsidies

³³³ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 333.

³³⁴ Waterbury, p. 62.

³³⁵ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 333.

³³⁶ Biddle and Milor, p. 295.

and determining their rules, 69 % were employed as contract personnel.³³⁷ Since the contract personnel did not have unionization rights and the rights to establish links with the established institutions, they had less job security and they were more liable to the political pressures, as will be discussed in the sixth chapter.³³⁸ “These pressures often take the form of requests to grant certain incentives and subsidies to favored businesspersons or not to monitor and enforce penalties in the case of business noncompliance with mutually agreed-upon goals.”³³⁹

One example would be illustrative in terms of delineating the point how the recruitment in SEEs was exploited by the MP on its behalf. *Güneş* reported that 276 advisors would be working in 46 SEEs which can be considered a move to content previous Motherland Party deputies and nominees who were unsuccessful in the elections. It informed that every SEE would have a consulting body of six and the salaries of the SEE managers would be determined on the basis of efficiency by High Planning Board. *Güneş* reported that the decree also stipulated that the personnel under the category of civil servants would not be recruited for SEEs and instead they would be chosen among either contractual employee status or worker status.³⁴⁰

All these aspects reveal that despite the rhetoric carried out by Özal about the need to diminish the role of the state in the economy via privatization in line with the general logic of free-market neoliberal economic setting, the rule of the MP was actually a continuation of the policies implemented by the previous center-right coalitions. The role of the public sector in the economy and the share of the public sector banks in the banking sector did not decline in contradiction with the declared

³³⁷ Biddle and Milor, p. 296.

³³⁸ Ibid.

³³⁹ Ibid., pp. 296-297.

³⁴⁰ *Güneş*, 16 January 1988, a point which is also expressed by Biddle and Milor.

aim of accomplishing the retreat of the state in the economy. Furthermore, all these public resources and employment opportunities in the SEEs were manipulated as major mechanisms of patronage. The recruitment of state personnel on the basis of contract in a way bypassing the normal procedures of written and oral exams and the recruitment of advisors in the SEEs for pleasing the MP Deputies that were unsuccessful in the elections could be cited as clear cases of this dimension.

Wage Increases

Apart from the use of SEEs as mechanisms of state patronage, Özal resorted to a kind of old-style classical macroeconomic populism reminiscent of the populism implemented during the previous ISI period through the distribution of state sources to a wide range of groups in the society which differed significantly from the aspects of his previous policies in the later periods of the 1980s. His change of rhetoric concerning his attitude toward inflation would be a clear case of this change. Previously, he always appealed to the lower segments of the society, the *orta direk*, and urban marginals with his rhetoric that the ultimate aim of the MP was to reduce the inflation to a considerable rate, which he portrayed as being the enemy of the lower income groups, as will be discussed in the next chapter. Using this rhetoric, he projected himself and his party as being the real ally of the poor and the supreme representative of social justice. Through this discourse, he sought to make the harder pills to be swallowed by the groups whose living conditions had dramatically deteriorated due to the structural adjustment program.

However, the MP did not manage to develop a good record in terms of combating inflation as the inflation rates rose crucially especially toward the end of the decade.

Upon this background, “In any country, which increases its exports and gets integrated to the global world, it is natural that inflation rises. Do you suggest that we should refrain from promoting exports on the grounds that inflation will increase in return,” was the reaction of Özal toward the criticisms that were waged against him and his party on the basis of the MP’s failure in combating inflation.³⁴¹

It should be pointed out that the period between 1987 and 1988 was a busy and critical period for the MP since a national election, a constitutional referendum and another referendum on the relatively minor issue of local elections were to be held in this rather limited time span. With the removal of the political bans, parties both on left and the right of the political spectrum emerged as alternatives to the rule of the MP.³⁴² This transition to a more open electoral regime signaled the beginning of harsh criticisms to the MP’s policies on the part of the new politicians. The opposition started to condemn the arbitrariness of the policies carried out by Özal and the deterioration of income distribution.³⁴³

In this period, the universities and some leaders of limited unions began to voice their criticisms against the policies of Özal as well.³⁴⁴ The inadequacy of the policies carried out by Türk-İş type syndicalism prompted the workers to launch a series of protests dubbed as the “spring protests” that went well beyond the limits, intention, and capabilities of the union institutions.³⁴⁵ Toward the end of the 1980s, there were

³⁴¹ *İhracatını artıran ve dışa açılan her ülkede enflasyon yükselir. Eee şimdi biz enflasyon yükselecek diye ihracattan vaz mı geçelim?* Ulagay, *Özal’ı Aşmak İçin*, p. 38.

³⁴² Sabri Sayarı, “Politics and Economic Policy Making in Turkey, 1980-1988,” in *Economics and Politics of Turkish Liberalization*, eds. Tevfik F. Nas and Mehmet Odekun (Bethlehem: Lehigh University Press, 1992) p. 39.

³⁴³ Owen and Pamuk, p. 121.

³⁴⁴ Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 101.

³⁴⁵ Boratav, *1980’li Yıllarda Türkiye’de Sosyal Sınıflar ve Bölüşüm*, pp. 123-124.

increasing labor movements and protests against the anti-labor policies of the MP. Apart from the spring protests, strikes were carried out in SEKA and Zonguldak.³⁴⁶ A headline from *Cumhuriyet* shows the tense atmosphere of the period, “Workers of SEKA continue their strike.”³⁴⁷

In this atmosphere toward the end of the 1980s, the government turned into a kind of old-style populism in the sense that public sector wages, salaries, and agricultural incomes were increased sharply.³⁴⁸ Rodrik and Arıcanlı emphasize this point and state that with the opening of the political system, the Özal government started to resort increasingly to old-style patronage politics which had detrimental repercussions for fiscal balance.³⁴⁹ The statistics indicated that the real wages nearly doubled in 1987-1990.³⁵⁰ In 1989, the wages of the public sector workers were increased by 142 %.³⁵¹

In this later period not only were the wages of workers and state employees extended, but also agricultural subsidies were increased as well. As a result of the growing pressure coming from the agricultural sector which could no longer be disregarded when their significant weight in the elections was taken into account, the government increased the agricultural subsidies in the later periods of the 1980s.³⁵² Another change with respect to the policies of the MP toward agricultural sector encompassed their attitude to local chambers. In sharp contrast to their position in the

³⁴⁶ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 176.

³⁴⁷ *SEKA İşçileri Greve Devam, Cumhuriyet*, 9 January 1989.

³⁴⁸ Owen and Pamuk, p. 121.

³⁴⁹ Arıcanlı and Rodrik, p. 1347.

³⁵⁰ Owen and Pamuk, p.121.

³⁵¹ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 176.

³⁵² Öniş, “The Political Economy of Export Oriented Industrialization in Turkey,” p. 443.

earlier periods of the 1980s, in this later period the MP attempted to appeal to local chambers and sought to mobilize them.³⁵³ One such example is illustrative of this,

Güneş reported that Özal accepted the members of the Union of Chambers of Agriculture and listened to the problems that the farmers were confronted with. *Güneş* noted that Özal maintained that the dialogue with the farmers' organizations would continue in the following periods and informed the farmers that the government would keep on subsidizing agriculture counteracting the concerns that the government would halt agricultural subsidies.³⁵⁴

In the light of these aspects, it should be noted that the later periods of the 1980s in Turkey witnessed an opening of the political arena with the removal of the political bans of the pre-1980 period. Political leaders of the opposition parties began to wage their criticism toward the rule of the MP in a more assertive manner. Moreover, within this more democratic atmosphere, different interest groups, students, academics, workers had the chance to exert some kind of a pressure toward the MP, which was a feature that had been unthinkable for the earlier period of the MP rule especially when its anti-institutional bias and its detachment from any type of dialogue, as will be discussed in the sixth chapter, are taken into account.

Against this background, the MP changed course and resorted to classical old-style macroeconomic populism. With the aim of maintaining its power base and securing its majority in the parliament, the MP increased wages and began to grant subsidies toward the agricultural sector particularly prior to the election times which had detrimental repercussions in the fiscal balance. I hold the belief that this change of course reveals the pragmatic nature of Özal in that he did not hesitate to alter his

³⁵³ Ergüder, "Agriculture, the Forgotten Sector," p. 77.

³⁵⁴ *Güneş*, 2 May 1988.

strategy which actually contradicted with the pre-declared priorities of his party such as combating inflation and maintaining balanced budget. His change of rhetoric concerning inflation would be illustrative of his pragmatic nature.

I would like to point out one further dimension of the classical populism of the later periods of the 1980s, despite its adverse impacts on the fiscal discipline of the country, it at least signaled a period in which largely silenced groups in the society, organized groups, workers, students, could at least exert some kind of a pressure toward the policies of the government and could at least protest the policies of the MP on various grounds such as corruption, fictitious exports, high cost of living, and their diminishing purchasing power. Acknowledging its adverse impacts on the fiscal discipline of the country and its severe repercussions on inflation, it should also be noted that increasing the wages and salaries of the workers and civil servants at the macro-level differs significantly from the vertical linkages of patronage in which services were rendered to specific groups in return for votes in the sense that it should not be equated with buying votes of the masses in exchange for micro-level rendering of services and material benefits.

Against this background, it should be pointed out that toward the end of the 1980s, the MP not only continued to make use of the networks of political patronage, but also resorted to old-style macroeconomic populism of expansionary economic policy along with the increase of the wages and salaries of the workers and civil servants and allocation of agricultural subsidies to farmers.

Implications of Micro-populism on Democracy: “Voluntary Servitude” of the Destitute Masses and Patronage Democracy

After having scrutinized the fundamental manifestations of the MP’s neopopulism at the economic level and setting its distinctions from the macro-level, expansionary classical populism of the previous governments, its adverse impacts on our democracy will be analyzed in this part.

The MP implemented a micro-level economic populism up until the later periods of its rule which encompassed selective, targeted distribution of material rewards rendered particularly with the objective of acquiring the support of the urban marginals. As argued by Lefort, this process of rendering services in return for votes is extremely problematical with respect to its detrimental impacts on the notion of social justice and the notion of citizenship which needs to be based on universal rights and the empowerment of individuals. However, instead of maintaining the empowerment of individuals, this process turns into the “voluntary servitude” of the masses, thereby turning the notion of citizenship into a meaningless concept and obligatory obedience of the masses. Upon the highly apolitical environment of the 1980s that bore stark contrast to the political environment of the 1970s which had been mainly based on ideological allegiance toward a political party and horizontal linkages, these urban marginals were even more susceptible to the micro-level populist policies of the MP. These policies included granting construction licenses, and permits to transform their *gecekondus* to multi-storey buildings, and vertical patron-client networks of rendering services and rewards in return for votes.

Moreover, apart from lingering clientelism, the Özal decade was also characterized by the proliferation of clientelism, greater attitude of the business

groups toward rent-seeking, and ascendancy of state patronage pertaining to the relations between the government and business circles. This was mainly due to the the new mechanisms created by the neoliberal economic setting and extreme centralization of decision making in which the decisions were taken in an extensively arbitrary manner upon the initiative of merely the prime minister and a limited number of aides in his inner circle, as will be discussed in the sixth chapter. Against this background, patronage democracy would be the right term to determine the relations between the government and business circles as the groups that were close to the government circles were granted with tax-rebates, low cost credits and acquired the right to become the preferred bidders and the groups that had close links to the foes of the government were punished. That is to say, discretionary and random decisions determined the relations between the government and business circles rather than the rules and the groups that established good ties with the governments emerged advantageous from this process rather than the groups that really deserved them.

I would like to point to one further factor that we need to be cautious about in terms of the damaging impacts of micro-populism on democracy. These micro-level tools might not necessarily harm the country's budget compared to the macro-level expansionary tools of classical populism, yet vertical clientelistic networks and micro-level distribution of services in return for votes pose greater challenge to the credentials of democracy compared to classical expansionary tools of wage and salary increases since it takes away the possibility of choice and situates the clients totally at the mercy of their patrons as they have to repay the services granted to them in the form of support and votes. However, this is not the case in macro-level expansionary fiscal policy of wage increases, because it is up to the decision of the

citizen to continue its allegiance and support to the leader or to vote for another party. In this respect, it should be emphasized that the micro-populism of the MP in the form of selective allocation of services to the urban marginals and in the form of proliferation of state patronage and clientelism concerning state-business relations ended in detrimental repercussions on the democratic process, in a more negative manner compared to the impacts of early classical macroeconomic populism.

Concluding Remarks

This chapter examined the manifestations of Özal's neopopulism at the economic level and its impacts on the quality of the country's democracy. The first part of the chapter analyzed the basic components of the MP's micro-populism. The manifestations of Özal's micro-populism could be explored under the rubric of two main categories. First category could be described as the MP's urban populism, which was underlined by Keyder and Öncü. In sharp contrast to the lingering rural populism of the previous three decades, the MP appealed to the urban population which constituted a significant percent of the electorate through mechanisms which would not necessarily create a burden on the state's budget. The MP mainly appealed to the urban marginals living in the *gecekondu* districts and working in the informal sector of the economy through policies like vertical clientelistic ties of distributing micro-level, selective, targeted services and material rewards, through allocating construction licenses for their *gecekondus*, and granting permits which would enable them to build more storeys in their *gecekondus*.

Besides, the MP also sought to obtain the support of the *orta direk* whose living conditions were weakened due to the austerity measures and neoliberal restructuring

of the economy through enabling them to acquire housing credits from banks at relatively favorable interest rates so that they would be in possession of their own houses and through tax-refund policy which decreased the amount of tax that these groups had to pay to the state. That is to say, up until the later periods of the 1980s, the MP sought to obtain the support of the urban population, particularly the urban marginals, through micro-level mechanisms which did not necessarily disrupt the country's budget.

Second category of the MP's micro-level populism could be examined under the rubric of escalation of clientelism and the distribution of state patronage between the government and business circles. Clientelism has always been a perennial problem of Turkey and it had always been influential in the relations between the government and business circles. Yet, during the rule of the MP what we experience was not merely lingering clientelism but increasing clientelism between government and business circles. The new mechanisms of neoliberal economic setting, the extremely centralized decision making style which provided the prime minister and a few inner circle aides with immense powers, and the recruitment of US-educated Özal's Princes to crucial posts in the economy could be cited as the major reasons behind the proliferation of clientelism between the government and business circles. Upon this background, personal preferences and random, discretionary decisions dominated the decisions concerning business circles in which the favored groups were granted with tax-rebates, low cost credits and state-bids while the groups that had close links with the opponents of the MP were punished in a classical carrot and stick approach.

Last, this chapter examined the major ramifications of the MP's micro-populism on the country's democratic process. The analysis revealed that the micro-populism

of the MP had detrimental repercussions for the quality of democracy in Turkey as it turned the notion of citizenship into an “empty shell” and “the voluntary servitude” of the masses that had to submit to the dictates of the leader through giving their support to him during elections as a repayment for the rewards and services rendered. In addition, micro-populism of the MP turned our democracy into a kind of “patronage democracy” in which discretionary and personal choices dominated the relations between the government and business circles rather than the rules since the favored groups emerged as the winners of the decade rather than the groups that obtained the necessary credentials.

After having examined the manifestations of Özal’s neopopulism at the economic level, the next chapter will investigate the basic manifestations of Özal’s neopopulism at the discursive level and its impacts on the democratic process of Turkey.

CHAPTER V

MANIFESTATIONS OF ÖZAL’S NEOPOPULISM AT THE DISCURSIVE LEVEL

This chapter analyzes fundamental manifestations of Özal’s neopopulism at the discursive level. After having examined major discursive manifestations of Özal’s neopopulism, their prospects for the quality of democracy in Turkey will be analyzed in the later part of this chapter. As has been examined previously, populism manifests itself at the discursive level in which the charismatic populist leader appeals to the masses directly with an anti-status quo, anti-elitist, anti-establishment rhetoric. In tandem with this anti-status quo rhetoric, the populist leader constructs the enemy of the masses that has to be routed definitely for the welfare of the masses. He projects himself as being the sole representative of the will of the masses portraying himself as the figure that stands for his people and acts on their behalf. As shown in the Latin American context, the charismatic populist leader, notably in the aftermath of economic crises, depicts himself as the only alternative that would save the country from the severe economic crisis like a “quasi-messianic savior.”

In the light of this theoretical background, Özal’s charismatic leadership style, his extensive use of media, his depiction of his party as the sole alternative that would save the country from the economic crisis and as the symbol of a new beginning, and different conceptual tools he used such as embracing four tendencies, and his appeal to the “central pillar” (*orta direk*) will be examined thoroughly in this chapter.

Charismatic Leadership

The Motherland Party could be described as a charismatic leader party since it was very much associated with the figure of Turgut Özal from the very beginning. Some of the notable political figures such as Süleyman Demirel objected to the establishment of the MP, and under these circumstances of widespread objection to the foundation of the party, the MP was founded particularly upon the initiative of Özal. Thus, the MP by and large “rested on” the charisma of its leader.³⁵⁵ The party members were predominantly unknown political figures with a few exceptions and Özal emerged as the only “political celebrity” in the confines of the party circle from the very onset.³⁵⁶ Cemal highlights the point that Özal’s political identity was more important than the identity of the party as a whole.³⁵⁷

In the light of these aspects, Kalaycıoğlu describes the MP as a “charismatic leader” party and uses the term situational charisma in order to delineate Özal’s charisma.³⁵⁸ This was a term developed by Robert Tucker, in which the leader of the party is regarded as a major source of recovery from distress when the party encounters severe setbacks.³⁵⁹ The term succinctly illustrates the leadership of Özal in the MP when we take into account the fundamental catch phrase of the party

³⁵⁵ Barış Yıldırım (master’s thesis, Bogazici University, 2004), p. 103.

³⁵⁶ Kalaycıoğlu, “The Motherland Party: The Challenge of Institutionalization of Charismatic Leader Party,” p. 47.

³⁵⁷ Cemal, p. 348.

³⁵⁸ Kalaycıoğlu, “The Motherland Party: The Challenge of Institutionalization of Charismatic Leader Party,” p. 47.

³⁵⁹ Ibid., p. 44.

circles, which was “Trust Özal and do not worry about the rest.”³⁶⁰ Kalaycıoğlu asserts that no one in the party had power that could surpass that of Özal’s and no one had a command over autonomous resources that could pose a challenge to the leadership of Özal in the party.³⁶¹

Therefore, the MP was associated with Özal and his charisma from the very beginning. This aspect of the party was so obvious that during a panel discussion broadcast by TRT on 25 September 1983 before the 6 November parliamentary elections, journalist Esan Ünür hinted on the perception that the MP was conceived as Özal’s party recalling Özal’s statement that he would never be second man, and asked Özal whether this situation would have adverse repercussions for the party. Özal sought to eliminate the concerns of Ünür by saying that they had been carrying out a team work and that the party’s success was not the success of a single leader but the success of a group of people who had worked during the implementation of the 24 January Economic Decisions and had influential roles at the time.³⁶² Özal’s answer to the question was as follows:

Let me tell you this. Obviously, my name had a crucial role in the establishment of our party since I was a well known figure in the past. Therefore, it has a significant impact. But, our work is team work. I have always been involved in team work in my life. Our party cadres may not involve so many well known figures, political celebrities, but all of our members are talented and they all know how to get things done. My claim is that we are the party that worked the hardest during the campaign period. Our success up until now is a clear proof of this hard work. The preparation of all these documents cannot be merely attributed to a single man but indicates the existence of laborious party work. We used the same cadre during the implementation of 24 January Decisions. Most of the people that had influential role during 24 January Economic Program work with me in the

³⁶⁰ *Özal’a güven, gerisini merak etme sen!* Cemal, p. 348.

³⁶¹ Kalaycıoğlu, “The Motherland Party: The Challenge of Institutionalization of Charismatic Leader Party,” p. 47.

³⁶² *Anavatan Partisi Genel Başkanı Turgut Özal’ın 6 Kasım 1983 Seçimi Öncesinde Basın Mensuplarıyla 25 Ekim 1983 Tarihinde T.R.T’de Yaptığı Açıkoturum* (Ankara: Semih Ofset Matbaacılık, 1984), p. 29.

Motherland Party at the moment. Most of them were unknown political figures at the initiation of the program, but through time people have become familiar to their names. All these cases disclose that I have never had ambitions of remaining as the single man, the sole leader of the party and shows that the MP is not a party of a single leader.³⁶³

Özal sought to eliminate these kinds of expressions, which describe the MP as a single-leader party on various fronts as he did during his visit to the committees coming from party organizations from Gümüşhane, Antakya, Isparta and Manisa on January 1984. During the talks, Özal reiterated his point that the MP was not a single leader party and he was just the orchestra chef of his party.³⁶⁴ However, despite these statements; the atmosphere during the establishment of the MP, the fact that Özal was the only “political celebrity” of the party circles, his statement that he would never be “second man,” the catch phrase of the party circles which says that “Trust Özal, and do not worry about the rest,” reveal that the MP was a party which largely hinged on the “charisma” of his leader and thus it is a “charismatic leader” party, as argued by Kalaycıoğlu.

In addition to his charismatic leadership style, Özal continuously made reference to the supremacy of the will of the people and the priority he attached to “his people”

³⁶³ *Şimdi şöyle söyleyeyim. Tabiatıyla partinin kuruluşunda bizim ismimizin rolü var. Çünkü eskiden tanınıyorduk. Bunun önemli rolü var. Yalnız bizim daima çalışmamız bir ekip çalışmasıdır. Hayatımda hep ekip çalışması yaptım. Belki bizim kadrolarımızda bir tabire göre meşhur, halk tabirine göre meşhur insanlar yok. Ama bizim kadrolarımızda iş bilen becerikli insanlar var. En iyi çalışan parti biziz diye iddia ediyorum. Şu ana kadar da muvaffakiyetimiz bunu gösterir. Bu bir kişinin muvaffakiyeti olamaz. Şu dokümanların hazırlanması birçok dokümanların hazırlanması benim eserim olamaz. Benim fikirlerim olur ama geride çok ciddi bir kadro var. 24 Ocak'ta da biz bu kadroyu kullandık. O kadrodan bir kısmı benim yanımdadır. Ama başladığımız zaman hiçbirinin ismi bilinmiyordu. Şimdi bazılarının ismi biliniyor. O bakımdan hiçbir zaman lider yani tek adam meselesine de gelmedim ve böyle düşüncede de değilim. Anavatan Partisi Genel Başkanı Turgut Özal'ın 6 Kasım 1983 Seçimi Öncesinde Basın Mensuplarıyla 25 Ekim 1983 Tarihinde T.R.T'de Yaptığı Açıkoturum, pp. 29-30.*

³⁶⁴ *Milliyet*, 3 January 1984.

and their will which he trusted deeply. As a leader who was adept at coming up with catch phrases, he coined the rather impressive phrase that “the state exists for its people and it should become a united whole with its people.”³⁶⁵ Özal expressed a similar wording while answering journalist Yavuz Donat’s question during a television program broadcast before the 6 November parliamentary elections:

If we continue to carry out our policies with the same logic that the state should do everything and the people should not be involved in any of the works, then projects like the Atatürk Dam would last longer than 15 years and we would lose TL 105 billion, maybe more than that amount each year. We do not share the same logic; we should sell our people the projects that will make profit, since after all, what is the state for? It exists for its people. What is crucial is the affluence of the people, not the state. If its people are affluent, the state will become affluent in return. We should not think the opposite because its people do not become affluent in the aftermath of the affluence of the state.³⁶⁶

In addition to this highly impressive catch phrase that the state exists for the good of its people, Özal repeatedly referred to his deep trust to the people who had brought the MP to power and evaluated this as a clear sign of the intelligence of “his people” who made a conscious and clever choice and selected the party which would govern with the objective of serving to the benefit of the people. The fundamental rhetoric was that the power of the MP emanates from the will of the people and there was nothing that the MP could not solve with the trust, support and cooperation of the people.

³⁶⁵ *Devlet millet için vardır. Devletin millet ile bütünleşmesi esastır.* Arcayürek, pp. 187-188.

³⁶⁶ *Bu kafayla gidersek yani her şeyi devlet yapsın, hiç vatandaşı bir şeye sokmayalım dersiniz, neticede Atatürk Barajı gibi projeler 15 sene sürer, her senesinde de 105 milyar belki de daha fazla kaybedersiniz. Biz bunu böyle düşünmüyoruz. Vatandaşımıza vereceksek kar eden işleri verelim ki, yani zaten devlet ne için var, millet için var. Millet in zenginliğidir esas olan, devletin zenginliği değil, yani millet zengin olursa zaten devlet zengin olur. Tersini düşünmeyelim, devletin zenginliği sonucu millet zengin olmaz. Anavatan Partisi Genel Başkanı Turgut Özal’ın 6 Kasım 1983 Seçimi Öncesinde Basın Mensuplarıyla 25 Ekim 1983 Tarihinde T.R.T’de Yaptığı Açıkoturum, p. 21.*

In one of his speeches, Özal expressed his deep trust to “his nation” in the achievement of the highly ambitious government program and expressed his gratitude to “his people,” which had enabled the MP to form a majority government.

We would expect to see all of our citizens irrespective of their political orientations proudly say, “This is my government,” in the same way they say, “This is my land and this is my state.” This is our basic objective. We would like to see our citizens trust their government and feel secure. In the achievement of our highly ambitious government program, we not only trust our energetic political cadres who are aware of their crucial responsibilities, but also deeply trust our nation of farmers, workers, civil servants, artisans, businessmen, and housewives. We highly appreciate our citizens who have provided us with the chance to be able to form a majority government, an opportunity that the country has longed for years.³⁶⁷

The following speeches will also be enlightening in terms of revealing the way Özal expressed his deep trust of “his people” and the way he directly appealed to the people via establishing a direct rapport between them and his party whose power stems from the will of the people.

The Motherland Party governs with the objective of having a unifying, constructive role. We have managed to unite our people. Our people chose us by conscious and they will lay claim to their choices on 25 March [referring to the local elections]. Our people chose the party that knows how to solve the country’s problems and knows how to get things done.³⁶⁸

We are the hope of our people. Our power emanates from our people, our nation. My people are clever; they know very well who will serve to them.

³⁶⁷ *Bizim amacımız, her Türk vatandaşının göğsünü gere gere, “Bu vatan benim”, “Bu devlet benim” dediği gibi siyasi görüşleri ne olursa olsun, “Bu hükümet benim” diyebilmesidir. Biz vatandaşlarımızın bize güvenmesini ve karşısında Türkiye Cumhuriyeti hükümeti olduğumuzu hissetmesini istiyoruz. Çünkü, böylesine yüklü bir programı gerçekleştirmek vaadinde bulunurken sadece enerjik, sorumluluğunu müdrik siyasi kadrolarımıza değil, işçisi, memuru, çiftçisi, sanatkarı, işadamları ve evkadınıyla ulusumuza güveniyoruz. Bize Türkiye’nin yıllardır özlemini çektiği şekilde çoğunluk iktidarı olmak imkanını veren aziz milletimize bu vesile ile teşekkür ederiz. Milliyet, 2 January 1984.*

³⁶⁸ *Anap birleştirici rol oynamak için geldi. Bütün milleti bir araya getirdik. Millet bu tercihi bilerek yapmıştır ve 25 Mart’ta da bu eserine sahip çıkacaktır. Milletimiz işi bilenleri iktidar yaptı. Milliyet, 27 February 1984.*

We will manage to emerge victorious from the local elections as in the case of 6 November elections, I am sure about this.³⁶⁹

“There is nothing we cannot solve with the support, give and take, cooperation, and trust of our people.”³⁷⁰

The image of an “ordinary man with extraordinary attributes” was also very manifest in Özal’s leadership style. His rather ordinary dress style would be a case in point in terms of illustrating this aspect. He attended military ceremonies in a T-shirt, he arm wrestled the journalists, delivered press conferences in a kimono, let journalists take his photos while he was wearing a bathing suit with flowers. He did not refrain from wearing sports clothes in holiday villages and advised his ministers that they did not need to wear suits and could come in comfortable clothes. All these aspects disclose a new leadership style reinforcing his rhetoric that he is one of the people which were nonexistent in Turkish politics to this extent before.³⁷¹

Apart from this style, his life story also reinforced his image of an ordinary man in the eyes of the masses as he was born in Malatya and was part of the country’s transformation process. He graduated from Istanbul Technical University (ITU), later went to the United States to carry out his studies, was endowed with different crucial missions in various different organizations such as working as the secretary of the SPO, an academic at the Middle Eastern Technical University (METU), a counselor at the WB, the undersecretary of the prime minister’s office in 1980 and the state minister responsible for the economy during the military regime. He managed to rise

³⁶⁹ *Vatandaşın ümidi biziz. Bizim gücümüz vatandaşın, millettten geliyor. Vatandaşlarım akıllıdır. Kendisine hizmet edecekleri çok iyi tanır. 6 Kasım seçimlerinde nasıl iyi netice aldıysak gene alacağız, bundan eminim.* Milliyet, 14 February 1984.

³⁷⁰ *El ve gönül birliğiyle devlet ve millet el ele verirse çözemeyeceğimiz mesele yoktur.* Milliyet, 8 February 1984.

³⁷¹ Kutlay Doğan, *Turgut Özal Belgeseli* (Ankara: Türk Haberler Ajansı, 1994), p. 191.

in his career through his own efforts.³⁷² With this kind of life story, Özal appealed to the “ordinary man” who aspired to have a better life, better job, and rise in his career and earn more.

As underlined by Panizza, the narration of success in his background was very manifest in Özal’s discourses. The propaganda film broadcast in coffeehouses (TRT could not broadcast the film due to election bans) before the 6 November general elections in which he was depicted as the architect of the economy and the one who initiated the Keban Dam and Bosphorus projects-in a rather exaggerated way- could be cited as a case in point.³⁷³ In accordance with Panizza’s assessments, via these kinds of narrations, Özal killed two birds with one stone in that he not only established a direct link between himself and the “ordinary men” that endeavored to rise in their careers with their efforts but also managed to distinguish himself from the other “ordinary politicians.”

His speech on the eve of a referendum, which was held on the decision whether the local elections should be held in its proper time or earlier is informative in terms highlighting the way he portrayed himself as an “ordinary man” like the rest of “his people.” On 20 September 1988, he delivered a speech to the Turkish Radio and Television Association (TRT) and said that he would leave politics and the prime ministry according to the results of the referendum. During his speech, he said: “I take my power from the people. I am a son of the people. If I leave the prime

³⁷² *Anavatan Partisi Genel Başkanı Turgut Özal’ın 6 Kasım 1983 Seçimi Öncesinde Basın Mensuplarıyla 25 Ekim 1983 Tarihinde T.R.T’de Yaptığı Açıkoturum*, pp. 2-3.

³⁷³ *Ibid.*, p. 22.

ministry, I will continue my previous life among you. I am not afraid, I am extremely complacent.”³⁷⁴

This rhetoric of being an ordinary man was not confined to Özal’s discourses, but manifested itself via the discourses of his aides as well. This could be detected within the discourse of Adnan Kahveci during his interview with journalist Taha Akyol.

While answering Akyol’s question whether he could deny the deterioration in the purchasing power of citizens, Kahveci replied as follows:

I am not of the same opinion with you. I spend my time observing the living conditions of our people wandering among them. One of the first requirements of being a counselor is to pay attention to the conditions and problems of our people. I go to everywhere with my blue jeans, observe their conditions, and pay heed to these conditions.³⁷⁵

A populist leader who appeals to the masses directly as being the sole representative of the will of the people considers the established intermediary institutions of democracy as a drag on his power and has a tendency to bypass these institutions whenever it suits his purposes. I will elaborate on Özal’s penchant for bypassing the established intermediary institutions while analyzing the way the major decisions were taken during his rule in the next chapter. Yet a minor example would be illuminating in terms of depicting its manifestation at the discursive level. The manifestations of this understanding operate at the discursive level mainly in a manner in which the leader generally disregards any type of criticism coming from different institutions, does not consider them as legitimate, and interprets them as disrupting and dividing the direct link between the leader and his people since these

³⁷⁴ *Halkın içinden çıktık. Biz halk çocuğuyuz. Başbakanlıktan ayrılırsam aranızda girer kaybolurum. Korkmuyorum, gönlüm rahat.* Arcayürek, pp. 485-486.

³⁷⁵ *Geçim sıkıntısının artmadığı kanaatindeyim, Ben halk arasında çok dolaşıyorum. Müşavirliğin en önemli görevlerinden biri de vatandaşın nabzını devamlı dinlemek. Kot pantolonu çekip her yere giderim.* Tercüman, 7 July 1985.

criticisms do not directly emanate from the people. “It is none of your business, the people know and appreciate what we do,” was Özal’s recurrent type of reaction for the criticisms waged against his party’s policies in the economic realm.³⁷⁶

Extensive Use of Media

As emphasized by Arditì, modern channels of communication are significant for a populist leader since they provide the leader with the opportunity of establishing a direct, virtual, face-to-face relation with his people and help to turn his rhetoric into a kind of virtual reality. This has also been the case for Özal in which he made use of different channels of communication as his propaganda tool. Ulagay underlines that Özal’s use of media constituted one of the most vital elements of Özal’s populism since he conveyed the image of a powerful, charismatic leader that could have influence on different segments of the society through media.³⁷⁷

Similarly, Üstün Ergüder notes that modern channels of communication played a crucial role in the success of the MP since the party could explain its policies via these channels. “From Within Our Executive Performance” (*İcraatın İçinden*) program could be depicted as a case in point which was broadcast in state channel TRT in prime time. Particularly colossal engineering projects were broadcast in this program, in line with Özal’s rhetoric of “skipping an age” and “catching up with the

³⁷⁶ *Siz karışmayın, halk bizim yaptıklarımızı anlıyor ve takdir ediyor.* Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 24.

³⁷⁷ Ulagay, *Özal’ı Aşmak İçin*, p. 126.

modern world.” Meanwhile, Özal also had the opportunity to discuss the “rationale for harsh economic measures to combat inflation” in these programs.³⁷⁸

However, the programs were so biased toward the MP that the newspapers of the period were inundated with the criticism of the programs on the grounds that they violated the principle of equality. In addition, the period was not only characterized by the continuous appeal of Özal through these programs, but also witnessed the conscious exclusion of the opposition parties from the other programs on TRT. Some of the examples would be illustrative in terms of delineating the biased use of the media by the MP toward its advantage during the course of the decade.

SODEP criticized TRT for not calling other parties that were not represented in the Turkish Grand National Assembly. The statement from the headquarters of SODEP reads as follows:

TRT is a constitutional organization. It has to be impartial as an institution of state according to the TRT Law. Its stance toward different political parties constitutes the most crucial aspect of this impartiality. Only a group of parties that will attend the local elections have been called for the panel discussion in TRT on 11 January 1984, while the others were excluded. We are of the opinion that this was not a right attitude. This undermined the political impartiality principal of TRT. For the coming days, we hope that TRT will not repeat the same mistake and expect that it will hold a thoroughly impartial position.³⁷⁹

³⁷⁸ Üstün Ergüder, “The Motherland Party, 1983-89,” in *Political Parties and Democracy in Turkey*, eds. Metin Heper and Jacob M. Landau (London; New York: St. Martin Press, 1991), p. 164.

³⁷⁹ *TRT Anayasal bir kurumdur. TRT Yasası’na göre devlet kurumu olarak tarafsız olmak zorundadır. Bu tarafsızlığın en önemli uygulaması siyasi partilere karşı tutumunda kendini gösterir. TRT’nin 11 Ocak 1984 günü yapmış olduğu açık oturuma, seçime katılacağı belli olmuş olan partilerden yalnızca bir bölümünün katılmasını, diğerlerinin dışlanmasını haklı bulmuyoruz. Bu uygulama TRT’nin siyasi tarafsızlık ilkesini zedelemiştir. Önümüzdeki günlerde TRT’nin bu hatayı tekrarlamayacağını umuyor ve gerçekten tarafsız bir tutuma girilmesini bekliyoruz.* Milliyet, 13 January, 1984.

Meanwhile, the True Path Party (TPP) also complained of the exclusion of the party from the program like SODEP and “This is a clear sign that TRT has lost its impartiality in favor of three parties in the assembly, despite the fact that it is an institution that has to act impartially,”³⁸⁰ said TPP Istanbul chairman Yaşar Keçeli.

Similarly, on 2 February 1984, the opposition parties waged their criticisms of the *İcraatın İçinden* program on the grounds that it functioned as party propaganda for the MP. The General Secretary of the NDP Doğan Kasaroğlu described the program as a misfortune for Turkish democracy and the judicial system. He said:

The program has been manipulated as a party propaganda for the Motherland Party as the people have been influenced toward the MP’s favor and at the expense of the opposition in various areas. This is not a just attitude; it is a clear case of violation of a fundamental right.³⁸¹

In a similar vein, Populist Party (PP) Tokat deputy Enver Özcan criticized the same program and called into question the attitude of the government and TRT during a press conference held in the Turkish Grand National Assembly. Özcan said:

The government and TRT act in a way which disrupts our democracy and undermines its very fundamental credentials at the very beginning of the transition process. An overt or covert dictatorial regime begins at the point where the opposition is disregarded and where there is no attempt for reconciliation. The right of the opposition to voice its stance regarding the country’s problems can never be barred under any circumstances.³⁸²

³⁸⁰ *Bu TRT’nin meclisteki üç partiye yancılık yapmasından başka bir şey değildir. Oysa TRT yansız olmak mecburiyetindedir. Milliyet, 13 January 1984.*

³⁸¹ *Programda yalnız parti propagandası yapılmış, öteki partilerle ayrılığı olan konularda kamuoyunu kendi görüşü istikametinde etkilemiştir. Bu haklı bir davranış değildir, hakkın suistimalidir. Milliyet, 2 February 1984.*

³⁸² *Hükümet ve TRT demokrasimizin daha bu aşamasında yozlaşmasına yol açacak bir tutum sergilemektedir. Uzlaşmanın bittiği, muhalefetin hiçe sayıldığı noktada açık ya da kapalı dikta rejimi başlar. Ülke sorunları hakkında muhalefetin hükümetle aynı koşullarda görüş belirtmesi hiçbir gerekçe ile engellenemez. Milliyet, 2 February 1984.*

The program was also criticized by SODEP and TPP. General Secretary of SODEP Atilla Sav underlined that these kinds of programs could damage the basic principles of electoral equality and free votes. Sav said that TRT had to pay due attention to the principle of impartiality on the basis of the Constitution and its special law. Sav continued as follows:

On the verge of local elections, the government has manipulated a judicial rule, in a way undermining impartiality, and this is not right, this is illegal. It is not only the duty of TRT to pay due attention to its impartiality, but this is also the duty and responsibility of the government. In this regard, the violation of the impartiality of TRT through these kinds of programs could damage the principals of electoral equality and free votes. We should refrain from these kinds of acts.³⁸³

A similar reaction of the opposition parties was observed on 10 February 1984 when the leaders of the opposition parties criticized the broadcasting of a press conference by Özal. The leader of the TPP, Yıldırım Avcı accused Özal for being a greedy opportunist. Meanwhile, “It is a great danger for the future of our democracy that TRT is being exploited as a propaganda tool,”³⁸⁴ said Yaşar Aysev, press agent of the PP. Aysev accused TRT for becoming the tool of the government. Meanwhile, the Vice President of the NDP, Musa Öğün, reacted to the situation as follows:

The TRT representatives will sooner or later have to render an account for this situation. This is a crime. In the last 34 days, TRT has not given the opposition parties the chance to express themselves with single minute, but the MP has obtained the opportunity of 135 minutes broadcasting apart from the news bulletin.³⁸⁵

³⁸³ Seçim döneminde hükümetin iktidar partisi olarak bir hukuk kuralını, tarafsızlığı bozacak şekilde kullanması doğru değildir, hukuka aykırıdır. TRT'nin tarafsızlığına özen göstermek yalnız TRT'nin görevi değil hükümetin de görevidir ve sorumluluğundadır. Bu nedenle bu tür programlarla TRT'nin tarafsızlığının bozulması seçim eşitliğini ve serbest oy ilkesini yaralayabilir. Bunlardan kaçınmak gerekir. Milliyet, 2 February 1984.

³⁸⁴ TRT'nin propaganda aracı olarak kullanılması demokrasinin geleceği açısından büyük bir tehlikedir. Milliyet, 10 February 1984.

³⁸⁵ TRT sorumluları er geç hesap verecek. Bu bir suçtur. Geçen 34 gün içinde muhalefete bir dakikayı bile esirgeyen TRT, normal haber bülteni dışında Ana. P.'ye 135 dakika renkli yayın imkanı sağladı. Milliyet, 10 February 1984.

Right after these criticisms, TRT General Administration called the parties both within the parliament and outside the parliament to attend a TV program called “The Problems of Municipal Administrations and Their Solutions,” and this paved the way for the criticisms around political circles. The representatives of the opposition parties raised their criticism of TRT, emphasizing the point that the program which was confined to a mere ten minutes period and to the problems of municipal elections would be inadequate in terms of meeting their demands. Furthermore, they also believed that this limited time period would prevent them from criticizing the government thoroughly on different political aspects. “I believe that the ten minutes period is inadequate. But still, we would like to deliver a speech and express our ideas freely,”³⁸⁶ said SODEP leader Erdal İnönü. Vice President of TPP Gökberk Ergenekon reacted the situation as follows:

The ten minutes period is not something TRT granted to us as a favor. All the parties competing in the race should be treated equally in radio and television programs according to our constitution. The ruling party has been using the radio and television irresponsibly in a manner in which TRT became an instrument of this manipulation. This is in wide contradiction with the principal of equality and it is a crime. TRT’s action is not adequate but we will still use our right, and we will continue demanding our other rights.³⁸⁷

Kasaroğlu also reacted to this situation and said:

TRT’s action is sad and unfortunate. TRT has chosen to divert public attention. TRT, which has been broadcasting all the actions, expressions and

³⁸⁶ *Süreyi yetersiz buluyorum. Ancak bu konuşmayı yapmak, görüşlerimizi serbestçe ifade etmek isteriz. Milliyet, 11 February 1984.*

³⁸⁷ *TRT’nin ayırmış olduğu 10 dakikalık süre bir lütuf ve atıfet değildir. Anayasamıza göre seçime katılan bütün partilerin radyo ve televizyondan eşit şekilde yararlanması gerekir. İktidar partisi günlerden beri radyo ve televizyon ekran ve mikrofonunu sorumsuzca kullanmakta TRT de buna alet olmaktadır. Bu tutum eşitlik ilkesinin ihlalidir. Ve suçtur. TRT’nin kendisini kamuoyu önünde ibra etmeye çalışması yeterli değildir ama biz bu hakkımızı kullanacağız, kalan haklarımızı da talep etmeye devam edeceğiz. Milliyet, 11 February 1984.*

speeches of the government and its members without any limitations, carries out a biased broadcasting strategy and therefore commits crime. In this program, it will not be possible for the opposition parties to be able to discuss the country's problems and criticize the government.³⁸⁸

Meanwhile in this highly tense atmosphere, TRT broadcast the *İcraatın İçinden* program just a day earlier than the beginning of the election bans and this move further attracted the criticism of the opposition parties and they regarded this as a blueprint of the MP's biased use of TRT. "TRT has become a tool, instrument of the government policies by the broadcast of the *İcraatın İçinden* program just a day earlier than the beginning of the election bans. TPP protests this unjust and biased act,"³⁸⁹ said the leader of the TPP Doğan Avcı. SODEP General Secretary Sav also criticized this situation, saying:

The ruling party has used TRT as a propaganda tool with two *İcraatın İçinden* programs within 15 days with the pretext of informing the people about the acts of the ruling party and this is contradictory both with the principal of equality and the impartiality of TRT. This program has just come a few hours earlier than the beginning of the election bans and this is another indicator which reveals the real objectives of the prime minister in this issue.³⁹⁰

³⁸⁸ TRT'nin bu davranışı fevkalade şanssız ve üzüntü vericidir. TRT bu hareketiyle kamuoyunu oyalama yolunu seçmiştir. İktidarın her türlü faaliyetine konu ve süre koymadan ekran ve mikrofonlarını açan TRT, kamuoyunu tek taraflı oluşturmakta ve suç işlemektedir. Oysa muhalefete sınırlı konuşma imkanı verilen bu program içerisinde memleket meseleleri tartışılmayacak, hükümet eleştirilemeyecektir. Milliyet, 11 February 1984.

³⁸⁹ Seçim yasaklarına bir gün kala 'İcraatın İçinden' Programı ile milletin gözüne baka baka haksızlık ve adaletsizlik yapan hükümete TRT bu tutumuyla alet olmuştur. DYP bu haksız ve adaletsiz davranışı protesto eder. Milliyet, 16 February 1984.

³⁹⁰ 15 gün arayla TRT'de hükümet icraatını halka tanıtmak bahanesiyle seçim propagandası yapılması Anayasa'nın eşitlik ilkesine aykırıdır ve TRT'nin tarafsızlık ilkesiyle de bağdaşmamaktadır. Bu açıklamanın, özellikle seçim yasaklarının başlamasından birkaç saat önceye rastlaması da Başbakanın bu yoldaki niyetlerinin bir başka belirtisidir. Milliyet, 16 February 1984.

In addition, Özal's appeal to the people through continuous representation of his image on TV attracted the criticism of the then leader of the TPP, Hüsamettin Cindoruk. In one of his speeches, Cindoruk criticized the government for not paying due attention to the functions of the parliament, which should be the most significant institution in Turkish democracy. "Instead the government avoided the parliament and preferred to take refuge in the television,"³⁹¹ said Cindoruk.

In one of the *İcraatın İçinden* programs, the expressions of Hikmet Doğan, who said that he did not want his wife to become lazy and therefore did not buy her washing machine were broadcast. Later, this story made it to the first page of the newspapers with the headline of "Hikmet Agha Ashamed." In the aftermath of the program, the head of the foundation of Protecting and Strengthening Turkish Women, and the wife of Özal, Semra Özal, sent a washing machine to Hikmet Doğan's wife, Hatice Doğan, as a sign of protest to what his husband had said in the program.³⁹² This example is a clear case of Özal's multi-faceted use of the media. Özal appeals to his people through the *İcraatın İçinden* program every month, which was an opportunity that the other parties did not enjoy. In addition, some of the stories were turned into sensitive stories with the message that Özal and his family paid heed to the demands, articulations, and expectations of the "ordinary people."

Özal made use of all the modern channels of communication and newspaper ads before the municipal and general elections, which played a crucial role in this respect. An inquiry of the newspapers of the period reveals that the number of ads used by the MP in the newspapers before election by far surpassed that of the

³⁹¹ *Hükümet parlamentodan kaçıp televizyona sığınmıştır. Tercüman*, 9 July 1985.

³⁹² *Güneş*, 15 January 1988.

opposition parties. Some of the examples from these newspaper ads will be examined at the very end of this chapter.

Creating “an Alternative”

As underlined by Panizza the construction of the “other” and the antagonism created by the division between the people and its “other” constitute one of the central dimensions of populism. It is the “military- bureaucratic elite”- to a certain extent- and particularly the “old, corrupt politicians and the governments” that were constructed as the “other” by the MP as in the case of the neopopulist leaders in Latin America who constantly disparaged the old politicians for being “corrupt” and “venal,” as explored in the second chapter. The MP conveyed itself as an “anti-status quo party,” a symposium carried out by the MP in April 1989 in Ankara would be a case in point in illustrating this aspect. During the symposium which was held to discuss the role of the MP in Turkish politics, Özal depicted the MP as an “anti-status quo party,” drawing a parallel between the MP and the DP. The military bureaucratic elite was the representative of “status quo” in Özal’s narration. Furthermore, Özal portrayed the JP as a party of the “status quo,” which had governed hand in hand with the military-bureaucratic elite.³⁹³

In the 1983 elections, the National Security Council (NSC) gave overt support to the NDP. The military was distanced toward the MP. The third party that was allowed to enter into the general elections, the PP appealed to the center-left, social

³⁹³ Ergüder, “The Motherland Party, 1983-89,” p. 163.

democratic voters. In the elections, the MP obtained nearly half of the votes (45 %) with an absolute majority in the parliament.³⁹⁴

General Kenan Evren's speech right before the 1983 elections illustrates the military's distaste for the MP and Özal. Evren directly targeted Özal in this speech in an attempt to reduce support for the MP.

The ones who were working in significant administrative positions [referring to Özal] in the aftermath of the 12 September 1980, portrayed themselves as if they were the only ones behind the successful decisions of the period, in a way ignoring other institutions such as the Economic Council, the Cabinet, and the National Security Council. This is extremely moving. I wanted to inform you about the kind of rhetoric they made use of although they knew very well that none of the decisions could be implemented without the approval of the National Security Council, and warn you about their possible governing strategies if they are elected.³⁹⁵

However, contrary to its projected aim of decreasing the support of the MP, this speech is believed to have further boosted the support for the party since it enabled the MP to portray itself as being the sole party representative of the civilian masses. Sayarı emphasizes the MP's dissociation from the military during the election campaign and asserts that the MP managed to convey the image that it was the only party that was not affiliated with the military. Sayarı believes that this image was one of the most significant reasons behind the MP's election success.³⁹⁶ Parallel to this expression, Öniş maintains that part of the MP's success emanated from its

³⁹⁴ Sayarı, "Politics and Economic Policy Making in Turkey, 1980-1988," pp. 35-36.

³⁹⁵ *Üzüntü veren taraf, 12 Eylül'den sonra yönetimde görev alıp, görevde kaldıkları sürece bütün iyi kararları kendilerinin aldıklarını söyleyip, Ekonomik Kurulu, Bakanlar Kurulu'nu ve Milli Güvenlik Konseyi'ni ortada yok kabul etmelerindedir. 12 Eylül'den sonra alınmış tüm kararların MGK'nın tasvibinden geçtiğini, tasvip edilmeyenlerin yürürlüğe kalmadığını bildikleri halde, daha iktidara gelmeden şimdiden bu şekilde hilaf-ı hakikat beyanda bulunanların, bundan sonra ne yapabileceğini takdirlerinize sunmak istedim.* Arcayürek, p. 192

³⁹⁶ Sayarı, "Politics and Economic Policy Making in Turkey, 1980-1988," p. 36.

dissociation from the military.³⁹⁷ Öniş also underlines that the MP's remoteness from the army was one of the most crucial aspects of the MP's rhetoric while appealing to the masses.³⁹⁸ Ergüder notes that through its detachment and dissociation from the military, Özal managed to portray the MP as being the sole hope and representative of the civilian masses in the country and succeeded at coming to power.³⁹⁹

Table 10: General Elections November 1983

Party	Vote (%)	Number of seats	Percentage of seats
Motherland Party (MP)	45.1	211	52.8
Populist Party (PP)	30.5	117	29.3
National Democracy Party (NDP)	24.0	71	17.8
Independents	1.0	n/a	n/a

Source: Ergüder 1991, p. 159 n/a: not applicable

As has been noted by Panizza, the populist leader appeals to the masses by constructing the image that he is different from the other politicians. He is an outsider with the objective of dissociating himself from the other politicians.⁴⁰⁰ The MP's distinction from the old parties and its being the only representative of a new order need to be taken into consideration in this respect and could be cited as another major discursive tool that Özal made use of while appealing to the masses. Ergüder maintains that the MP benefited from the atmosphere of the period and emerged as a "new party" setting itself apart from the flawed politics of the past.⁴⁰¹

Similarly, Kalaycıoğlu emphasizes the rhetoric of Özal, which described the MP as a representation of a "new beginning" in Turkish politics. Özal distinguished the MP from the previous parties which were involved in the past struggles of Turkish

³⁹⁷ Öniş, "Turkey: Democratization and Adjustment from Above," p. 333.

³⁹⁸ Ibid., p. 327.

³⁹⁹ Ergüder, "The Motherland Party, 1983-89," p. 164.

⁴⁰⁰ Panizza, p. 21.

⁴⁰¹ Ergüder, "The Motherland Party, 1983-89," p. 153.

political life highlighting the point that MP had no “antecedents.”⁴⁰² Similarly, neopopulist leaders in Latin America portrayed themselves as political outsiders that had had no involvement in the previous political wrong doings of their countries. In tandem with this rhetoric, the MP criticized the re-emerging opposition parties as being “the institutions of an old order,” while successfully depicting itself as a totally new party, as “the party of the new era.”⁴⁰³

In one of his speeches in a mini congress held in *Arı Sineması* in Ankara in which the city and town representatives of the MP came together, Özal particularly emphasized that the MP was not the continuation of any previous inclination. Crucial points of his speech were as follows:

We are of the opinion that for a better future, the conditions that existed prior to September 12 should be avoided. A totally new order should be established in this country, as I expressed most of you during our talks in cities and towns, this new order should be established in a way plowing a field to the point that there will be no traces left. That is why we rejected the unification offers by other parties during the period of our establishment, because these offers would divide the country. We endeavored to unite the people who opted for the establishment of a totally new order in this country. We are a thoroughly new political party and we are not the continuation of any previous political inclination.⁴⁰⁴

In line with the MP’s rhetoric of being the embodiment of a totally “new order” as opposed to the “old order and old corrupt politicians” and Özal’s charisma, Özal

⁴⁰² Kalaycıoğlu, “The Motherland Party: The Challenge of Institutionalization of Charismatic Leader Party,” p. 45.

⁴⁰³ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 327.

⁴⁰⁴ *Bizler bu memleketin geleceğinin tekrar 12 Eylül öncesindeki siyasi düzene dönmek suretiyle yapılabileceği kanaatinde değiliz. Bizler esas itibarıyla bu memlekette yepyeni bir siyasi düzenin kurulmasının, hatta birçoklarınızla il ve ilçelerde yaptığımız konuşmalarda açıkça ifade ettiğim gibi siyasi tarlanın eski izlerinden arındırılarak bir nevi yeniden sürülmesi şeklinde ifade etmişimdir. Bu yüzden Anavatan Partisi’nin kuruluş safhasında bize yapılmış birtakım birleşme tekliflerini reddettik. Çünkü bu birleşme teklifleri yine memleketi muhtelif şekilde bölmeyi esas alıyordu. Biz bu memlekette yepyeni bir siyasi düzenin kurulması gerektiğine inanan insanları bir araya getirmeye gayret ettik. Biz yepyeni bir siyasi partiyiz. Hiçbir eski siyasi eğilimin devamı değiliz. Milliyet, 15 January 1984.*

continuously referred to the “old dark days” prior to the 1980 coup and portrayed himself and his party as being the sole alternative to save the country from the severe economic crisis. Özal said that the MP was the only party that had cadres which would achieve Turkey’s development via free-market economy.⁴⁰⁵ In addition, Özal recurrently made reference to his mission during the implementation of the 24 January Decisions in the aftermath of which the country experienced a crucial reduction of its skyrocketing inflation. This was similar to the image that neopopulist leaders in Latin America utilized since they portrayed themselves as being “messianic saviors” of their countries and sole alternatives who would achieve the economic recovery of their countries.

Selim İlkin asserts that Özal made use of the economic problems prior the 1980 coup, such as shortages that occurred as a result of lack of foreign currency and long queues that were formed when citizens sought to buy fundamental staples as part of its propaganda tool.⁴⁰⁶ As Öniş notes via his continuous reference to the pre-1980 period as the old dark days of long queues and shortages, Özal managed to depict the opposition as the culprit behind the severe balance of payments crisis of the late 1970s. Özal depicted himself as the most significant figure behind the 1980 structural adjustment program and as a figure with noteworthy influence abroad.⁴⁰⁷

In accordance with this analysis, Öncü and Gökçe write that Özal effectively conveyed the image that he was the only leader who could combat inflation and maintain export promotion and continued economic expansion, thereby boosting the

⁴⁰⁵ Turgut Özal. *Devlet Yönetimi Turgut Özal’ın Görüşleri* (İstanbul: Anavatan Partisi, 1983), p. 1.

⁴⁰⁶ İlkin, p. 90.

⁴⁰⁷ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 333.

country's economy.⁴⁰⁸ The economic realm was always a priority on Özal's agenda. He exploited this rhetoric to convince the electorate that his cadre was the most experienced one to solve country's economic problems and that they had no alternatives. "Once they asked whether we have an alternative or not. The answer is no, we do not have any alternatives. The other parties lack in terms of their knowledge and experience in economics," he said, acting in a way that he is the only one who can save the country.⁴⁰⁹

One of Özal's speeches shows his continuous criticism of "old corrupt politicians" and the need to avert them in order not to return to the "old dark days" of the pre-1980 period. During his election tour in the sixth electoral region of Istanbul, he addressed the electorate by demanding them to leave the old politicians aside.

Please, do not allow Turkey to be governed by weak coalition governments as in the case of the old dark days before 1980. We have been extremely successful in various issues. Please elect the new candidates and leave the old politicians aside. A former minister who pleaded for petroleum from the Arab world also demands your support in this region. [referring to candidate of the Social Democratic People's Party, Hikmet Çetin] Do not let Turkey return to those old dark days. Some of the parties contesting in the race are mere continuations of the previous parties. Abstain from voting for these parties, since the aim of the ones who miss the past, is to bring back Turkey to the conditions prior to 1980. You are the ones to choose. Please, do not allow Turkey to be governed by a coalition government.⁴¹⁰

⁴⁰⁸ Öncü and Gökçe, p. 102.

⁴⁰⁹ *Bir ara bana sordular: 'Var mı başka alternatifiniz?' Yok; çünkü bu [ekonomik] meseleleri çok kimse anlamaz. Yani şunların bazılarının isimlerini dahi anlamazlar.* Cemal, pp. 85-86.

⁴¹⁰ *Sakin bir daha Türkiye'yi 1980 öncesindeki gibi koalisyonlar dönemine düşürmeyin. Birçok güzel işi başardık. Anaların doğurduğu yeni kişilere bakın, eski kişileri bırakın. Daha önceki yıllarda Arap ülkelerinden bizim için petrol dilenen bir eski bakan da aranızda seçime katılıyor. Haberiniz olsun, Türkiye'yi eski günlere döndürmeyin. Karşınıza çıkan birtakım partiler eskinin devamı. Sakin onlara oy vermeyin, eskiyi özleyenlerin amacı Türkiye'yi 1980 öncesine götürmektir. Seçimler sizin işiniz. Tekrar koalisyonlu dönemlere geri dönmeyelim.* Milliyet, 1 September 1986.

His statements reveal the centrality of anti-status quo rhetoric and the antagonism created by the construction of the “other” that needed to be defeated for the well being of the people in his discourses. The military bureaucratic elite to a certain extent and particularly the “old corrupt politicians” constituted the other front that needed to be averted for the welfare of the masses in Özal’s rhetoric. In an environment in which the military supported the NDP, Özal skillfully portrayed the detachment of the MP from the military and depicted the image that the MP is the only representative of the civilian voice of the masses.

He also continuously referred to the old chaotic dark days of rationing, shortages, high inflation prior to 1980 and blamed the old corrupt politicians for this bleak picture. He portrayed the MP as a totally new party that was not the continuation of any other previous inclinations and as the symbol of a “new beginning.” In this way, he not only portrayed the “old politicians” as the “enemies of the people” that need to be avoided, but also cleverly succeeded in constructing the image that the MP was the only party that could improve the economic conditions of the country and that he was the only leader to do so. The battle between the “will of the people” and “its other” was very apparent in the discourses of Özal. The speech he made during a television program is illustrative in this respect. “For the period between 1983 and 1988, we will see whether Turkey will move forward with a new vision or will move backwards toward the past,” said Özal.⁴¹¹ Therefore, it can be asserted that Özal rendered politics a battle ground between the “old order” and the “new order” in which the political choices would determine whether Turkey would move forwards and skip an age or retreat in the battle and move backwards.

⁴¹¹ 1983-88 arasında, siyasi, ekonomik ve sosyal alanda damgasını vuracak yepyeni bir Türkiye mi olacak yoksa geriye dönüş mü olacak, göreceğiz! Arcayürek, p. 276.

“Marketing” Economic Performance

One of the crucial components of the MP’s appeal rested on the accomplishment of the economic program. The major rhetoric of the period concerning the economy was that the MP had made decisive improvements in the economy and had achieved huge steps forward within a very limited space of time. In a speech, Özal said,

It has been just one month since we have been given the mission to form the government and two weeks since we have obtained a vote of confidence. Despite this limited time span, we have achieved huge steps forward in various aspects and we have ratified two significant laws. We have carried out serious works in various realms that were previously regarded as impossible. Decrees more than 800 pages have been put into effect in the *Official Gazette* since 13 December.⁴¹²

It is particularly the improvements in the country’s export performance and the recovery in the country’s creditworthiness that Özal made constant reference to in his speeches. He not only referred to the crucial improvements in the economy, but also hinted at the old difficult days, thereby bringing to light the stark differences between the two periods and strengthening his old versus new battle. İlkın emphasizes that the MP extensively used the export boom and the increase in foreign exchange earnings in its rhetoric by making references to the period prior to 1980. A brochure published by the MP about the situation in the pre-1980 period titled ‘How Did They Forget the Past?’ illustrates this point.⁴¹³

⁴¹² Görev aldığımızdan beri bir ay güvenoyu aldığımızdan beri ise sadece iki hafta geçti. Bu çok kısa sürede birçok büyük icraat yapılmış, iki çok önemli kanun çıkarılmıştır. Son bir ay içerisinde yaptığımız icraat daha evvelce el atılması zor görünen birtakım icraatlardır. 13 Aralık’tan bu tarafa neredeyse 800 sayfayı geçen kanun kuvvetinde kararname Resmi Gazete’de ilan edilmiş evrak vardır. *Milliyet*, 8 January 1984.

⁴¹³ *Dünü Nasıl Unuttular?* İkın, p. 90.

Beforehand, Turkey could not import at this high level. It lacked foreign exchange. Today, we have a foreign exchange reserve at the maximum level possible. We have managed to boost our exports and our exports have surpassed the level of \$7 billion. Moreover, Turkey has high confidence and credibility ratings worldwide with respect to the donation of credits. This is extremely obvious. None of the countries or international financial institutions would give credit to a country which suffers from adverse economic conditions. The fundamental aim of our program is to make our people happy. By nature, our main concern has to do with the economic realm. 1984 marks the most successful year when compared to the conditions in the last seven years of the economy. 1985 may be even better than 1984. National income has risen by 5.7 with the highest level so far. Our export in the balance of payments increased by 26-27 %. Inflation has been on a track of decline since the second half of 1984.⁴¹⁴

Our reliability has increased to a significant extent. Middle East countries did not accept our demands for rendez-vous five years ago. However, today even insignificant planes that land in the region enjoy a hero's welcome and receive the due attention. This is a clear sign depicting the extent of the increase of our reliability in the eyes of the countries in the region.⁴¹⁵

These two speeches clarify the type of rhetoric Özal made use of while appealing to the masses on the economic front. He emphasized that the economy of the country had undergone a crucial positive transformation during the rule of the MP and he expressed these accomplishments simultaneously with their stark contrast (hardships) of the previous period. This kind of an approach strengthened the MP's position

⁴¹⁴ *Yıllar evvelki Türkiye bu ithalatı yapamazdı. Dövizî doğru dürüst yoktu. Bugün dövizimiz bol rezervler azamiye çıkmıştır. 1983 senesinde ihracat durmuştu, bugün ihracatımız 7 milyar doları geçmiştir. Dış dünyanın Türkiye'ye alakası da oldukça yüksektir. Türkiye bugün kredi itibarı en yukarı giden ülkelerden biridir. Bu da nettir. Ekonomisi bozuk olan bir ülkeye kimse para vermez. Bir programın hedefi vatandaşı mutlu etmektir. Tabiatıyla önemli olan konu ekonomidir. 1984 yılı Türkiye ekonomisinde son geçirdiğimiz 6-7 yıllık sıkıntılı dönemin en parlak yıllarından biridir. Belki 1985 bundan daha iyi olacaktır. Milli gelir 5.7 gibi en yüksek seviyede artmaktadır. Ödemeler dengemizde ihracat yüzde 26-27 artmaktadır. Enflasyonda yıl ortasından sonra ciddi bir azalma eğilimi görülmektedir.* Arcayürek, pp. 230-233

⁴¹⁵ *İtibarımız çok arttı. 5 sene önce randevu talep edemediğimiz Ortadoğu ülkelerinden bugün, bırakınız randevu istemek, herhangi bir uçağımız akaryakıt ikmal etmek için indiği yerde çok gösterişli bir şekilde karşılanmaktadır. Bu bizim o ülkeler nezdinde itibarımızın ne derece arttığını çok açık bir surette gösterir.* Tercüman, 23 August 1985.

since it not only highlighted the MP's unprecedented success, but also enabled the MP to distance itself from the malfunctions of the "old corrupt governments."

Furthermore, the MP did not merely criticize the previous governments for the unfavorable conditions prior to 1980, but also put the blame on the previous mismanagement of the old politicians for the persistence of some problems in the economy, such as the deterioration in the purchasing power of citizens. Akyol's interview with Özal's chief advisor Kahveci on July 7 1985 makes this point clear.

Akyol: The purchasing power of citizens has deteriorated severely. Can you deny this?

Kahveci: I am not of the same opinion with you. Our civil servants are the ones that live in the most adverse conditions. Our civil servants were stabbed 5-6 years ago. Inflation has deteriorated their real income. They plead for us to return them to their previous condition. That is not feasible, that cannot be accomplished within a one year or two year period. They forget who stabbed them in the back and admonish the ones who put them in hospital for their recovery. The only way to increase the income of the civil servants can be attained via raising the incomes of the budget and collecting taxes. The greatest tax reform in the history of Turkey has been carried out by our government. Civil servants will be relieved as a result of the increase in these incomes.⁴¹⁶

In the light of these aspects, it should be underlined that Özal's appeal to the masses in the economic front had two fundamental pillars. First, he continuously made reference to the MP's success on the economic front, particularly with respect to the export boom and Turkey's improved creditworthiness. He constantly referred to the adverse economic conditions prior to 1980 in an attempt to distinguish himself from the previous "corrupt politicians." Last but not least, the "old corrupt politicians" and

⁴¹⁶ *Geçim sıkıntısı hakikaten arttı. Bunu inkar edebilir misiniz? Geçim sıkıntısının artmadığı kanaatindeyim. En çok sıkıntı çeken memur. Memurumuzu 5-6 yıl önce bıçaklamışlar diyorum, bağırsaklarını dışarı dökmüşler. Enflasyon gerçek gelirini alıp götürmüş. Biz onu hastaneye yatırmışız. "Bağırsaklarımı topla, içeri koy" diyor. Bu bir senede iki senede mümkün değil. Şimdi kendini bıçaklayanı unutmuş, doktora kızıyor. Memurun gelirlerini artırmanın tek yolu bütçe gelirlerini artırmak vergiyi toplamak. Türkiye tarihinde en büyük vergi reformu bu hükümet zamanında yapıldı. Gelirler arttıkça memur da rahatlığa kavuşacaktır. Tercüman, 7 July 1985.*

their policies were portrayed as the culprits of some of the then existing unfavorable conditions, such as the deterioration of living standards of the civil servants.

New Discursive Instruments

Embracing Four Tendencies

In the highly apolitical environment of the 1980s, Özal appealed to the masses with the rhetoric that the MP embraced four tendencies (conservatism, economic liberalism, social justice and nationalism) under its body and made use of the rhetoric of the necessity of unity under the banner of the MP for the maintenance of peace and order and aversion of the “highly anarchic environment” of the pre-1980 period.

In a television program broadcast on 25 September 1983 before the 6 November parliamentary elections, prominent journalist Güneri Cıvaoglu, referring to Özal’s speech which stated that the MP would obtain votes from the supporters of four inclinations, asked him to elaborate on this interesting claim.⁴¹⁷ Özal answered Cıvaoglu’s question as follows:

Turkey needs law, order and security for the forthcoming period. The tumultuous environment needs to be eliminated for the continuation of security and order. The fight should not be repeated again. If we maintain a peaceful environment, an environment without fights and turmoil, for the upcoming five years, then Turkey’s problems will be solved. That is why we said we are not the continuation of any previous parties; we are an entirely new party. We respect deeply our national and cultural values. Therefore, you can call our party a conservative party, and I believe that 90 percent of the Turkish people share this view. In the economic realm, we are individualist in that we put the individual enterprise to the center and we advocate a free-market, competitive economic system. We have analyzed Turkish society; we have millions of farmers, millions of artisans. They all have individual enterprise, in a manner that is not seen in any other societies. And, I believe that they will also support us. The third aspect constitutes the notion of social

⁴¹⁷ *Anavatan Partisi Genel Başkanı Turgut Özal’ın 6 Kasım 1983 Seçimi Öncesinde Basın Mensuplarıyla 25 Ekim 1983 Tarihinde T.R.T’de Yaptığı Açıkoturum*, p. 27.

justice. We know the realities of our society and we are the real, rational promoters of social justice. We say that whoever advocates these beliefs should unite under the banner of our party. If you believe in these values, if you opt for an order without fights, come and unite under our banner.⁴¹⁸

In one of his speeches for the local elections, Özal underlined the existence of three main principles that the MP embodied more or less in a similar manner. Özal said that their first principle was unity. He continued by saying that the MP was a political party that trusted deeply in free-market economy and the necessities of competition. He emphasized that they were also advocates of social justice and added that they were actually the only party that advocated whole-heartedly the notion of social justice, which, according to Özal, emanated from the history of the country. He highlighted the point that they are well aware of the indignities suffered by the needy and the unemployed. Özal also noted that the maintenance of law, order, and security depended on the success of the MP in the local elections.⁴¹⁹

In the light of these statements, it can be asserted that Özal sought to form a direct parallelism between the success of the MP as a party of the embodiment of the national unity and the continuation of peace, security, and order in the country.

⁴¹⁸ *Türkiye'nin önümüzdeki dönem güvene ve huzura ihtiyacı var. Bu huzurun devamı için kavga ortamının yıkılması lazım. Bir daha kavga etmemek lazım. Türkiye 5 seneyi kavga etmeden götürürse birçok meselelerini çözebilir. Onun için dedik ki biz hiçbir partinin devamı değiliz. Biz yepyeni bir partiyiz. Bir tarafımızda biz milli manevi değerlere bağlıyız. Bu bakımdan bize muhafazakar bir parti diyebilirsiniz diyorum ve inanıyorum ki yüzde 90 Türk halkı da böyledir. İktisadi anlayış bakımından biz ferdiyetçiyiz. Yani vatandaşın teşebbüsünü esas alıyoruz. Ve serbest rekabet düzenini savunuyoruz. Sebebi var, Türk toplumunu inceledik. Milyonlarca çiftçi var, milyonlarca esnaf var. Bunların hepsi ferdi teşebbüs sahibi, hiçbir toplumda yok bu kadar. İnaniyorum ki bunlar da bizi destekleyecektir. Üçüncü tarafımız da sosyal adaletçiliğimiz dedik. Biz hayalci sosyal adaletçi değiliz. Memleketin gerçeklerini biliyoruz. Onun için akılcı sosyal adaletçi diyoruz kendimize. Eski siyasi eğiliminize biz bakmayız. Buyurun gelin. Eğer bizim bu görüşlerimize inanıyorsanız, bunlarla beraberseniz, kavgasız bir düzen istiyorsanız bizim partimizde birleşin. Anavatan Partisi Genel Başkanı Turgut Özal'ın 6 Kasım 1983 Seçimi Öncesinde Basın Mensuplarıyla 25 Ekim 1983 Tarihinde T.R.T'de Yaptığı Açıkoturum, pp. 28-29.*

⁴¹⁹ *Milliyet*, 15 January 1984.

In line with his rhetoric that the notion of social justice constitutes one of the fundamental pillars of the party, Özal sought to portray the image that the MP was the only party that promoted “real rational social justice.”

In the first press conference of the year, Özal informed the journalists about the works of government and the policies that would follow suit. In this conference, he made clear his vision of social justice saying that this vision entailed taking taxes from luxury consumption and spending them for the needy in return. He emphasized the point that their main objective was to increase the national income and sustain a just income distribution. “We have a free-market economy based on competition and a program premised on social justice,”⁴²⁰ said Özal during the conference.

Central Pillar

One of the most crucial catch phrases of Özal’s period was the notion of the “central pillar” (*orta direk*), a term he made use of in order to appeal to the lower segments of the society and therefore could be evaluated under the rubric of his claim that the MP was the only party that promoted “real rational social justice.”

“The group that we call as *orta direk* encompasses civil servants, workers, farmers, artisans, and the retired people. Inflation is the greatest enemy of this group. We have to reduce inflation to the level of ten percent in order to ameliorate the living conditions of the *orta direk*,” said Özal in a forum organized for TRT.⁴²¹

⁴²⁰ *Rekabete dayalı serbest piyasa ekonomisiyle sosyal adaletçi programımız var. Milliyet*, 8 January 1984.

⁴²¹ *Bizim ortadirek dediğimiz grubun içinde memur var, işçi var, esnaf var, çiftçi var, bunların emeklileri var. Bu grubun en büyük düşmanı enflasyondur. Ortadireği güçlendirmek için bu enflasyon mutlaka yüzde 10’a çekilmelidir. Ulagay, Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 115.

Similar wording could be cited in the government program, which said, “Our first objective is to control inflation and combat increases in prices that inflict harm on lower segments of the society. Unless we reduce inflation below ten percent, we would not be able to overcome inequality in income distribution. Therefore, our government embraces the understanding of social justice and will work hard in order to tackle inflation by all means.”⁴²²

Özal depicted his economic policy of fighting inflation as a precondition for being allies of the poor and therefore portrayed himself as the “supreme and sole ally of the poor.” “Our first priority is to combat and control inflation. Otherwise, the living conditions of low income groups would be exacerbated. We are trying to show our people that inflation is the most crucial problem that inflicts harm to lower income groups. Thus, the ones who do not fight inflation could not be allies of the lower segments of the society,” said Özal in an interview on 20 September 1983.⁴²³

Apart from the rhetoric on the MP’s ferocious fight against inflation, Özal also appealed to the *orta direk* with the rhetoric that the government took precautions in order to prevent the civil servants and workers from being suppressed by inflation.

In one of the *İcraatın İçinden* program, Özal said that the government prevented the civil servants and workers from being suppressed by the burdens of the inflation. “More than 50 % increase in the monthly salaries of our civil servants has been

⁴²² *İlk hedefimiz aşırı enflasyonu kontrol altına alarak dar gelirlinin belini büken pahalılığı önlemek için fiyat artışlarını yavaşlatmaktır. Aşırı enflasyonun olduğu her ülkede gelir dağılımı hep fakirin, dar gelirlinin aleyhine gelişmiştir. Enflasyonu yüzde 10’un altına indirmedikçe gelir dağılımını düzeltemeyiz. Bu bakımdan, hakiki ve gerçek sosyal adalet anlayışına sahip hükümetimizin ilk hedefi, enflasyonla her ne pahasına olursa olsun mücadele etmektir. Ulagay, Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, p. 74.

⁴²³ *Öncelikle yapacağımız iş enflasyonu tamamen dizginlemek, hayat pahalılığı artışını durdurmaktır. Yoksa dar gelirlinin durumu daha da kötüye gider. Biz milletimize enflasyonun dar gelirli için yapılabilecek en büyük zulüm olduğunu anlatmaya çalışıyoruz. Enflasyonu durdurmak istemeyenler fakirin dostu olamazlar. Ibid.*, p. 114.

achieved by the precautions carried out by our government. Similarly 50 % increases has been maintained in the wages of our workers,”⁴²⁴ noted Özal.

Getting Things Done

Within the framework of discursive dimensions of Özal’s populism, major component of Özal’s appeal to the masses for their support at the municipal elections will be examined last. The main rhetoric of the MP prior to the municipal elections was that the MP’s candidates were young, energetic candidates who knew how to get things done. Ergüder underlines that young and energetic MP mayors, well known for their success in getting things done, managed to obtain the allegiance of the voters. Moreover, Ergüder asserts that the MP’s delivery of services via energetic mayors paved the way for the MP to maintain a secure position at the center- right of the ideological spectrum and highlights the point that the MP bore resemblance to the DP and JP with its emphasis on getting things done and its rhetoric that it pays heed to the demand articulations of the masses.⁴²⁵

Table 11: March 1984 Municipal Elections

Party	Percentage of Vote
Motherland Party (MP)	40.0
Populist Party (PP)	8.0
Social Democratic Party (SODEP)	23.0
True Path Party (TPP)	13.0
National Democracy Party (NDP)	7.0
Welfare Party	4.0
Independents	2.0

Source: Öniş 1998, p. 332

⁴²⁴ *Aldığımız tedbirlerle 1984’te memurlarımızın aylık net gelirlerinde ortalama yüzde 50’nin üzerinde artış sağladık. İşçi gelirlerinde de yüzde 50’nin üzerinde artış sağlanmıştır. Tercüman*, 1 July 1985.

⁴²⁵ Ergüder, “The Motherland Party, 1983-89,” pp. 159-163.

Some examples from the newspaper ads of the MP for the municipal elections show the way how the MP appealed to the masses for the municipal elections and the way it portrayed its candidates. They also demonstrate the major discursive dimensions of the MP's appeal.

The great mayor for Istanbul is from the Motherland Party, He is a bee, Bedrettin Dalan: The residents of Istanbul, migrating birds that had to come from the different parts of the country in order to work; general elections are over; we are on the verge of local elections. We would either choose a candidate who would transform the face of the city and bring an end to sufferings, or we would have to confront the same problems for five more years. You may be from different parts of the political spectrum. No matter which political opinion, tendency you have, vote for the candidate of the Motherland Party, Bedrettin Dalan. Unite around Bedrettin Dalan. Istanbul first needs to be governed with a mayor having a realist, constructive mentality and a mentality of getting things done. That's the mentality of the Motherland Party. The only representative of this mentality in the Istanbul municipal elections is one of the founders of the Motherland Party, Bedrettin Dalan. Unite the government and Istanbul.⁴²⁶

We have local elections this Sunday. Who will you choose as your mayor? You will vote for the local elections this Sunday. You will entrust the solution of the suffering your family, your children encountered in city life to a mayor. This Sunday, you will vote for a mayor who will end water, road, mud problems, find solutions to pollution, transportation, infrastructure problems, maintain order and supervision for shopping, take into account the fact that artisans, peddlers are the core of every enterprise. You will vote for "living in a civilized manner," "living in a civilized municipality." The question is who will you vote for this Sunday and why? The only party that is ready to govern municipalities as in the case of the state is the Motherland Party. Let's be realistic. The parties other than the Motherland Party are concerned about creating an artificial agenda for early elections rather than meeting the needs of the municipalities. In the light of this fact, are there any other way than being realistic? Is there any way other than setting aside political partisanship

⁴²⁶ Değerli İstanbul'lular, yurdun dört bir yanından kopmuş, İstanbul'da çalışmaya, İstanbul'da yaşamaya mecbur kalmış göçmen kuşlar... Genel seçimler bitti. Yerel seçimlerin arifesindeyiz. Ya İstanbul'u saplandığı bataktan kurtaracak bir başkan seçeceğiz. Ya da bu çileyi beş yıl daha çekmeye devam edeceğiz. Bugün hangi çizgiden olursanız olun... Belediye seçimlerinde oyunuzu Anavatan Partisi adayı Bedrettin Dalan'a verin. Bedrettin Dalan'ın çevresinde bütünleşin. Çünkü İstanbul'un en büyük ihtiyacı ne yol, ne su, ne metro değildir. İstanbul'un en büyük ihtiyacı her şeyden önce belediyenin başına akılcı, yapıcı, iş bitirici bir zihniyet getirmektir. Bu zihniyet Anavatan Partisi zihniyetidir. İstanbul belediye seçimlerinde bu zihniyetin tek temsilcisi Anavatan Partisinin 30 kurucusundan biri olan Bedrettin Dalan'dır. İktidar ile İstanbul'u birleştirin. Milliyet, 19 March 1984.

to overcome the problems of your community and municipality? Whichever party you support, vote for the Motherland Party this Sunday. Vote for the candidates of the Motherland Party who dedicated themselves to serve for your municipality and work impartially. Unite the realist, rational, constructive administration of the Motherland Party which gets things done with your city. For all the municipalities of Turkey, the mayor who knows how to get things done is from the Motherland Party.⁴²⁷

Let's unite, let's project to the future instead of looking to the past. My dear citizens, you will participate in the local elections tomorrow. You will vote for the mayor of your community and other local administrators for five years. What do you see in the political framework a day before this crucial event? We encounter an opposition that admonishes the government with baseless criticisms, does not put into effect some of the major parameters of being an opposition such as coming up with ideas and solutions to the problems of the country and instead is concerned with creating an artificial general elections environment. Under these circumstances, do you see any party that is ready to carry out services to municipalities? The Motherland Party is the only party that is ready to provide municipal services as in the case of state services. The Motherland Party is a totally new mentality. The basic tenet of this mentality is combat and solve the problems. Our acts for the first three months are a clear proof of this mentality. We have managed to carry out crucial acts within three months that will take years. My dear citizens, we do not look to the past, we project to the future. We are against political fight; we are in favor of peace and unity. Because we believe that a bright future for our country could only be established with national unity, solidarity, peace and security. We would like to leave our children a better, happier, stronger, modern Turkey and prepare a future for them in this atmosphere of peace. This is the reason of our existence in politics. This is the mentality of our service.

We should bar the ones who miss a political environment characterized by fights to turn Turkey into a country as in the old chaotic days prior to 12 September. That is why, whichever political attitude you have, you should

⁴²⁷ *Bu Pazar belediye seçimleri için oy vereceksiniz. Ailenizin, çocuklarınızın şehir hayatından çektiği çilelerin çözümünü bir belediye başkanına emanet edeceksiniz. Bu Pazar... Yol, çamur, su dertlerini giderecek... Çevre kirliliğine, ulaşım, alt yapı yetersizliklerine çare bulacak... Çarşı-pazara düzen ve denetim sağlayacak... Esnafın, seyyar satıcının bu ülkede hür teşebbüsün çekirdeği olduğunu unutmayacak... Bir belediye başkanı için oy kullanacaksınız. Bu Pazar "uygarca yaşamak", uygar bir beldede oturmak için oy kullanacaksınız. Şimdi sorun şu: Bu Pazar oyunuzu kime vereceksiniz? Niçin? Devlet yönetimine olduğu gibi, belediyelerin yönetimine de kendini hazırlamış tek parti Anavatan Partisi'dir. Gerçekçi olalım. Görülen o'dur ki; Anavatan dışındaki tüm partilerin derdi, ülkemizin belediye ihtiyaçlarına cevap vermek değil, hayali bir erken seçimi gündeme getirmektir. Bu gerçeğin ışığında gerçekçi olmaktan başka çıkar yol var mı? Beldenizi ve belediyenizi düze çıkarma yönünde oy kullanırken, particiliği bir kenara bırakmaktan başka çözüm var mı? Hangi partiden yana olursanız olun, bu Pazar, oyunuzu Anavatan Partisi adaylarına verin. Çalışmaya ve tarafsız davranmaya adanmış, yörenize hizmet vermeye hazırlanmış Anavatan adaylarını işbaşına getirin. Anavatan'ın akılcı, iş bitirici, yapıcı yönetimini şehrinizle bütünleştirin. Oyunuzu değerlendirin. Milliyet, 19 March 1984.*

vote for the Motherland Party tomorrow. Choose the Motherland Party candidates who dedicate themselves to work and act impartially. Let's unite around the Motherland Party tomorrow. Let's unite our municipalities around the rational, constructive mentality of the Motherland Party.⁴²⁸

These three examples provide a snapshot for the major tenets of the MP's appeal at the discursive level. As examined previously, in these newspaper ads the MP referred to the "old chaotic days" of the pre-1980 period and underscored the need to prevent such an environment again. Apart from this, in line with the MP's rhetoric that it embodied all of the four tendencies under its body, the MP appealed to the masses in a way stressing the point that the people should vote for the MP for the unity, security, and the order of the country irrespective of the political attitude they held. These newspaper ads also portrayed the MP as the forerunner of a totally new mentality thereby distinguishing it from the other parties. Moreover, the past and present dichotomy was also prevalent in these ads as they continuously referred to the need to project to the future rather than looking to the past. As Ergüder

⁴²⁸ *Birleşelim... Birleştirelim... Geçmişe değil, geleceğe bakalım... Değerli vatandaşlarım, Yarın, yerel seçimlere katılacaksınız. İçinde yaşadığınız beldenin belediye başkanı ve diğer mahalli yöneticilerini, 5 yıl için seçeceksiniz. Bu önemli günün arifesinde, siyasi tabloya bakınca ne görüyoruz? Üç aylık bir iktidarı, insaf çizgisinin dışında bir tutumla eleştiren; fikir üretmek, memleket derterine çözüm düşünmek gibi, muhalefet olmanın en temel gereklerini dahi yerine getirmeyen; Yerel seçimlere, hayali bir seçim havası vermek isteyen bir muhalefetle karşılaşıyoruz. Bu tabloda, siz, kendini belediye hizmetlerine hazırlamış bir parti görebiliyor musunuz? Devlet yönetiminde olduğu gibi belediye hizmetlerine de kendini hazırlamış tek parti: Anavatan Partisi'dir. Anavatan Partisi yepyeni bir zihniyettir. Bu zihniyetin en belirgin vasfı, meselelerin kenarından dolaşmak değil, üstüne üstüne gitmektir. İlk üç aylık icraatımız her bakımdan bunu kanıtlamıştır. Ancak yıllara sığabileceği tahayyül edilen bir icraat üç aya sığdırılmıştır. Değerli vatandaşlarım, Biz, geçmişe değil, geleceğe bakıyoruz. Siyasi kavgadan yana değil, barışçı ve birleştiriciyiz. Çünkü, yarının 60 milyonluk kudretli, modern Türkiye'sinin ancak, milli birlik ve beraberlikle, huzur ve güven içinde inşa edilebileceğine inanıyoruz. Çocuklarımız, gençlerimizi bu barış havası içinde geleceğe hazırlamak, onlara daha mutlu, daha güçlü çağdaş bir Türkiye bırakmak istiyoruz. Siyasetteki varlık sebebimiz budur. Hizmet anlayışımız budur. Siyasi kavgayı özleyenlerin, bizleri yeniden 12 Eylül öncesinin kavga günlerine döndürmelerine, oylarımızla engel olalım. Bu nedenle diyorum ki, hangi siyasi görüşten olursanız olun... Yarın oyunuzu Anavatan Partisi adaylarına verin. Çalışma ve tarafsız davranmaya adanmış, yörenize hizmet vermeye hazırlanmış Anavatan adaylarını işbaşına getirin. Yarın milletçe Anavatan Partisi etrafında birleşelim. Anavatan'ın akılcı yapıcı zihniyetiyle belediyelerimizi birleştirelim, Milliyet, 24 March 1984.*

underlines the major rhetoric of these ads involved the depiction of the MP's candidates as young, energetic candidates who know how to get things done.

Implications on Democracy: A "Man" of the People?

These populist discourse practices were problematical on several levels for the quality of democracy in Turkey. One of the problematical areas that needs examination is Özal's rhetoric concerning the success of the MP on the economic front since the economic improvements were merely attributed to the success of the MP and nothing else. The discourse did not take into account geostrategic and international factors behind Turkey's economic performance especially in the realm of exports and increased international credibility.

Öniş notes that domestic and international factors are necessary to understand Turkey's export boom in the 1980s. The USSR's invasion of Afghanistan and the Iranian Revolution in 1979 helped strengthening Turkey's geostrategic role. With this role, Turkey managed to obtain crucial support, commitment and credits from OECD countries and major international agencies such as the IMF and the WB without much difficulty. This support enabled Turkey to recover from the severe balance of payments crisis. The role of the Iran-Iraq War should also be taken into consideration. At a time when the OECD countries suffered from severe recessions, the Iran-Iraq war offered a fertile ground for Turkey in boosting its exports.⁴²⁹

However, these entire international factors that helped pave the way for Turkey's export boom were nonexistent in Özal's rhetoric. Özal portrayed the MP as the sole

⁴²⁹ Öniş, "The Political Economy of Export Oriented Industrialization in Turkey," pp. 116-117.

factor behind Turkey's export boom, increased international creditworthiness, and relatively improved conditions in the other realms of the economy.

Moreover, the "old corrupt politicians" and their policies were portrayed as the culprits of some of the then-existing unfavorable conditions, such as the deterioration of living standards for civil servants in the discourses of Özal and his close aides. In this respect, this appeal strategy was extremely problematical in the sense that it attributed all the improvements in the economy to the success of Özal and his party and nothing else while putting the blame on the "old politicians and governments" for the persisting malfunctions of the economy.

Moreover, we also need to be critical in terms of the portrayal of the MP as a party embracing all the four tendencies and his appeal to the masses that people should vote for the MP irrespective of their political affiliations. First, these four tendencies were so incompatible and irreconcilable that it is not logical and rational that a party might encompass all these diverse tendencies under its banner.

Moreover, democracy is a governing strategy in which contending parties inform the public about their possible acts in various realms if they come to power on the basis of their ideologies and therefore removing the ideologies out and portraying them as if they are meaningless concepts that anyone could vote for a party irrespective of their ideologies would do nothing but hamper the very credentials of democracy.

Özal's projection of the MP as the only party that was the real and rational protagonist of the social justice and his appeal to the *orta direk* with a similar rhetoric of social justice and his portrayal of the MP as the real allies of the lower segments of the society since its major concern was to combat inflation were all problematical on several grounds. First, being a proponent of the notion of social justice is a more complex phenomenon which cannot be confined to the point of

combating inflation and needs to entail a variety of political strategies such as rendering free, public health and education to all of your citizens on the basis of the notion of citizenship. Moreover, what is observed during the course of the decade, is that the living conditions and the purchasing power of the social groups that made up of the *orta direk*, deteriorated dramatically with a huge reduction in the amount of their wages, salaries, and pensions. All these factors resulted in the worsening of income distribution at the expense of the lower segments of the society. The government was even unable to succeed in terms of its promises in combating inflation and reducing it to the point of ten percent.

Özal also sought to appeal to the *orta direk* with the government's policy of increasing interest rates through the rhetoric that this policy was carried out with the objective of promoting "social justice." However, the reality was that the interest rates policies turned out to benefit big capital rather than middle income saving possessors and created an environment of deteriorated income distribution instead of establishing the claimed "social justice."⁴³⁰ These two outcomes could be portrayed as the blueprint delineating the discrepancy between populist discourse and genuine policy outcomes.

Özal's widespread use of the state television TRT as propaganda tool also posed grave problems for the democratic process since this act most of the time deprived the opposition parties of expressing their opinions and criticisms toward the policies of the government. In this respect, Özal's extensive use of television in a biased manner undermined the notions of equality and impartiality, two crucial components of democracy that needed to be safeguarded. Thus, in the light of these aspects it

⁴³⁰ Ulagay, *Özal Ekonomisinde Paramız Pul Olurken Kim Kazandı Kim Kaybetti*, pp. 163-168.

should be pointed out that all these neopopulist discursive practices of Özal were problematical when the very basics of democracy were taken into account.

Concluding Remarks

This chapter analyzed manifestations of Özal's neopopulism at the discursive level and the prospects of these discursive practices on the quality of our democracy.

A populist charismatic leader appeals to the masses directly and Özal was a case in point in this respect as he emerged as a charismatic leader and established direct rapport with the masses by addressing them as if he were an ordinary, common man just like the rest of his people. Another crucial tenet of populism is the construction of "the people's other," which needed to be defeated for the well being of the people. Parallel to this feature, Özal portrayed the MP as an anti-status quo party in which he depicted the military-bureaucratic elite as the representative of the status quo.

Like his Latin American counterparts, Özal had continuously admonished "old corrupt politicians" for their malpractices that brought the country to the brink of economic catastrophe. Moreover, he totally dissociated the MP from these old politicians and governments through his rhetoric that the MP was not the continuation of any other previous parties and was the symbol of a "new beginning" with no antecedents, thereby the sole alternative that would save the country from the maladies of the economic crisis. In other words, he emerged as the "messianic savior" of the country, as in the case of the neopopulist leaders in Latin America who would save the country from the severe economic crisis and who would hamper the emergence of a new crisis.

Özal also constantly made use of channels of communication as in the case of other populist leaders and especially the television since the television enabled him to establish direct, face-to-face relations with “his people.” The monthly broadcast of *İcraatın İçinden* program during prime time on TRT is clear proof of his extensive and widespread use of the media.

These neopopulist discursive practices, however, were problematical on various grounds in terms of its detrimental impacts on democracy in Turkey. Özal’s depiction of the MP’s success in the economic area constituted one such example as he attributed all the improvements in the economy to the success of his party such as the country’s export boom or enhanced creditworthiness, while neglecting the other factors such as the geostrategic factors of the USSR’s invasion of Afghanistan or the Iran-Iraq War. Meanwhile, he and his political aides also recurrently blamed the malpractices of the old politicians for the persistence of economic problems such as the worsening of living standards of the civil servants.

Özal’s neopopulist discursive practices also shed light on the discrepancy between the reality and these populist discourses. One such example was his appeal to the *orta direk* with the rhetoric that the MP was the only and real ally of the lower segments of the society and hence the *orta direk* through his constant battle with inflation since inflation was the real enemy of this group. However, being an ally of the poor is a more elaborate concept that could not be merely restricted to the point of combating inflation; moreover, what was observed during the Özal decade was that the MP lagged in terms of carrying out a good record with respect to its fight against inflation. In addition, the living conditions and the purchasing power of the *orta direk* declined dramatically during the course of the decade, which was also coupled with deterioration in income distribution. That is to say, in stark contrast to

the rhetoric of Özal, which stated that the MP was the real ally of the lower segments of the society and the *orta direk*, the living conditions of these very groups deteriorated under his rule during the 1980s.

An analysis of the manifestations of Özal's neopopulism at the discursive level revealed that Özal very much followed the footsteps of his neopopulist counterparts in Latin America concerning his discursive practices as he appealed directly to the masses with anti-status quo rhetoric. This analysis brought to light the sharp contrast between the reality and these neopopulist discursive practices. Having scrutinized basic discursive manifestations of Özal's neopopulism here, the next chapter will examine its manifestations at the institutional level.

CHAPTER VI

MANIFESTATIONS OF ÖZAL’S NEOPOPULISM AT THE INSTITUTIONAL LEVEL

As explored previously, apart from manifesting itself at the discursive and economic levels, populism also manifests itself at the institutional level. Accordingly, the populist leader, in tandem with his rhetoric that he appeals directly to his people and he speaks in their name, takes decisions in a top-down, arbitrary manner with a limited number of technocrats from his “inner circle” and bypasses the existing intermediary institutions, which he regards disruptive and divisive to his power.

This chapter analyzes the fundamental manifestations of Özal’s neopopulism at the institutional level and it will elaborate on the role of decrees, the technocratization of decision making in which decisions were taken upon the initiative of Özal and his US-educated “Princes,” the establishment of extra-budgetary funds which boosted the discretionary power on the part of the prime minister, Özal’s anti-participatory tendencies toward the opposition parties and his anti-institutional bias toward the business groups and organized labor. Afterwards, the impacts of this kind of centralized, top-down, arbitrary decision making style for the quality of our democracy will be examined.

Özal's Decision Making Style Prior to 1983

A brief analysis of the patterns of decision making for the period 1980 and 1983, when Özal worked as the undersecretary of the prime minister's office during the Demirel government and as the state minister in charge of the economy during the military rule until 1982 and the content of the 1982 Constitution will allow an examination of the continuity in the decision making style between two periods.

The content of the 24 January Decisions was available to a limited number of people. As Batur notes, the people in charge of crucial posts such as Ministry of Finance and Central Bank, even minister of finance, İsmet Sezgin were not informed about the details of the measures in the program until their declaration.⁴³¹ Moreover, during his presentation of the program in the Council of Ministers, Özal ardently advocated that the government should issue decrees which would promote investment and exports. This was a blueprint of his penchant for resorting to decrees whenever necessary during his rule as a prime minister between 1983 and 1989.⁴³² During the rule of the military government between 1980 and 1983, the number of laws and decree laws passed by the NSC amounted to 535 and 91, respectively.⁴³³

The period also witnessed significant transformation in major institutions of the economy as they were linked directly to the prime ministry. During the 1970s, the Incentive and Implementation Department had been "split between" the Ministry of Industry and Technology and the Ministry of Commerce. These two autonomous bodies were not only reunited during the early 1980s, but also directly linked to the

⁴³¹ Batur, p. 377.

⁴³² Ibid., p. 373.

⁴³³ Ergun Özbudun, "The Post-1980 Legal Framework for Interest Group Associations," in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), p. 41.

Prime Ministry and “administered by the Undersecretariat of the State Planning Organization.” Apart from the Ministry of Industry and Technology and the Ministry of Commerce, a Foreign Capital Department was established reducing the authority and the power of the SPO and other ministries.⁴³⁴ The Özal circle dominated the critical posts on these boards. “Özal’s close family associate, Hüsnü Doğan, was appointed as the Head of the Foreign Capital Department.” Hasan Celal Güzel was appointed Vice Undersecretary of the Prime Ministry, which could be described as a move carried out with the objective of reinforcing Özal’s position.⁴³⁵

Apart from the centralization of the state apparatus, quick decision making on various crucial issues constituted another major characteristic of the period prior to 1983.⁴³⁶ Özal reorganized the Money and Credit Board and Coordination Board in the name of accelerating the decision making process.⁴³⁷ On the pretext of making them more effective, Özal widened the mission of these boards, which were directly operated under the control of the Undersecretariat of the Prime Ministry. The reorganization of these two boards which were equipped with wide scope of duties exceeding the powers of other ministries could be cited as a clear case of centralization of decision making during the period before 1983.⁴³⁸

The setting which was established by the 1982 Constitution provides an insight into the patterns of decision making during the rule of Özal as prime minister, as the constitution remained largely intact during the decade. The 1982 Constitution

⁴³⁴ Batur, p. 373.

⁴³⁵ Ibid., p. 374.

⁴³⁶ Ibid.

⁴³⁷ Ibid., pp. 374-375.

⁴³⁸ Ibid., p. 375.

increased the powers of the executive vis-à-vis the legislature.⁴³⁹ The president and particularly the prime minister were endowed with more power compared to other parts of the government with the 1982 Constitution.⁴⁴⁰ Moreover, with the 1982 Constitution, the power of the government to pass decree laws was increased.⁴⁴¹

Sayarı's evaluation of the major aspects of decision making during the military rule and his assessments concerning Özal's decision making style are illuminating in this respect. Sayarı asserts that what was observed in Turkey during the 1980s was an extremely centralized and top-down decision making process that had not been observed prior to the 1980s at this extreme level. The consolidation of power in the NSC acquiring both executive and legislative powers is obvious proof of this centralized decision making during the military regime. Furthermore, the extension of the power of presidency and the promotion of a strong executive in the 1982 Constitution paved the way for the centralization of decision making. The technocratization of decision making during the military regime was also prevalent in the economic realm when Özal emerged as the "undisputed economic czar" in this period. Özal also appointed other technocrats such as his colleagues from the SPO.⁴⁴² In the light of these facts, Sayarı writes that "Özal's penchant for technocratic, centralized, and personalized policy-making style had become apparent while he served under the military regime from 1980 to 1982."⁴⁴³

⁴³⁹ Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism," p. 32.

⁴⁴⁰ Öniş, "Turkey: Democratization and Adjustment from Above," p. 330.

⁴⁴¹ Arat, p. 143.

⁴⁴² Sayarı, "Politics and Economic Policy Making in Turkey, 1980-1988," p. 32.

⁴⁴³ Ibid. p. 37.

Centralization of Decision Making

Parallel to the process prior to the 1983, in the aftermath of 1983, a number of new measures were put into effect in order to fortify and centralize executive power, particularly in the areas related to the extension of the prime ministerial power over bureaucracy.⁴⁴⁴ Government decrees should be taken into account as cases in point revealing the supremacy of the executive over both the parliament and the peripheral cabinet.⁴⁴⁵ In other words, passing decree laws without even consulting to the parliament can be conceived as a top-down approach on the part of the government against the parliament in a way which undermines the power of parliament vis-à-vis the executive.⁴⁴⁶ Kalaycıoğlu states that the 1983 Parliament operated under the rubric of an environment of “executive supremacy.”⁴⁴⁷ The Özal decade was notorious for the unprecedented number of decree laws passed. As Cemal writes, Özal is the leading prime minister in decrees passed.⁴⁴⁸ Between 1976 and 1993, the promulgation of 426 governmental decrees took place.⁴⁴⁹

Ahmet Bekmen, in his masters’ thesis, evaluates the extraordinary promulgation of governmental decrees as apparent blueprint of the MP’s penchant for bypassing the parliamentary supervision despite the fact that the MP had secured a majority in

⁴⁴⁴ Öniş, “Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism,” p. 32.

⁴⁴⁵ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 331.

⁴⁴⁶ Öniş, “Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism,” p. 32.

⁴⁴⁷ Ersin Kalaycıoğlu, “Cyclical Breakdown, Redesign and Nascent Institutionalization: The Turkish Grand National Assembly,” in *Parliament and Democratic Consolidation in Southern Europe: Greece, Italy, Portugal, Spain, and Turkey*, eds. Ulrike Liebert and Maurizio Cotta (London; New York: Printer Publishers, 1990), p. 189.

⁴⁴⁸ Cemal, p. 349.

⁴⁴⁹ Ahmet Bekmen (master’s thesis, Bogazici University, 2003), p. 83.

the parliament.⁴⁵⁰ Via these governmental decrees, prepared by Özal and his close managerial circle, the structure of the government and the economy was reorganized during the course of the decade.⁴⁵¹ As has been examined in the Latin American context, neopopulist leaders extensively resorted to governmental decrees in order to redesign state-society relations as in the case of the Özal decade.

Construction of new layers of bureaucracy which were directly related to the office of prime minister constituted second dimensions of this centralization.⁴⁵²

In this respect, the Undersecretariat of the Treasury and Foreign Trade (UTFT) was formed in the Prime Ministers' office, curtailing the power of the Ministry of Commerce together with the Ministry of Finance. The mission of the Ministry of Finance was by and large confined to a general directorate of customs and taxation as it lost its control over the Treasury. In a similar vein, the powers of the Ministry of Commerce were restricted with the detachment of foreign trade. While, the UTFT procured the powers of a ministry, it operated as a non cabinet post under the control of an appointed technocrat who was directly liable to the Prime Minister.⁴⁵³

A Department of Foreign Investment and a Department of Investment were founded in the Prime Ministers' office. These two new departments operated directly under the control of the Prime Minister and therefore were not prone to the jurisdiction of the traditional bureaucratic apparatus of the State. In other words, their

⁴⁵⁰ Bekmen, pp. 83-84.

⁴⁵¹ Ibid., p. 84.

⁴⁵² Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism," p. 33.

⁴⁵³ Öncü and Gökçe, pp. 103-104.

establishment enhanced the centralization of many activities which previously had been handled by a variety of ministries.⁴⁵⁴

The SPO and the Central Bank were the most significant state agencies and they had already been “attached to” the Prime Minister’s office before 1980. Moreover, a High Coordination Council of Economic Affairs had been established, which would operate under the leadership of the Prime Minister and comprise two vice Premiers, and the Ministers of Foreign Affairs, Finance, Trade, Agriculture, Industry and Energy during the rule of the military regime.⁴⁵⁵

The creation of the [Board of] Mass Housing Fund and Public Participation Fund ([B] MHPPF) should be underlined as another case in point which gave way to the centralization of decision making. The [B] MHPPF, of which the prime minister had direct command, undertook crucial responsibilities and powers such as the management of the privatization program.⁴⁵⁶ As a result, in the aftermath of the formation of the MP government in 1983, Özal was able to wield direct influence on the appointments to all top executive positions in these organs.⁴⁵⁷ The features of this fund will be scrutinized in the later part of this chapter.

The third tenet of centralization of decision making during the Özal decade encompassed the formation of supplementary ministries of state having “specific responsibilities.” Thus, as Öniş notes, apart from reducing the powers of legislature vis-à-vis the executive, this policy change reduced the powers of the cabinet vis-à-vis

⁴⁵⁴ Öncü and Gökçe, pp.103-104.

⁴⁵⁵ Ibid., p. 104.

⁴⁵⁶ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 341.

⁴⁵⁷ Öncü and Gökçe, p. 104.

the office of the prime minister.⁴⁵⁸ The number of state ministries was increased from 10 to 15 in 1988. The draft which increases the number of state ministries from 10 to 15 reads that the number of state ministries which had been previously seven was increased to ten, yet this number also lagged behind the needed number and a further increase was deemed to be crucial concerning the improvements in the society.⁴⁵⁹

Anti-participatory Tendencies of the MP

The centralization of decision making and extensive use of governmental decrees led to the circumvention of parliament in the decision making process, as the MP implemented serious economic and other political measures without a viable debate in the assembly. Kalaycıoğlu evaluates this situation as follows:

In effect, this has meant that the government has been able to avoid the necessity of working through commissions and subjecting every feature of its bills to debate on the floor of the TGNA, presenting Parliament instead with a *fait accompli*. What this amounts to is the government's safe bet on the partisan support of its majority in the TGNA on the one hand, and on the considerable amount of autonomy from legislative control on the other.⁴⁶⁰

Table 12: Governmental Decrees Having Force of Law, Government-Sponsored, and Other Bills in the Turkish Grand National Assembly

	Governmental Decrees Having force of Law		Government Sponsored Bills		Other Bills	
	Submitted	Adopted	Submitted	Adopted	Submitted	Adopted
1983-84	163	51	66	62	137	37
1984-85	8	4	105	91	118	26
1985-86	8	6	70	57	82	28
1986-87	23	4	66	46	118	31

⁴⁵⁸ Öniş, "Political Economy of the 1980s: Anatomy of Unorthodox Liberalism," p. 33.

⁴⁵⁹ Güneş, 13 January 1988.

⁴⁶⁰ Kalaycıoğlu, "Cyclical Breakdown, Redesign and Nascent Institutionalization," p. 204.

Source: Bulletins of the TGNA Commissions, (I-VIII) (Official Publication of the TGNA) (Kalaycıoğlu 1990, 205)

Table 13: Legislative Activities in the Turkish Grand National Assembly, 1961-1987

Date	Government Sponsored Bills	Other Bills	Oral Questions	Written Questions	General Debates on Specific Issue by the General Assembly	Legislative Investigations
1961-65	886	884	1087	800	15	50
1965-69	694	898	827	1232	43	12
1969-73	870	922	245	1771	68	21
1973-77	546	820	424	1745	12	176
1977-80	600	951	375	901	25	98
1983-87	306	455	876	2172	22	7

Source: İhsan Ezherli (1986), Türkiye Büyük Millet Meclisi, 1920-1986 (Kalaycıoğlu 1990, 201)

The statistics with respect to the number of legislative acts carried out by the deputies reveal that this number was reduced in 1983-87 period when compared to the previous periods.⁴⁶¹ Kalaycıoğlu emphasizes that the number of draft bills proposed either by the government or the individual deputies stood at its lowest level for the 1983-87 legislative period starting from the establishment of multi-party era in 1946. The total number of prospective bills amounted to 532 for the period between November 1983 and March 1986. Kalaycıoğlu asserts that this situation discloses the point that the MP was “not inclined to use the facilities of the TGNA in the law-making process.”⁴⁶²

The MP’s relations with the opposition parties can be analyzed in this respect as well since it did not seek to consult to them and it implemented decisions in a rather free-handed, arbitrary, top-down manner even in areas concerning extremely crucial

⁴⁶¹ Kalaycıoğlu, “Cyclical Breakdown, Redesign and Nascent Institutionalization,” p. 201.

⁴⁶² Ibid., p. 202.

topics such as the timing of the elections or the sale of the dams. As a result, the newspapers were inundated with the criticism of the opposition parties and their protests toward the decision making style of the MP during the course of the decade.

One such example involved the decision concerning the participation of the opposition parties that were not represented in the parliament to the local elections. Until the decision day, the MP acted as if it opposed their participation to the local elections. However, on the decision day it surprised the parties in the assembly, changed its course and decided that the parties that were not represented in the parliament, SODEP and the TPP should be able to take part in the local elections as well. The opposition parties left the assembly during the debates. According to the new draft regarding the local elections, SODEP, the TPP and the Welfare Party (WP) would be able to attend the local elections. Deputy from the NDP Kamran İnan criticized the hasty handling of the issue by the government saying that “Democracy cannot tolerate hastiness and rashness. If the MP acts in this way due to its majority in the parliament, this is wrong.”⁴⁶³ PP Deputy Turan Beyazıt made similar remarks:

You try to make the deputies vote for a decision the contents of which they don't have any idea about. You betray democracy through this act. The government trusts its majority in the parliament and acts in this way. However, you will have to confront the responsibility of this act which will have serious repercussions.”⁴⁶⁴

Nevertheless, the deputies from the MP and Özal reacted to the criticisms on the grounds that the decision represented the MP's dedication for service to the people.

“They blame our belief, determination, dedication for service to our nation with

⁴⁶³ *Demokrasinin aceleye tahammülü yoktur. Eğer Anavatan Partisi bu oy üstünlüğüne güveniyorsa hata eder. Milliyet, 6 January 1984.*

⁴⁶⁴ *Milletvekillerine bu sabah (dün) dağıtılan bu teklifi okumadan oy verdirmek istiyorsunuz. Bu davranışınızla demokrasiye ihanet ediyorsunuz. İktidar buradaki parmak gücüne dayanmak istiyor. Bunun sorumluluğu büyüktür. Milliyet, 6 January 1984.*

hastiness, this is closing eyes to the suffering of our people,”⁴⁶⁵ said MP deputy Barati Erdoğan. Meanwhile, Culture and Tourism Minister Mükerrerem Taşçıoğlu’s reaction to the opposition was as follows:

It is one of the major duties of the government to shorten the period toward transition to democracy. We expected applause and ovations rather than protest in our struggle. The opposition parties both inside the Assembly and outside the Assembly should thank us for this decision.⁴⁶⁶

Meanwhile Özal said:

Our people are not content with the work of their local administrators; they voice their concerns regarding the local administrators. That is why it is necessary to hold local elections as early as possible so that people will choose their new local administrators.⁴⁶⁷

Özal continued by stating that the moves toward the transition to a highly democratic society needed to be attained as quickly as possible and the local elections constituted a crucial aspect in the achievement of this.⁴⁶⁸

A similar reaction from the opposition parties emerged concerning the decision of the government on the sale of dams and bridges. The criticism of an independent Çanakkale deputy, Cafer Tayyar Sadıklar, illustrates the nature of decision making process during the period. His harsh criticisms were labeled as a “memorandum” to the government.

⁴⁶⁵ *İnancı, kararlılığı ve hizmet aşkını acelecilikle suçlamak, milletin ıstırabına göz yummak demektir. Milliyet, 6 January 1984.*

⁴⁶⁶ *Demokrasiye geçiş dönemini mümkün mertebe kısa tutmak, iktidarın vazifesidir. Biz bu çaba karşılığında protesto değil, alkış beklerdik. Hem içerideki, hem dışarıdaki muhalefet bize teşekkür etmelidir. Milliyet, 6 January, 1984.*

⁴⁶⁷ *Vatandaşımız maalesef mahalli idarelerden şikayetçidir. Bu bakımdan seçimlerin yapılması ve mahalli idarelerin tabi idarecilerine kavuşması lazımdır. Milliyet, 6 January 1984.*

⁴⁶⁸ *Milliyet, 6 January 1984.*

“This draft is a symbol of going back to the conditions 60 years ago. The Turkish Grand National Assembly cannot hand over its responsibilities, missions, duties to a single man, to Turgut Özal,” said Sadıklar.⁴⁶⁹

Technocratization of Decision Making a la US-educated “Princes”

Apart from the supremacy of the executive over legislative and the circumvention of the parliament and opposition parties either through decrees or through hasty handling of the issues without a viable debate in the parliament, the period was actually characterized by the extension of the powers of the post of Prime Ministry together with a close inner-cabinet group and some bureaucrats responsible for the economy.⁴⁷⁰ Vural Arıkan, Adnan Kahveci, Hüsni Doğan, and Hasan Celal Güzel were the prominent figures in Özal’s managerial team.⁴⁷¹

Özal’s “inner circle” encompassed the top executives of agencies, such as the Head of the Central Bank, the Head of the Economic Affairs High Co-Ordination Council, the Head of the [B] MHPFF, the Undersecretary of Treasury and Foreign Trade, the Undersecretary of the SPO and the directors of the two of the largest state banks, Ziraat Bank and Emlak Bank, and of whom paid directly lip service to the Prime Minister. These top executives were appointed on the basis of the Prime Minister’s trust and confidence and their loyalty to the Prime Minister. These top

⁴⁶⁹ *Bu tasarı 60 yıllık geriye gidişin sembolüdür. TBMM yetkilerini bir tek kişiye, Sayın Özal’a devredemez. Milliyet*, 1 March 1984.

⁴⁷⁰ Bekmen, p. 81.

⁴⁷¹ *Ibid.*, p. 82.

executives were dubbed “Özal’s Princes” by the press.⁴⁷² Öncü and Gökçe describe

Özal’s Princes as follows:

These appointees to key ‘inner circle’ positions have shared a number of common characteristics. With few exceptions, they have been drawn from outside the career bureaucracy; none were politicians; all were relatively young, around 40 years of age and U.S.-educated for the most part. Some have been directly imported from the United States to head the agencies they were appointed to. All were “unknown quantities” prior to 1983. In sum, the distinguishing characteristic of inner circle members has been their loyalty to Prime Minister Özal, in the absence of allegiances within the bureaucratic establishment or party networks and factions.⁴⁷³

Öniş asserts that Özal aimed to reorganize the bureaucracy via the selection of a group of young US-educated technocrats with whole-hearted allegiance toward the neoliberal economic model to key posts.⁴⁷⁴ Öniş maintains that the fundamental objective of this restructuring was to establish a managerial bureaucracy composed of a select group of technocrats who would replace the traditional patrimonial bureaucracy.⁴⁷⁵ This restructuring resulted in de-professionalization at the key posts of the bureaucracy during the decade as the domination of the political appointments undermined the autonomy and the collective identity of the bureaucracy.⁴⁷⁶

⁴⁷² Öncü and Gökçe, p. 104.

⁴⁷³ Ibid., pp. 104-105. A profile published in the Financial Times supplement on Turkey (14 May 1984) of Dr. Namık Kemal Kılıç, Director of the Foreign Investment Department at the time. Other names most frequently cited as belonging to the inner circle included Mr. Yusuf Özal (Head of High Coordination Council of Economic Affairs and the Prime Minister’s brother), Mr. Ali Tigril (Undersecretary of the State Planning Organization), Mr. Rüşdü Saracoğlu (Head of the Central Bank), Mr. Bülent Şemiler (Director of Emlak Bank), Mr. Coşkun Ulusoy (Director of Ziraat Bank), Mr. Bülent Gültekin (Head of the Board of Mass Housing and Public Participation Fund)

⁴⁷⁴ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 342.

⁴⁷⁵ Öniş, “Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism,” p. 33.

⁴⁷⁶ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 342.

Öniş evaluates this situation under the rubric of deprivation of the powers on the part of the civil bureaucracy as civil bureaucracy became more attached to the government and it was left with a relatively diminished autonomy through different mechanisms. In this respect, it could be argued that traditional bureaucrats who had been previously part of the decision making process, was by and large excluded from the corporatist policy-making process during the rule of the MP.⁴⁷⁷

The recruitment of US-educated, young technocrats who were characterized by their whole-hearted allegiance toward free-market economy and loyalty to Özal and the restructuration of the state apparatus in favor of these technocrats and at the expense of the classical bureaucracy could be paralleled to the case in Mexico in which young, pragmatic, US-educated *tecnicos* were appointed to crucial posts along with the decline of power on the part of the *politicos*. The situation in Mexico could also be described as the ascendancy of new technocratic elite similar to Turkey which in turn paved the way for the increasing power of the president (Prime Minister in Turkey) and weakening of power in the traditional bureaucracy.

The ascendancy of these young, US-educated technocratic elite which ardently supported the neoliberal, free-market economic development model and their recruitment to crucial posts with extended powers should also be evaluated as a case of the technocratization of decision making in which the decisions concerning the economy were portrayed as if natural laws that had to be implemented anyway with no need for discussion or debate. In this respect, it could be asserted that the neoliberal rhetoric on the urgency of carrying out economic reforms to tackle the economic crisis, the neoliberal myth in the “unchangeable rules of the free-market”

⁴⁷⁷ Metin Heper, “Interest Group Politics in post-1980 Turkey Lingering Monism,” in *Strong State and Economic Interest Groups: The Post 1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), p. 163.

that needed to be implemented anyway to the benefit of the country fostered this process of technocratization of decision making. The technocratization of decision making manifested itself through the hasty handling of economic decisions without the need to consult to the other organizations and parties in question and these acts were justified on the grounds that they were the necessary and the sole means to combat country's economic problems.

Mine Eder writes that the “decrees were justified with the need for efficiency and speedy governance.”⁴⁷⁸ One of Özal's speeches after one of his routine weekly meetings with the President Kenan Evren declared that Turkey could not be ruled without issuing decrees illustrates the point on what grounds they were justified:

“We always come with decrees. We have a plenty of decrees. Everyday, we come up with new decrees. Turkish Republic cannot be ruled without decrees.”⁴⁷⁹

“In the aftermath of 24 January Decisions we were portrayed as the champions of price increases. I am aware of this. If it is necessary, we would not refrain from increasing the prices at the moment as well. We have to direct the economy and carry out our economic policies in the way which is right for the country.”⁴⁸⁰ This statement reveals the neoliberal belief that there are unchangeable rules in the economy, which have to be carried out to direct the economy in the right way. This understanding limits the possibility of discussion in the decision making process because of the neoliberal belief that there is only one right way to manage the

⁴⁷⁸ Eder, “Globalization Versus Populism: A False Dichotomy?” p. 12.

⁴⁷⁹ *Her zaman kararnameler geliyor. Bizde o kadar çok bol kararname var ki. Biliyorsunuz, Türkiye Cumhuriyeti kararnamesiz yaşayamaz. Milliyet, 9 March 1984.*

⁴⁸⁰ *1980 senesi 24 Ocak'ta biz “zam şampiyonu” diye takdim edildik. Bunu gayet iyi biliyorum. Bugün de gereği olduğu zaman bunu yapmaktan çekinmeyiz. Çünkü ekonomi nasıl doğru götürülecekse öyle götürmeye mecburuz. Arcayürek, p. 231.*

economy and discussions would do nothing but to prolong the time, and thereby would disrupt the action which needs to be taken extremely urgently.

When criticisms were waged against the government with respect to high interest rates and inflation, Özal indicted them for interfering in politics.⁴⁸¹ This criticism reveals the point that economics was regarded as a realm which needed to be detached from politics during the course of the decade.

“Laws determining the economic domain cannot be changed. That is why we should not get rid of economic laws. It is not possible to change the stream of the river. You will try to change it, but it will continue to flow from its previous course,” once said Özal. This statement is in congruence with Özal’s depiction of himself as a technician. “I consider myself not a politician but a technician.”⁴⁸² This would delineate the centrality of the unchangeable rules of the free-market and economy in Özal’s decision making style. The prevalent understanding of the era was that there was no alternative and problems contained merely one solution.⁴⁸³

Marginalization of the Cabinet and Party Organization

Apart from its impacts on the technocratization of decision making and detachment of economics from political arena, this governance style diminished the powers of legislative, judiciary branches, and even other components of the executive branch. This was mainly due to the fact that this “inner circle” was endowed with unprecedented powers, and Özal continuously resorted to bypassing the cabinet, the

⁴⁸¹ Heper, p. 168.

⁴⁸² Bekmen, p. 70.

⁴⁸³ Ibid.

parliament and the MP as he worked with this team.⁴⁸⁴ In other words, the era was not only characterized by the marginalization of the parliament, circumvention of the parliamentary acts, and exclusion of the opposition parties in the decision making process but also witnessed the marginalization of the most crucial organs of democracy, the cabinet and party organization.

Since one of the dominant characteristics of the decade was an excessive control on the part of the leader, the party organization turned into a nonfunctional organ and the cabinet assembled in rather rare occasions. In most cases, the ministers signed empty decisions, draft bills in advance without the prior knowledge of their content. They were filed up in the Residence and ministers read about many crucial decisions in the *Official Gazette*.⁴⁸⁵ Özal believed that the sole function of the deputies was to raise fingers and thereby to approve the decisions taken by him. “The only thing that deputies should do is to come to the parliament and raise fingers for 12 hours in three days. We reduced three days to two but with a precondition of raising fingers for the same time span of 12 hours,” said Özal.⁴⁸⁶ One member of the MP suggested that some academics and intellectuals be candidates for 29 November general elections in the MP. Özal responded, “After a while they will end up in causing problems, getting involved in discussions and debates. Yet, for the next term, we will need deputies who will only raise fingers.”⁴⁸⁷

⁴⁸⁴ Bekmen, p. 82.

⁴⁸⁵ Cemal, p. 349.

⁴⁸⁶ *Milletvekillerinin tek yapmaları gereken, Meclise gelip haftada üç gün on iki saat parmak kaldırmak. Hatta, üç günü biz iki güne indirdik, ama yine haftada on iki saat parmak kaldırmak şartıyla.* Ibid., p. 128.

⁴⁸⁷ *Onlar bir süre sonra hemen sorun çıkarırlar, tartışma yaratırlar. Bize önümüzdeki dönemde parmak kaldıracak adam lazım.* Ibid., p. 129.

In the light of these aspects, it should be emphasized that the period witnessed a concentrated, free-handed, personalized, decision making style in which Özal gave decisions in consultation with a small circle of aides and family members, most of the time bypassing not only the Parliament, but also the MP and even the cabinet.⁴⁸⁸

Metin Heper's evaluation of the period illustrates this arbitrariness as he maintains that what was experienced during the MP government was that elaborate decision making bodies of committees and boards were eliminated and a few individuals took control of the decision making. These people gave and implemented decisions single-handedly without paying heed to the pressures and demands from bureaucracy and interest group associations.⁴⁸⁹ In a similar vein, Öncü and Gökçe state that the period in the aftermath of the 1983 was characterized by a new type of decision making in which the members of the "inner circle" planned and then implemented the decisions. Later, the decisions taken were presented to the public either by the Prime Minister or some members of this "inner circle."⁴⁹⁰

The abrogation of 37 laws which were approved by Özal government would be a case in point in terms of illustrating the arbitrariness of decision making during the 1980s. Özal's statement that "Nothing serious happens when the Constitution is violated once," when Özal sought to get through a bill concerning holding local elections at an early time with the prior knowledge that it contradicts with the Constitution would give hints about the extent of arbitrariness in this period.⁴⁹¹

⁴⁸⁸ Sayarı, "Politics and Economic Policy Making in Turkey, 1980-1988," p. 37.

⁴⁸⁹ Heper, p. 163.

⁴⁹⁰ Öncü and Gökçe, p. 105.

⁴⁹¹ *Anayasa bir defalık ihlal edilse ne olur?* Cemal, p. 117.

Extra-budgetary Funds

An analysis of extra-budgetary funds will illustrate the scope of arbitrariness of decision making during the period as they enabled the government to wield power extensively at its own discretion. The Fund system existed prior to the rule of the MP; however, there were differences between the funds used in the late sixties and the funds launched in the aftermath of the 1983. As Batur states, the funds used in the late sixties were intra-budgetary however they were extra-budgetary in this period, meaning that they were exempt from any legislative control.⁴⁹²

“These funds are financed by special earmarked taxes (such as specific import duties) and by borrowing through so-called revenue-sharing certificates, and have usually been running surpluses.” The revenues of these funds made up for one-fourth of the regular budgetary revenues, revealing their significance in the economy.⁴⁹³

In their analysis of the major characteristics of the fund system during the rule of the MP, Oğuz Oyan and Rıza Aydın emphasize a dominant inclination toward centralization within the fund system through the formation of funds under the direct control of Prime Minister or his dependent organs or institutions. Thirty-three out of 103 funds were established in this way. A crucial aspect that needs to be taken into account is that these thirty-three funds constituted 75 % of the total fund resources.⁴⁹⁴

It should be noted that the formation of the extra-budgetary fund system constituted one of the most significant mechanisms of the economic restructuring during the decade as it enabled the governments to transfer the public revenues

⁴⁹² Batur, p. 402.

⁴⁹³ Rodrik, p. 338.

⁴⁹⁴ Bekmen, p. 90.

directly to the funds, which operated outside the realm of the budget. Therefore, the fund system endowed the government with a wide range of discretionary power.⁴⁹⁵

The Constitution adjudicates that the High Auditing Council undertakes the duty of auditing all state estate, revenue, debt. Yet, these funds which were controlled by the UTFT were not liable to the supervision of High Auditing Council.⁴⁹⁶ Actually, this was not a rule as the government could establish funds which were subject to the supervision of normal audit mechanisms. However, the predominant trend was to form funds that were exempt from the supervision of judicial control mechanisms since only six funds out of 35 formed by the MP in the aftermath of 1983 were subject to the supervision of the High Auditing Council. Some of the funds were supervised by the High Board of Supervision, which is under direct control of Prime Ministry or some special commissions formed with Laws. There were also some funds with no reference to any auditing mechanisms.⁴⁹⁷

Batur notes that supervision by the “Oath-dependent Bank Inspectors” was the only way auditing these funds. He underlines the overlapping between the “users” and the “auditors” of these funds since these inspectors were directly under the control of the UTFT, and he evaluates this situation as a clear case of the UTFT’s absorption of extra-ordinary power.⁴⁹⁸ It could be asserted that this restructuring ends up in a power shift from the High Auditing Council linked to the Parliament to the High Board of Supervision linked to the Prime Ministry. This transformation excluded the Parliament from this process as it was previously the High Auditing Council which had carried out the supervision of the public expenditures “in the

⁴⁹⁵ Bekmen, p. 90.

⁴⁹⁶ Batur, p. 402.

⁴⁹⁷ Bekmen, p. 90.

⁴⁹⁸ Batur, p. 403.

name of the Parliament.”⁴⁹⁹ Another major characteristic of these funds was that they were “left to be levied by Council of Ministers Decree and not by law in the parliament thus being Constitutional.”⁵⁰⁰

The increase in the number of funds shows their weight in the economy. There were only 33 funds before 1980; however, 24 funds were established in 1980-83 and 48 were created in 1984-90.⁵⁰¹ At the end of 1990, 114 funds were established, 71 of which were formed in the aftermath of 1980. In 1984, “the ratio of the total amount of fund system revenues of the consolidated budget” amounted to 22 %; however this level escalated to 57 % in 1990.⁵⁰² Furthermore, the revenues obtained from the EBFs constituted 11.2 % of public investment in 1988.⁵⁰³

The Public Participation Fund, the Mass Housing Fund, the Support Price Stabilization Fund, and Defense Industries Support Fund were the most significant funds of the period. The fundamental objective behind the establishment of these funds was to finance major economic activities. The fund system also aimed to promote the purchase of imported consumer goods such as alcoholic beverages and cigarettes through taxing them for popular purposes.⁵⁰⁴ A huge flow of public resources was allocated toward housing, the construction of roads and “other forms of infrastructure” by these extra-budgetary funds.⁵⁰⁵ The Mass Housing and Public Participation Board (MHPPB), which was established in 1984, was one of the most

⁴⁹⁹ Bekmen, p. 90.

⁵⁰⁰ Batur, p. 402.

⁵⁰¹ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 344.

⁵⁰² Bekmen, p. 90.

⁵⁰³ Öniş, “Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism,” p. 33.

⁵⁰⁴ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 344.

⁵⁰⁵ Waterbury, p. 52.

important institutions in this respect.⁵⁰⁶ The main objective behind the creation of the MHPPF was to endow the people particularly living in the urban areas with the opportunity of low-income housing,⁵⁰⁷ as analyzed in the fourth chapter.

The MHPPB was composed of three colossal funds, the Mass Housing Fund, the Public Participation Fund and the Development and Support Fund. In 1986, the resources of these three funds amounted to 25 % of the total fund resources. The Board was autonomous from the other layers of bureaucracy as the Treasury and the SPO and it has responsibility toward the prime minister and the cabinet.⁵⁰⁸

“All outstanding shares of companies designated for privatization are transferred in their entirety to the MHPPF” by Law 3291, which was put into effect in 1986. Therefore, the MHPPF would restructure the debt and management of these firms, setting a viable environment for their privatization. Waterbury asserts that what was experienced throughout this process was that the MHPPF turned out to operate as a large public sector holding company under the control of the minister of state for the economy. As a result, the MHPPF could be described as a holding company which the prime minister and the minister of state for the economy could exert direct influence and power on.⁵⁰⁹ These funds were primarily used as a mechanism to create a network of clientele as examined in the fourth chapter.

In the light of these aspects of the EBFs, it should be underlined that EBFs endowed the central government and especially the prime minister with extensive

⁵⁰⁶ Bekmen, p. 90.

⁵⁰⁷ Öniş, “Turkey: Democratization and Adjustment from Above,” p. 344.

⁵⁰⁸ Bekmen, p. 91.

⁵⁰⁹ Waterbury, p. 63.

discretionary powers in terms of the distribution of revenues.⁵¹⁰ As Rodrik maintains, the formation of EBFs, which were not subject to parliamentary purview, is a clear example of the extension in the scope of the government and prime minister.⁵¹¹

The PP's application to the Constitutional Court in 1985 for the abrogation of the Publicity Fund Law reveals the arbitrariness of the fund system and the way in which the prime minister used it at its own discretion. "Only 20 % of the incomes allocated in the Publicity Fund is supervised by the budget while the rest is excluded from the budgetary control," reads the statement.⁵¹²

It should also be underlined that the neopopulist leaders in Latin America largely made use of funds with the objective of strengthening their power and creating their own clientele, and National Solidarity Program (PRONASOL) launched by Salinas in Mexico could be cited as a case in point.

MP's Anti-institutional Bias: Circumventing Organized Business, Labor and the Political Elite

The era witnessed the anti-institutional bias of the MP as the decisions were taken single handedly, in a rather arbitrary manner, with the initiative of the prime minister and a limited number of inner circle technocrats without necessarily discussing them in the public prior to their implementation. Therefore, the intermediary institutions which had previously had the chance to be involved in the decision making process

⁵¹⁰ Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism," p. 33.

⁵¹¹ Rodrik, p. 350.

⁵¹² *Başvuruda Tanıtma Fonu Kanunuyla fonda toplanan gelirlerin sadece yüzde 20'sinin bütçeye intikal ettirildiği, kalan kısmın ise denetim dışında tutulduğu bildirildi. Tercüman*, 24 August 1985.

were deprived of their opportunity to have a say in these decisions as a direct result of the anti-institutional bias of the MP. In line with the populist rhetoric on the necessity of establishing direct links with the people, Özal justified these acts on the grounds that the people had delegated them the power, and they initiated these policies on behalf of the people, thus other institutions should not meddle in politics.

Against this background, the period witnessed the constant criticism of major groups such as the traditional bureaucracy and business associations toward the arbitrariness of decision making by the MP and MP's reaction to these criticisms on the grounds that they were implementing these decisions with the sole objective of serving the nation.

One of the groups that waged their opposition against this type of centralized decision making and "growing number of technocrats- especially the young economists brought in by Özal abroad," was the political elite. The situation in which Özal opted for establishing a new managerial bureaucracy in the place of established, patrimonial bureaucracy deprived political elite of their previous means and opportunity to involve to the decision making process.⁵¹³

Özal also had tense relations with the business community during the course of the decade. The business community was adversely affected by the kind of decision making carried out by the MP since the MP had full command over the rules of the economy and could make an unexpected change at any time which would have serious repercussions for the business community. In order to illustrate the extent of the arbitrariness of decision making, Buğra notes that interest rates changed 19 times during 1989 and this could be cited as a case in point revealing the highly unpredictable nature of the period since a crucial policy change regarding the

⁵¹³ Sayarı, "Politics and Economic Policy Making in Turkey, 1980-1988," p. 37.

economy could be implemented at any unexpected time.⁵¹⁴ In this kind of an environment, the only thing that the business community could do was to pay heed to the signals in order to make a guess about the upcoming policies of the government. In that regard, Buğra makes an analogy between the business community and the peasants in that the business community resembled the peasants who watch the clouds to predict the weather.⁵¹⁵

Before analyzing some examples from the criticism of the business community toward the MP, examining fundamental parameters of the relation between the business community and the MP would be helpful. In congruence with its anti-institutional bias, the government opted to approach the business community on an individual basis, rather than heeding to their demands on an institutional basis. In this respect, Heper emphasizes that this was the characteristic of a government which did not regard intermediary structures as legitimate organizations that needed to be consulted in the decision making process.⁵¹⁶

The international and domestic negotiations concerning quota limits and the prices of commodities which would be traded witnessed the participation of representatives of chambers of commerce. In this respect, this period marks the evolution of a new type of businessman, that is to say the evolution of a “businessman as diplomat.” Yet, as Kalaycıoğlu underlines, we should be cautious in terms of interpreting this situation since neither the participation of the representatives of the chambers of commerce in the foreign economic contacts of the Turkish government nor the meetings Özal held with the representatives of

⁵¹⁴ Ayşe Buğra, “Political Sources of Uncertainty in Business Life,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), pp. 157-158.

⁵¹⁵ Ibid.

⁵¹⁶ Heper, p. 175.

fundamental commercial groups signaled a major contribution of commercial groups to the economic decision making process. The basic tendency of Özal in these meetings was to “instruct interest groups than exchange views with them.”⁵¹⁷ Heper evaluates this type of decision making as a case of “regulation from above by governments which talked to others, but did not like to be talked to.”⁵¹⁸

A TÜSİAD member’s description of a meeting with the government reveals the way the government approached the business community during the 1980s.

The meeting starts with declarations that we agree with the government’s economic policies. Then it turns out that the whole business community is against the government’s policies on interest rates, imports, exports, banking sector and the like. We do not, however, make these views of ours publicly known.⁵¹⁹

Therefore, the business community had to comply with the decisions and policies of the MP. They had to confront the risks of selective punishments unless they chose to abide by and implement the predetermined decisions of the government⁵²⁰, as analyzed in the fourth chapter.

The political environment was devoid of an atmosphere of vibrant debate with the representatives of the commercial group to the point that even the fundamental decisions about the structure and the status of the Union of Chambers and Commodities Exchanges (TOBB) were taken without the prior knowledge of the TOBB representatives. “It is time to halt the thinking of ‘I do it, so it will be.’ We will get involved in politics and sever our ties with the government,” once said the

⁵¹⁷ Kalaycıoğlu, “Commercial Groups: Love-Hate Relationship with the State,” p. 87.

⁵¹⁸ Heper, p. 167.

⁵¹⁹ Ibid., p. 170. Also see *Milliyet*, 12 October 1986.

⁵²⁰ Ibid., p. 175.

Chairman of the Ankara Chamber of Commerce.⁵²¹ Alteration pertaining to the organizational structure of the TOBB without consulting the organization and despite resistance from the business community could be cited as another example of centralization of decision making and a significant manifestation of the MP's anti-institutional bias in this period.⁵²²

The reaction of the then-head of the TOBB, Ersin Faralyalı, illustrates the way the MP gave decisions without the need to consult with the business community and the business community's concerns regarding this situation. Businessmen raised their concerns regarding the news about the application of a change in income tax. The statements of the head of the TOBB Ersin Faralyalı are as follows:

If the news concerning the changes which will be carried out in order to increase the tax incomes are correct, then the government will have to confront the opposition of the whole business world. If that is not the case, then the government should disclaim this. If the government wants to launch a new program in order to increase the sources of the budget, then the government should consult with all the related sectors and the decision that will content all the sectors should be implemented. We do not want to create tension instead we would like to solve the problems via dialogue. But if it is the only alternative left for us, we will not abstain from initiating our fight from this platform.⁵²³

With respect to the same situation, another businessman, Mazhar Zorlu, warned businessmen and said as follows:

This government has a different kind of a strategy. It seems to be dealing with a certain problem, then while whole public discusses about the issue, it

⁵²¹ Kalaycıoğlu, "Commercial Groups: Love-Hate Relationship with the State," p. 83. Also see *Milliyet*, 19 April 1987.

⁵²² Heper, p. 167.

⁵²³ *Eğer gerçekten böyle bir tasarı varsa, hükümet bütün iş alemini ve sektörleri karşısında bulacaktır. Böyle bir düzenleme söz konusu değilse haberler hükümet tarafından tekzip edilmelidir. Kaynak artırmak için yeni düzenleme gerekiyorsa, ilgili bütün sektörlerin görüşü alınmalı, asgari müştereklerde birleşilmelidir. Biz kavga etmek istemiyoruz. Meseleleri konuşmak el birliği ile gönül birliği ile çözüme kavuşturmak istiyoruz. Ancak gerekirse bu kürsüden kavgayı da başlatırız. Tercüman, 24 August 1985.*

implements a totally different policy. Therefore, we have to be circumspect, while we expect changes in tax collection; an unexpected imposition may come to the fore.⁵²⁴

Meanwhile, the commercial interest groups objected to the decree law concerning the full convertibility of the Turkish lira and liberalization of the export-import regime on 8 August 1989 since it was put into effect at a rather unexpected time. Different from the previous decrees this decision was fundamentally put into effect upon the sole discretion of the prime minister. It was interpreted as a “shock decision” implemented by the personal preferences of the Prime Minister in the media since it was taken irrespective of any consultation even with the technocrats or even despite the opposition of some technocrats such as the Head of the Central Bank and the Undersecretary (Director) of the SPO. The representatives of the commercial interest groups predominantly objected to the timing of the decree law, which was carried out without consulting or negotiating to them. The general reaction in the media was that the timing of the measures primarily hinged on the political considerations of Özal, that is to say his aspiration to become the President.⁵²⁵

An expression of Ekrem Pakdemirli reveals the nature of the relations between the business community and the government and the way the decisions were taken. Pakdemirli had the post of the UTFT in this period and his post was labeled being above ministers. He was granted immense powers, which led him to be called a “secret minister”.⁵²⁶ “If you cannot agree among yourselves by Wednesday, I myself

⁵²⁴ *Bu hükümetin enteresan bir uygulaması var. Ortaya bir konu atıyor. Bütün kamuoyu bu konuyu tartışırken bambaşka bir karar alınveriyor. Bu sebeple vergi düzenlemesini tartışırken uyanık olmalıyız, hiç beklemediğimiz bir şey çıkıverir. Tercüman, 24 August 1985.*

⁵²⁵ Kalaycıoğlu, “Commercial Groups: Love-Hate Relationship with the State,” p. 84.

⁵²⁶ Batur, pp. 399-400.

will give the decision,” once said Pakdemirli referring to the conflict between exporters and producers with respect to the distribution of quotas in 1986.⁵²⁷ A manager of an FTC evaluated this saying and criticized it stating that “power resides in the person in our case whereas it must reside with the office.”⁵²⁸

Özal’s anti-institutional bias toward the labor organizations was even more blatant compared to that toward the business community. With the military take-over of 1980, strikes were outlawed and the collective bargaining process over wages was suspended. The coup banned the leftist Confederation of Revolutionary Labor Unions (DİSK) and imprisoned its leaders and members. The Confederation of Labor Unions in Turkey (Türk-İş) was not outlawed. It continued its existence; however its power in terms of representing the interests of labor was diminished. The conditions concerning the labor remained largely intact during the rule of the MP in the mid-1980s as it did not seek to relax the restrictions imposed on labor. Until 1987, all strikes were banned. The requirement of binding arbitration continued up until 1987. Thereby, the 1980s marked the exclusion of the labor from the political scene.⁵²⁹

During the course of the decade, Özal showed no sign of even an attempt to alter these articles. His speech in a minor party congress on 23 November would be illustrative in this respect. “We have peace, security, development, democracy, what else do you want?” He also objected to demands that opted for changes in the constitution with respect to the rights of workers, farmers and civil servants, stating that “we have enough democracy, and no more is needed.”⁵³⁰

⁵²⁷ Batur, pp. 415-416.

⁵²⁸ Ibid., p. 416.

⁵²⁹ Öniş, “Turkey: Democratization and Adjustment from Above,” pp. 338-339.

⁵³⁰ *Huzur, kalkınma, demokrasi var, daha ne istiyorsunuz? Bu kadar demokrasi yeter!* Arcayürek, p. 283.

Apart from its policy choice on the continuation of the major restrictions imposed on the labor, the gradual extension of “contractual employee status,” which began to be implemented in 1985, can be taken into account as another case in point with regard to conveying the position of the MP toward organized groups and unionization. Boratav underlines the gradual extension of “contractual employee status” during the course of the decade in which these employees were recruited by offering higher wages and better conditions; however they did not acquire unionization rights and they were not protected against lay-offs.⁵³¹ The number of contractual employees increased at a rather high pace, rising from 674 in 1984 to 3491 in 1985 and to 26,578 in 1986, comprising approximately ten percent of the “administrative corps.”⁵³² Ümit Cizre Sakallıoğlu argues that the ultimate objective of the government through the implementation of this policy was to diminish the rate of unionization and undermine the effectiveness of unions.⁵³³

Sakallıoğlu maintains that the main aim of the post-1980 arrangements of the MP was to exclude the present unions from the political sphere through de-politicization, de-mobilization, de-radicalization, de-unionization of labor.⁵³⁴ The period witnessed the silencing of the leftist political groups and the suppression of the organized groups.⁵³⁵ Consequently, the political environment deteriorated the power of the organizational groups and especially labor unions imposing restrictions on their

⁵³¹ Boratav, “Inter-class and Intra-class Relations of Distribution under Structural Adjustment,” p. 210.

⁵³² Waterbury, p. 62.

⁵³³ Ümit Cizre Sakallıoğlu, “Labor: The Battered Community,” in *The State and Economic Interest Groups: The Post-1980 Turkish Experience*, ed. Metin Heper (Berlin; New York: Walter de Gruyter, 1991), p. 62.

⁵³⁴ Ibid., p. 69.

⁵³⁵ Boratav, *Türkiye İktisat Tarihi 1908-2005*, p. 158.

activities, thereby preventing them to be able voice their criticism against the policies implemented at their expense in accordance with the anti-institutional bias of the MP.

In addition, the MP in tandem with its anti-institutional bias, did not try to establish organizational links with the agricultural sector as in the case of labor and civil servants. The major organization which represented the interests of the agricultural sector was the Turkish Union of Chambers of Agriculture. During this period, no meetings or consultations were held with the leaders of chambers or other related associations about the problems with which the agricultural sector was confronted. The decisions about the policies concerning agriculture were taken technocratically,⁵³⁶ as in the case of the most other decisions concerning the reorganization of the economy. It can be argued that the agricultural sector was actually kept out from the policy formulation process and the MP did not seek to establish links with this sector.⁵³⁷ The agricultural community harshly disparaged the agricultural policies of the MP and described them as being part of the pro-urban bias of the party. Despite the existence of reactions, agricultural policies during the course of the 1980s remained largely unchanged, with no major policy shift that would benefit the farmers until the later years of the decade.⁵³⁸

Neopopulist leaders in Latin America also had adverse relations with organized groups in which they regard as encumbrance to their power and the direct link they establish with their people. For instance, Collor in Brazil implemented decisions in an extremely authoritarian, top-down manner without consulting the interest groups. Collor ignored the major business association, the Federation of Industries of Sao

⁵³⁶ Ergüder, "Agriculture, the Forgotten Sector," p. 76.

⁵³⁷ Ibid., p. 78.

⁵³⁸ Öniş, "Turkey: Democratization and Adjustment from Above," p. 340.

Paulo (FIESP), which had an heritage of negotiating with the government, besides during the rule of Collor the power of labor unions deteriorated as in the case of Özal in which he did not seek to alter the anti-democratic 1982 Constitution regarding the rights of labor unions and their right to strike. Salinas in Mexico approached the business community on an individual, personal basis which in turn paved the way for the loss of power concerning significant political institutions akin to the situation in Turkey. In the case of Argentina, Menem wielded complete control over Peronist unions which led to the loss of their organizational power.

Implications on Democracy: Decisions Taken by “Undisputed Economic Czar”
and his “Princes” Toward a Suboptimal Democracy

Democracy is a governance mechanism which first and foremost needs to prioritize a dynamic decision making process in the parliament and viable debate in the assembly through commissions, legislative acts, questions and investigations. Apart from a highly dynamic, open decision making process in the parliament, cabinet, and the party organizations, a vibrant democracy endeavors to establish links with the other institutional organizations, business associations, labor unions, and other civil society organizations, paying heed to their demands and articulations. However, as underlined by Öncü and Gökçe, the political structure that emerged in the aftermath of the 1980s culminated in the deterioration of traditional associational channels coupled with the “truncation of political channels of influence through party networks,” thereby depriving the institutional channels of intermediation and bargain from their prior ability of having a say in the decision making process.⁵³⁹

⁵³⁹ Öncü and Gökçe, pp. 100-116.

A comparison between the mission that the special sectoral committees were entitled to prior to the 1980s and in its aftermath is a case in point in terms of delineating the truncation of influence on the part of the institutional channels. Before 1980, special sectoral committees, having representatives of state agencies, business community, and academia constituted a crucial source of debate and knowledge for the preparation of SPO's five-year plans. However, they could not retain this crucial role which would engender the institutionalization of discussion among government and business groups in the aftermath of 1980. These kinds of micro-level committees went on operating during the course of the decade; however, their significance diminished severely with the marginalization of five-year plans. The extent of these committee reforms was confined to micro-sectoral analysis and thus they provided limited key policy prescriptions.⁵⁴⁰

The era was characterized by the extensive use of decrees, which circumvented the role of the parliament and opposition parties in the decision making process and as a result, it was described as a period which was characterized by the supremacy of the executive over legislative. Besides, the cabinet and the party organization were also by and large excluded from the decision making process as the decisions were given single-handedly upon the initiative of the prime minister and a limited number of aides from his "inner circle." Apart from the exclusion of the cabinet and the MP from the decision making process, in line with the neopopulist leader's anti-institutional bias, the business organizations, labor unions, civil society associations could not exert any pressure to the government in the decision making process.

Apart from the highly centralized, top-down decision making style the era also witnessed the technocratization of decision making, which should be thought of in

⁵⁴⁰ Öniş, "Turkey: Democratization and Adjustment from Above," p. 338.

tandem with the recruitment of US-educated, young technocrats with their ardent allegiance toward free-market economy to crucial posts. In line with the neoliberal rhetoric on the urgency of implementing economic reforms to combat economic crisis and the neoliberal myth of the existence of the “unchangeable rules of the free-market,” the decisions pertaining to the economic realm were implemented with the pretext that there was only one right way for the recovery of the economy and in this respect debates would only prolong the process that would be implemented anyway. Consequently, the economy was taken out of the realm of politics and the political discussion process. As highlighted by Şinasi Aksoy, productivity, efficiency, and economy came to be regarded as end-results to be achieved rather than means for political aims, which reveals the emphasis directed toward economic efficiency.⁵⁴¹

As underlined by Ardit, populism might easily cross over the boundaries of democracy and turn into its “underside,” which in turn poses serious challenges for the very credentials of democracy and therefore the “common man of the people” might easily turn into an authoritarian leader that governs the country single-handedly in a rather arbitrary manner without feeling the need to consult the established intermediary institutions and without the need to make explanations concerning his policies. Unfortunately, this is exactly what Turkey experienced during the Özal decade, since Özal, following the footsteps of his Latin American counterparts, ruled the country in an extensively authoritarian fashion.

⁵⁴¹ Bekmen, p. 72.

Concluding Remarks

This chapter analyzed basic manifestations of Özal's neopopulism at the institutional level and opted for delineating its prospects for the quality of democracy in Turkey. The populist leader regards institutional, intermediary organizations as impediments to his personal power and as divisive and disruptive mechanisms which interfere with the direct rapport he establishes with his people. This was also the decision making style during the Özal decade since the era was characterized by a top-down, centralized decision making style in which major decisions were taken via decrees upon the initiative of Özal and his close circle of technocrats in an extensively arbitrary manner. As in the case of all populist leaders, Özal did not seek to establish links with the intermediary organizations such as business committees or labor organizations, did not negotiate or consult to them and instead approached them on an individual basis. Therefore the era was not only characterized by the marginalization of parliament and opposition parties in the decision making process, as Özal largely resorted to decrees like his neopopulist Latin American counterparts, but also characterized by the exclusion of basic intermediary institutions such as labor unions, business associations, and civil society organizations from the decision making process.

The era also witnessed the technocratization of decision making along with the recruitment of young, US-educated technocrats, Özal's Princes, to crucial posts which in turn paved the way for justification of hasty handling of the economic policies without any due debate. This process led to the portrayal of economic decisions as being outside the realm of politics in which the unchangeable rules of

the free-market would be implemented anyway so that there was no need to discuss them in public.

Last, this analysis revealed that this process is an extremely problematical one when the major credentials of a vibrant democracy are taken into account since it restricted the decision making process merely to the office of prime minister and a few number of technocrats and deprived the basic intermediary organizations, both within the parliament and outside the parliament, which are deemed to be essential organizations for the maintenance of a vibrant democracy, from their means to involve in politics and decision making.

CHAPTER VII

CONCLUSION

Populism has been a recurrent theme in Turkish politics from the rule of the Democrat Party (DP) during the course of the 1950s to the rule of the Justice and Development Party (*AKP*) in the current situation. It has been a perennial problem for the quality of democracy in Turkey since all these populist governance styles posed grave challenges to democratic process and undermined the very basics and credentials of democracy in the country. Against this background, this thesis examined the “Özal decade” through the lens of populism by contextualizing it within the general framework of Turkey’s overall experiment with populism.

In addition, this study analyzed the neoliberal populist governance style of Turgut Özal in a broader framework, apart from the Turkish context, through comparing its manifestations with the characteristics of neoliberal populist governance styles in the Latin American context. This comparison allowed for situating Turkey’s neopopulist governance practices within a broader context and analyzing Turkey as a typical case study in terms of its neopopulist governance practices. That is to say, this study examined in detail the neopopulist governance style of Özal, the basic manifestations of this governance style at the discursive, institutional, and economic levels with the argument that these governance practices had adverse implications for the quality of democracy in Turkey since it contradicted in various realms with the basics of a democratic process.

The first chapter of this thesis provided a theoretical framework to the concept of populism as there is a wide literature concerning the meanings and components of a populist governance style. After this examination of the basic theoretical approaches toward the concept of populism, the chapter scrutinized three overlapping tendencies that can be argued to exist in all populist governance types despite their variation. In this respect, a direct appeal to the masses by a charismatic leader with an anti-status quo, anti-elitist, anti-establishment rhetoric constitutes the first overlapping feature. Second, all populist leaders approach intermediary institutions as encumbrances to their power and as organizations which undermine the direct link they establish with their people, thereby they circumvent these intermediary organizations and govern their countries in a top-down manner. Furthermore, the initiation of an economic agenda by the populist leaders in order to acquire and secure the support of the masses either through macro-level expansionary fiscal policies of wage increases or micro-level, selective, targeted distribution of material rewards through vertical clientelistic linkages could be described as the last overlapping feature of all diverse populist governance types.

Since the main concern of the study was to shed light on the neopopulist governance style of the Özal decade, the new breed of populism that emerged in the aftermath of the worldwide neoliberal economic transformation during the 1980s was discussed in the later part of the first chapter. The classical populist leaders that ruled during the ISI era made use of macro-level expansionary fiscal policies of wage increases in order to obtain the support of the masses; however, neopopulist leaders who implemented structural adjustment packages of tight fiscal policy and drastic austerity recipes, utilized the micro-level distribution of targeted benefits to the impoverished masses that did not necessarily disrupt the budget of their countries.

The link between populism and democracy, since the existence of a populist governance style has crucial implications for the quality of democracy in a particular area, was examined in the last part of the first chapter. In this regard, rather than naturalizing the relation between the two concepts and approaching populism as an inherent feature of democracy that inevitably emerges as a result of the tensions between the redemptive and pragmatic faces of democracy, as argued by Canovan, we should have a more critical attitude with respect to the relation between the two phenomena. Arditi's evaluation of the link between the two concepts in which he conceives of populism as an "internal periphery of democratic politics" that could easily cross over the boundaries of democracy is noteworthy in this respect.

In tandem with Arditi's approach, it was argued that the link between the two is more of a "contested" one in which populism that embodies authoritarian tendencies might easily surpass the confines of democracy and operate in a way that has negative impacts on the quality of democracy by damaging its fundamental credentials of the universal notion of citizenship, the empowerment of the individuals, and the participation of the established intermediary institutions.

The second chapter scrutinized the manifestations of neopopulism at the discursive, institutional, and economic levels in the Latin American context with the objective of determining the similarities and distinctions of this neopopulist governance style with the Turkish case during the Özal era. Prior to this analysis, a brief comparison of the major characteristics of populism between the two cases during the ISI period was carried out. This comparison revealed that ISI was basically an urban phenomenon in the Latin American context in which the rural sector was excluded to reap its benefits. However, ISI was not merely an urban phenomenon in the Turkish context and apart from the wage income groups,

agricultural producers also managed to obtain the benefits of the system through different means such as allocation of agricultural subsidies, price support mechanisms, and low cost credits. Meanwhile the different manifestations of neopopulism in the Latin American context brought to light the parallels between the Turkish experience and the Latin American experience and thus disclosed that Turkey is a typical case study in terms of its neoliberal populist practices compared to its Latin American counterpart. One area of distinction encompassed the situation of the rural sector. As the rural poor had been excluded from the hitherto implemented ISI model, the neopopulist leaders in Latin America, apart from the urban marginals, appealed to the rural poor and sought to obtain their support. However, the rural sector was the “forgottet sector” of the economy in the Turkish context during the Özal decade until the later periods of the 1980s.

The third chapter explored the basic characteristics of the neoliberal economic setting and the the impacts of these policies on different socio-economic groups. Exporters, big holding companies, and financial sector, among them, especially those with close ties with the upper echelons of the political circles, were the supreme winners of this neoliberal restructuring. Meanwhile, workers, civil servants, retired people, and agricultural producers emerged as victims of this economic transformation process parallel to the reduction in the wages and salaries of the workers and civil servants and the decrease or complete removal of the agricultural subsidies. In this respect, this analysis delineated the distinct economic setting and the environment of the 1980s from its classical populist predecessor since the majority of the population emerged as the losers of this economic transformation.

The fourth chapter examined the manifestations of Özal’s neopopulism at the economic level and its implications on the democratic process. In the distinct

economic setting characterized by structural adjustment packages and drastic austerity recipes, the tools the MP used in the economy in order to obtain the support of the masses differed significantly from the rural populism of the previous three decades which opted to obtain the support of the peasantry through party-based patronage networks, credit schemes, and agricultural subsidies and classical macroeconomic populism of the ISI period which used expansionary fiscal policy of increasing wages and salaries.

With a crucial wave of migration from the rural areas to big cities and notably to Istanbul, the MP discovered what Keyder and Öncü describe as “urban populism.” The MP appealed to the urban marginals living in the *gecekondus* and working in the informal sector of the economy through mechanisms like the distribution of construction licenses, permits to transform their *gecekondus* into multi-storey buildings along with micro-level, selective allocation of material rewards through vertical clientelistic networks. In addition to its appeal to *gecekondu* dwellers, the MP also tried to obtain the support of the people in the *orta direk* via enabling them to acquire housing credits from banks at relatively favorable rates so that they would possess their own houses and through mechanisms like tax refunds which reduced the rate of tax that they had to pay to the state. In this respect, the MP endeavored to acquire and secure the support of the people living in the urban areas, mainly the urban marginals, through policies which would not necessarily disturb the country’s budget and create a burden on the state.

The era also witnessed rising clientelistic and particularistic ties between the government and business circles. The new instruments of the neoliberal economic setting and the highly centralized decision making style of the era facilitated the proliferation of client-patronage relations between the government and business

circles. Therefore, it was a period in which the business groups that had close links with the government circles were favored through the distribution of tax rebates, low cost credits, or grant of certain state bids to these groups in an arbitrary manner.

Toward the end of the 1980s, Özal, as a direct result of the opening of the political arena with the removal of the political bans of the pre-1980 period, and a busy electoral period of a national election, constitutional referendum, and another referendum in a relatively inconsequential issue concerning the date of local elections, resorted to classical populism by increasing wages, salaries, and agricultural subsidies and exploited SEEs as a venue of recruitment of contractual personnel loyal to the MP and thus as a mechanism of allocating state patronage.

The manifestations of Özal's neopopulism at the economic level had detrimental repercussions on the democratic process. First, we need to be critical of the proliferation of particularistic, clientelistic ties between the business groups and government circles, which paved the way for granting selective benefits of tax rebates, low cost credits or distribution of state bids to favored groups and which ended in the punishment of the business groups who established links with the foes of the MP. This process turned democracy into a kind of patronage democracy in which random, arbitrary decisions and discretionary tools rather than the rules dominated the decisions concerning the business groups.

More importantly, the micro-level distribution of material rewards to the urban marginals was even more problematical in regards to the basic principles of the notion of universal citizenship and the empowerment of the individuals. The 1980s were characterized by a highly apolitical environment as a result of the 12 September 1980 military coup, the bans imposed on the pre-1980 political parties and leaders, and the restrictions imposed on many organized groups and particularly labor unions.

In this respect, the highly apolitical environment of the 1980s bore stark contrast to the 1970s and thus this excessively apolitical environment made the urban marginals more susceptible to the micro-level distribution of material benefits and vertical clientelistic networks since the horizontal linkages which were established on the basis of ideological allegiance toward a specific party were nonexistent to a great extent during the course of the decade.

The impoverishment of these masses due to the neoliberal restructuration and informalization of the economy made them even more vulnerable to these kinds of micro-level, targeted grants. As argued by Lefort, this process turned into the “voluntary servitude” of the “grateful masses” who had no chance but to submit to the dictates of the leader in return for the benefits and services allocated to them. Hence, this process which was used as an “instrument of domination” by the populist leader damaged the notion of citizenship and turned the urban marginals into “voluntary servants” of Özal.

The fifth chapter explored the basic manifestations of Özal’s neopopulism at the discursive level and later elaborated on the impacts of these discourse practices on the quality of democracy in Turkey. Özal, parallel to his Latin American counterparts, appealed to the masses directly with anti-elitist, anti-status quo rhetoric. He skillfully distanced himself from the military as the military gave overt support to the NDP and therefore portrayed his party as the sole representative of the civilian will of the masses. He continuously referred to the point that the MP was a totally new party that had no antecedents, that was not the continuation of any other previous parties and inclinations and thus the symbol of a new beginning. In this respect, he also managed to detach himself from the previous governments and the previous politicians whom he blamed for their corrupt attitudes and malpractices and

for bringing the country to the brink of economic collapse. Therefore, he projected himself as the sole political figure and his party as the sole alternative to save the country from the severe economic crisis.

He was also a “common” man, just like the rest of his people, who had been born in Malatya the son of a middle-income family. He was a “man of the people” who wore casual clothes even at military ceremonies. However, despite his ordinary background, he managed to rise in his career path and “make it” through his ardent struggle and extra-ordinary talents. In other words, he was an “ordinary man with extra-ordinary talents.” In this respect, having acquired this kind of a life story, he easily appealed to the hopes and expectations of the “ordinary man” who would like to pursue a better life, better job, and earn more.

Furthermore, in tandem with the rhetoric of populist leaders that they establish direct rapport with their people; like the rest of the populist leaders, he cleverly made use of different channels of communication which provided him with the opportunity to establish a direct, virtual, face-to-face relation with the masses. The broadcast of *İcraatın İçinden* program on TRT every month was a clear case of his clever use of the media. Thus, all these aspects reveal that Özal, as a charismatic leader, appealed to his people in a predominantly populist fashion.

The fifth chapter then elaborated on the impacts of these populist discursive practices on democratic process. Özal’s populist discourses can be criticized in several grounds. Özal appealed to the masses with the claim that the MP embraced all four “incompatible” and “irreconcilable” ideological tendencies and with the rhetoric that people should vote for him and his party irrespective of their ideological leanings. Thus, from the very onset, it was clear that the major objective of Özal was to be able to acquire as many votes as possible in the elections since it was a far-

fetches claim that a party would embrace all of the four basic ideological tendencies. This might be considered as a characteristic of all catch-all parties, yet Özal's emphasis on the allegiance of the MP to the notion of social justice illustrates the point that it was in essence a populist discourse, since he constantly referred to the point that the MP was the sole, real, and rational protagonist of social justice and the real ally of the poor as it was the only party that combated inflation.

Being a promoter of social justice is a more complex phenomenon which is not confined to the point of fighting against inflation in the sense that it should embody a variety of aspects such as providing free health and education services, advocating a more just income distribution, and allegiance to the notion of universal citizenship based on rights. However, what we experienced during the rule of the MP was that the government spending on health and education dwindled and the country was confronted with deterioration in income distribution. Furthermore, in sharp contrast to his claim that the MP was the sole ally of the lower segments of the society, the living conditions and the purchasing power of the *orta direk* deteriorated drastically during the course of the decade. In addition, the MP failed to combat inflation since the inflation rates in the second half of the 1980s skyrocketed to a level of 80 %. All these examples concisely reveal the gap and the discrepancy between populist discourses and its outcomes in the genuine political setting.

Özal's extensive and biased use of television constitutes yet another aspect that should be criticized with respect to its damaging impact on the basic tenets of democracy. Through *İcraatın İçinden*, Özal not only provided the opportunity to appeal directly to his people but also found the chance to explain the rationale of his economic policies and convince the masses. Appealing to the masses through television and informing the public about the government policies might be argued to

have formed the basic components of accountability, and hence democracy.

However, there is a thin line between the two concepts in which the charismatic leader might easily exploit television as the propaganda tool of his party to the detriment of the other opposition parties, as in the case of Özal's biased use of TRT since this was an opportunity the opposition parties did not have. The programs were so biased in favor of the governing party that the newspapers of the era were inundated with criticism of the opposition parties, which pointed out the fact that TRT had lost its impartiality via these programs and the programs largely undermined the notions of equality and free votes.

The sixth chapter discussed the institutional manifestations of Özal's neopopulism and its implications for the quality of democracy in Turkey. Özal, following the footsteps of his counterparts in Latin America, centralized the decision making process, and governed the country in a top-down, arbitrary manner in which he and a limited number of people in his inner circle had command on the decision making process. Özal extensively resorted to decrees and circumvented the parliament in this respect, as a result the decade was labeled as a period characterized by the supremacy of the executive over legislative. He ignored the opposition parties most of the time and even when he used the parliament for implementing his policies, he trusted his majority and did not seek to ask the stance of the opposition parties and did not feel the need to consult to them. The era cannot be defined merely as the supremacy of the executive over legislative since it was a period in which the post of the Prime Ministry together with a number of inner circle aides were strengthened vis-à-vis the party organization and the cabinet.

As in the case of the all populist leaders, in addition to his circumvention of the parliament, Özal also bypassed the other intermediary organizations such as the

political elite, business associations, and labor unions in the decision making process and governed the country with an anti-institutional bias and de-institutionalizing tendency.

After this analysis of the basic manifestations of Özal's neopopulism at the institutional level, its negative impacts on democracy were discussed. Democracy is a governance style which prioritizes a dynamic decision making process in the parliament in which the governing party, even if it rules the country on the basis of its majority, consults to and negotiates the opposition parties in the decision making process. However, the decisions taken during the Özal decade were in sharp contrast to this understanding of democracy since he did not consult to the opposition parties and trusted his party's majority in the parliament. Most of the time he circumvented the parliament as he extensively resorted to the use of decrees. Moreover, he also excluded the basic intermediary organizations from the decision making process and gave decisions single-handedly upon his initiative and upon the knowledge of a limited number of inner circle aides in his managerial team. Therefore, it should be emphasized that the era was characterized by a decision making style which bypassed the parliament, the cabinet, the party organization, and the other intermediary institutions of labor unions and business associations.

In the light of all these aspects, the situation during the Özal decade is seen as a case in point in which the "man of the people" turned into an authoritarian leader governing the country in an extensively top-down and arbitrary manner and as a process which undermined the basic credentials of democratic decision making process having detrimental ramifications on the quality of democracy.

The neoliberal populist governance style of the ruling *AKP* government illustrates the continuation of populism as a recurrent theme in Turkish politics and

reveals the point that the populist governance style continues to act as a perennial problem for the country's democratic process. The manifestations of neopopulist governance style at the discursive, institutional, and economic levels, examined in the context of the MP, all account for the governance style of the ruling *AKP*. At the discursive level, the leader of the *AKP*, the former young and energetic mayor of Istanbul, Recep Tayyip Erdoğan, who was born in Kasımpaşa, appealed directly to the masses with the rhetoric that he was a "man of the people," a "common" man like the rest of them.

At the institutional level, in accordance with the emphasis attached on the direct link Erdoğan establishes with the people and in line with his rhetoric that he is the sole representative of the will of the civilian masses as he stands for his people and acts on their behalf, the ruling *AKP* circumvented the opposition parties both within the parliament and outside the parliament, and other established intermediary institutions such as business associations, labor unions, and civil society organizations from the decision making process. That is to say, in tandem with its populist rhetoric, the *AKP* ruled the country in a highly top-down and arbitrary manner and bypassed the basic checks and balances in the country's democracy.

At the economic level, parallel to the tools used by the MP in order to obtain the support of the urban marginals, the *AKP* directly appealed to these destitute masses, made use of the micro-level, targeted distribution of material rewards and vertical, clientelistic linkages of allocating basic staples, coal, wood, dress, money to these groups, or distributed Green Cards, mainly in the eastern and the southeastern regions of the country, in exchange for their votes and support during election times. These urban marginals were more prone to these appeals of the *AKP* when their acute destitution and wide-scale pauperism due to neoliberalization and the

informalization of the economy were taken into account. Hence, they had no chance but to submit to the dictates of the populist, charismatic leader and sold their votes in exchange for the allocation of services and benefits of which they were in desperate need in order to survive. This practice deteriorated the very basics of democracy, the notion of real social justice and the notion of universal citizenship based on rights, in which the governing *AKP* exploited these mechanisms as “sources of domination,” turned the concept of citizenship into an “empty shell,” that is to say into the “voluntary servitude” of the “grateful masses” and obligatory obedience of the masses and their support to the *AKP* during election times as repayment for the rewards it distributed.

The continuation of the neoliberal populist governance style under the rule of the current *AKP* government illustrates the relevance of this study and the major aspects outlined in this thesis in regards to the damaging ramifications of populist governance style on the credentials of democracy in the Turkish context. The current *AKP* experience discloses that the populist governance style is not a bygone phenomenon for Turkey along with its adverse repercussions for its democracy. Therefore, it should be evaluated as a case in point in which neopopulist governance style continues to haunt Turkey and cast its darker shadow on Turkey’s democracy as this governance style contradicts in various realms with the basics and major components of a democratic process.

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