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ISLAMIC CAPITAL AND NEOLIBERALISM IN THE 1990s of TURKEY: A HAPPY MARRIAGE?

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TÜRKİYE'DE 1990'LARDA İSLAMİ SERMAYE VE NEOLİBERALİZM: MUTLU BİR EVLİLİK?

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ABREVATIONS

DP: Democrat Party

JDP: Justice and Development Party

ISI: Import Substitution Industrialization

NSP: National Salvation Party

MÜSİAD: Müstakil Sanayici ve İşadamları Derneği

OECD: The Organisation for Economic Co-operation and Development

PM: Prime Minister

SEE: State Economic Enterprises

SFIs: Special Financial Institutions

SME: Small and Medium-sized Enterprises

TÜSİAD: Türk Sanayici ve İş İnsanları Derneği

WB: World Bank

ABSTRACT

The aim of this thesis is to analyze the position of Islamic capital within the context of state-capital relations in Turkey. In this context, by using Poulantzas and Jessop's analytic framework developed for the state, the relationship between Islamic capital and the state and between other capital fractions will be analyzed. Providing the historical development of Islamic capital, this thesis also gives room to MÜSIAD publications and journals that debate Islamic economics. These publications are of utmost importance today since they allow us to trace the economic project of Islamic capital. They were also important during their publication years as they were effective in giving direction to opinions on this matter. By using these publication sources from the 1990s, this thesis will evaluate the kind of economic project developed by Islamic capital by illustrating how the neoliberal market understanding was interpreted by Islamic themes. Arguments on the extent to which the state should be active and involved in this model have also been included. Finally, by referring to the debates held in these publications, this thesis aims to present how labor is positioned in working relations.

ÖZET

Bu çalışmanın amacı Türkiye'de devlet sermaye ilişkileri kapsamında İslami sermayenin konumunu analiz etmektir. Bu bağlamda Poulantzas ve Jessop'un devlete dair geliştirdikleri analitik çerçeveden yola çıkarak islami sermaye'nin devletle ve diğer sermaye fraksiyonlarıyla olan ilişkisi incelenmektedir. Tezde, İslami sermayenin tarihsel gelişimini ele almanın yanı sıra MÜSİAD'ın yayınları ve İslam ekonomisine dair çeşitli analizlerin neşredildiği İslamcı dergilere yer verilmiştir. İslami sermayenin geliştirmek istediği ekonomi projesinin izini sürmek için bu yayınlar günümüzde önemli olduğu kadar, tartışmaların yürütüldüğü dönemde de fikir düzleminde yön verici etkiye sahiptirler. Neoliberal piyasa anlayışının islami temalarla yeniden yorumlandığı ve 1990'lı yıllara dair önerilerin sunulduğu bu kaynaklardan yola çıkarak İslami sermayenin nasıl bir sermaye birikim modeli tahayyül ettiği anlaşılmaya çalışılmıştır. Bu modellemede devletin varlığının ve devlet müdahalesinin ne düzeyde olması gerektiğine dair düşünceler irdelenmiştir. Ayrıca, yayınlardaki görüş ve tartışmalara dayanarak İslamcı sermayenin çalışma ilişkilerinde emeği nasıl konumlandırdığını açığa çıkarmak hedeflenmektedir.

1. INTRODUCTION

"Islamic economics is the key to get out of the crisis," President Erdogan said in his speech at the 12th International Conference on Islamic Economics and Finance (AA, 2020). Since the 1990s, Turkey has been witnessing a capital fraction that has increased its amount of investment, expanded its business volume and a capital fraction that has become more effective in determining economic policy. Defined as Islamic capital, the rise of this new fraction has become an interesting research topic for many people and has been approached from many different angles. By placing Islamic capital at the center of this master's thesis, this thesis attempts to understand the extent to which the Islamic capital approach is compatible with the given codes of neoliberalism and global political economy and whether it really envisions an 'alternative' economic order. This will be done by an analysis of the journals published in the 1990s, in which the Islamic capital formulated its own economic approach. Such an effort allows us to understand whether what was written about economic life (privatization, market, state, capital and labor) in publications at the time were consistent with the current expectations of Islamic capital. This point is important because when we look at studies analyzing Islamic capital in the literature there is a tendency to tackle its historical development together with the development of political Islam. Therefore, the story of breaking and rupture experienced by political Islam in the process of transformation from radicalism to compliance is also seen in studies analyzing Islamic capital. However, when looking at the publications in which Islamic capital formulated its economic project in the 1990s, it can be seen that there is a continuity rather than a break. The best way to follow this continuity is to examine the articles on economic life in Islamic journals published in those years.

This study aims to examine the discourses voiced by the Islamic capital on economic life between the years 1990-2000 through publications that have an organic connection with it. The reason for this is that most of the studies dealing

with the integration process of Islamic capital with the capitalist system concentrate on the JDP period, which is the catalyst of this integration. Therefore, contrary to the studies focusing on the integration of Islamic capital with the capitalist system in the 2000s, this study will focus on the economic discourses voiced by Islamic capital in the 1990s and try to show that this integration took place at a much earlier date.

It is difficult to make a firm judgment as to whether there is a compatibility between Islam and capitalism. This itself is an issue that is out of the scope of this master's thesis. This thesis focuses on what people in business say about the capitalist economy by using Islamic references rather than dealing with the issue of what Islamic economics is, how it should be and whether there is any agreement on this.[1] In other words, rather than a theoretical and normative debate about Islamic economics, this thesis will present an empirical debate through publications. In this context, the view that Islamic journals had on capitalism will be evaluated around the following questions:

How is the state-market relationship handled in Islamic journals? How is the labor-capital relationship handled in Islamic journals? What position did Islamic journals take on issues such as unions, organizations and strikes? And what kind of discourse did they develop on these issues? What are the discursive strategies for capitalism and labor in these journals? How is the relationship between economics and politics perceived in Islamic journals? On what grounds is the relationship between Islam and economics discussed in these journals? To put it more clearly, what does Islam expect from Muslims in economic life according to these journals? If so, what role do these expectations play in the rise of Islamic capital?

This study was carried out using the discourse analysis method used in qualitative research. The economic discourses in three journals published during the 1990s and in the reports of MUSIAD published in the same years have been analyzed in a

[1] While my initial plan was to conduct interviews with the representatives used in this thesis, the global COVID-19 pandemic restricted such research opportunities. Therefore, I have focused on their publications instead.

comparative perspective. Except for a few exceptions, all issues of the journals I selected within the scope of the study were scanned. Capitalism, free market, privatization, labor relations, labor, unionism and similar issues have been the themes I have been looking for in this survey.

This thesis focuses on journals that are considered to be strong in representation and include economic discussions and debates in their publications. The journals that are used are: *Çerçeve* (1992-2000), *İktisat ve İş Dünyası* (1992-93) and *İzlenim* (1992-1996). The time period for which the economic discussions that took place in these journals are assessed is as stated. In addition, as will become clear in the chapter that focuses on these journals, although out of the scope of journals I have decided to focus on, reference will also be made to *Haksöz* ve *Yeryüzü* journal in order to establish diversity among the literature used. All issues of the journals that have been used have been accessed from the website İslamcı Dergiler Projesi (The Islamic Journals Project, İDP)[2].

This thesis is constituted of three chapters. The first chapter will focus on the analysis of the Islamic capital in the context of state-capital relations. This section will present the state as a medium of classes and class conflicts within the framework of Marxist state analysis and will emphasize that the capitalist state is essentially based on more than one dominant class or class segments. In this context, contrary to studies that position Islamic capital against the big bourgeoisie (İstanbul capital or TÜSİAD), this chapter will show how they are part of a class alliance. In doing so, reference will be made to Poulantzas' 'capital fraction' and 'power bloc' terms and the chapter will make use of Jessop's strategic-relational approach.

The second chapter will firstly provide a brief background on the historical development of capitalism in Turkey until the 1980s in order to allow the reader to understand the dynamics of big capital within the power bloc. Following this, a short historical development of Islamic capital will also be provided. In order to

[2] https://idp.org.tr/

understand how the change in the global production system provided an economic opportunity for Islamic capital, especially after 1980, the changing global production structure will be briefly explained. This is necessary in order to illustrate how Islamic capital adopted to the changing production structure and with new factors such as cheap labor and flexible production how Islamic capital included itself to the power bloc by formulating its own hegemony project.

The third chapter of this thesis will present debates about economics that took part in Islamic journals in order to provide an understanding of the economic project of Islamic capital. This chapter has been divided into four subsections. The first part deals with Islam's view of individual wealth and capital. This section is important in terms of showing the efforts of re-interpreting Islam at the time to establish the social legitimacy of the free market, entrepreneurship and consumption. The second part deals with the perception of the market in Islamic journals. In connection with this, the third part of this chapter deals with discussions on privatization. These two sections clearly illustrate the perception of Islamic economics in the given time period. Finally, the fourth section of the final chapter focuses on the debates that took place in the context of the relationship between capital and labor.

2. THEOROTICAL FRAMEWORK AND LITERATURE REWIEV: A CRITICAL POLITICAL ECONOMY OF ISLAMIC CAPITAL IN TURKEY

2.1. Introduction

There are three different approaches to analyzing the state-capital relationship in the Marxist tradition. These are the instrumentalist, structuralist and strategic-relational approach[3]. All three approaches analyze the modern state in terms of its nature as the capitalist state. This chapter will firstly address the question of how to examine the relationship between state and capital in a capitalist economic order. Following, this chapter will take the strategic-relational approach from the Marxist theories of the state as a foundation and analyze state-capital relations from this theoretical framework. Related to this, based on the theories of Poulantzas and Jessop, the state will be analyzed as a social relationship. The fourth sub-heading will examine state-capital relations in Turkey from different theoretical perspectives and then will examine Islamic capital from a relational approach. The final section of this chapter will then illustrate the state-capital approach that Poulantzas and Jessop's developed and highlight why this is important for the analysis of Islamic capital in Turkey. Using the "relational approach" developed by Poulantzas and Jessop regarding the state as the theoretical framework while examining Islamic capital provides us important insights. In this context, with the understanding of the state as a relationship, the state is firstly considered as an area of struggle. To examine Islamic capital, which is an effective actor of this struggle, within this framework, requires taking into account the capital accumulation strategies of Islamic capital. Therefore, when Islamic capital is examined through these accumulation strategies as required by the relational approach that constitutes the theoretical background of this thesis, it is seen that Islamic capital has been part of a class alliance that has shared the same hegemonic project with the dominant capital fraction in the power bloc since the 1990s.

[3] For a detailed analysis of these three approaches, see. Jessop, B. (1990), pp. 248-72.

2.2. State and Capital Relations

When we look at discussions in the context of the relationship between state and capital, we face two different approaches at the most general level. One of them is the understanding that attributes an independent role to the state and perceives it as something above society, while the other is the understanding that does not see the state independently from society and classes and comprehends the state as a social relationship. In this thesis, the state will be defined as a social relationship in its most general sense. This is because when state and capital are considered as two separate entities or two separate categories, the state is necessarily perceived as a "thing" or "subject". However, the state is shaped by the struggle between different classes that make up society. In this context, the state should be analyzed with the concept of "capital accumulation process" in order to understand what the function of the state is (Akçay and Türkay, 2006:59). In order to understand what the function of the state in the capitalist model of society is, first it is necessary to analyze the nature of the capitalist state. This requirement raises the question of how the state will be perceived. This is due to the fact that the relationship between state and capital can only be analyzed after a clear definition about the nature of the state and how to perceive it. For instance, in liberal theory, while the state is considered as an institution standing above and outside society, according to the Marxist view, which is the opposite of the liberal perspective, the state is not an independent institution that stands outside and above society (Gülalp, 1993:47). That is, in Marxist theory, capitalism is analyzed as a sum of social relations (Ercan, 2002:40). In capitalist society, the state is reshaped in connection with interclass or in-class relations at different stages of capital accumulation (Ibid:41). To put it more explicitly, the role of the state in the capitalist system is to maintain the capital accumulation process and to meet the requirements of reproduction in different stages of accumulation process. As Gülalp expresses, the role of the state is essentially the same at all different stages of accumulation. In other words, it has to ensure the reproduction of the system which is based on capital accumulation. Therefore, it follows policies that fulfill the requirements of the dominant

accumulation regime at different stages of the accumulation process (Gülalp, 1993:75). Thus, it serves objectively to reproduce class domination. In other words, the relationship between the state and the dominant classes is an objective relationship that is established through the dominant form of accumulation and its requirements. Furthermore, these requirements are fulfilled by the state regardless of which government is in power or even what kind of political regime is in force (Ibid:75).

From this point of view, it can be stated that the position of the state in the accumulation process is not static but variable. Accordingly, the state undertakes different functions during the "establishment" periods, when the national transformation of capital accumulation has been provided, during the inward-oriented accumulation periods, that is, the import substitution periods, and throughout the internationalization process of capital (Akçay and Türkay:61). Briefly, the position of the state changes in parallel with the capital accumulation process. So far, we have seen that the state cannot be perceived independent from the capital accumulation processes and as a consequence of this, dominant classes benefit from this process.

In his book "State, Power and Socialism", Polulantzas states that the state should be perceived as a relation like the concept of capital and so he describes the state as a condensation of power relations between classes and class fractions. (Poulantzas, 2000:129). In connection with this, he mentions two basic misconceptions about the state: considering the state as a "thing" or "subject". Both instrumentalist Marxist state theories and neoclassical approaches evaluate the state as a thing. While Marxist theories perceive the state as an instrument of the bourgeoisie, neo-classical perspectives consider the state as an external entity to the market. On the other hand, the handling of the state as a "subject" can be seen in institutionalist approaches that see the state as an institution with its own power and absolute autonomy from capital (Oğuz, 2006: 159).

According to these views, class contradictions take place entirely outside the state apparatus, and these contradictions either dominate the state, which is seen as a

monolithic block, or the state itself stands somewhere above these contradictions. The problem with these approaches is that they consider the state as something external to capital, hence, they assume the state as a monolithic block. (Poulantzas, 2000:131).

2.3. Poulantzas' Theory of State

As we have seen so far, how can one apprehend the state as a relation without falling into a trap such as analyzing the state as a monolithic block or simply as an intermediary of the ruling classes? At this point, in order to analyze the relations between the above-mentioned state and capital in a concrete way, Bop Jessop's concept of "Strategic Relational Approach" and Poulantzas's concepts of capital fractions, power block and capital fractions will be functional. These are the categories that are required for clarifying our perspective to analyzing relations between state and capital.

Poulantzas criticizes the institutionalist-functionalist/Weberian approach. According to this approach, which he defines as the bourgeois ideology, classes and social groups are determined by institutions and apparatus. However, he emphasizes that the separation of state power and state apparatus is necessary and argues that state apparatus do not have their own power, but instead are embodied class relations (Ozan, 2010:23). Poulantzas argues that any analysis of a social formation must take into direct account both the relations of class struggle, and the state apparatuses which materialize, concentrate and reflect these relations (Poulantzas, 1978:.27).

Poulantzas defines the capitalist class as a class that conflicts within itself and is divided into competitive fractions known as in-class interests. According to him, different fractions of capital, such as industry, bank and commercial capital, emerged as a result of the competitive phase of capitalism. In this context, the capitalist class is also divided into different fractions such as industry, bank and trade bourgeoisie (Poulantzas, 1978: 107).

Although Poulantzas emphasizes that there is contradiction and struggle between these fractions, he underlines that the forms of contradiction among the dominant classes and fractions always depend on the forms of the principal contradiction, which is that between the bourgeoisie as a whole and the working class (Poulantzas, 1978:107). For Poulantzas, the modern state is generally in the service of the political interests of the hegemonic classes against their short-term economic interests. That is, the state is in the service of the general interests of the dominant classes or fractions, by portraying this circumstance as society's general interest (Poulantzas, 2008: 92).

For these reasons, the formation and implementation of state policies in capitalism have always been a contradictory process. The main reason for these contradictions is that the capitalist state is based on more than one dominant class or class fraction, unlike the pre-capitalist states where a particular class or class fraction is exclusively dominated (Oğuz, 2006: 202). This is reflected in the structure of the capitalist state as a 'power block', which is composed of the dominant class or class fractions, one of which is hegemonic over the others (Oğuz, 2006:202).

The power block should not be considered as a structure in which contradictions between capital fractions are excluded and the dominant classes and fractions melt within each other. On the contrary, the power block is the "contradictory union" of the ruling classes and their fractions (Yılmaz, 2003: 60). The concept of power block is a concept that should be considered together with the Poulantzas's concept of fractions. According to Poulantzas, the concept of the power block is related to the dominant classes and refers to the alliances of the dominant class fractions. Since political sovereignty is not in the hands of a single class or fraction in a capitalist social formation, contradictions between the ruling class fractions often gain decisive importance in the form of the state and regime (Ozan, 2010:.32).

However, even if there is a change in the form of the regime, this happens in a way that does not harm the domination of the ruling class, as mentioned above. To give an example, the contradictions between capital fractions express themselves through the crisis of the form of capital accumulation. Correspondingly, the state

objectively serves the reproduction of class domination by meeting the requirements of a new accumulation regime. Put it differently, the state tries to organize the contradictory unity of the capitalist class in such a way as to protect the dominant fractions of the capital.

Dominant classes and fractions form a specific alliance in the political sphere and often function under the leadership of one of them (Poulantzas, 1978:93). Beyond its immediate economic interests which are of the moment or at least short-term, the fraction that has hegemony must defend the general political interests of other classes or fractions that constitute the power block, and thus defend its own long-term interest (Poulantzas, 1978: 98).

On the other hand, the concept of the power block cannot be considered independent from the state's role in organizing dominant classes. Namely, the main role of the state is to represent and organize the long-term political interests of the power bloc (Ozan, 2010:33). According to Poulantzas, for the power bloc to function smoothly, it must have an indispensable feature of the state: relative autonomy. Relative autonomy is a prerequisite for the state to be able to perform all its functions and to make short-term economic concessions to the ruled classes to protect the long-term political interests of the bourgeoisie. Moreover, relative autonomy is necessary for state to constitute a power bloc. The relative autonomy is a sine qua non for the power block to be realized by the state (Yılmaz, 2003:61). In other words, if the state has relative autonomy from the various fractions and components of the power block, it can fulfill its role in organizing and unifying the bourgeoisie and the power block (Poulantzas, 2000:127).

In addition to this, the contradictory relations between fractions of the power bloc under the hegemony of monopoly capital also express itself in the relationships between branches of the repressive state apparatus (Poulantzas, 1978: 163). Thus, Poulantzas draws attention to the connection among the contradictions that occur in the state apparatus and in the power bloc.

The capitalist state is characterized by a specific internal unity of its apparatuses, which is simply the expression of the interests of the hegemonic fraction (Poulantzas, 1978: 164). These apparatuses include both repressive state apparatuses (i.e. government, army, police, courts) and ideological apparatuses (churches, political parties, associations, schools and mass media). Apart from these, economic relations that articulated with political-ideological relations are materialized and embodied in economic apparatuses (Sarı and Aydın, 2010: 45).

However, in capitalist state analysis, it is equally misleading to attribute power to the institutions of the state as much as to reduce the state to the intermediary position of a particular class. The state and the class cannot be reduced to each other, nor can they be considered as two rival or collaborator phenomena for power (Gülalp, 1993: 21,22).

The approaches developed by Poulantzas about the relationship between state and capital have been tried to be summarized above. A similar view of Poulantzas's approach to the state can be seen also in the works of Bop Jessop. In this context, a series of concepts that examine the relationship between class struggle and state which are formed in a more concrete way, have been expressed by Jessop. In his theory, which he calls the "strategic relational approach", Jessop argues that an adequate state theory can only be produced as part of a wider theory of society and advocates that state theory should be made in direct connection with social forces. (Jessop, 2008:79).

As will be remembered, in the relational approach, the state and institutions within the state should be seen as an expression of class power and the crystallization of class relations (Poulantzas, 1978: 70). Thus, it can be stated that the formal unity of the government system does not mean that the state acts with an independent operational integrity, that is, policy making is the process of class conflicts within the state (Jessop, 1990:261).

It can be expressed that there are two main tendencies in Marxist state debates, which are capital-theoretical and class-theoretical (Jessop, 1990:.252). While the

capital theoretical approach explores the reproduction of capital and the functional role of the state in that process, the class theoretical approach, on the other hand, tries to explain the state through concrete class struggles (Ayhan and Sağıroğlu, 2012:125). At this point, Jessop offers a "strategic-theoretical approach" to establish meaningful relationships between these two approaches (Jessop, 1990: 198). In other words, instead of reading similar processes from two different positions, such as capital requirements and concrete class struggles, Jessop sets out to search for synthesis by creating concepts that bring these perspectives closer together (Ayhan and Sağıroğlu, 2012: 125).

In the strategic-theoretical approach, the relationship between social and economic struggles in the state is explained by concepts such as the accumulation strategy, tactics and hegemony projects. (Ozan, 2010:16) According to Jessop, it is difficult to make satisfactory statements about state-capital relationality without pointing to shifts in the accumulation strategy. (Jessop, 1990: 204)

An "accumulation strategy" defines a specific economic "growth model" completed by various extra-economic preconditions and draws a general strategy line that can be realized. For its success, it must combine the different moments of the circulation of capital (such as money or bank capital, industrial capital, commercial capital) under the hegemony of one fraction (Jessop, 1990: 198,199). As the concrete counterpart of these accumulation strategies, Keynesianism, import substitution industrialization or export promotion can be considered. In addition, various factors such as international conjuncture and social power balances are determinative in the implementation of these strategies (Ayhan and Sağıroğlu, 2012, p. 126).

For example, an accumulation strategy should take into account not only the relations among different fractions of capital and other dominant economic classes, but also the balance of forces between dominant and subordinate classes. This is because a strategy gains its true "hegemonic feature" not only by the subordinate economic classes but also by the non-hegemonic fractions and classes in the power block (Jessop, 1990, p. 201).

The concept of the hegemony project is also a strategic contribution inspired by Gramsci's discussion of hegemony. For Gramsci, hegemony is possible with the realization of a series of social conditions. So, socio-economic conditions are not enough for political changes. These conditions merely create conditions under which political change is possible. In other words, hegemony points to an economic, political, ideological and cultural integrity in which certain interests of subordinate classes are redefined on the basis of a national program (Ayhan and Sağıroğlu, 2012:126).

Jessop defines hegemony as the organization of different class-related forces under the 'political, intellectual and moral leadership' of a particular class or class fraction. The key to implementing such leadership is the development of a specific 'hegemonic project' that can solve the abstract problem of conflicts between general interest and private interest (Jessop, 1990: 208).

Jessop argues that when dealing with accumulation strategy, the diversity of tactics within a given accumulation strategy and the existence of a plurality of possible strategies should be taken into account. Even if there is a dominant accumulation strategy, complementary or competitive strategies can be expected. In such a situation, the capacity to strengthen economic hegemony will gain importance (Jessop, 1990: 205).

To put it briefly, in the "strategic relational approach", the state is perceived as a strategy area where actors struggle by formulating their strategies. To put it more concretely, factors such as the form of the state, the structure of the regime, the relationship between the legislature, executive and judiciary facilitate the implementation of certain strategies. It affects the capacity of different classes to implement strategies. Thus, it differentiates the possibilities of controlling state power.

2.4. Approaches on the State and Capital Relations in Turkey

This section deals with state-capital relations in Turkey and discusses the different approaches towards this relationality. This section also challenges the

center/periphery paradigm, which is the dominant paradigm in the literature of Islamic/conservative resurgence. Moreover, this section also challenges the dominant state/capital conceptualization in the literature of Turkish political economy, which gives the state an ontological status.

When we look at analysis made on the state and capital relations in Turkey, we see that the state often described as an actor outside of social relations. In particular, approaches such as center-periphery analysis and strong state tradition are the most common ones that are used to explain this relationality. Such analyzes have a viewpoint that perceive the state as a thing that is independent from society and social classes, thereby ignoring the state's relation to class struggle and accumulation strategy. However, the main points that should be evaluated when dealing with this relationship are the relations between the producers and the exploiters, the struggle of the exploiters among each other for the control of the resources and the complex political and social structures that cause all these struggles (Dinler, 2003:22).

Discussing existing Turkish state/capital conceptualizations enable us to put forward more critical conceptualization. In this context, Keyder (1987) describes state as the avenue of conflict and competition of the classes. However, Keyder (1987) refers to classes as not only the ones who own the means of production but also the ones who hold the surplus value with taxes, for example bureaucracy. In addition to this, he also differentiates the bourgeoisie according to their different strategies in capital accumulation, for example, trade bourgeoisie and industrial bourgeoisie. Accordingly, in the context of Turkish political economy, the bourgeoisie of any type abandoned their right to be an independent actor in exchange to get the right to accumulate capital with a prerogative status. In sum, apart from the perceptions prevalent in the literature, Keyder does not embrace an ontological status to the Turkish state and also emphasizes the unprecedented context of it that enforced non-bourgeoisie actors to monopolize the control of source distribution (Keyder, 1987).

Öniş (2010) argues that regardless of the capital accumulation strategy, state-capital relations in the Turkish context take its shape as a result of populist policies that create irrationality in policy making processes. In that regard, Öniş argues that neither economic liberalism nor protectionism in the context of Turkish political economy are implemented through the merits of those accumulation strategies because of the populist nature of Turkish policy. Hence, it is quite difficult to argue about an institutionalized state-capital relation, not only because of the state but also because of capital's perception of any transformational process as an opportunity of gaining short-term economic prerogatives (Öniş, 2010).

Buğra (1994) is on the same page with Öniş when it comes to the discretionary argument of state-capital relations. In addition, Buğra put forwards contradictions in Turkish political economy such as intense state intervention in the conjunctures when liberal economic policies are implemented. This condition proves her argument that Turkish political economy cannot be analyzed through orthodox economic theories. In that regard, inspired by Polanyi, Buğra invites the concept of society to the sphere of economy. Accordingly, state/capital/society relations are asymmetrical in the Turkish context because the bourgeoisie has always been the state's well-behaved child who constantly needs to strengthen its legitimization in the face of society. Since society knows that the bourgeoisie is "guided" by the state, it is explicit that their privileged position did not come from their struggle for social mobilization but thanks to the state's guidance (Buğra, 1994).

In addition to Ayşe Buğra, Metin Heper (1985) perceives the Turkish state through Weber's concept of patrimonialism. Accordingly, there is no social contract among the state/society/capital, therefore there is not any social power to restrain the 'transcendental' Turkish state. In this regard, the state itself has become the backbone of all social transformations from Tanzimat to the Turkish Republic (Heper, 1985).

İnsel (1986) focuses on the characteristics of the Turkish bourgeoisie and argues that it has been deprived from required qualities that would make them independent social actors. Moreover, İnsel also argues that the bourgeoisie identifies their

interests with the state, thus İnsel's point of view resembles Buğra's opinions if we take Polanyi out of the picture (İnsel, 1996). Those conceptualizations which take the Turkish state with an ontological base can be traced back to Halil İnalcık's implementation of the Weberian concept of patrimonialism to the Ottoman Empire.

On the other hand, the notions which perceive the Turkish state as the area of bourgeoisie interactions are not identical but fragmented. In this context, some follow Behice Boran's path in which she argued that the Ottoman Empire was a feudal state, thus the Republican revolution was a revolution of the bourgeoisie (Boran, 2016).

Some others, however, analyze the Ottoman case with an Asiatic mode of production in which a highly centralized as well as bureaucratic state holds the surplus value of production. In this equation, Başkaya and Savran agree that the emergence of the Turkish nation-state did not change the class structure but became an agent to change the configuration of comprador bourgeoisie; from non-Muslim bourgeoisie to Turkish-Muslim enterprises (Başkaya, 1991; Savran, 2016). In this regard, the Turkish state is depicted as the instrument of this class as well as their collaborators in the international capitalist class. Likewise, Boratav, Yeldan and Timur somewhat agree on that even though the Turkish nation-state did not bring a structural difference when it comes to class relations, they label it as progressivist due to the Republican elite's adherence to enlightened doctrines such as secularism and modernity (Boratav, 2019; Yeldan, 2016; Timur, 1997).

On the other hand, this study conceptualizes the state as the area of competition and conflict of the various fractions of capitals. Accordingly, the state itself is not the mere instrument of a particular class or a fraction of class. Certain mode of production, social actors, for example, the bourgeoisie, bureaucracy, tutelages and others, and political economic conjuncture are the determinants of the power configuration of classes when it comes to their impact in the sphere of state. Social actors have unequal capabilities thus the state is an avenue for the competition of those unequal social groups. However, rather than closing the gap, this competition reproduces these unequal relations (Dinler, 2003).

Considering all these conceptualizations within the literature on state-capital relation in Turkey, it is proposed that the state has no ontological status as it has been given by Öniş, Buğra, Heper and İnsel. Nor is the state merely an avenue of the bourgeoisie endeavor. In short, in state-centered analyzes, which attribute an ontological character to the state, the state is defined and perceived as the "subject", since this perception excludes capital accumulation processes and the actors in it. Therefore, the decisions taken by the state as a "subject" are also perceived and analyzed as public policy that protects everyone's interests (Ercan and Tuna, 2006:143). However, public policies or political decision-making processes cannot be handled independently from the requirements of businessmen or capital. Many of the state-centered studies underline the role of the state in directing and shaping 'private sector activities'. They emphasize the role of the state in explaining the economic developments in the country and attach a special importance to concepts such as state autonomy and state capacity. However, as mentioned above, the state is not something above classes. On the contrary, it acts in accordance with the capital accumulation process depending on the stage of development (Gülalp, 1993:29).

2.5. Relational Approach Towards State-Capital Relations in Turkey

The main feature of the capitalist state is that it is based on more than one dominant class or class segments. In other words, in capitalist states, power is under the control of the power bloc. If we want to consider the state-capital relationship from a relational perspective, we must first look at the role of the JDP in establishing the contradictory unity of the power bloc. The JDP's role in the political scene was to mediate policies which were necessary to consolidate the construction of neoliberal hegemony. Unlike Erbakan, who emerged by defending the interests of the petty bourgeoisie, the JDP emerged with a policy approach to the interests of capital as a whole (Tanyılmaz, 2014, Öztürk, 2014, Savran 2014). The period of the Welfare Party, which is the strongest period in Erbakan's political career, emerged as a cross-class coalition between the business circles that had the chance to rise after

globalization and neoliberal restructuring of the economy, and those who suffered from this process (Öniş, 1997). Contrary to this, the JDP owes its existence to the mediation position between different capital fractions (Bekmen, 2014: 63). However, this mediation position is also one of the most complex issues of JDP policies. The future of the JDP as the ruling party also seems to depend on how long it will take on this role without any problems. Based on Jessop, it has been stated above that the JDP is based on the two-nations community project. In this context, the struggle that came to the fore during the JDP period is the struggle of two different capital fractions, which are the Western-secular fraction representing the internal bourgeoisie and the conservative fraction representing SMEs rather than the struggle between labor and capital. This struggle between these two fractions can be expressed under three headings: First, an economic struggle over who can obtain a greater share of the total surplus value generated; secondly, the political struggle over whether to give priority to the imperialist West or to the Islamic world in terms of the path to be followed in the process of economic integration with the world, and lastly, an ideological struggle over lifestyle questions like secular and Islamic values (Tanyılmaz, 2014:159).

It is true that, as a result of the JDP's clientelist policies, there is a new fraction of capital that has been enriched by using the state's resources (Gürakar, 2018). However, although the JDP tries to strengthen Islamic capital with state facilities, it would be misleading to consider it as the representative of the Islamic capital fraction. As Sönmez stated, the JDP did not come to power despite TÜSİAD, but came to power by taking the support of all fractions of capital (Sönmez, 2009:181). Moreover, although the JDP created a new capital fraction that became close to itself by using state facilities, this should not obscure the fact that the deepening of neoliberal discipline and the consolidation of the hegemony of big capital occurred during the JDP period (Bekmen,2014: 94). The most important reason for this to happen during the JDP period is due to a structural situation that Oğuz calls "neoliberal authoritarian statism". In other words, unless this structural situation changes, large capital will continue to grow all the time (Oğuz, 2012).

In order to understand both the relations between the state and capital and the relationship between different capitals in the JDP period, it would be useful to explain what authoritarian statism is. The most evident features of authoritarian statism are the decline of the political sphere, the strengthening of the executive and the rise of autonomy of the executive within the state apparatus (Poulantzas, 2000:217-218).

Along with globalization, the internationalization of capital has spread all over the world and this has led to the deepening of the contradictions between different capital fractions in each country. In this context, nation states have undertaken the administer of contradictory demands of capital fractions that articulated in different ways by the international accumulation process. The concept of authoritarian statism also emerged in this context.

The main reason for the increase of intra-capital contradictions in the globalization process arises from the increasing incompatibility between the internationality of capital accumulation and the nationality of the state. This incompatibility reflects itself in the form of increasing contradictions between the policies demanded by the different capitalist fractions in each country (Oğuz, 2012: 4). The state overcomes these contradictions among capitals by "specialized economic apparatus" (Poulantzas, 2000: 170).

Independent Regulatory Agency (IRAs), the Central Bank and YOİKK, which envisage the reorganization of many structures, institutions and mechanisms in the country and gather all these activities under the heading of "improving the investment environment", are examples that can be given to specialized economic apparatus (Akçay, 2013: 30). The feature that highlights YOİKK is that it brings together the high-level economic bureaucracy and the representatives of capital fractions, in other words, those who form the power block (TOBB, TÜSİAD, YASED and TİM) under the same roof (Oğuz, 2012: 11).

To evaluate the relationship among capitals in Turkey in this context saves us from falling into a categorical distinction such as "Anatolia and Istanbul" and allows us

to evaluate the struggle between these two capital fractions in the context of a struggle for hegemony. A successful hegemony project should ensure the unity of different fractions of the bourgeoisie, manufacturing the consent of the dominated classes, and articulating socio-political issues that do not directly stem from class relations to the hegemonic class project. According to Akça, the JDP reached a success in all these points (Akça, 2014: 47). In this context, the JDP's coming to power represents the integration of Islamic capital with the "power bloc" in a sense. Under the leadership of the hegemonic class or fraction, a "contradictory union" can be organized in power through the state. The state can fulfill its task of organizing and uniting the bourgeoisie and the power bloc if it is 'relatively autonomous' from individual bourgeois interests and the fractions of the power bloc (Poulantzas, 2000). According to Buğra and Savaşkan, the economic opportunities offered by the JDP to its supporters for creating its own capital bloc led to a serious polarization in the business world (Buğra and Savaşkan, 2014). Although this determination is correct, we see that the JDP has been successful in ensuring this contradictory unity when considering that the top winners of the JDP era are the capitalists of TÜSİAD, as the hegemonic capital fraction in the power bloc. Another determination of Poulantzas regarding the power bloc is that the conflicted relations within the bloc also manifest themselves in the conflicts between the branches of the state apparatus (Poulantzas, 1978, p.163: 64). As an example of this, we can show the debates in the Council of Ministers regarding the policies of the Central Bank. While Ali Babacan, who defended the disciplinary aspect of neoliberalism, defended the policies of the Central Bank, which wanted to maintain financial stability, Zafer Çağlayan, the Minister of Economy and a former TOBB president, criticized Central Bank policies by claiming that they were preventing economic growth (Bekmen, 2014: 65). The above examples justify Poulantzas' view that the state is not a monolithic block, but a strategic field (Poulantzas, 2000: 152).

In short, when evaluating the state-capital relationship, it is suggested in this study that an analysis of the kind of politic-economic strategies pursued by the capital fractions in Turkey to benefit from state policies have crucial importance. Moving from this point allows us to evaluate the different strategies followed in the

internationalization process of capital without falling into the "Anatolian capital vs. Istanbul capital" reductionism as mentioned above. For example, in the process of integration with international accumulation, the expectations of capitals of different scales (international-national) from state policies are different. However, depending on the common interests and conjuncture, different capital sections may also be in alliance at times (Ercan and Oğuz, 2006). However, since this alliance cannot always be formed, the struggle within the state apparatus will always continue.

2.6. Conclusion

This section has analyzed Islamic capital in terms of state-capital relations as laid out by Poulantzas and Jessop. In this context, the state is conceived as a field of strategy and struggle shaped by its relations with the social classes and class fractions that make it up. As a result, the state is considered as the concentrated state of power relations between classes and class fractions. Within this, it has firstly been dwelled on among which segments of society the struggle in question has taken place. In other words, it has been tried to clarify which social class has the capacity to formulate various strategies in order to direct the economic policies of the state in line with its own accumulation strategy and interests. In this context, the scene we encounter is that the power struggle in the state sphere essentially takes place between different capital fractions. To put it more clearly, there is a two-stage struggle: The first is the struggle of capital against labor as a monolithic bloc and the second is the power struggle among the ruling classes that form the power bloc. Based on this, the position of Islamic capital also depends on which struggle one concentrates on. For instance, while Islamic capital is in alliance with TÜSİAD when it comes to capital interests as a whole, it is also in competition with this bloc due to its own accumulation strategies. In short, based on the relational approach that has been explained above, when analyzing Islamic capital we see that contrary to the views that position Islamic capital against the center as the periphery, it is an effective component of the struggle in the 'center' as an important actor trying to get a share from the surplus value in the capitalist capital accumulation process.

3. THE HISTORICAL EVOLUTİON OF ISLAMIC CAPITAL IN TURKEY

3.1. Introduction

This chapter will firstly discuss the capitalist development of Turkey until 1980 briefly. Discussing capitalist development until 1980 is important as it will illustrate the stages of development of the capital sections, which we can classify as finance-capital, due to the economic policies implemented until that time. As can be seen below, this section, which will be titled the "internal bourgeoisie", is also the dominant fraction within the power bloc. Then, this chapter will discuss the change in the global production system, which means the transition from Fordism to post Fordism in the global production structure and how this also contributes greatly to the rise of Islamic capital. As a result of certain requirements of this change in the global production structure, such as flexible production structure, the use of cheap labor and contract manufacturing, the way for Islamic capital to be integrated into the global production system opened, and after this articulation, Islamic capital was also able to join the power bloc by developing its own hegemony strategy.

In order to analyze the emergence of Islamic capital as a bloc trying to establish its own hegemony, it is necessary to first look at the economic policies that started to be implemented after 1980. Therefore, in this section, the characteristics of that period will be explained, and it will be shown that this period is in fact a period that benefits all fractions of capital. This period, as Boratav (2019) put it, is a period of the counterattack of capital and characterized by being anti-labor in general. Then, as the continuation of this period, the JDP period will be discussed and the relations between capitals in the JDP period will be analyzed. It is important to analyze the relations between capital fractions in the JDP period because although it is argued that the JDP created a new capital fraction close to itself, it was a period when all fractions of capital generally benefited, just like the Özal period.

3.2. The Historical Development of Turkish Capitalism

When we look at Turkey's capitalist development in general, we see that it is not a linear line. According to the changes that occur in the world economic structure, Turkey had been shaping its own economic policy in connection with the world economic structure. However, another influential factor in shaping economic policies was undoubtedly the capital sector and its needs.

In the early years of the Republic, Turkey adopted a liberal economic policy. However, in the 1930s, with the effect of the "Great Depression", which affected almost all the world, Turkey began to implement statist policies. The two main features of the 1930s period, known as the statist period, were the protectionism and rapid industrialization under the leadership of the state. An important reason for the state-led industrialization in that period is the lack of industrial bourgeoisie that made investments in Turkey (Gülalp, 1993). This period, according to Boratav, represented a major break with the main direction of the Turkish economy. This is because, in the period since 1908, which was the starting point of the transition to a modern capitalist society, although there had been major political transformations, there is a continuity in economic terms, both for the private sector and for foreign capital. Therefore, the 1930s represent a break in the economic sense (Boratav, 2019:63-87). Nonetheless, it should not be overlooked that statism is a part of the capitalist development model in Turkey. After the end of the Second World War, the world was entering a new era, under the hegemony of the U.S. Turkey, which wanted to take part in the ranks of states emerging victorious from the war, obliged to make some arrangements both politically and economically. In this context, the Turkish political system was transitioned to a multi-party-political system and the Democrat Party came to power in the 1950 elections. Boratav sees this as a shift from an authoritarian-paternalistic regime to a parliamentary-populist regime. The Second World War created significant opportunities for Turkey, which had been seeking to create a national bourgeoisie for a long time. At that time, a new

commercial bourgeoisie of Turkish origin was born with the support of the state and the opportunities brought by the conditions of war. In the 1950s, when the DP came to power, there was an intense liberalization in economy. Among the reasons for this was the desire to be included in the International Monetary Fund (IMF), World Bank (WB), The Organization for Economic Co-operation and Development (OECD) and the desire to benefit from the Marshall Aid program. With the impact of the post-war world conjuncture, the economy grew until 1953. This growth was largely due to agriculture. In short, this period was a period when the living conditions of almost all social groups improved, but especially, the share of property owners and commercial capital in the national product increased (Boratav, 2019:117). The second half of the 1950s can be called a period of crisis and transition. The first steps of the import substitution model, which began to be officially implemented in the 1960s, were taken in the second half of the 1950s. The reason for this is because the free trade regime led to an external deficit in the economy. The transition to the import substitution model also meant a change in the capital accumulation form. Following this, the prominent actor in this new model would be industrial capital (Gülalp, 1993:34). Thus, from the mid-1950s, a typical import-substitution industrialization (ISI) process begun, in which technology, investment goods and inputs were imported, and the final product was domestically produced. However, this model was drastically different from the statist import substitution practiced in the 1930s. This is because the import substitution model of the 1930s was based on domestic inputs and oriented to the production of basic consumer goods for a mass market, without the participation of foreign capital. By contrast, the import substitution of the 1960s was based on imported inputs and oriented to the production of durable consumer goods serving a relatively high-income market in cooperation with foreign capital (Gülalp, 1993:36).

In this period, due to the opportunities provided by the import substitution model, the commercial bourgeoisie, which was previously inactive in industry, turned to industrial investments. Moreover, thanks to the policies of the state that both protect the national industrialist from foreign competition and open to international capital,

industrial capital was able to evolve into an "internal bourgeoisie" (Ercan and Tuna, 2006). In other words, for the formation of the internal bourgeoisie, both state support and the support of international capital are required. Therefore, the import substitution period has been a very suitable ground for the emergence of the internal bourgeoisie, thanks to these features. TÜSİAD member companies can be shown as the representative of this bourgeois segment. Essentially, this concept was used by Poulantzas to explain the relationship among the U.S. and European capital. Nonetheless, this concept is also functional in the context of Turkey to analyze some capital groups which has reached a certain level.

The difference of the internal bourgeoisie from the national bourgeoisie is that it has a reciprocal relationship with the international capital accumulation process. In the period of protectionism, the internal bourgeoisie, which has the opportunity to monopolize in the domestic market, becomes attractive partners for the investment of international capital. In addition, the fact that it has become a monopoly makes international capital dependent on it. Consequently, when we say the internal bourgeoisie, we are talking about large-scale capital groups whose ability to control in the national space has increased. The influence of the internal bourgeoisie, which completed its formation thanks to the protectionist policies implemented during the 1960s, on state policies became more evident in that period. To give an example, Şahap Kocatopçu, who was the minister of industry at that time, was proposed to the ministry by the union of chambers due to his characteristics such as "having a command of the market and having a knowledge of industrialism". Moreover, at that time, the demands of the internal bourgeoisie on what should be imported or not, depending on the sectoral situation, were also implemented by the state (Ercan and Tuna, 2006). The transformation of industrial capital into holding companies also took place in this period. As a result of this, the process of concentration of capital accelerated and the phenomenon of monopolization in the private sector reached high rates (Ercan and Tuna, 2006: 166).

In fact, it can be stated that state and private capital functioned in a way that complemented each other in this period. That is to say, as the domestic market

gained importance, while private capital shifted to industry, the state sector concentrated on the production of intermediate goods that provided input to the private sector (Gülalp, 1983: 51). However, the point to note here is that the state's concentration on intermediate goods production is not a spontaneous choice but is related to the accumulation needs of productive capital.

The internal bourgeoisie, which achieved rapid accumulation in the 1960s, argued that the accumulation process should be open to the outside in some sectors when it came to the 1970s. The reason behind this was the emergence of excess capacity in some sectors such as food and textiles and in connection with this, the domestic market reached saturation for certain sectors. Furthermore, the rapid industrialization in the 1960s led to new conflicts within capital, among large industrial capital groups organized as holding companies in big cities and small and medium-sized capital groups in Anatolian cities. The main problems of the conflict were the distribution of bank loans and import quotas. These conflicts were also reflected in the political scene. On the whole, the 1960s were the years when big capital had an advantage in all respects. However, when the domestic market reached a certain saturation, the demands and expectations of big capital from the state also changed. This is because, although the import substitution model initially causes rapid growth due to its nature, it has certain structural limitations. A limited domestic market and currency shortage are examples of these limitations (Gülalp, 1993:36).

A kind of compromise between the dominant and dependent classes is one of the key elements of the import substitution accumulation model. According to Boratav, the balance between the sovereign power block and the popular masses is one of the main features of this industrialization model (Boratav, 2017: 138). In addition, this model incorporates high wages as a demand factor that perpetuates the reproduction process, so there is no need to keep wages under the pressure. Indeed, the collective bargaining system and unionization have secured a steady increase in wages (Boratav, 2019:138). After all, in this model, both the domestic market was growing and the working class was politically integrating with the system (Gülalp,

1993: 37). However, with the industrial bourgeoisie becoming an increasingly dominant element in the class structure of society, conflicts between labor and capital would also come to the fore in this process. According to Gülalp, the search for economic policy in the early 1970s can be best understood in this context. The reason for this is because the search was both to overcome the approaching IIS crisis and to suppress the growing working-class movement (Gülalp, 1993: 37).

However, these problems have not been solved through political and economic means. The military intervention that took place in 1980 provided a very suitable environment for solving all these problems in favor of capital. A new era was beginning, which can be described as "the counterattack of the capital" (Boratav 2003).

3.3. The Changing Structure of Global Production

The 1970s were the years when capitalism was structurally dragged into a general crisis and the reason for this crisis was actually the over-accumulation crisis of capital. As a result of this crisis, the economic and political power relations in the world had to be re-determined and as a result, the accumulation and regulation styles that applied after the Second World War changed with a new way of accumulation. In addition, since capitalism is a world system, crisis affected not only the center but also the periphery (Öngen, 2011:161). In general, the economic structure in developed countries during the period from the Second World War to the 1970s is defined by Fordism or the concept of mass production which expressed the Fordist model. Furthermore, at that time, the international division of labor, which was formed on the basis of the new capital accumulation regime based on Fordism deeply affected the economic models and industrialization in periphery countries and took the form of "peripheral Fordism" in underdeveloped countries. (Sönmez, 2011: 2).

At this point, it is useful to briefly touch on what Fordism is. In the history of capitalism, two main capital accumulation regimes, which are called the extensive accumulation regime and intensive accumulation regime, can be mentioned. Each

of these models developed through a model of labor process suitable with them. The period in which production takes place under monopolistic capitals, namely the Fordist mode of production, is called the intensive accumulation regime (Öngen, 2014: 132). In the most general sense, Fordism is a system that is organized on the basis of a detailed division of labor and designed to provide productivity with routine work that every worker performs constantly. In this system, production is made on a continuously sliding production line by using single-purpose machines and an unqualified workforce (Yentürk, 1993: 43,44).

Fordism, which is the product of the second industrial revolution and which represents the classical paradigm of industrialization, is the culmination of the intensive accumulation processes of capital. The Fordist model, which emerged im connection with the development of the social division of labor and technical division of labor, is in fact nothing different from a more advanced form of Taylorism (Öngen, 2014: 136).

To put it more explicitly, one can think of Fordism as a unique production and organization relationship between capital and labor, which is shaped on the basis of Taylorist management and organization principle. In addition to these, Fordism does not only represent changes in production technology or business organization, but also draws the institutional framework of a new social organization, even a new political regime (Öngen, 1996: 32). However, in the 1970s, the crisis of Fordism came out as a result of over-accumulation (Arın, 1986).

In connection with this, facts such as high inflation rates and decline in profit rates have further deepened the crisis of Fordism. This crisis, which Fordism fell into, made the new accumulation regime mandatory. Various concepts such as "late capitalism", "post modernity", "globalization", "post-Fordism", "unorganized capitalism" is proposed for the new phase after Fordism. In this thesis, this new period will be defined as post-Fordism.

Post-Fordism represents the flexible production process based on flexible labor and working conditions. Periphery countries that have joined the global production by

adopting the imported substitution model have become a cheap source of labor for the global production system together with post-Fordism. The crisis of Fordism, which is defined as the crisis of developed countries in the global system, has shown itself as the crisis of imported substitution in countries that adopt the imported substitution model. Therefore, under the conditions specific to the globalization process, the newly industrialized countries are adapted to the post-Fordist accumulation regime with their peculiar structures. In this context, it is observed that a group of countries switched to an export-oriented model within the framework of post-Fordism (Sönmez, 2011:6). The internationalization of production and opening of global markets to durable goods exports were decisive in export-oriented industrialization.

For example, in the provinces that became industrialized after 1980, which are known as the Anatolian Tigers, industrialization that started in the field of textile and ready wear has always been shaped by considering the international demand and export opportunities. Although Denizli is a very large textile and ready-wear production region, almost all of its production is based on contract manufacturing and can only export the commodity that is produced by subcontracting (Dikmen, 2000: 287).

In this new period, periphery countries, which produce old raw materials and semi-finished goods, play a more active role in world production. In this framework, although the center-periphery dichotomy has gained new dimensions, the dependence of peripheral countries on core countries has become more chronic. In this period, the most important actor in shaping global commodity chains are multinational companies. These can be categorized as producer-driven and buyer-driven commodity chains.

"Buyer-driven commodity chains are "merchandisers" that design and/or market, but do not make, the branded products they sell. These firms rely on complex tiered networks of contractors that perform almost all their specialized tasks" (Gereffi,1994). Big merchandisers and intermediary companies play the most important role in buyer-driven commodity chains. The production of these

companies are made by periphery countries. More, these companies sell products that are produced by periphery countries by using the dominance of certain brands (Dikmen, 2000).

Producers in the periphery, who produce through contract manufacturing for buyer-driven commodity chains, produce final products, but the products are marketed as commodities of internationally recognized brands and not as their own product. Buyer-driven chains, which are mostly organized in labor-intensive sectors, prefer national environments with legal and institutional regulations that will allow direct control over employees (Köse and Öncü, 2000:78). This underlies one of the most important reasons for the emergence of the Anatolian Tigers in Turkey. Thus, Anatolian capital, which developed rapidly due to the opportunities provided by the new global production system, has now turned into a capital fraction with its own interests and began to organize under various economic interest groups in the 1990s in order to better defend these interests. MUSIAD, established as a result of these developments, is the first example of these organizations.

3.4. The Historical Evolution of Islamic Capital in Turkey

According to the Capitalist World System approach developed by Wallerstein, which understands capitalism as a global system, the structure and functioning of any national economy cannot be treated independently from the rest of the world (Wallerstein, 1974). In this context, the position of countries in the international economic structure can be determined by looking at its function in the global production system. In this context, the changes occurring in the global production system have two important effects on Turkey. First, Turkey has been included in the new system as a peripheral country. Secondly, with this system, a new capital fraction, whose importance increased, was formed. This fraction of capital, whose importance has increased with the change in the global production system, is defined in the literature with various concepts such as "Anatolian tigers", "Islamic bourgeoisie", "Green capital". However, considering the size, scope, interests and orientations of this fraction of capital, it is seen that there are also incompatibilities

within themselves due to reasons such as scale differences. (Can, 1997). Therefore, the concept of, "Islamic capital" which seems to be the most comprehensive concept, will be used to describe this fraction of capital (Yankaya, 2014). This term will not be used in a culturalist perspective but rather with a political economy perspective.

The most productive time for the emergence of Islamic capital was the 1980s. This is because the import substitution industrialization policy, which was against the small producer, was replaced by the neoliberal management approach. At this point, it would be useful to elaborate the import substitution industrialization period a little more in order to fully understand the development of Islamic capital. The basis of the import substitution model aims to protect the national bourgeoisie, which makes production in the domestic market, from external competition by means of certain customs walls and import quotas. However, this protection did not prevent the intermediate goods required for production from being imported from abroad. Therefore, the domestic market is left to the hands of the national bourgeoisie, which can obtain the necessary inputs for production cheaply and protected from foreign competition. According to Keyder, the implementation of imported substitution policies in the economy was not in the interests of small capital and petty bourgeoisie. This is due to the fact that state control was reducing the role of the market in favor of large industrialists.(Keyder, 1987: 147). As a result of imported substitution policies favoring the bourgeoisie, monopolizations occurred in production. This monopolization in production had two important consequences. First, monopolized companies turned into diversified business groups, and then organized into holdings. Secondly, in the late 1960s, the conflict between monopolistic capital groups that turned into holdings and smaller capital became increasingly visible (Öztürk, 2013:190-91).

It was precisely at this conjuncture that political Islam was able to open up a space for itself in the political arena and was able to establish its party under the leadership of Necmettin Erbakan who was perceived as the defender of small capital at that time. So, it can be stated that "In Turkey, the Islamist political tradition emerged

out of power struggles among capital fractions in the 1960s to represent small-and medium-scale capital groups" (Bekmen, 2014: 49). In this context, the main reason behind the establishment of Erbakan's first party, the National Order Party, was the contradictions that occurred within the bourgeoisie. In the early stages of his political career, Erbakan united his fate with the small and medium-sized capitalists of Anatolia and embarked on the fight against unlimited domination of big capital on issues such as bank loans, tenders, and the allocation of import quotas (Savran, 2014:76). Political Islam served as an ideology that expressed the reaction of small merchants, small businessmen and artisans, whose interests were shaken, in the import substitution period. However, with the transition from Fordism to post-Fordism in the 1970s, both the function and the political base of Political Islam began to change. With the transition to post-Fordism, the petty bourgeoisie, which was insignificant in the import substitution period, gained importance with globalization. This is because unlike traditional imported substitution industry sectors that developed in the protected environment of the statist period, the petty bourgeoisie had the opportunity to feed from free trade and open market environment (Gülalp, 2001:436). Thanks to this change in the mode of production, small-scale enterprises had the opportunity to join the international market by making contract manufacturing. As mentioned above, the emergence of Islamic capital as an effective actor is related to the neoliberal transformation that took place after 1980. However, it would be misleading to interpret this transformation as being only beneficial for this fraction of capital. The transformation that took place in this period was essentially a transformation that was in the interest of all fractions of capital.

The reason behind the neoliberalization efforts attempted to be implemented with the January 24 decisions was essentially aimed at strengthening capital against labor and adapting politics according to the needs of the economy. However, at the time, there was no suitable political environment for this adaptation to take place fully. To put it more clearly, an authoritarian regime was required for the implementation of the January 24 decisions. The coup that took place on September 12 fulfilled this need. In Poulantzas's words, the crisis was overcome with the armed forces

becoming the "de facto political party of the bourgeoisie" (Öngen, 2004:83). The new accumulation regime, which was implemented with the military coup of 1980, resulted in some consequences such as the discipline of the labor market, strike bans and decline in wages. The most striking result of this process had been the radical change between capital and labor. This is due to the fact that this process brought with it phenomena such as the suppression and regression of the working class. Therefore, this process has actually been a process in which the capital gains in general. Beyond that, as Boratav stated, during this period, bourgeois ideology dominated social life especially in economic matters in a way that cannot be compared with previous periods. The adoption of the "there is no alternative" discourse by various segments of society is an indicator of this (Boratav, 2019:172). Özal, who came to power in this period, took the project of strengthening the political center, which was attempted to be achieved by the military coup, further by combining Anatolian capital under the domination of the Istanbul bourgeoisie, which turned into an internal bourgeoisie during the period before the coup (Doğan, 2006: 51). In this context, the Özal government represents the alliance of all capital fractions against labor.

In this conjuncture, where the power of organized labor movements was broken and flexible production systems came to the fore, the section of the Islamic capital called "Anatolian Tigers" made a serious economic breakthrough. In the 1980s, with the transformation in the global production system, the manufacturing industry changed in favor of labor-intensive sectors and this situation caused new formations in the industrial geography of Turkey. In some urban areas where agriculture and craft type production were common in the previous period (Adıyaman, Çorum, Denizli, Edirne, Gaziantep, Kahramanmaraş, Konya), a significant increase in labor-intensive industries occurred in line with the general industrialization trend. These new industrial cities, shown as the dynamics of industrialization in Turkey, was put forward as an alternative to traditional industrial cities as new industrial spaces (Köse and Öncü, 2000: 85). As a result of the change in the global production system, SMEs, whose influence increased with the shift of production to peripheral countries, had the opportunity to increase their productivity in this system where

labor exploitation is intense. For example, while the share of SMEs in export products was 31% in 1980, this ratio reached 48% in 1994 (Hoşgör, 2014: 219). In connection with this, the main increase in the organized industrial zones built by the state to enable SMEs to realize their production occurred in the export-oriented industrialization phase after 1980. (Özuğurlu, 2008: 170). These industrial zones generally consist of small and medium sized companies that show rapid development and specialize in sectoral terms. Flexible employment and informality are the defining characteristics of SMEs producing in these regions. The SME industrial region successes emerging in developing countries are mostly realized in relatively low value-added export markets. One of the most important reasons for this success is cheap labor forces that are used intensively in the production process (Pınarcıoğlu, 2000:311). These SMEs, which mostly carry out their production in Anatolia, expanded their capacities or entered into trade during the 1980s either by exporting or by making subcontracting agreements with exporters (Çokgezen, 2000: 532). This breakthrough of SMEs in Anatolia took place in connection with the global production process as mentioned above. Indeed, more than 500,000 firms were established between 1983 and 2000; in 1990 SMEs accounted for almost 90 per cent of all manufacturing firms in Turkey and employed more than one-third of the workers in the manufacturing sector (Hoşgör, 2011). In short, the rise of the "Anatolian Tigers" was part of the larger process of structuring production into a global core-periphery model.

These SMEs, which grew with the flexible production system, needed to find new sources of financing in order to survive and grow further. However, since all of the big banks belong to large holding companies that turned into the "internal bourgeoisie" during the import substitution period, they could not find the credit they needed in the banking sector. Therefore, these companies turned to financial institutions established by Islamic structures in order to find the external financing source they needed. With the opening of the market to foreign direct investment in line with the economic policies of this period paved the way for Islamic finance capital to start operating in the field of finance. In this context, private financial institutions that become operational at that time became an important alternative for

SMEs that need external financing and are excluded from the traditional banking system. The establishment of these financial institutions was permitted by a special law enacted by the Özal government in 1983. One of the reasons for this was the fact that the Özal government wanted to attract Middle East capital for investment in Turkey, as after the 1973 oil crisis, Arab countries and Iran, which were oil exporters, were enriched due to soar in oil prices, yet they were importing everything due to the non-industrialized domestic production structures, and in 1979, their annual import capacities exceeded fifty-five billion dollars (Kazgan, 2002: 118). The Özal government, which wanted to benefit from this excessive accumulation of capital in OPEC countries, enacted a special law in 1983 and allowed the establishment of "special financial institutions". According to Bulut, Korkut Özal, the brother of the prime minister, who already had a close relationship with Islamic capital, had a great influence on the enactment of this law. He started to use prime minister Özal's authority to make some arrangements for the benefit of special financial institutions. Following these arrangements, the Gulf capital, or so-called petro-dollars began to flow into the Turkish economy (Bulut, 1997: 204-205). The first two private financial institutions or banks which were established in 1985 as a result of these developments were Al Baraka Finans and Faisal Finans. In this context, Special Financial Institutions (SFIs) which also became operational for the economy in order to bring the savings of the people who could not get loans from conventional banks at the time and preferred to eschew from interest, had two important functions. The first of these were that they channeled the savings held under pillows, in other words, money that was not directed to traditional banks, into the market. Secondly, they provided fund to capital groups that had limited opportunities to obtain loans from private and public banks, and consequently suffer from capital shortages (Hoşgör, 2011: 376). Another important source of foreign financial resources for companies operating in Anatolia at that time was the remittances from migrant workers working in Europe. However, the beneficiaries of these currencies were multiple shareholder companies that would do business as holding activities rather than SMEs. Giant companies such as Kombassan, Büyük Anadolu Holding, Yimpaş, Endustri, Sayha, İttifak and Jet-Pa, which grew rapidly

in Anatolia, were established with these savings sent by workers abroad (Demir, et al. 2004).

The transition from Import Substitution policy, where state intervention was intense, to neoliberalism, which is perceived as the withdrawal of the state from the market, should not mean that the manipulation and domination effect of the state on the business environment was reduced. However, what is meant by the "effect of the state" here should not indicate the existence of an omnipotent state. As mentioned above, the state is a reality that takes different forms at different stages of capital accumulation and in connection with this undergoes different transformations. In other words, the state is an area where conflicts or compromises between capitals take place (Ercan and Tuna, 2006:147). During the 1980s when Özal was in power, the big capital, which had the opportunity to maximize its profits for the time of the import substitution period, was able to find the same opportunities also in this period. However, what makes this period different is that small entrepreneurs who could not find the opportunity to do business in the market as a result of policies supporting big capital in the import substitution period, were now becoming visible in the market. For this reason, the Özal period can be seen as a period that represent the alliance between big capital and small and medium-sized capital.

In parallel with this paradigmatic change in the mode of global production, parties of the political Islamic tradition kept up with this change. If we look at the party programs of the National Salvation Party and the Welfare Party, we can see this change very clearly. While the NSP consistently emphasized the need for state intervention, the Welfare Party emphasized private initiative. Again, while the NSP advocated the benefit of protecting the domestic market, the Welfare Party advocated opening the economy to the international market (Gülalp, 1999:27). Another important feature of the parties of the national outlook (*Milli Görüş*) movement was the ability to quickly adapt itself to the changing conjuncture compared to other parties that stand out with their ideological party feature. For example, when the ideology of national development was dominant, they easily

embraced this ideology with the slogan of "ağır sanayii hamlesi" (heavy industrialization). Likewise, when the period of neoliberalism was dominant, they were able to develop a new discourse and policies that were compatible with the dominant paradigm.

More importantly, this distinctive feature also manifests itself in the supporters of the movement. According to White, the originality of the Islamist movement in Turkey is the diversity of distinctive characteristics and motives of its supporters (White, 2007:59). As Gülalp underlines, the social base of political Islam in Turkey can be described as a vertical block with different socio-economic classes. Although their aims and motives in supporting political Islam were different, these different segments of society were united around anti-Kemalism and the desire to emerge with an Islamic identity (Gülalp, 2001:444).

To understand the rise of Islamic capital, it is necessary to consider the cultural, political and economic climate of the late 1980s and 90s together. As mentioned above, the main factor behind the process of the emergence of political Islam as a political actor was the tension between two different capital segments whose interests were in conflict. However, with the wave of globalization in the 1980s and consequently the loss of importance of both nation states and welfare states, the political base that was addressed by political Islam also started to diversify. Political Islam at that time was also able to appeal to small businessmen who had just migrated to big cities and who were seeking to climb up in the social hierarchy, and to people who had just migrated to the cities and had mostly been unable to find secure employment (Gülalp, 2001). Therefore, due to their ability to respond to these aspirations and desires of people who had recently moved to cities, political Islamists had a great leap in both general and local elections. However, the main point here is the Welfare Party's ability to present itself as a solution to the wishes of not only SMEs or religious masses but also to the people living in the suburbs of the city. It was possible for the Welfare Party to present itself as a solution to the problems of the people living in the suburbs of the city in a conjuncture where social democrats lost power. The discourse of "the Just Order" (Adil Düzen) which was

used as a slogan of the Welfare Party was very effective in this success (Yörük, 2014:10).

The other crucial reason as to why the Welfare Party was able to receive votes from people in the city's ghetto was because of the local organization network of the party. In addition, the social assistance activities of Islamic communities, which could also be considered in connection with the Welfare Party at that time, also contributed to this success. As Çakır specified, in many areas where the state could not reach, Islamic communities were able to regain the sympathy of the poor especially by reviving traditional networks of solidarity (Çakır, 1990:281). This emphasis on this success of the Welfare Party is important especially due to the fact that the period when Islamic conglomerates were the strongest and most visible was the period when the Welfare Party was in power. Due to the symbiotic relationship between these two, it is important to consider all the dynamics of this period.

MÜSİAD was founded in 1990 as a representative of medium and small-sized companies that were ignored by the state until the 1980s. These companies, which gained importance with globalization, started their activities as an independent association under the umbrella of MÜSİAD after reaching the power to be organized as an interest group to determine their own agenda and interests. When we look at the companies that are members of MÜSİAD, we see that most of them (75%) were established after 1980 (Yankaya, 2014, 75). In other words, most of the member companies started their commercial activities at a time when the flexible production system became important. MÜSİAD's member companies mainly consist of Anatolian SMEs employing less than fifty workers. Especially during the Welfare Party rule, the number of members increased significantly and reached up to 3,000. However, despite the large number of members compared to TÜSİAD, it is far behind TÜSİAD in terms of economic power (Öniş and Türem, 2001).

There are important advantages MÜSİAD offers to its members as an association. At a first glance at the association member profiles, it can be seen that they are a little amateur in order to fully comply with the "requirements" of the global trading system. At this point, MÜSİAD guides its members nationally and internationally.

For example, it has organized international business fairs, conferences and trips abroad, and has establish links with businessmen and government officials who are members of other organizations. In the words of Erol Yarar, one of the former presidents of MÜSİAD , MÜSİAD was established to guide their industrialists in the problems they faced in the market and to ensure that its members can obtain information on both technological and market issues (Hoşgör, 2014: 228). The emergence of MÜSİAD cannot be evaluated independently from the rise of Islamic capital as a whole. However, the importance of MÜSİAD is that it brings together the different segments that make up the Islamic financial capital and Islamic capital under a single roof. Although it also includes large companies, MÜSİAD is essentially an association where SMEs are represented. MÜSİAD was mainly established as an interest group. However, looking at the activities, publications and statements of the association, it would be misleading to describe it simply as an interest group. At this point, what makes MÜSİAD important is the social project formulated as "Homo Islamicus" (Hoşgör,2011). This project is essentially a hegemony project that takes its legitimacy from religion and protects the long-term interests of its members. Details of "Homo Islamicus" as a hegemony project will be discussed in detail in the next chapter. Since its establishment, MÜSİAD has always positioned itself against TÜSİAD. This is based on the assumption that TÜSİAD, unlike themselves, is an organization enriched with state resources. This positioning can be understood from the official name of MÜSİAD. M, the first letter of the name MÜSİAD, means independent (*müstakil*), and aims to distinguish itself from the big bourgeoisie within TÜSİAD, which has grown with state incentives and privileges, and underlines that SMEs develop by their own means (Yankaya, 2014, 102).

As will be evident, the development of Islamic capital took place in conjunction with the development of political Islam. However, with the closing down of the Welfare Party by the Constitutional Court in 1998, the political support behind the holdings that developed at this time also disappeared. The bankruptcies of Jetpa and İhlas, Finans ended the money capital inflow from investors and triggered the bankruptcy of many others. The system collapsed, leading to a disaster in which

several hundred thousand small investors lost money (Öztürk,2014:200). Under the rule of the Welfare Party, the period in which both Islamic conglomerates and MÜSİAD, as an organized movement, rose and became visible in the public sphere ended with the process of February 28. With the February 28 process, most of the "Islamic conglomerates", which were part of the Islamic capital that had been allowed to rise since the 1980s, were vanquished from the market. One of the reasons for this intervention was that this segment, which achieved rapid growth, presented a problem for both the regime and the ruling class bloc. The reason for this can be understood more clearly when we look at the remarkable political and economic trends of that period. On the political level, the Welfare Party's efforts to divert the direction of the country from the orbit of Europe and America, on the economic level, MÜSİAD's highlights of far east countries such as South Korea and Malaysia as a development strategy disturbed the big bourgeoisie, whose interests were dependent on good relations with the West (Doğan, 2006). At the end of this process, the previous radical attitude of MÜSİAD on issues such as the European Union also became more moderate. Behind this attitude of both the Asian crisis, which was taking place at that time, also had the effect of economic crises in Turkey. Thus, in the early 2000s, the Islamic bourgeoisie tended to adopt a more moderate position (Öztürk, 2014). After the February 28 postmodern coup period, there were two groups that remained dynamically from Islamic capital. The first of these were SMEs that had been developing since 1980, some of which were represented by MÜSİAD, and after this period, MÜSİAD distanced itself from political Islam. The other dynamic group that remained from this process was bigger capital groups such as Çalık, Sanko, Toprak and Boydak, which grew much faster in the neoliberal period and which could be considered within the scope of Islamic finance capital.

3.5. The JDP Era

The JDP came to power alone in 2002, after a conjuncture in which a serious political and economic crisis had been going on since the 1990s. The JDP, which

left the Welfare Party after the February 28 process, distanced itself from political Islam just like MÜSİAD and described itself as "conservative democrat" at that time. Unlike the Welfare Party, the JDP developed a discourse in favor of joining the European Union, multiculturalism and secularism, and pledged to continue the structural transformation program proposed by the IMF (Bakırezer and Demirer, 2009). These new political discourses enabled the JDP to get support from the big bourgeoisie in addition to Islamic capital, which constituted its main power.

In fact, the JDP's biggest advantage was its coming to power in a serious economic crisis. This economic crisis was also the result of the crisis of political hegemony that had been ongoing since the 1990s (Akça, 2014). The party's accession to power in such an environment ensured that it faced no obstacles in the implementation of the structural reforms imposed by the IMF. More importantly, Labor Law No. 4857, which the party presented to the parliament in this environment, was passed without any serious objection from the public. The most important factor behind this adoption was the economic crisis that left Turkey in deep shock during those years (Durak, 2011).

Although the JDP comes from the political Islamic tradition, it is a movement that can be evaluated within the center-right tradition in terms of the economic and political path it follows. In this context, it can be perceived as a continuation of the Motherland Party. When explained with Jessop's concept, in fact both parties are built on "two-nations hegemony project". According to Jessop, there are two different hegemony projects that can be mentioned, which are 'one-nations' and 'two-nations'. While 'one nation' strategies aim at an expansionary hegemony in which the support of the whole society is attempted to be gained through financial concessions and symbolic rewards, the 'two nations' projects on the other hand aims at a more limited hegemony that seeks to mobilize the support of strategically important sectors of the population and to pass the costs of the project to other sectors (Jessop, 1990, 211). Jessop also states that in times of economic crisis or when the possibilities for material concessions are limited, the possibility of realizing the 'one nations' project would be restricted, while the realization of the

'two nations' strategies will be possible. In addition to this, he notes that as 'two nations' projects involve certain concessions for the favored "nation" the containment and even repression of the "other nation" is required in this project (1990, p. 211). Departing from these hegemony projects defined by Jessop, it can be concluded that the hegemony project that was attempted to be established in Turkey after 1980 is the "two-nations" hegemony project (Tünay, 2002). To put it briefly, in "two-nations" project, it is understood that the favored part of society is enriched while the other part is not cared about. Although both the Motherland Party and the JDP were built on the "two-nations" hegemony project, the JDP's difference was that, due to the neoliberal social policies it implemented, it could also get the consent of those who were not included in the "favored" group (Yıldırım, 2009, Özden, 2014). As mentioned above, the JDP period marks a period that protects the interests of all capital fractions. However, maintaining this situation has become difficult, especially since the second term of the JDP, due to both the 2008 financial crisis and the increasing conflicts between capital fractions. For example, due to the dominance of TÜSİAD member companies over the financial sector, the expectations of both capital fractions from macroeconomic policies implemented in this area are different. In this context, there is also a disagreement between these two capital fractions also in the implementation of the policies proposed by the IMF. Another point worth noting here is the discourse developed by MÜSİAD on financial issues. Although they base their criticisms on financial issues by referring to Islamic references, as Demiralp states, the main issue behind these criticisms is that these policies are against their own economic interests (Demiralp, 2009). Although Islamic capital reached its peak due to the economic and political privileges it gained during the JDP period, this situation also deepened the conflicts between capital fractions. Because on the one hand, there is TÜSİAD, which demands the continuation of financial stability. On the other hand, there is Islamic capital, which is relatively small in scale, demanding economic policies according to its capital accumulation needs. For instance, the former president of MÜSİAD, Ömer Bolat, gave the following response to the question "Why are your economic views different than TÜSİAD's?":

"The policies implemented by the IMF-backed program and the winds of globalization tend to serve the financial circles. There is a divergence between TÜSİAD and us here. The financial sector is quite prominent among the members of TÜSİAD. Moreover, companies with large capital holdings who are technologically developed benefit substantially from this program" (Tanyılmaz, 2015:101).

Managing these contradictions is one of the most important problems the JDP has to solve. As a result, this situation has become, in a way, a paradox that the JDP has to resolve.

3.6. Conclusion

This section has discussed the historical development of Islamic capital. There are two important conjunctural reasons, one national and one global, that laid the foundation for Islamic capital to emerge as an effective actor. The global reason is the global shift from Fordism to post-Fordism in production structure. The national reason is the neo-liberalization that took place in Turkey in the 1980s. The fact that these two phenomena highlight cheap labor, flexible employment and contract manufacturing in production have been effective factors in the development of Islamic capital, which already carries all these features. The transition from the import substitution model to export-oriented economic structures also paved the way for Islamic capital, which is mainly consisted of SMEs, to be integrated into the global production system through contract manufacturing.

In addition, as already mentioned, the political and economic transformation in the 1980s has certain features that are essential in terms of the development of Islamic capital. The first of these is the role Özal played in the said development of Islamic capital. The Özal period became one that represented the interests of capital as a whole. Until this time, Islamic capital, which was weakly represented under the political leadership of Erbakan, found the opportunity for strong representation on

the political level and increased its visibility with Özal. In this period, Special Finance Institutions, which are important for the capital accumulation of Islamic capital, came into operation and following this, in the 1990s, there was a significant increase in the number of Islamic holdings. Each of these developments occurred in connection with the power of representation Islamic capital had on the political level.

The political support behind Islamic holdings during Erbakan's short-lived coalitions ended with the February 28 postmodern coup, and what was left over of Islamic capital formed itself into Islamic organizations such as MÜSİAD, TUKSON, AKSON and İŞHAD. The golden era of these organizations have been under JDP rule. Due to the close relationship between the state and these organizations, they were inevitably favored by the government and made extensive use of state resources in order to increase their capital accumulation. In actual fact, Islamic capital was not the only party to benefit from the JDP's neoliberal policies. TÜSİAD can also be described as a winner of this time. Therefore, the Özal and Erdoğan periods can be considered as a continuation of each other, as they were periods in which every segment of capital benefited. However, this period was also a period in which the power struggle between capital fractions was the most intense. In short, Islamic capital was able to join the power bloc after being able to flourish due to economic opportunities in the 1980s. Following this, with the increase of Islamic capital's power during the JDP era, it was able to increase competition power in the power bloc.

By providing examples from its own practices, this section has illustrated that Islamic capital is in essence a capitalist fraction in the capitalist system that plays the game by its rules. The following chapter will analyze the inclusion of Islamic capital to the capitalist system through Islamic journals that provide Islamic capital with an ideological background.

4. ECONOMIC PROJECT of ISLAMIC CAPITAL: *ÇERÇEVE, İKTİSAT ve İŞ DÜNYASI, İZLENİM* AND MUSIAD REPORTS in the 1990s

4.1. Introduction

In order to understand the history, philosophy, politics and economics and the development and arguments surrounding Islamic thought in Turkey, it is essential to look at Islamic journals. This is because journals are the most important tools that establish dialogue with the active elements of the grassroots that the Islamic movement both addresses and nurtures. Hence, "reading" journals or studying the course of Islamic thought also means collecting signs of the routes of which the Islamic movement took (Kentel, 2005:722). According to Bulaç, journals are a school, an Ecole. If there is an Islamic movement in Turkey, to some extent, it owes its existence to these journals (Bulaç, 1994:10). These journals are both eyewitnesses to the Islamism that occurred in the 1990s and at best reflect the thoughts, perspectives and attitudes of Islamist actors against various developments of that time. For this reason, Islamist journals are an important source to detect the change in both Islamist economic and political discourse during the Islamism that occurred in the 1990s. In this context, it is essential to look at the journals of this period in order to trace the economic views that constitute the ideological

background of Islamic capital. In this context, in this section I gave room to the reports of MÜSİAD, which can be accepted as the most effective and most visible Islamic organization and journals that have organic relations with the organization. In addition to *Çerçeve* journal, I have given room to the journals *İktisat ve İş Dünyası* (1992-1993) and *İzlenim* (1992-1996), which were both publications of the 1990s. The reason for doing this is due to the fact that the contributors of these journals, who were writers of Islam and economics, were also writers for MÜSİAD and were individuals who would attend MÜSİAD meetings and conferences. In actual fact, the views projected in these journals were echoed by MÜSİAD President in public. Therefore, the journals that have been chosen in this thesis served the same economic project as the organization itself.

The reason why I have chosen to focus on journals published in the 1990s is because the majority of literature on Islamic capital is focused on the 2000s. While there is a true analysis that Islamic capital was articulated and absorbed by capitalism after 2000s, this study argues that is a short-coming analysis. This evaluation is true as it cannot be denied that Islamic capital benefited magnificently from the JDP's neoliberal economic policies after the party came to power in 2000. However, as mentioned, this evaluation is short-coming. This is due to the fact that when examining the economic debates in journals, which will be detailed below, it became clear that the articulation of Islamic capital with 'Islamic themes,' based on what had been expressed about the state, capital, labor, market and privatization, had already taken place in those years in the most explicit and vivid way. For example, Tuğal's pioneer work, *'Passive Revolution Absorbing the Islamic Challenge to Capitalism'* claims that while Islamic capital was the only mass resistance point against capitalism in the 1980s, this very bloc was absorbed by the capitalist system during the AK Party era (Tuğal, 2009). At this point, unlike Tuğal, this study argues that the economic project of the capital fraction within the Islamist segment was compatible with neoliberalism before the AK Party period. To put it more clearly, I argue that the articulation of the capital fraction within the Islamic segment to the power bloc and its integration with the capitalist system took place before the rule of political Islam.

The *İktisat ve İş Dünyası* journal published a total of 18 issues between 1992 and 1993. Editor-in-Chief Mustafa Özel stated that the reason for the publication of the journal was to place it in a meaningful and legitimate place in the social world, where the business world also belongs. Almost every issue of the journal discussed the different dimensions of Islamic economics. In addition to publishing material promoting the importance of commercial life in Islam, portraying itself as having an entrepreneurial understanding of Islam, the *İktisat ve İş Dünyası* journal also published articles on leadership and entrepreneurship that were translated from international publications such as the Harvard Business Review, Worldlink and International Management.

The journal *Çerçeve* is MÜSİAD's monthly publishing organ. It began to operate in 1992 and is still in practice. This journal deserves special attention as it is the media organ of a capital fraction. Representing Muslim capitalists, this journal gives the opportunity to directly analyze the economic project of Islamic capital. Indeed, in this sense, the Editorial writer of the journal's first issue, Erol Yarar, stated that the aim of the journal was to spread the views and objectives of MÜSİAD and to ensure that the views of the organization were heard all across Turkey through the power of publication, making sure that discussions made by MÜSİAD were no longer restricted to meeting rooms.

The İzlenim journal published 40 issues between 1992 and 1996. *The İzlenim* and *İktisat ve İş Dünyası* journals were published under İZ Publishing. Similar to the two journals mentioned above, *the İzlenim* journal was not only restricted to publications on economy, but gave room to writers such as Hayreddin Karaman, Ahmet Tabakoğlu and Mustafa Özel, who were popular writers in terms of Islamic economics and published material debating Islamic economics from various different aspects.

The 1990s is a period in which the visibility and influence of the Welfare Party, which can be perceived as both the representative of Islamic capital and Islamic political tradition, increased. Parallel to these developments, the 1990s was a period in which discussions among Islamists on economic and political issues were very

power in 2002. In other words, journals that advocated market Islam became the dominant view.

By quoting and referencing to Islamist journals that provided ideological legitimacy to Islamic capital in the 1990s, this chapter will firstly begin by providing arguments and the conceptualization of terms such as capitalism, labor, monopoly, market and privatization. The reason why I have placed attention on publications in the 1990s is due to the fact that Islamic capital began its activities both as an interest group and organization at the same time. More, the 1990s was a time in which the referenced Islamist journals and publications were used as apparatus to express the economic projects and views of this Islamic capital class. The period in question is a productive time period in terms of examining the discourse produced by Islamic capital on capitalism, neoliberalism, labor, workers' rights, union activity and form of accumulation. Therefore, the 1990s provides the opportunity to follow Islamic capital's "alternative hegemony project" in the most clear and lucid way. It is essential to examine the discourses of those years in order to make sense of the current position of Islamic capital.

4.2.Growing Protestant Ethics

The Islamic political movement emerged under the leadership of Erbakan in order to respond to the demands of small and medium sized enterprises (SMEs) as a result of being disorganized and weak against large capital. However, their first organization as an interest group occurred with the establishment of MÜSİAD in 1990. Observing material published by MÜSİAD since its establishment, it can be seen that the organization tried to gain legitimacy in two ways. The first of these is the emphasis placed on being an association with Islamic business ethics and the second, in comparison to TUSİAD, is their emphasis on the fact that they provided capital accumulation by their own means, meaning that they are a real capital class.

When one takes a look at the publications of pro-free market journals from that period, it is striking to see the emphasis that is placed on material wealth for development, improvement and the transformation of society. While justifying this

emphasis by using religious discourses, references were also made to countries such as Japan and Germany. These claims that placed extreme importance on material wealth were made for two reasons. First, it aimed to motivate those who formed Islamic capital and who had the opportunity to realize capital accumulation. Secondly, these claims also aimed to provide ideological legitimacy to this group that was increasing its wealth.

While its validity can be debated, efforts made to falsify the belief that Muslims distanced themselves from material wealth as an economic understanding until that time can also be observed in various publications. In this context, in the journal 'Çerçeve' (Frame) and in the article 'One Bite, One Cardigan', Abdülkadir Karaman states that distress and poverty are temporary and accidental in Islam and that in contrast to these situations, Islam advocates wealth, prosperity and happiness (Karaman,1994:34-35). In MÜSİAD's 'Islamic People in Business Life' article, Mustafa Özel states that this viewpoint is increasing its scope among people and illustrates his point by providing an anecdote from a former tradesman he had met. According to the story:

Man does not get rich! Lunatic Zeki from Maraş always shook his long stick that he never left from his side towards every community and would say 'I have a couple of words for you, let me just say it and leave.' When people replied, 'Go on, say what you have to say,' Lunatic Zeki would say, 'Man does not get rich, there is no rich man!' and leave (Özel, 1994: 52).

After this short story, Özel questions how members of an Ummah whose prophet was a merchant has come to adopt such an un-Islamic principle and claims that Islam envisages free competition and free enterprise, and that wealth obtained has got to be legitimate. In the Economy and Business World journal, Gencer examines the economic views of Islamists through Ottoman scholars such as Şeyhülislam, Mustafa Sabri Efendi and İskipli Akıf Hodja. In this article, by referring to Mustafa Sabri Efendi, Gencer claims that according to Islam poverty means gradual suicide and while supporting this also claims that according to Hadith, poverty also means blasphemy (Gencer,1993:28). Again, in a different article he wrote for the Economy

and Business World journal, Gencer strongly argues that since 99% of Turkey's population consists of Muslims, these very people need to have a strong place in business in order for their problems to be solved (Özel,1992). In agreement with this argument, in the journal Çerçeve, Yarar claims that Muslims misunderstood the 'one bite one cardigan' ethos and the loss of motivation due to this misunderstanding has caused for the lack of development of Turkey and Islam (Yarar,1996).

As can be seen from the examples provided above, the sole purpose and objective of these writers who claimed that material wealth was important for the development of Muslims was to provide religious legitimacy to the newly founded MÜSİAD and to Muslims who were active in the business world. However, how would this be possible in the capitalist market? When assessing the different debates that occurred around this question, it is clear that pro-Islamist publications held the view that the difficulties of doing business within the capitalist system can be overcome with a moral sense of business.

In this context, the concept of 'homo Islamicus,' which holds an Islamic ethical standpoint, was brought as an alternative to 'homo economicus,' which describes people who pursue their own desires and interests. An individual who is described as a homo Islamicus is one who obtained his/her wealth through moral means and is one who respects workers' rights and is grateful for his/her own wealth. In this context, instead of the "homo economicus," which is placed as a copy of the individualist myth proscribed in the market through profit and loss calculation and which describes an ideal typified market actor who puts their own needs and interests before social benefit, "homo Islamicus," which has an Islamic work ethic, is socially sensitive, who puts tradition, custom and belief before the orders of the market was idealized and placed as an alternative.

In 'Islamic People in Business Life' published by MÜSİAD in 1994, Sebahattin Zaim claims that Homo Islamicus is morally superior to Homo Economicus. According to Zaim, Islam frees people in economic life after educating them with the principles, orders and prohibitions that come from Allah. This he claims

provides an ideal and good Islamic society an educated Muslim businessman who will practice Islamic economics (Zaim,1994,102). More, Zaim argues that for the realization of economic development in social justice, the Muslim businessperson, namely the 'homo Islamicus' must dominate the economic life. According to Zaim:

'If a Muslim man dominates in economic life and individuals behave according to Islamic principles and ethics and use the opportunities and direct the demand into legal and useful fields and if he increases production and efficiency and invests his savings in useful domains or lends it to other entrepreneurs and pays his tax and "zakat" and spends his money in the way of Allah, then economic development has been secured through social justice in such a society model' (Zaim.1996, 45).

The emphasis on morality actually covers all aspects of business life. In this respect, morality is constantly emphasized around various themes such as ethics, entrepreneurial ethics, management ethics and worker ethics. As stated above, according to pro-free market journals and publications, the negativities of the capitalist system can only be overcome with a moral understanding. The way to do this is to be economically powerful. As a matter of fact, Mustafa Özel strongly asserts that societies that cannot dominate economic life and spread the values that they believe to the market will not have any presence in politics (Özel,1992). In this regard, in the Çerçeve journal, Karaman states that the driving force behind the progress of Western societies is Protestant morality. According to Karaman, Western society also historically held the 'one bite one cardigan' view and for this reason could not progress, develop and could not make the world a better place. Emerging as a reaction to this, Protestant Christianity on the other hand brought production and consumption as a moral understanding and allowed for Westerners to progress. According to this standpoint nevertheless, western civilization owes its economic progress and success to its abandonment of traditional medieval Christianity.

The analogy attempted to be made here implicitly indicates that Muslims also made the same mistake and needed a new moral understanding in order to show progress and prosper like Westerners. However, rather than rejecting capitalism as a whole

or providing a new alternative, this new morality that is suggested in pro-free market journals depicts a mixed moral understanding. As a matter of fact, in 'Çerçeve', Türkdoğan states that Pacific belt countries (South Korea, Hong Kong, Singapore and Taiwan) and Japan have been able to carry both their liberal models and religious faiths such as Buddhism and Confucius values together. According to Türkdoğan, these countries were able to shape the spiritual structure of their liberal capitalist model according to their own norms and values. Thus, in order for Turkey, which had been 'running full rein to capitalism' to adopt an Islamic work ethic, Türkdoğan suggests for the country's economic governance to apply previous foundation models, tradesman solidarity groups and special forms of Islamic alms-charity to the liberal capitalist model and to transform the system's moral infrastructure with these values (Türkdoğan, 1996:126-127).

In this context, the interview titled *"Japonya'da İş Dünyası ve Din"*, conducted with a best-selling Japanese author at the time, Kiriyama Seiyu, and which was published in one of the most selling journals in Japan at the time, İktisat ve İş Dünyası, is important. The main subject of the interview is what the individual and social foundations of Japanese capitalism are. Contrary to popular belief, Buddhism, according to Seiyu, does not suggest mystery, seclusion, and renunciation, but financial success in order to contribute to the welfare of others. For this reason, criminalizing personal success for religious reasons is a backward and destructive attitude. According to the interview, capitalism has the strength to create property that will overcome drugs, homelessness, poverty and the destruction of the environment, which are described as the four angels of death (Seiyu 1993: 36).

Writing for the first issue of 'Economics and Business World,' Mustafa Özel begins his article 'Consumption Capitalism and Turks who cannot become Protestants' by referring to Hekimoğlu İsmail: *'According to Max Weber, capitalism is the product of Protestant morality. Turkey adopted capitalism but not Protestant morality and since it departed from Islamic morality, the Turkish economy remained unethical.'* To support this quote, Özel also refers to how Benjamin Franklin read verses from

the Bible preaching capitalist work ethics to Americans and how Shibusawa Eiichi benefited from the teachings of Confucius while encouraging Japanese people to become entrepreneurs. He also emphasizes how Japan completed its capitalist development after the West did. The Japan experience is full of lessons to learn from. This is because despite the change that occurred in Japanese culture and the affect that modern economic activities had on their values, the Japanese were successful in legitimizing this new economic understanding and practice within society. Moreover, they were able to achieve this adaptation and legitimation without a break from the centuries-old values of Japanese society (Özel,1992:33). As can be understood from these statements, the Japanese experience is an exemplary success story. It is possible to come across the importance of the Japanese experience in articles written and statements made by former MÜSİAD president Erol Yarar. According to Yarar, Japan became the Japan we know today because they were successful in turning their samurai out of sword fighting and turning them into entrepreneurs of economic struggle. Likewise, the United States became the U.S. we know today because it was able to transfer the entrepreneurial spirit of the adventurous people that came from Europe to fight for economic struggle. Likewise, France became a strong state due to the bourgeoisie who led the French revolution. Therefore, Turkey's ability to become a strong state in the international arena is dependent on an army of entrepreneurs who are *'dependent on their homeland, hard-working, spread across the country, and whose moral values are based on a solid foundation'* (Yarar, 1998: 8).

Pointed out as the inspiration for the founding philosophy of MÜSİAD, many debates surrounding the issue of ethics and morality also took place in 'Ahilik'[6] (Yıldız, 1994). According to Özdevecioğlu, by considering the interests of all social groups in the composition of the business world and rather than conflict by proposing to establish reconciliatory social and economic relations, the Ahi groups were able to form peace within society (Özdevecioğlu,1994,38). The manifestations

[6] These were groups in which people from different sectors would get together in order to debate and discuss the development and issues that affected sectors, also including discussing the ethics and morality of doing business.

of the discussions of the Ahi-order and morality in the context of MÜSİAD appears to have been adopted in order to give more meaning to the organization; to be seen not only as a group of businessmen but also as a union ordered by religion. Stating that Muslim merchants have historically played important roles in economics and politics, Kallek claims that as the inheritor of Ottoman administrative experience and skills, MÜSİAD can set an example for other businessmen in other Muslim countries and underlines how by doing so can become an alternative to the European chambers of commerce by realizing the dream of an Islamic Chambers of Commerce and Industry (Kallek,1996, 58, frame 18). Within this, the Editor of the *Çerçeve* journal Yıldız, calls for believers (Muslims) to participate in the activities of MÜSİAD and to perform their duty of notification (Yıldız, 1993, 2, frame 5).

4.3.Internalization of Free Market Liberalism

According to Timur Kuran, contemporary Islamism includes both supporters and opponents of the market economy. This is because there are provisions in Islam that support both the free market and state intervention. This makes it easier for practitioners to act pragmatically according to changing conditions (Kuran, 2002:122). Given the debate about how an Islamic model should be, it is difficult to talk about a single model that has been agreed upon. Similarly, the practices of countries that claim to apply an Islamic economic system all differ from each other (Kuran, 2002).

Focusing on the debates on the market in Turkey and in the 1990s, which is the time focused on in this thesis, it can be observed that there was a frequent emphasis on how Islam proposed a free market economy. However, the free-market economy that is proposed in Islam is different from the free market that is carried out in a capitalist economy. According to Eskicioğlu, who was interviewed by *Çerçeve* journal, the free market that is practiced today indicates a more statist economic model. The practices of today's capitalist states such as imposing unfair taxes, setting prices, providing credit, printing money and requiring state permission for

economic activity are illegitimate practices according to the system proposed by Islam. In fact, according to hearsay, during the time of Prophet Muhammad where prices were too high in the market, people went to the Prophet and said: *'Muhammad! Place a price.'* To this, the Prophet refuses their request and replies, *'The one who places a price, gives famine and abundance and provides sustenance is Allah'* (Eskicioğlu,1994:21).

Esen also references the same hadith in order to indicate Islam's position on the free market and claims that while some scholars do not allow for pricing in the market, some allow pricing under certain conditions and that this must be fair (Esen, 1996: 129). In Economics and Business Life, Kallek's article 'Economic-Political Independence and the Medina Market,' states that one of the principles the Prophet Muhammad deployed to the Medina Market was that no tax was to be collected from the market and that this stimulated the volume of trade at the time. According to Kallek, the Prophet Muhammad was an experienced trader and knew that if tax was to be collected from the Medina Market then sellers and tradesman would go elsewhere. *'This is because the desire for profit is the most important drive of trade and tax-free earning means more profit. In addition, the abolition of tax will also reduce costs, which will then usually be followed by an increase of prices. Naturally, products that are traded at lower prices compared to other markets will attract more customers'* (Kallek, 1992:5).

There are two underlying arguments made in the background of these claims that were made during the 1990s. The first are efforts to underline that the free market proposed by Islam is different to that practiced in a capitalist economy and second, there is a criticism of monopoly capitalism, which is enriched with state resources thanks to the capitalist economy. In the journal *İzlenim*, Kamil Erdem's 'Market Enemy Capitalism' article claims that in contrast to popular belief, capitalism and free market do not mean the same thing. Stating that the best example of this argument can be found in the works of French historian Braudel, Erdem states that Braudel's unique historical interpretation embracing thousands of years, revealed that capitalism is a 'monopoly,' which is an enemy of the free market. In this

context, by referring to Braudel, Erdem claims that capitalism does not destroy the free market but instead proposes a limited and manipulative competition model. Nevertheless, he states that capitalism has always meant monopoly in its nature and that capitalism mainly feeds on an anti-market stance. This is because the capitalist is first and foremost interested in increasing his capital. Due to the competitive nature of the free market, prices will be low hence making profits low too. Hence, capitalists pursue monopoly to constantly suppress the market and sell their goods at the highest price, using their cunning and political connections.

Erdem gives the example of Abu Jahl who lived during the Prophet Muhammad's time as an individual who used his political power for economic benefit and covertly criticizes Turkey's monopolistic capital (TÜSİAD) by using Abu Jahl (Erdem, 1995: 48). In the same article, Erdem claims that the unfair incentive policies in Turkey lead to monopolization and that in the long-run monopolization results in efficiency. This inefficiency he claims can be most clearly observed in Turkey's largest industrial companies. According to the author, while these companies remained behind the walls for many years and completely captured the domestic market, they could not go beyond being a comprador of European and American companies. In order to bring foreign currency to the country, companies such as Arçelik, Otosan, Tofaş, Aksa and Beko were protected by high custom walls. However, these companies made the Turkish economy lose 630 million dollars in 1993 alone. In this context, Erdem claims that there are two types of industrialists in Turkey – the 'comprador' and 'national' industrialists. The comprador industrialist prefers to produce under license, to only work for the domestic market and to import a significant part of their inputs from abroad. On the contrary, the national industrialist is a person who establishes and operates facilities that produce as much technology as possible, export and have net foreign currency contribution to the country's economy (Erdem, 1994: 42).

In the journal '*İzlenim,*' Özel claims that the biggest historical foundation of monopoly is the state. According to Özel, political power is both a generator and guarantor of monopoly capital. This is why monopolistic capital is so committed to

the state's ideology. On the other hand, Muslims favor free market and free enterprise but oppose monopoly tendencies. Questioning liberalism as the political ideology of the capitalist state in his article, the author argues that a small sector of the market economy is based on free market rules and a large sector is based on monopolism. Özel underlines that it is a liberal state that allows for this and thus argues that just as capitalism is the enemy of the free market, liberalism is the enemy of democracy (Özel, 1994: 49).

The main reason for the 'genuine free market' and 'national industrialist' emphasis in the articles referred to are conjectural. Anatolian capital and MÜSİAD are placed as a 'real' capital class, sometimes implicitly and sometimes explicitly against the 'compradors' or big capital that are positioned as monopolists. In this context, in the journal *İzlenim*, in a different article named 'Privatization or Monopoly?' Erdem states that the rate of industrial companies that have been led on small credit incentives by the state for 30-40 years and those who have been protected by high custom walls opening to the outside is only 5%. In comparison to this figure, the author states that small companies that were formed after 1980 have an opening rate between 25-50%. In the editorial he wrote for *Çerçeve* at the time, Erol Yarar, who was also the former chairman of MÜSİAD, wrote how instead of thick-neck industrialists who laugh in cocktail halls, the country needs businessmen who are going to contribute to their country and its people, who have caught the information age and who are ethical employers. Yarar claims that MÜSİAD is aware of its responsibility in this regard (Yarar, 1994, 10).

4.4.The Promotion of Minimum State Intervention

One of the most heated debates among journals of the time was the issue of privatization. In fact, some volumes were reserved for the issue of privatization from time to time[7]. When dealing with privatization, similar to issues of employer-employee relations and issues surrounding the market, references are made to

[7] See. Çerçeve, Volume: 6, (November 1993). Çerçeve, Issue: 13, (January-April 1994). Yeni Zemin, Issue: 8, (August, 1993)

Islamic tradition and past memory. On the other hand, there are some texts that deal with the contributions of privatization with a similar understanding to market dynamism and neoliberal themes such as economic rationality, productivity and profitability.

For example, Esen from Çerçeve journal provides examples from Ibn Khaldun while examining the relationship between the market and privatization. According to Ibn Khaldun, the state is the protector of all people in need of protection and the "holy state" is one that holds itself responsible for the welfare and happiness of all people. The state according to this view is obliged to take care of the livelihood of the people and to observe their economic conditions. However, according to Esen, although Ibn Khaldun gives the state a wide range of duties and powers for the welfare and wealth of the people, he opposes the state being engaged in trade and agriculture through economic activity. The reason for this is the assumption that if the state deals with agriculture and trade by using its political power, this situation will prevent the formation of prices freely after a while. Hence, Ibn Khaldun is based on private enterprise but opposes "state capitalism." According to him, the state should perform the duties of supervision, regulation and assistance (Esen, 1996: 128).

The prominent discussion subject of the period regarding privatization is mostly carried out through SEEs (State Economic Enterprises). According to Karakoç's article "*Mali Tercihler*" in İktisat ve İş Dünyası journal, SEEs have become a gangrenous issue for Turkish finance. According to Karakoç, as long as they lose money, rather than generating income they gnaw the state. Therefore, unless the state has an obligation to engage in industrial and commercial activities, it is an issue that decreases state revenue in itself and for this reason, shrinks the state (Karakoç, 1993: 61). In a similar article for Çerçeve, Efendioğlu claims that SEEs operate in areas unnecessary for the state to enter such as iron and steel, pencil and shoes and cigarettes and alcohol and suffer damages against the more rational private sector. Efendioğlu suggests that the "minimal state" that is suggested in neoliberalism can overcome problems of SEEs such as not having a market

understanding, providing more employment than necessary hence adversely affecting competition, lack of financial management suitable for the free market economy, low efficiency and lack of ability to keeping up with developing technology and new production techniques (Efendioğlu,1993:7-8). In the same issue, under the title, 'Privatization in the World' the journal presents how the process of privatization benefited countries such as the United Kingdom, Germany, France, Italy, Eastern European and Latin American countries and provided income.

Again, in the same journal, in his article "*6 Soruda Özelleştirme*", Bolcan deals with the subject of privatization and focuses only on the "profits of privatization" (Bolcan, 1993:13). However, the main point of the discussions on privatization and SEEs is the discussion on how privatization should be. In this context, the warnings of MÜSİAD published in Çerçeve are important. In the publication titled, "MÜSİAD'dan Özelleştirme için Kritik Uyarılar" (MÜSİAD, 1995), the organization make it clear that they are on positive terms of the enactment of the privatization law and summarize what they believe need to be done regarding privatization. It is firstly stated that privatization revenues should never be used to cover budget deficits but should be used to increase efficiency and rationalize production and public support should be obtained by following a good strategy for privatization. More, MÜSİAD claim that when wanting to get rid of SEEs, it would be wrong to hand them to monopoly capital. The anti-cartel law enacted in this context should not just remain as words but should be implemented effectively and fair competition conditions should be provided and that for SEEs to be privatized, the bids submitted by the workers through their unions should be evaluated. In addition, privatization should be completed within a certain period of time and privatization should not be a means of money laundering and SEEs should not be deliberately harmed by providing money to peers and renters. Finally, it is stated that as in many countries across the world, the share of foreign investors in SEEs should be limited (MÜSİAD, 1995: 22).

Yarar, who wrote the introduction to both issues of Çerçeve dealing with privatization, states that while privatization should not result in monopolization, the money of citizens living abroad that exceed billions of dollars should be drawn into the country by privatization. He also claims that mid-size enterprises that have grown in Turkey over the last ten years ought to introduce privatization practices such as conditional partnerships and easy payment methods, which will increase their strength and position in the international market (Yarar, 1993, 1995).

In the journal İzlenim, Erdem claims that monopolization is one of the threatening consequences that could occur as a result of privatization. For example, while privatization in Japan led to competitive efficiency and not monopolization, privatization in Britain led to monopolization and a distance from competition. As a result of this, he claims that Britain's international economic power declined. Moreover, according to Erdem, if with privatization the positions of "internal market" and "monopolistic" groups are going to be reinforced, then rather than calling this a process of privatization, it would be best to call it monopolization (Erdem, 1995: 46).

As a result, it can be seen that most of the discussions on privatization focus on the form of privatization. Privatization is supported for reasons such as increasing efficiency, opening the markets to competition and establishing a free market. However, these are all desired to be achieved in a "fair" manner. In other words, it is emphasized that medium-sized enterprises or the Anatolian Tigers should also benefit from this process. Otherwise, this will result in the monopolization of the private sector, which is worse than state monopoly.

4.5.Approaches on the Labor Processes

The differences of opinion among Islamic journals is also valid for the issue of labor. In pro-market journals, the issue of labor is generally examined under a general heading such as labor relations in Islam or under bilateral headings such as worker-employer relations, rather than being dealt with separately. The fact that the worker issue is not dealt with independently assumes that there is no conflict

between the employee and the employer in Islam. In 'an article Working Relations in Islam' published in Homo Islamcus, which was published by MÜSİAD in 1994, Balcı claims that the "working class" is a phenomenon unique to industrialized countries. Despite the fact that workers in industrialized countries have acquired individual (compulsory social insurance, workers' insurance, employment security, annual pay leave and minimum wage) and collective (unionism, collective bargaining and the right to strike) rights, conflict and disputes between employers and workers in that system have continued to increase. According to c the conflict between employer and employee is peculiar to capitalist industrial society as interests sharply differ. Following these claims, the author argues that in working relations in Islam, the interests of labor and capital are not in conflict with each other and that they are in a mutual relationship. In addition, more in line with the spirit and structure of Islamic work relations, Balcı also lists the "virtues" of flexible working forms such as part-time work, working from home and telework (Balcı,1994:115-116).

Among articles that depict employee-employer relations based on mutual interest is also 'An Islamic Framework for Employee-Employer Relations' written by Ramazan Akhtar and published in the Economics and Business World bulletin. In his article, Akhtar highlights three important concepts, namely, brotherhood, justice and beneficence in employee-employer relations in Islam and explains the concept of beneficence as the following: *"The individual seeks their rights but also demands some rights of another person. Therefore, one group's claim tends to infringe on the rights of another, causing social conflict and turmoil. The concept of beneficence goes one step ahead: It encourages people to waive their own rights on behalf of others and this is considered as an act of devotion"* (Akhtar,1993: 25). In the following pages of his article, Akhtar claims that an individual wanting to apply beneficence to his life is acting rational under Islam and adds, *'The individual who displays beneficence knows that Allah will reward him for such an act'* (ibid, 28). Similar to Balcı, Akhtar also acts on the assumption that there will be no conflict between the employee and employer if they act according to an Islamic understanding of work ethic and because they are a part of the same system of

brotherhood. These bonds on a personal level Akhtar claims create a positive environment for the functions of the labor market and adds that, in this context, *'the forces of supply and demand will be filled with traits such as human love, honesty and grace, rather than being buried in a quagmire with narrow feelings of self-interest'*. The conclusion that can be reached from these arguments made by Akhtar is that employees do not need to be part of any formal organization due to cooperation, love and helping each other that arise from the brotherhood between employee and employer. This is because, according to Akhtar, if an employer has Islamic values, he/she will act with the afterlife in mind. This will ensure that the employer will provide charity to the worker in addition to providing wages. On the other hand, workers with high moral standards will act according to their responsibility and will refrain from acts such as avoiding work, working slow or negligence, all that will decrease their productivity (ibid,29).

Another example that rejects confrontational thesis on a theoretical level is Tabakoğlu's 'Employer-Employee Relations in Islamic Economics' article published in the *Çerçeve* journal. According to Tabakoğlu, the worker issue is a western phenomenon and there has not been a working class in Islamic societies in the full sense. This is due to the fact that employers and employees are not separated by clear lines in Islamic society. If a craftsman is employed by a craftsman, he is then also an employer. Accordingly, an individual can be both an employee and an employer at the same time. Due to this fundamental phenomenon is Islamic societies, a working class similar to the one in the West, a class that only lives by labor, was never born. This is because there is no obstacle for an individual who starts working to acquire capital after a while (Tabakoğlu, 1997: 81-82). The current equivalent of this example is exactly what meets the post-Fordist flexible production system. As is known, the flexible working style has become important within this mode of production, the freight production method has become widespread and the importance of self-employment, that is manufacturers who work under the guise of entrepreneurship has increased. Accordingly, the condition of ensuring justice between labor and capital, employee and employer, is that

workers and employers see each other as complementary rather than competitors (ibid, 80).

In the journal *Çerçeve*, Zaim recommends for the worker to do his job carefully to his best ability and carefully and thank Allah for the wage he receives for his labor. He also claims that the employer should take care of his worker and please his heart by paying his wages on time. On the social level, the condition that class struggle and class hatred be replaced by harmony and love is attributed to the Muslim man spending his income on good deeds and charity. Thus, according to Zaim, when a Muslim man gives zakat (charity), his reputation in the eyes of the poor will increase and the bonds of love between the rich and poor will strengthen (Zaim,1996).

Another article that denies the conflict between labor and capital is Eflatun Saygılı's 'Modern Ethics and Business Ethics' published in the *Çerçeve* journal. At the beginning of his article, Saygılı expresses the fact that he has full faith in MÜSİAD members as being the modern 'Ahi' candidates and explains the mission of Ahis in the context of employee and employer relations similar to the examples above. Saygılı states, *'Establishing good relations between the rich and the poor, the producer and consumer, labor and capital, the nation and the state, in short, between all individuals and institutions of society, has always been one of the primary goals of the Ahi unions'* (Saygılı, 1993:50). The common feature of these examples displayed in regards to the relationship between the employer and employee is that they highlight a paternalist relationship and informality in order to eliminate conflict and unrest.

4.6.Concluding Remarks

While the viewpoints I have illustrated above seem to suggest an alternative economic project with Islamic ethics and moral values, this is not at all seen when looking at practical applications. In this context, the example of Ülker firing 826 workers and the attitude of Mustafa Özel answering questions on behalf of the company to Yeni Yeryüzü is a good example. The news article 'Ülker'de işçi

kıyımı', states that due to transitions to automation as suggested by the employer, decrease in market share due to modernization investments and increasing competition in the market, there were mass layoffs in Istanbul and Ankara when employees were on annual leave. As a result of this, close to 200 of 250 senior workers, most of whom were dismissed from the factory in Istanbul, decided to protest the decision in front of the factory with their families in April 1993. The most emphasized issue by the fired workers is that Sabri Ülker himself in the last collective agreement negotiations stated, "my word is by all means above protocol. I promise you that there will be no layoffs in Ülker." Despite these statements, which are a typical reflection of Islamic capital's corporatist attitudes on the labor issue, layoffs had occurred, and people were made redundant. The company's explanation for the dismissals was expressed as "the obligation to be rational."

Answering questions on behalf of Sabri Ülker as press counsellor, Mustafa Özel emphasizes the importance of technological innovation in order to compete with domestic and foreign competitors and claims that while they are upset about the move, all businesses have to act rational and know their accounts well. Further, Özel stated that even the largest Japanese and U.S. companies lay off thousands of workers every year and that the famous Japanese "life-time employment" principle was a thing of the past (Yeni Yeryüzü, 1993: 30-31). Considering that Japanese corporatism was used as an example in the journal İktisat ve İş Dünyası in the same period, this example is meaningful in terms of the smooth functioning of the logic of the market in practice. In addition, as mentioned at the beginning of this chapter, when Islamic capital started becoming visible in economics by taking advantage of Özal's protectionist policies they faced harsh criticism from radical Islamic circles on the basis of integrating into the capitalist market and internalizing the capitalist exploitation system. For example, in the journal Tehvid, Sukuti Memioğlu describes MÜSİAD as an organization that 'makes the poor even poorer, the rich richer, let alone giving workers' rights before their sweat dries, an organization that doesn't give workers' rights at all, an organization that can be a boss without getting into any friction with an unjust and unfair order based on exploitation, robbery and profiteering, an organization that can take part in the liberal economy without

causing any problems, an organization that uses its capital in accordance with the rules of this world; a world in which capital is used as a tool of persecution, and as an organization that can do all of this with being Muslim" (Memioğlu, 1990:26). The content of Özel's response to the layoffs made by Ülker (competition and rationality) gives very important clues in terms of the methodological stance of this thesis. As can be seen, Özel's discourse consisted of expressions that could be used by any large capital group and contrary to what was claimed by the journals used above, it lacked a character specific to "Islamism."

So, what do the journals presented above tell us? First of all, the meaning of MÜSİAD as the first-class organization of Islamic capital, which is constantly positioned against monopoly capital in journals, is important. At this point, the conceptual tools of Poulantzas, which are mentioned in the theory section, provide important insights. Defining the capital class as one that competes within itself and is divided into fractions competing with in-class interests, and based on this understanding, it can be seen that as a capital fraction, MÜSİAD formulated Islam as a regulatory power for its own hegemonic project. Within this regulatory form, Islamic capital class fractions must both be able to escape from conflict among themselves and socialize on the grounds of religious and moral legitimacy. For this to happen, the abovementioned "ahilik" ought to be operationalized. On the one hand, the Ahi unions are a compromise and balance-based union that reject the conflictual and prioritized understanding of employer and employee relations and suggest a more harmonized relationship. If stated in contemporary industrial relations, Ahi unions are an understanding that beautify corporation, and a model that Islamic capital offers as an ointment against confrontational business relationships. More, Ahi unions encourage competition in order to produce better and higher quality goods and services and encourages workers to work patiently.

Despite the fact that there is a stance against monopoly capital in the journals, it can be seen that there are serious similarities between them in matters such as privatization. If examined carefully, the difference is in the discourse and strategies. To put it more clearly, it cannot be said that MÜSİAD and TÜSİAD are in

opposition to each other in terms of demanding neoliberal reforms and labor-capital relations. For examples, areas that the two are similar to each other include the lack of market discipline in SEEs and the adverse effect SEE over-employment has on competition, the lack of financial management suitable for the free-market economy and low efficiency due to the inability of keeping up with new technology and production techniques. In the privatization issue of the Çerçeve journal, (Çerçeve, October 1993), although warnings were made that privatization should not be realized by giving money to big capital, in the same issue an article titled 'Özel Sektör Neden Başarılıdır?' gave room to the views of Vehbi Koç, which shows that both associations are the defenders of the same hegemonic project. This shows that there is a greater hegemony established within the power block. The difference in recommendations provided by the journals is strategies. As stated above in the writings of Yarar, these strategies show themselves in issues such as providing easy pay options and conditional partnerships to medium-sized enterprises that have been growing in the last ten years in Turkey in order to strengthen their position in the international market. In fact, in MÜSİAD's "KİT'LENME! ve Özelleştirme" report, while advocating for the privatization of SEEs, the organization goes one step ahead in this context and presents in detail the facilities that could potentially realize capital accumulation (MUSİAD, 1993).

In addition, according to the journals examined, privatizations brought to the agenda with the implementation of neoliberal policies are also important in terms of demilitarization against the authoritarian state and the spread of the free market. In this context, as Özçetin emphasized, minimizing the economic power of the state is also essential to reduce its political and ideological power (Özçetin, 2011: 382). Although the emphasis that the state should not interfere with the market is frequently emphasized in the journals that have been examined in this chapter and in the publications of MÜSİAD, certain expectations from the "unwanted state" are also expressed in the same publications.

These expectations can be followed in the economy reports published by MÜSİAD periodically. For example:

- Priority should be given to increasing production-based exports in economic policy. Strategies should be produced to minimize the import requirement.
- In order to ensure sustainable export-based growth, modernization investments should be focused on in highly competitive sectors.
- It should be ensured that SMEs, which constitute 98% of enterprises and a large part of employment in Turkey, benefit mainly from investment and export incentives. In this framework, a certain share must be committed to SMEs.
- Income tax stoppage from employees in companies exporting 20-49% of their production should be reduced by 50%; income tax stoppage should be completely removed for companies that export 50% or more of their production.
- In order to prevent concentration in big cities, investments and incentives should be directed to cities with industrial and infrastructural knowledge and those that have universities (For example, Konya, Kayseri, Eskişehir, Malatya, Diyarbakır and Gaziantep). Establishing "attraction centers" by doing this, will enable a better spread of the population across different regions.
- Sacrifices should be asked from large capital: while large capital and monopoly capital take 42% of public and 55% of state resources, SMEs only get a supply of 3%. The main problem in our economy is that the cartelist economic structure and state incentives that have prevailed for the last 50 years have brought about public deficits, heavy borrowing and high inflation. Political and economic administration must require sacrifice from large capital, while creating resources to develop medium and small-sized enterprises (MÜSİAD, 1994: 50- 51, 1997: 71, 1999: 55).

As can be observed from these requests, MÜSİAD generally requests for cities where its members are active to be turned into "attraction centers," and by asking for export incentives to be given to SMEs, which is the practice in which it

specializes, to be one of the main objectives of the economy. Therefore, contrary to what is claimed, MÜSİAD neither developed independent from the state nor wanted to develop. It has developed unique strategies to improve capital accumulation and sought to be effective in policy-making processes. However, it has preserved this without going beyond the dominant hegemony in the power bloc. The place where this reveals itself most is the "homo Islamicus" project, which suggests how the employer and worker should behave in business life and takes its legitimacy from religion. In fact, this is an alternative social project formulated to ensure class unity and continuity of its members (Hoşgör, 2014: 229). This project surrounds the worker with informal networks and positions the worker in a position that is patient, grateful and most importantly, in a position that does not rebel. This fantasy essentially consists of trying to neutralize the organized labor force, which was made ineffective by the September 12 regime, this time with an Islamic formulation. In other words, even though there is a strategic struggle for the realization of capital accumulations between İstanbul based big capital and Islamic capital, these fractions have become common against laborers in the continuation of capital domination. In other words, they have become a whole as the representatives of capital against laborers.

Another remarkable issue in the journals and publications that have been examined in this chapter is that the Islamic references given about business life and economic wealth are in fact compatible with the logic of the market. In the words of Yankaya, it is possible to choose the most appropriate and adaptable Islamic symbols, norms and traditions for capitalism and to express them in accordance with today's market. That is, when referring to Islam in business, there is Islamic selectivity (Yankaya, 2014: 211). However, when considering the publications of various Islamic capital groups with Islamic themes in publications throughout the 1990s, it can be seen that they did not remain for so long after 2000. It can be argued that one of the most important reasons for this is that Islamic capital, which became integrated with the JDP coming to power, no longer needed Islamic rhetoric to gain legitimacy.

Because, the expectations and discourses of the Islamic capital, who had the opportunity to increase the capital accumulation thanks to the economic opportunities it captured during the JDP period, differed from their discourses in the 90s with these developments. In this period, especially when we consider the reports of MUSIAD, it is seen that it demands new economic policies in line with its own accumulation strategies. For example, we see that it demands the establishment of various regional formations at the point of integration with world capitalism (Yıldız,2011). As mentioned above, it is seen that MUSIAD, which is at a disadvantage compared to TUSIAD in terms of financial opportunities, is trying to develop a number of strategic tactics in this regard. In this context, MUSIAD emphasizes that financial capital should be taxed and "investment and production economy should prevail instead of rent economy" (Ayhan and Sağıroğlu, 2012: 138). In this context, the state is the field of struggle where class strategies are applied, as Jessop emphasized. However, the main point to be taken into consideration here is that the effort of Islamic capital to increase its own capital accumulation and get more shares from the surplus value, try to realized within the ideological framework determined by TÜSİAD, which has a hegemonic position in the power bloc.

5. CONCLUSION

This study analyzes whether the economic project of the capital fraction called Islamic capital differs from the neoliberal economic model. This section of the thesis will provide a general evaluation and summary on the results reached in the discussions with data obtained from articles on the market, labor, privatization and business ethics in Islamic journals and reports. The following questions were tried to be answered in the publications examined within the scope of the study: How is the state-market relationship handled in Islamic journals? How is the labor-capital relationship handled in Islamic journals? What position did Islamic journals take on issues such as unions, organizations and strikes? And what kind of discourse did they develop on these issues? What are the discursive strategies for capitalism and labor in these journals? On what grounds is the relationship between Islam and economics discussed in these journals? To put it more clearly, what does Islam expect from Muslims in economic life according to these journals? If so, what role do these expectations play in the rise of Islamic capital?

By trying to answer these questions, it has been aimed to clarify two important issues regarding Islamic capital. The first of these is to try to understand whether the economic project of the capital fraction called Islamic capital, as mentioned above, differs from the neoliberal economic model, and the second is to try to understand whether the transformation of Islamic capital took place after the JDP period, as frequently mentioned in the literature. In this context, it subjected *Çerçeve, İzlenim, İktisat ve İş Dünyası* journals and the reports of MÜSIAD to a critical examination with qualitative research method.

In the first chapter, which discusses how Islamic capital should be understood and positioned in its relationship with the state and other capital fractions, the state was evaluated as a strategy field in which actors fight by formulating their strategies, based on Jessop's strategic-relational approach. Thus, the state is not analyzed as a subject independent of class or as something that classes control, but as a relationship in which class struggle is embodied. In this context, the state is a

concentration of power relations between classes and class fractions. Understanding the state from a relational perspective provides us with important insights into how both Islamic capital and İstanbul based big capital should be handled. First of all, Poulantzas's determination that there is more than one ruling class in a capitalist social formation and that these different class or class fractions unite under the hegemony of the dominant fraction by forming a power bloc negates the rhetorical claim made by Islamic capital that the big capital in Turkey was monopolized and placed in the center with help from the state. As a matter of fact, discussed in Chapter 3, the neoliberal reform demands from Islamic capital at the time were no different from big capital, namely known as TÜSİAD.

At this point, evaluating this determination made based on the findings obtained from publications and reports will make the subject more understandable. When one looks at the debates on the nature of the market, it can be seen that there is a frequent emphasis on Islam actually proposing a free market economy. Looking at what has been said about how this proposed free market should function, one can see that there are clear agreements with the neoliberal market ideology. Some of this agreements and similarities include for example, the determination of price and wages according to market rules, trying to keep taxation at a bare minimum and in fact even the belief that abolishing taxes will reduce prices, which will then increase market activity. This final argument is embodied on the example of the Medina Market, where there was no collection of taxes. Due to its non-tax structure, the Medina Market was used as an example that encouraged competition and thus enabled the expansion of trade volume. As can be seen, Islamic traditions are interpreted as compatible with the contemporary neoliberal market and presented as promoting a free market free from state intervention. These views are based on the argument that state intervention reduces market efficiency as it lacks market discipline, provides more employment than necessary, which affects competition, and cannot keep up with technological developments and new production techniques, which means low efficiency. In short, they advocate for minimum state intervention in order not to burden the economy.

Again, when one looks at the debates made on labor relations, there is no structural contradiction between arguments made in Islamic journals and those made by the capitalist economic system. The flexibility and informal work model put forward by the post-Fordist mode of production regarding employee-employer relations is legitimized as an Islamic form of labor relations by using Islamic attributions. These journals, which depict worker-employer relations based on mutual interest, consider unionism as corrupt. This is because the worker's claim for his or her rights in an organized movement is peculiar to western countries, where interests are sharply divided. However, in the view of Islamic journals, an employer with Islamic values will act in consideration of the afterlife and therefore, in addition to paying wages, will also provide charity to their employee.

The importance of individual wealth and entrepreneurship is also highlighted as a recommendation offered to Muslims in Islam. However, the condition for this to be possible in the capitalist market is to be ethical in business life. On the one hand, this morality demands for the Muslim businessperson to be as rational and competitive as possible yet on the other hand, describes this businessperson as one that is socially sensitive and puts tradition, customs and belief before the orders of the market. However, it remains unclear how an individual can be both of these things at the same time.

In general, when these discourses are evaluated, it becomes clear that there is no difference of opinion between MÜSİAD and TÜSİAD on fundamental points such as privatization, financial discipline and the creation of a non-unionist and obedient mass of laborers. In other words, both TÜSİAD and representatives of Islamic capital have common interests in deepening neoliberal reforms. In this context, the discourse established by Islamic journals was established within the borders of the power bloc, that is, within the limits of capitalist logic. In this sense, as shown in the above section, there is a continuity rather than a break in the historical development of Islamic capital in its relationship with the capitalist economic system. The main objection of Islamic capital organizations, which grew aggressively in the AKP period, in the 1990s was that the economic policies

implemented by the state were unfair. In other words, they complained about the leading effect of the Istanbul-based capital fraction, namely TÜSİAD, in the economy. However, the Islamic capital organizations, which recorded a rapid growth with the AKP period, started to be an effective actor in determining economic policies as a result of this growth. Furthermore, they began to effectively defend the state's intervention in the economy in line with their accumulation strategies. Finally, when evaluating the state-capital relationship, it is suggested in this study that an analysis of the kind of politic-economic strategies pursued by the capital fractions in Turkey to benefit from state policies have crucial importance. Moving from this point allows us to evaluate the different strategies followed by the different capital fractions. For example, in the process of integration with international accumulation, the expectations of capitals of different scales (international-national) from state policies are different. However, depending on the common interests and conjuncture, different capital sections may also be in alliance at times. But although there is an ongoing struggle between different fractions of capital, it is obvious that they are in an alliance against labor in all cases.

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