

**THE PENETRATION OF CAPITALISM INTO
HOUSING PRODUCTION: SPECULATIVE
HOUSEBUILDING IN TURKEY, 1950-1980**

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PhD

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ABSTRACT

The thesis aims to contribute to our understanding of capitalist development through a study on the evolution of speculative housebuilding in Turkey during the 1950-1980 period. It seeks to combine the literature on uneven capitalist development with the one on the production of the built environment. It is argued that the concepts of mode of production and labour process serve as a bridge between these two bodies of literature and enable one to formulate a multi-faceted approach to the study of housing.

In that part of the thesis devoted to the analysis of speculative housebuilding in a timeless perspective, an attempt is made at reconstructing it as a form of production into which capitalist relations have only partially penetrated. Another theme running throughout the thesis is the study of speculative housebuilding in an historical perspective to account for its emergence, evolution over time and final collapse in 1980. The concepts of import-substituting industrialisation and populism are introduced as the ones delineating the wider economic and political environment in which speculative housebuilding has operated. An attempt is made to explain the three decades of capitalist development in Turkey with the aid of these concepts and the role of housing and land markets in this context. It is argued that the consensus generated by speculative housebuilding among various groups in the urban setting has been one of the most important pillars of the broad-based coalition characterising import substitution and populism in the 1960s and 1970s. These dynamics are further explored as they unfold in the particular case of Ankara.

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LIST OF ABBREVIATIONS

BISS :	Bartlett International Summer School
ECLA :	United Nations Economic Commission for Latin America
GDP :	Gross Domestic Product
GNP :	Gross National Product
ha :	Hectare(s)
IBRD :	International Bank for Reconstruction and Development
ILO :	International Labour Organisation
IMF :	International Monetary Fund
ISI :	Import Substituting Industrialisation
m :	Metre(s)
SEEs :	State Economic Enterprises
SHB :	Speculative Housebuilding
SIA :	Social Insurance Agency
SIS :	State Institute of Statistics
SPO :	State Planning Organisation
sq m :	Square metre(s)
UDCs :	Underdeveloped Countries

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CHAPTER I INTRODUCTION

The built-up housing space in Turkish cities is characterised by an apparent dichotomy (1). There are on one side what is called **gecekondu** (literally meaning "built overnight", the Turkish version of self-help housing) and, on the other, apartment blocks. This dichotomy has made its way into the jargon of urban research in Turkey in a variety of ways: "Planned vs. unplanned urban areas", "authorized vs. unauthorized housing", and "formal vs. informal housing markets" are the terms referring to the same dichotomy. It is interesting to see that these terms, initially used to distinguish between the two distinct housing environments within cities, have over time been associated with the social and cultural features characterising these areas and have come to be used in a wider sense to refer to cultural dualism, to the existence of two different ways of life in Turkish cities.

A gecekondu differs from an apartment house, in the first place, as a physical structure and in its location within the city. A typical gecekondu is a one- or two-floor house built on a fairly-sized plot at the urban periphery, some space left in most cases for growing vegetables and raising poultry, while a typical apartment house is one usually with four to five floors, comprising a multitude of flats owned by different persons and built on a piece of land relatively closer to the city centre. Furthermore, these two types of housing are different from each other in terms of the ways in which, and the materials with which, they are produced, and the agents involved in their production. Finally, these two are distinct from each other as social environments (2), namely in terms of their inhabitants: their professions, political preferences, cultural attitudes, worldviews, life styles etc. In short, these two types of housing may be seen as the concretized appearance of the distinct dynamics shaping the urbanisation process in Turkey.

After World War II and especially during the 1950s Turkey, like many other underdeveloped countries, experienced a rapid urbanisation process, during which the ratio of urban population in total rose from 18% in 1950 to 47% in the early 1980s (3) (see Appendix II, Table 1.1). In no year between 1950 and 1980 did the annual growth rate of urban population fall below 5%, and it even reached 9-10% in big cities, towards which the migrant population had oriented especially in the early phases of urbanisation process. The population of Ankara, for instance, almost tripled between 1950 and 1960, and doubled between 1960 and 1970. As far as housing was concerned, gecekondu and

apartment houses were the tangible correlatives of this vast demographic movement. These two types of housing appeared in the early stages of the urbanisation process as ways of providing shelter for different segments of urban population and, each may be described as an innovation in its own right, responding in different ways to the pressures brought about by the massive influx of population into cities. Both managed to marshal those resources that could not probably have been brought together by any other means and offered fairly flexible solutions to various groups in urban setting. In doing this they radically changed the spatial structures of Turkish cities which had remained more or less stagnant for centuries. However flexible these two types of housing may have been in their production processes and in particular in terms of their financing, the urban structure that resulted can hardly be described as a flexible one. An excessive fragmentation of ownership on urban land, overcrowding, inefficient urban infrastructure and enormous problems associated with the use, management and future redevelopment of the urban built environment are among the contemporary urban problems one can allude to in this context.

Gecekondu made their first appearance in Turkish cities in the late 1940s and became, in the 1950s, an integral component of urban life (4). Today one in every five dwelling units in urban areas is gecekondu, where nearly 24% of the total urban population is estimated to be living (Keleş 1982; p. 23). This ratio rises considerably in the case of big cities. In Ankara, for example, more than half the population lives in shanty towns (ibid). The first gecekondu were built by migrants on the state-owned land in areas not too distant from the city centre, with the help of neighbours, fellow villagers and, in some cases, a few builders, but predominantly using the family's own labour. Due to the distinguishing feature of agrarian structure in Turkey -namely, the absence of large-scale land ownership- the migrants were not deprived entirely of a piece of land in the countryside and, therefore, arrived in cities with some amount of savings which enabled them to build a house more easily than would otherwise have been the case. This aspect of urbanisation process also implied a continuing relationship with the place of origin during migrants' life in the city. They either disposed of their rural properties after a few years' experience in cities and especially after securing a permanent job, or did not sell their properties in the countryside at all and thus used them as an additional source of income.

The typical gecekondu of the early periods was invariably owner occupied and, after initial construction, it was enlarged in the following years in line with the family's requirements. The first gecekondu settlements were imitations of village life: the neighbourhood consisted typically of families from the same province or even the same village. This provided the much needed sense of security in an alien

environment and also facilitated the finding of a job and getting used to the intricacies of urban life. The quality of housing and neighbourhood soon improved with the arrival of some of the public services. In the absence of such services, small-scale private enterprise did not delay in substituting a number of innovations for these services, such as minibuses in transportation and bottled cooking gas for cooking. On the eve of elections politicians promised and in most cases delivered titles to these mushrooming neighbourhoods. Once titles were obtained, the original settlements assumed the character of permanent housing areas and after a few years they took on the appearance of working class suburbs with fairly sturdy housing and small gardens. The transfer of savings from, and continuing relationship with, the village did certainly play a considerable role in this respect. On account of their proximity to the centre, gecekondus soon became valuable urban properties, creating pressures for change within these areas themselves and attracting a number of thitherto unknown agents to the gecekondu market.

Built on state-owned land through each family's own labour, the first generation gecekondus represent an example of what came to be known as "self-help housing" in the late sixties (Turner, 1976). The second generation shanty towns are, however, sharply different from those of the preceding period. By the late sixties a large portion of state-owned land around major cities had been occupied by burgeoning squatter settlements. Continuing migration, though it lost some momentum, created incentives for a land market entirely for gecekondus. Relatively large tracts of land at the urban periphery were subdivided into small plots of some 200 to 300 sq m and then sold to newcomers to build a house on. Occupation thus ceased to be the only way of obtaining a piece of land on which to build a gecekondu. The process of production, too, underwent radical changes. The practice of users building their own houses ceased to be the norm. Gecekondu became a commodity in the strict sense, requiring larger sums of money to build or obtain. The older squatter settlements were also affected in a number of ways. Soaring values of gecekondus as urban properties encouraged some gecekondu owners to build extensions to their original houses or to pull them down entirely for building a multi-floor one. Additional units so obtained were either sold or let. Some gecekondu owners themselves became engaged in speculation, buying land or building houses in new development areas. Concomitant with this fall in the rate of owner occupiers was an observable decline in environmental standards. The second generation shanty towns, in short, lacked the flexibility the first generation ones offered for their users. Despite these changes, however, the fact still remains: the early shanty town development is an innovation in strict sense of the word, offering migrants an opportunity to have decent housing in the city in a flexible and rather cheap way.

The same is also true for "speculative housebuilding" which operated in the "planned" urban areas in conformity with building regulations. Speculative housebuilding emerged as a solution for the rapidly expanding urban middle classes. In the pre-1950 period a number of ambitious attempts had been made by the state to undertake large-scale housing schemes in Ankara (5). In these projects, prospective buyers were organised into cooperatives and had their houses built essentially through the credits made available by the state. These projects, though successful in their own terms, were far from providing a solution to the immense housing shortage brought about by the influx of population into cities. Only a small portion of the urban population could be granted such credits. The rate of production attained was limited and the credits extended were not sufficient to cope with the increasing land prices.

Another way of providing houses for the urban middle classes was what could be termed the "individual contract form", the practice of landowners organising, via contracts, the building of a house on a piece of land owned or purchased by themselves. The legal regulations in force in the pre-1950 period did not allow joint ownership in a multi-unit house. Only a small portion of the well-to-do could afford to have a house built on their plots. Furthermore, those that were built were almost entirely for the use of their owners, not for rent. Rising land prices made it increasingly difficult for individuals to buy a piece of land and have their houses built on that plot, as had been the case in the preceding period. In short, both housebuilding by cooperatives and the individual contract form lacked one of the features of a form of housing production necessary if it is to be the dominant one in a given society. The houses built under these forms were only for the use of a narrow segment of the urban population: these forms were incapable of producing a large number of houses for the mass market under relatively adequate conditions.

An amendment made in 1948 to the then-current Act of Notaries Public and later in 1954 to the Real Estate Registry Act enabled a multitude of persons to own separate units in a multi-unit residential building. It thus became possible for a number of persons to come together to pool their resources and share among themselves the cost of land and the house to be built. This enabled, inter alia, the separation of land ownership and housebuilding roles and the production process could now be instigated by agents other than landowners themselves. These legal regulations relieved the pressures building up due to housing shortage, and large-scale construction work started in major cities. This process also reinforced the fragmentation of ownership both on virgin land and in the already-developed areas within the cities. In this way Turkish cities met for the first time a new structure unknown before,

which was to affect their spatial development radically in the years to come: apartment blocks (6).

Within this broad new legal framework, the speculative builder functioned as the person who brought together the potential buyers and organised the actual production process. The apartment block built was owned by a multitude of persons each having a certain share in the plot proportional to the size of the flat occupied. The industrial structure that evolved was unique in many respects. In the first place, no large quantities of land were required since it was possible to build a multi-unit house on a single plot whose size would in most cases not exceed 1,000 sq m or could even be smaller. This in itself was sufficient to attract small capitals into housing production.

Speculative builders made special arrangements with landowners and intending buyers that would enable the flow of even smaller capitals into housing production. Instead of buying the site in advance, speculative builders offered landowners a number of dwelling units in the new apartment house as a compensation for their ownership of land. The units produced were thus shared between the builder and the landowner according to a ratio agreed at the outset. This enabled builders to minimise their initial capital outlay required to start the production process. The actual process of production, too, was organised along lines that enabled builders to reduce to a minimum their capital advances. The sale of dwelling units before they were actually completed and the purchase of building materials through suppliers' credit were the mechanisms ensuring the minimisation of working capital to run the on-site production process. This system of barter and co-ownership allowed, on the one hand, people who own small properties, but who do not have enough means or credit to develop them, to become owners of flats in the final apartment block produced and, on the other, small capitals, which would otherwise not hope to take part in housebuilding, to engage in housing production. This system also created pressures for high density, which was profitable to both parties, and encouraged a redevelopment process in relatively low-density areas of cities. It accelerated fragmentation of virgin land through the creation of strong expectations that even small plots could guarantee big capital gains. It thus fuelled the spread of cities towards virgin land on the outskirts, most of which would be subdivided into small plots by the time of actual development.

The percentage of flats offered to the landowner varied depending basically on the location of the site but, starting from 25 to 30% in the sixties and early seventies, exhibited a secular ~~trend~~ upward trend and reached 50 to 60% in prestige areas of Ankara. When it first emerged, speculative housebuilding offered feasible solutions for the members of the middle classes. It also brought together the resources that could not

have been pooled easily through other means. This was particularly important in a country like Turkey, where no comprehensive credit mechanisms existed on either producers' or purchasers' side of the market, a well-developed financial system orchestrating the flow of funds into housebuilding was absent and where the state did not take on an active role in the market. In most cases, the prospective buyers themselves were financing their own house purchases with a downpayment not exceeding 20 to 30% of the final price and the rest being paid in installments until the date of completion. On the other hand, speculative builders were realising the entire construction work with an extremely small amount of money capital which, given the alternatives open to them, could not have yielded the same rate of profit, had it been invested in another sphere. By the end of the sixties Turkey was characterised by an exceptionally lively urban property market. Large tracts of land around the cities were subdivided and then sold by their owners, thus enabling middle and even low-income groups to enter the land market with the expectation of high returns in the future. A number of diverse social groups were involved in the urban property market, with considerable redistributive effects on their well-being. Almost every group did benefit from the functioning of the property market. Indeed, an alliance was formed across a diverse range of social groups in the urban setting on the basis of their short-term interests. By the late seventies, however, it became undeniably clear that there was something wrong within the sector. Landowners claimed ever-growing shares in return for their release of land and house prices kept on rocketing. Builders started to construct more and more luxurious houses and this consequently made them inaccessible for the middle classes.

In the early 1980s both types of housing described above -gecekondu and speculative housebuilding- were no longer what they used to be earlier. They had functioned with considerable success for three decades, but somehow ceased to be the form of housing appropriate for the social groups they initially served. The military junta of the 1980 coup d'etat imposed strict restrictions on the construction of unauthorized squatter settlements ~~what~~ were the final blow to gecekondu. The final blow to speculative housebuilding came from the 1980 economic stabilization measures which marked the end of the import-substituting industrialisation strategy which had governed the development efforts of Turkey between the mid-1950s and late 1970s. These measures brought with them, among other effects, a massive curtailment in effective demand and worsening in the conditions of the wage-earning classes and diverted resources from industries serving the domestic market to export-oriented ones. The 1980 measures thus signalled the end of a period characterised by the accumulation of domestic market-oriented capital and transition to a new growth strategy in which capital was to accumulate predominantly in export-oriented sectors. This implied, as far as speculative housebuilding was

concerned, annihilation of one of the essential preconditions of its existence, namely a brisk demand for housing. The collapse of gecekondü production and speculative housebuilding as forms of housing provision serving a wide range of urban groups brought housing construction in Turkey to a standstill in the early 1980s. A number of fresh policy measures were prescribed and implemented for the recovery of the industry. But new forms of housing production capable of reaching the social groups served by the previous forms have yet to emerge. In Turkey of the late 1980s, gecekondü construction is a very rare occurrence and what I called speculative housebuilding is confined to a limited number of building sites in big cities but seems to be continuing its operations in small settlements.

It is interesting to see that research on these two types of housing production in Turkey has developed unequally. There exists a rich literature on various aspects of shanty towns, while studies on speculative housebuilding are scattered and fragmentary, dealing only with some isolated aspects of the issue, rather than tackling it in its entirety. There are a large number of studies on the political economy and sociology of squatter settlements, as well as fairly complete accounts of the legal and planning-related problems they have created and the ways of life, political behaviours, cultural aspirations etc. of their inhabitants. Furthermore, gecekondü has even made its way into a number of literary works (7). In contrast, our understanding of the ways in which speculative housebuilding operates is very poor. This indifference on the part of urban research in Turkey (8) towards speculative housebuilding may in part be attributed to the bias in favour of the urban poor of the dualistic framework which was the dominant thinking in urban studies in the seventies. Another reason which I think may account for the widespread academic interest in shanty towns is the populist tradition prevailing not only in Turkish politics, but also among the Turkish intelligentsia (9).

A closer investigation of the ways in which speculative housebuilding (hereafter "SHB", except for the sake of clarity and emphasis) has appeared in urban and housing research in Turkey exhibits a line of enquiry broadly following that of traditional housing studies. Among the issues that have received the most interest are those relating to housing need and the housing gap, the state's housing policy, speculation on land, sources of finance and a stereotyped emphasis on or, more correctly, longing for large-scale enterprises in the housebuilding industry, for the absence of which speculation on land, the state or speculative builders themselves have been blamed in varying degrees (10). In the face of an allegedly ineffective industrial structure incapable of providing the masses with decent housing, proposals have been made urging the state to take on a more active role in housing development and even to transfer all urban land to public ownership in

order to prevent speculation. Almost nothing was written before 1980 about the actual workings of, and the social relations within, the sector (11). Only after 1980, when the rate of housing production drastically fell, did the analysis of SHB receive some academic interest. However, it must be noted that much of this analysis still remains highly descriptive. Focusing on the underlying causes of the crisis, it is argued that it is simply the sharp curtailment in demand for housing that has paved the way for the collapse of SHB. Depending on the theoretical positions adopted, a number of demand or supply-side policies are then prescribed as possible ways out of the crisis.

With few exceptions there is nowhere an understanding that the problems of the industry can be understood in the context of its social relations, its evolution through time and the predominance of small-scale enterprises within the sector. In short, SHB has been conceptualised as simply responding to whatever happens outside itself. The dynamics of change within SHB have, explicitly or implicitly, been attributed to the changes in the wider economic and social relations. In much the same way as its collapse, the emergence of SHB, too, is attributed solely to soaring land prices, changing legal regulations and the state's inability to take immediate action. In a number of attempts to come to terms with the meaning and essence of the preponderance of small-scale productive units within the industry, sweeping generalisations are made. The characteristics and the mode of operation of the type of capital that has found SHB as an advantageous field of accumulation for itself, the relations between the agents involved and the ways in which production and exchange processes have been organised along lines dictated by the interests of and, outcome of the conflicts between, the agents themselves have been scantily dealt with. On account of the "backward" technology used by speculative builders and the small size of their operations, it is tacitly agreed that SHB contains some elements reminiscent of pre-capitalist relations. A discussion has even been made in a seminar on whether the capital involved in SHB process should be classified as industrial capital or merchant capital (12), but no one has gone any further than labelling it with ambiguous terms such as "small capitalist" or "petty production" without attempting to justify such a categorisation.

This study is an attempt at explaining why speculative housebuilding in Turkey evolved into the particular form briefly described above, why and how it changed over time and became the dominant form of housing provision and, finally, how and why it eventually collapsed in 1980. While tackling such a question one is confronted even at the outset with the problem of how to deal with a form of housing production apparently incorporating some pre-capitalist elements. If, it may be asked, SHB does not seem to have evolved into a fully developed capitalist form of housing production, how can we describe it? If the

development of capitalism in SHB is incomplete in one sense or another, is it possible to assess, with any degree of precision, the extent to which capitalist relations have made inroads in speculative building in Turkey? Is it possible, for instance, to distinguish between aspects that are not capitalist and those which have taken on a capitalist character?

The second set of questions I attempt to highlight concerns the analysis of SHB in an historical perspective. In an inquiry into the question of how SHB fits into the development of capitalism in Turkey, I address myself to the following questions: Why did capitalism, the most dynamic element of Turkish society since the 1950s onwards, not develop in SHB to the same extent or in the same degree as it did in other productive branches? Why is it the case that capitalist penetration into housebuilding in Turkey is incomplete? Which factors, internal or external to the sector, did set barriers to the further development of capitalism in housebuilding? How did SHB manage to maintain its particular structure during the 1960s and 1970s? How and why did it collapse in 1980? How much did it change during this period? In short, the question here is to understand, in an historical perspective, the dynamism arising out of the functioning of the dominant structure within SHB itself, on the one hand, and its relationships with the wider social, economic and political environment, on the other.

These two sets of questions roughly correspond to what may be referred to as the "static" and "dynamic" aspects of the study. In that part of the study devoted to the analysis of SHB in a static perspective I reconstruct SHB as it existed in its heyday in the 1970s, without attempting to explain how it came to evolve into this particular form. Since no explanation is given at this stage as to the historical origins of SHB, this is a timeless reconstruction. In doing this I identify the agents involved in the production, exchange and use of the housing product, particular attention being paid to the roles and economic interests of each party. This enables me to figure out the potential conflicts and areas of consensus between the agents, once again without any consideration of the particular historical forms of these conflicts and alliances, if any. Another theme running through this enquiry is the identification of the form of penetration of capitalist relations of production into the sphere of speculative housebuilding.

Having thus discovered the specificities of SHB in a static perspective, I attempt, in the dynamic analysis, to account for the historical origins of this particular form and its evolution through time. In doing this I illustrate the actual forms of the potential conflicts between agents, an exercise which enables me to discover the dynamism arising out of the functioning of SHB as a productive activity. This exercise also prepares the grounds for me to explain, rather than take for granted, the particular forms of social struggle within SHB, on the one hand, and the

alliances formed by the agents under historically specific circumstances, on the other.

A significant portion of the studies on the housing/building industry is characterised for the most part by what Ball (1986a) has called the "externalisation of its dynamics". The industry is depicted in such a way that it simply changes in the direction dictated by the social and economic relations outside itself (see Chp. 2). This well-known dichotomy between the so-called "internal" and "external" forces and assigning the latter some sort of primacy over the former has led to an understanding in which the actual relations prevailing within the industry have almost no role to play as the likely causes of change. Instead I argue in the chapters that follow that it is the concrete interaction of the internal and external factors that should be investigated. A study of the actual forms of struggle and conflicts between the agents within SHB has the potential of disclosing its dynamics. How these dynamics become manifest under particular conjunctures necessitates an analysis of the circumstances. What is referred to as the external factors set a number of opportunities for and constraints on such dynamics.

To give an example, I argue later in the study (Chps. 3, 4 and 6) that the social and economic relations characterising Turkish society during the 1960s and early 1970s provided, with the exception of a few years, extremely favourable conditions for a smooth functioning of SHB. A number of historically specific conditions, such as an excessive demand for housing generated by the massive migratory flows into urban areas, a rapidly expanding domestic market and rising real wages of the masses, inflationary pressures within the wider economy, the absence of a well-developed financial system capable of channelling households' savings to the housing industry, extremely low interest rates and, hence, the lack of an outlet for households' savings, all combined in the 1960s and 1970s to render house and land purchases one of the few ways in which the masses could prevent their savings from being eroded away by inflation. These conditions also enabled builders to make considerable gains on the selling prices of houses. The result was an exceptionally lively and speculative urban property market, which had considerable redistributive impacts on the well-being of the social groups involved.

The extent to which the agents taking part in the speculative building process were able to seize these opportunities depend on a variety of factors which cannot be derived a priori. SHB itself made use of these opportunities only to a limited extent. During this period the social relations characterising SHB were such that the agents involved (with the exception of the lowest category of building workforce) received a number of crucially important short-term benefits. It was essentially because of the benefits they received that the agents within SHB avoided

the conflicts between themselves from resolving into a paralysis. It was on the basis of the compatibility of the interests of the agents involved that a consensus or, an alliance, was formed across a diverse range of social groups within the urban setting. This alliance reflecting the respective powers of the parties was, however, an extremely brittle one and was dependent almost entirely upon the existence of favourable external conditions.

Starting from the mid-1970s and especially in the late 1970s, some of the circumstances favouring SHB were reversed. These changing conditions disturbed the balance of power within SHB in favour of landowners who were already in an advantageous position vis-a-vis other agents. Consequently, landowners claimed ever-growing numbers of flats in return for making land available for development. This, however, did not prevent speculative builders from attaining, in 1979, the highest level of production in the pre-1980 period. Despite the existence of adverse conditions, speculative builders were able to continue to their operations, basically by restricting the output in the market to a more narrowly defined purchaser group. The 1980 economic stabilization measures did nothing but unveil a conflict within the sector, which had been building up for some time but had remained hidden due to favourable external conditions, and which would probably have induced by itself radical changes within the sector, had these measures not brought the sector down. In a similar fashion, the 1980 measures -an "external" force- would not have hit the sector to the degree it did, if this conflict had not developed to a certain extent. It is wrong, therefore, to search for a one-to-one correspondence between the so-called internal and external factors.

It must also be noted that some of the recent marxist approaches to the study of housing/building have failed to overcome the limitations of traditional studies, by either externalising the sources of change or offering mono-causal explanations of historical change. A mechanistic interpretation of some of the basic concepts of marxist theory has led to an understanding in which the driving force of change within the sector is reduced to an omnipresent and undifferentiated, that is, timeless and spaceless, requirement on the part of capital or to the conflicts between labour and capital at the point of immediate production. The result has been a sterile conception of the housebuilding industry, failing to grasp the complexity of the social relations within the industry (see Chapter 2).

It must be clear from what I have said so far that no ready-made answers are available to the question I have posed. Inasmuch as the objective of this study is to understand the nature of capitalist penetration into housebuilding, it is an attempt to combine two seemingly diverse bodies of literature: literature on uneven capitalist

development in the less developed part of the world economy and the growing body of literature on the production of the built environment. This, it must be stressed, is a task beset with certain difficulties even at the outset. Much of the underdevelopment literature is characterised by a great degree of functionalism and dualism, while different shades of mono-causal explanations seem to dominate housing studies. As I argue in Chapter 2, the basic concepts of marxist theory, particularly the concept of mode of production, serve as a bridge between these two bodies of literature, as well as providing one with the tools required to break with their ills and to formulate a multi-faceted approach to the study of housebuilding. Therefore, the adoption of an historical approach that places the concept of mode of production at the centre of the analysis is as much a result of the belief that this method is the only way of fully grasping the uneven development of capitalism in a particular branch, as it is a declaration of disagreement with the one-sidedness implied in the mono-causal explanations of historical change.

In contrast to most of the housing studies in Turkey this is not a study on housing policy, but rather on what may be called the political economy of speculative housebuilding. My objective is to understand and explain the nature of capitalist penetration into housebuilding in Turkey and to develop the theoretical tools for the analysis of this question in an historical perspective. As a result of this bias in favour of theory, I do not pursue the policy implications of the analysis developed in the study. This simply means that I do not, in the end, attempt to formulate a policy prescription or to justify or criticize an already formulated one. In a similar fashion, housing policies of the state do not enter the analysis in a privileged position. They are treated as one of the factors shaping the broad framework within which SHB has functioned.

This study focuses on the 1950-1980 period. The scale of the transformations that Turkish society has gone through in this period is too large to be summarised in a few words. During this period Turkish society escaped from its pre-capitalist mould and changed from a rural to an urban-based society. In this transformation the first half of the 1950s appears as an intermediary stage, a period of search for an adequate economic policy that would best fit into the booming world economy. Liberal trade policies of the immediate post-war era were abandoned in 1954 and strict restrictions were imposed on imports. The development of capitalist relations gradually made way for an industrialisation strategy similar to the one adopted by a number of peripheral countries under the hegemony the manufacturing bourgeoisie. The import substituting industrialisation strategy, pursued at the beginning in a somewhat random fashion and then, from 1962 onwards, with the aid of planning, led to the ascendance of capitalist relations and to an increasing domination by the bourgeoisie. The policies of

import substitution were implemented with considerable success until the late 1970s, with remarkable growth rates in manufacturing output, and were finally abandoned in 1980 to be replaced by an export-oriented growth strategy. The 1980 stabilisation measures laid down the economic principles of the new strategy, while the subsequent military coup d'etat in the same year, the third of its kind since 1960, defined the political order within which the new mode of accumulation was to proceed.

The 1980 measures thus represent a radical break with the past. The year 1980 represents a similar break for SHB as well in that the crisis of production, which had thitherto reflected itself in soaring house prices, caused such a sharp decline in the rate of production that the volume of housing starts in 1980 fell to the levels of the early 1970s. Since then SHB has been unable recover and it could be argued that it is about to exit from the stage as a form of housing production. One of the basic arguments of this study concerns the relationship between import substituting industrialisation (ISI) strategy pursued in Turkey between the mid-1950s and late 1970s and speculative housebuilding. In the first place, the major phases of their evolution through time exhibit striking parallels. The periods of birth and rise of ISI and SHB coincide in time. The years when import substitution first came to the agenda as an alternative development strategy are the ones when SHB made its debut into Turkish society in the particular form described above. Both received "official" recognition in the early sixties and experienced their heyday in the late sixties and early seventies. Furthermore, SHB is characterised by a form of class alliance that closely resembles the one characterising ISI. As I argue in Chapter 5, ISI is based upon an extremely fragile alliance between classes with diverging interests. This alliance depends, to a large extent, on a number of favourable external conditions and the success with which the classes participating in the alliance satisfy their short-term interests. Recalling the brief summary given in the preceding pages as to the consensus and alliance between the social groups within SHB, parallels between the two are striking and, indeed, SHB may be regarded as a micro-scale model of ISI. There is, however, more to their relationship than that is implied by a simple metaphor or temporal coincidence. I argue in Chapter 6 that SHB, as it evolved under the circumstances peculiar to Turkey during the 1960s and 1970s, had a number of crucially important functions to fulfil under ISI. More concretely, SHB was one of the major pillars of ISI in urban areas and it played an important part in the participation of the urban middle classes in the multi-class coalition characterising ISI. The concept of ISI is used in this study as a concept delineating the wider social, economic, political and ideological environment within which speculative housebuilders have operated. An important theme running through the study is the exploration of the relationship between SHB and the class alliances and the mode of accumulation characterising the ISI strategy.

One major difficulty in doing a study of this kind that attempts to study the form and degree of capitalist penetration into SHB is the fact that SHB does not exist today in the same form as it did in its heyday. Furthermore, there exists no account of SHB as it did exist in the early seventies, from which one can draw conclusions or with which comparisons can be made. As a solution to this problem, I interviewed a number of builders and gang leaders some of whom had been engaged in housebuilding for periods exceeding 20 years. Such a study is more complicated by the fact that the published data on the housing industry in Turkey are extremely limited. The only sources of data that exclusively belong to the housing sector are construction and occupancy permits issued by municipalities. Other data that exist are global, covering all types of construction activities, and not very reliable, especially employment figures. No data are available at all on urban land ownership and individual enterprises. Considering the fact that some of the questions I posed were not the kind of questions that could be examined through published data, I carried out a field survey in a middle-class housing area in Ankara, with the aim of finding out some typical cases with the help of which some of the questions I posed could be highlighted and exemplified. A detailed description of the sources of data on both housing and construction industries and Turkey in general, and of the field survey is given in Appendix I. The data themselves are given in Appendix II.

The chapter that immediately follows this one is an assessment of and an endeavour to combine two diverse bodies of literature: one on the development of capitalism in the periphery and its homeland and, the other on the housing/ building industry. Given the impasse generated by the failure of the literature to grasp the essence of capitalist development in the periphery, I make an attempt to understand the exact meaning of capitalism as a mode of production. I then turn to the task of reconstructing basic marxist concepts which, I argue, one should employ in the theorisation of uneven capitalist penetration into a particular branch. These are the concepts of mode of production and labour process, following in broad terms the analysis developed by Marx in *Capital*. I then consider the application of these concepts to the study of housing/building. Here I contrast my attempt to develop a multi-faceted approach to the study of housing/building with those conceptions that reduce the dynamics of change within the industry to a ubiquitous and unchanging capitalist rationality.

Chapters 3 and 4 constitute parts of the same whole and serve a double function within the overall study. They, on the one hand, represent an effort to reconstruct SHB as a form of production in the sense defined in the preceding chapter. On the other hand, they are structured around the secondary goal of introducing a number of elements on which the

historical analysis is based in the following chapters. Here I discuss in a timeless perspective the agents involved in the SHB process, their economic interests and the principles governing the organisation of the production and exchange processes. The basic objective in doing this is to identify the position of each agent within SHB and to discover the characteristics and the mode of operation of capital that has found SHB an attractive field of investment for itself. Chapter 4 ends with a discussion of SHB with reference to the understanding developed in Chapter 2.

Theoretical discussion is resumed in Chapter 5. This is necessary to define the theoretical tools required for the shift of emphasis from a static to dynamic perspective. In this chapter I define the concept of import substituting industrialisation as a form of integration into the world economy and as a mode of accumulation. I then introduce the concept of populism as one delineating the political and ideological structure of ISI. This where I discuss in detail the class alliances characterising ISI and the position of each class within this alliance.

Chapter 6 aims to account for the emergence, rise and collapse of SHB in the context of capitalist development in Turkish society during the three decades between 1950 and 1980. Starting with a discussion of the early republican period and those aspects of this period which had formative effects on the development of capitalist relations in the years to come, I then attempt at placing the evolution of SHB into a social, economic and political context without losing sight of its internal conflicts and dynamics. I discuss that the success story of SHB was contingent upon a variety of external circumstances. I also discuss at length how the internal balances of SHB were disrupted in favour of landowners when these external circumstances began to reverse in the mid-1970s.

Chapter 6 constitutes the first stage of a three-level empirical survey designed to complement the study. Following the discussion of SHB at the national level, I study in Chapter 7 the development process in a metropolitan centre -Ankara- and a typical middle-class residential area. In an attempt at showing the links between the urban land market and the building industry, I provide an in-depth story of what now is a fully developed residential area from the early 1930s to the late 1980s. The emphasis is on the processes leading to the fragmentation of land ownership and the ways in which petty land ownership has conditioned the evolution of the building industry. This is a very helpful exercise offering me the opportunity to comment on various issues that come to the fore in preceding chapters. The overall results of the study are summarised in Chapter 8.

CHAPTER II UNEVEN CAPITALIST DEVELOPMENT

2.1. INTRODUCTION

It is a well-known fact that the development of capitalism has not been a homogenous one. This unevenness has been the hallmark of capitalism since the 18th century. It manifests itself sectorally, temporally and spatially. Productive branches are distinguished from each other not only technologically but also in terms of the degree of capitalist penetration. The speed with which capitalist relations make inroads in one sector differs significantly from another depending on a multitude of factors. Moreover, some sectors are characterised by the ease with which capitalist relations develop, while others, owing to their structural features, set barriers to the penetration of capitalist relations.

The development of capitalism has been a non-homogenous one over time as well. Phases of rapid economic growth are followed by phases of slackening growth, stagnation or contraction. The cycles that result include cycles of seven to ten years' duration and also long waves lasting about fifty years. In addition, the process of capitalist development is geographically uneven. In phases of growth, a rapid expansion of economic activity in some regions usually co-exists with economic decline in others, while in periods of contraction, regions are once again affected unequally. "The regional and urban inequalities associated with different phases of capitalist development are superimposed upon one another, and upon inequalities inherited from the past and formed in part by previous modes of production" (Dunford and Perrons, 1983; p.225). The manifestations of this uneven development process are well known: development at one pole and underdevelopment at another; co-existence of developed firms, branches, areas and regions with underdeveloped ones, and of fully developed capitalist relations in one sector, area or region with relations corresponding to the earlier stages of capitalist development or even pre-capitalist modes of production in others.

My final objective in this chapter is to develop the theoretical tools required for understanding incomplete capitalist penetration in a particular branch of the economy, namely housebuilding. In this sense, the chapter is an attempt to build a bridge between the theories of uneven capitalist development and those theories having as their object the reconstruction of housebuilding as a productive activity. I tackle in

the first place the theories of uneven capitalist development: more precisely, the question of theorizing that aspect of uneven capitalist development which manifests itself in the form of incomplete capitalist penetration into a particular productive branch. Thus the temporal and spatial aspects of uneven development process are not considered explicitly but enter the argument insofar as they are necessary for understanding the former. The section that follows this one is a critical assessment of the theories dealing with the development of capitalism in the periphery of the world economy. An examination of the literature shows that much of the confusion surrounding these theories stems from their failure to grasp the meaning and essence of capitalism as a mode of production. An enquiry into the distinctiveness of the capitalist mode of production and its development in its homeland enables me to formulate a number of key concepts required for the theorization of incomplete capitalist development. I then evaluate the theories of housing/building, with particular attention to those aspects of the building process which allegedly make the penetration of capitalism into this sphere difficult and then discuss a number of methodological issues.

2.2. DEVELOPMENT OF CAPITALISM IN THE PERIPHERY

Compared to the overall development of social sciences the study of underdevelopment as a specialised branch is a relatively recent phenomenon. "Development economics" and the "sociology of development" as distinct academic enterprises came into their own in the early 1950s mainly as a product of the new world situation after World War II. Before this period, the study of underdeveloped countries (hereafter UDCs) was not a distinct field of research. The study of UDCs was under the monopoly of social and economic historians. It was the radical changes after the second war that gave birth to distinct fields that had the study of underdevelopment as their subject matters. This was a period in which the countries that were no longer under colonial domination started their efforts of industrialisation basically through state intervention, and in which an ideology of nationalism and developmentalism arose.

Development economics and the sociology of development of the early fifties inherited from previous social scientists the view that contemporary underdevelopment had theoretical dimensions that were similar to the history of today's industrialized countries prior to the 19th century. Development economists and sociologists of development of this period dealt with the concrete conditions of contemporary UDCs without rejecting the theoretical problematic of the 19th century industrialisation history. This is the theory of development -the modernisation school- that I examine in the section that follows. The assumption that contemporary underdevelopment constituted the pre-history of industrialisation offered a crude technological interpretation

of history and paved the way for an analysis of the problems of underdevelopment on a comparative basis.

As far as marxist approaches to the problems of development are concerned it would not be wrong to assert that marxism of the 1950s offered solutions that were not very different than those of the modernisation school. After the productive discussions of the pre-1930 period and basically due to the "long night of Stalinism" (Roxborough, 1979; p.16), marxist interpretation of history, too, had been reduced to a crude technological determinism.

An approach outside these clearly ideological formulations emerged only in the mid-1960s. The roots of this approach may be traced back to Paul Baran who wrote in the late 1950s. The basic thesis of Baran's book -"The Political Economy of Growth" (Baran, 1957)- was that underdevelopment could not be studied at the level of individual countries, but it was a global phenomenon that could only be understood in terms of the interactions between developed and underdeveloped countries. This approach constituted the basis of the "dependency school" of the late sixties. It is these theories to which I turn in the following pages.

2.2.1. Modernisation School

Modernisation theory was formulated in the 1950s by a group of American scholars representing the structural functionalist school of sociology. The most prominent figure of this school was Talcott Parsons who depended basically on the works of Max Weber ("The Protestant Ethic and the Spirit of Capitalism") and Emile Durkheim ("The Division of Labour in Society"). The essence of this theory is the distinction between "traditional" and "modern" societies. "Traditional" is the situation of today's industrialized countries prior to the 19th century, while "modern" is their current structure. "Traditional" society is characterised by some combination of the following features.

- (1) Relationships are "particularistic", rather than "universalistic", i.e. based on ties to particular people, such as kin, rather than on general criteria designating whole classes of persons (Leys, 1982;p.333).
- (2) Individuals' status in the society is not earned or achieved, but conferred by virtue of kin relationships or by birth (Webster, 1988; p.50); "ascription" vs. "achievement".
- (3) Roles that individuals and/or institutions play in the society are not clearly separated ("role diffuseness" vs. "role specificity") (Leys, 1982).

(4) The value of traditionalism is dominant in the society ("traditionalism" vs. "rationalism").

Other features seen as characteristics of "traditional" societies include low division of labour, dependence on agriculture, low rates of growth of production, local exchange, self-sufficient communities and restricted administrative competence (1). A society in which just the opposite of these features prevail is called "modern". "Modernisation" then "... refers to the process of transition from traditional to modern principles of social organisation and this process [is] what [is] actually occurring in Asia, Africa and Latin America" (Leys, 1982; p.333). UDCs are thus in a position today that resembles in many respects the position of developed countries before the industrial revolution. Underdevelopment is, therefore, a temporary "stage" societies pass through as they become developed. Today's UDCs are on the same universal path of development as industrialized countries, but suffer only from being "latecomers". "Modernisation" is the process of change from traditional to modern society, from one pre-determined point to another (2).

Modernisation theory does no more than present a typology, a classification of what it considers to be major structural aspects of societies at different stages of universal societal evolution. It has almost "... nothing to say about social change in contemporary developing countries" (Hoogvelt, 1978; p.50). The proponents of the modernisation theory believe that comparative analysis of structural characteristics of different societies at different historical periods (developed countries of today and before industrial revolution) as well as of different societies in the same historical period (developed and UDCs of today) may still yield a sequential order of structural types. By generalising the differences between these types, it was believed that a paradigm of evolution could be formulated.

For this school of thought UDCs contain at any given time the elements of both types of society. UDCs have two dichotomized spheres which manifest themselves not only in the organisation of economic activities but also in almost every aspect of daily life. Various names are given to these polar sectors of the economy such as "modern" vs. "traditional", "capitalist" vs. "subsistence", "enclave" vs. "hinterland", "industry" vs. "agriculture". Modernisation theories are, therefore, invariably "dualist" when analyzing the internal structures of UDCs.

Boeke is the first figure to use the term "dualism" in the context of modernisation theory. According to him, "social dualism is the clashing of an imported social system with an indigenous social system of another style" (cited in Szentes, 1971; p.75). A dual system is the result of an imported, foreign social system. The penetration of

capitalism via colonial domination into fundamentally agrarian societies of the East resulted in a form of disintegration of the latter. Since these two societies are opposed in character, "one policy for the whole country is not possible and what is more beneficial for, one section of society may be harmful to the other" (ibid; p.77).

During the fifties and sixties in which modernisation theory remained as the unrivalled theory of social change, studies made by social scientists on the so-called "traditional sector" were characterised by an unmatched optimism. This optimism finds its best expression in Howton's words about slums, seen by many as one of the temporary pressures of modernisation process which would pass with time: "..(T)he absence of slums [in UDCs] indicates that little or no modernisation is going on, or else there is a totalitarian regime -perhaps both" (Howton, 1969; p.444).

It, however, became undeniably clear in the late sixties that the efforts of UDCs to industrialise were neither leading to the desired income distribution nor solving the problems of poverty and unemployment. Although between 1950 and 1970 the output in manufacturing sectors of UDCs went up by an average annual rate of 7.5% (Bairoch, 1973; p.139), only a small fraction of migrants had been added up to urban workforce (Harberger, 1971; p.227). The immediate response was the proliferation of studies handling the question of un(der)employment in urban areas of UDCs through conventional methods of analysis and incorporation of the famous "informal sector" concept into the corpus of the modernisation school. In itself it reflected the growing concern with the social aspects of the development process. The concept of informal sector arose at a time when its "...intellectual validity was ... secondary to its policy implications" (Bromley, 1978; p.1036). In terms of its contents the concept is hardly different from the original traditional sector. Therefore, the informal sector concept did not signal the finding of anything new, but simply drew attention to something which "... had always been there but had tended to be hidden by the assumption that it would gradually disappear, absorbed into the expanding 'modern' sector of the economy" (Forbes, 1981; p.113).

The term informal sector was first used by Hart (1973) as a way of describing the characteristics of the working population in the Third World cities. The basic criterion he used in distinguishing formal and informal sectors was whether or not labour was recruited on a permanent and regular basis. Later the International Labour Organisation (ILO) extended the content of the concept to cover the productive activities rather than the forms of employment. ILO's definition of informal activities comprises "ease of entry; reliance on indigenous resources; family ownership of enterprises; small scale of operation; labour intensive and adapted technology; skills acquired

outside the formal school system; and unregulated and competitive markets" (ILO, 1972; p.6).

In the early seventies, the concept of informal sector inspired a vast volume of studies dealing with the various aspects of urban activities in UDCs. The formulation of the concept may be regarded as mainstream social scientists' attempt to come to terms with the persistence of pre-capitalist forms of production in UDCs. Another line of thought, drawing on marxist analysis, which arose in the late sixties provided more consistent answers to the questions which remained hidden within a modernisation-inspired framework.

2.2.2. Dependency School

One of the first attempts to break the dominance of the modernisation school was Paul Baran's book published in 1957. The basic thesis of this book was the assertion that underdevelopment could not be analyzed at the level of individual countries, instead a shift of emphasis from countries in isolation from each other to the functioning of the world economy as a whole was necessary. But not until the late 1960s, when the "dramatic failure of developmentalist strategies" (Alavi and Shanin, 1982; p.3) became clear, did another approach come into being. The roots of this new approach -the Dependency School (3)- may be traced back to the Latin American debate on development in the fifties (4), but its rise as an alternative to modernisation can be attributed to growing dissatisfaction with import substituting industrialisation which dominated development planning in UDCs for two decades after the second war (5).

Criticism of conventional views on development by "dependentistas" centred basically around the claim that the former lacked an historical and international dimension. "(M)ost fundamental problems [of the modernisation school] relate to a linear, teleological and ahistorical conception of change. The endpoints of the continuum of societal change are posited as fixed, a priori, and the characteristics ascribed to each are static and often idealised" (Chinchilla, 1983; p.147). It "attributes the same developmental potential to all societies" (Vercrujisse, 1984; p.149) without paying any attention to their particular conditions. Whereas, for dependency approach underdevelopment does not represent a "lag" along a linear path of evolution.

"Underdevelopment is not a stage through which all economies pass before they become developed. It is rather a specific historical form brought about by the external impact of capitalism on pre-capitalist modes of production. As a result, underdeveloped countries are in a very

different situation from that of the advanced countries before the industrial revolution" (Jenkins, 1977; p.137).

There are two fundamental differences between the situation of today's UDCs and that of the developed ones in the 18th century. First, in the developed countries capitalism emerged out of feudalism and has by now become the exclusive mode of production. In the UDCs, however, capitalist relations of production have been introduced from the outside, "already strong and well-armed" (6), and coexist with pre-capitalist modes of production. UDCs can in no way be classified as traditional societies. Second, the nature of the world economy has radically changed since the industrial revolution. The modernisation school cannot grasp these differences because the idea behind it has no relation to historical and international context of underdevelopment.

The result is a sterile conception of underdevelopment in which the difference between developed and UDCs is reduced simply to one of degree. It thus becomes possible for the modernisation school to draw attention to the technical aspects of development rather than social and class conflicts within the countries in question. In his critique of technological dualism Szentes (1971) states that by overemphasising the technological nature of dualism the theory takes the social conflict off the agenda. It represents a view in which social relations are disregarded and qualitative problems are reduced to quantitative ones (ibid; pp.79-83).

The alternative view formulated by Frank (7) argues that development and underdevelopment are partial and yet interdependent aspects of the world capitalist system. It is the functioning of this system that creates underdevelopment in the "periphery" of the world system on the one hand, and development in the "core" on the other. "One and the same historical process of expansion and development throughout the world has simultaneously generated ... both economic development and structural underdevelopment" (Frank, 1967; p.13). In Frank's model, the world system is characterised by a polarisation between (a large number of) satellites and (a small number of) metropolises at different levels. The process of underdevelopment is defined as the transfer of economic surplus from the bottom to the top of this metropolis-satellite hierarchy.

"The metropolis expropriates economic surplus from its satellites and appropriates it for its own economic development. The satellites remain underdeveloped for lack of access to their own surplus and as a consequence of the same polarisation and exploitative contradictions which metropolis induces and maintains in the satellite's domestic economic structure" (ibid; p.13).

It has been maintained by Frank that the very same mechanisms which set off underdevelopment in the periphery are prerequisite to capital accumulation in the core. Capitalist development cannot take place in the core unless "underdevelopment is developed" in the periphery. With the rise of a world commercial network developing into a mercantile capitalist system, there was created a whole series of metropolis-satellite relationships, interlinked in the surplus appropriation chain. As the core end of the chain developed, the peripheral end simultaneously underdeveloped.

For Frank one of the most essential aspects of capitalism is what he calls the "continuity in change", namely "the continuity and ubiquity of the structural essentials of economic development and underdevelopment through the expansion and development of the capitalist system at all times and places" (ibid; p.58). The very logic of the world system -the exploitation of the periphery by the centre- has remained the same despite the changes in the mechanisms of integration of individual countries into the system. For him, the problem of the origins of capitalism (and therefore the origins of the development of the few and the underdevelopment of the majority) comes down to the origins of the expanding world market. Exploitation, in a similar fashion, is defined as the transfer of surplus from one country to another, as a relation that takes place amongst spatially defined units. This method of enquiry leads Frank to the conclusion that development is impossible under capitalism.

Frank's argument may be summarised with reference to a distinction between two themes that have frequently "haunted" marxist literature since the late 1960s. The problem is to distinguish between (a) the role of imperialist penetration in initiating capitalist development in the periphery, on the one hand; and (b) the role of capitalism in developing the productive forces, on the other. With reference to this distinction it is possible to differentiate a number of views. It is usually concluded from Marx's scattered remarks on colonialism that Marx himself "... envisioned a more or less direct and inevitable process of capitalist expansion; undermining old modes of production, replacing them with capitalist social productive relations and, on this basis, setting off a process of capital accumulation and economic development - more or less following the pattern of original homelands" (Brenner, 1977). Thus, for Marx imperialism is capable of introducing capitalist development in UDCs and capitalism is a "progressive" system in that it leads to a further development of productive forces. This is the line of thought represented by Warren (1973) who claims that imperialist penetration initiates a process of industrialisation in UDCs. Frank's views could be placed to the other extreme. He does not seem to reject the classical marxist views on the role of imperialist penetration in introducing capitalism to the periphery. However, what distinguishes

Frank from classical marxist writings is his views about the role of capitalism in economic development; for him, economic development is impossible under capitalism; it is capitalism that creates underdevelopment in the periphery.

Baran's conceptualisation of underdevelopment seems to be representing an intermediate case. On the role of capitalism Baran (1957) is of the same opinion as Marx himself; for both capitalism is a system that is capable of developing productive forces. However, what differentiates Baran from Marx, as well as from Frank, is his views on the role of imperialism in initiating capitalist relations in the UDCs. According to Baran, imperialist penetration is incomplete and it is this that causes underdevelopment. In oversimplified terms, UDCs are underdeveloped not because capitalism is developed, but because capitalism is not developed sufficiently (8).

This difference between Baran and Frank is not simply one of emphasis but has several implications as to the treatment of the actual social and economic processes within the UDCs. For Frank, underdevelopment cannot be defined with reference to whether or not a particular social and economic structure prevails in the periphery (9). His definition of capitalism and underdevelopment takes this question off the agenda. For him, underdevelopment is simply the result of domination by, and integration into the world capitalist economy. For Baran, however, underdevelopment cannot be defined only in the context of surplus transfer from one pole of the world economy to another. The internal structures of the countries in question -which, as a result of incomplete penetration, represents a specific combination of capitalist and non-capitalist modes of production- are of equal importance in an adequate definition of underdevelopment.

An important theme running through Frank's argument is what could be named the "ubiquity of capitalism", the existence of capitalism in all places and at all times. In his critique of dualism, Frank replaces this concept by a monistic notion in which capitalism is simply everywhere, penetrating even into the most isolated parts of UDCs, reshaping them for its own needs. Thus, in Frank's model one cannot even talk of two distinct sectors. As Amin (1974; p.19) notes "there is, in fact, not a juxtaposition of two societies, for the underdeveloped economy is a piece of a single machine, the capitalist world economy". Frank goes so far as "... to deny dualism itself by merging it into the dualism of the entire capitalist world system, into the contradiction of the centre and the periphery" (Szentcs, 1971; p.85). This aspect of dependency school is further stressed by Leys (1973; p.427) when he states that "... by talking of two sectors [the modernisation school] saw a duality ... where there was a unity".

Frank's framework constituted in the late 1970s the theoretical grounds for a large number of scholars analyzing UDCs through the concept of petty commodity production. These scholars argued that the formal/informal sector studies failed to grasp the interdependencies between large- and small-scale productive activities and proposed a new perspective that evolved around the marxian-based concept of petty commodity production with the help of which, they argued, the persistence of pre-capitalist modes of production in the face of an ever-expanding capitalist market in UDCs could be conceptualised. It was asserted that petty production in an underdeveloped capitalist economy had "little potential for independent growth and development" (Gerry, 1979; p.235) and was "trapped in an ... impasse" (Gerry, 1978; p.1154) because of its subordinate position vis-a-vis the dominant capitalist mode of production. Focusing on the "exploitative" relations between petty production and capitalism, these scholars came to the conclusion that petty commodity production was a "subordinate mode of production" (Davies, 1979) "existing at the margins of capitalist mode of production" (LeBrun and Gerry, 1975).

These studies do no more than reproduce Frank's basic argument at a lower level. In these studies capitalist sector exploits petty production and deprives it of its own dynamism in much the same way as the metropolis exploits and causes the underdevelopment of the periphery. In this conception, the continuing existence of pre-capitalist modes of production is attributed to a ubiquitous capitalist rationality. Capitalism thus turns into a vague concept that is capable of penetrating into every sphere of the economy and of destroying, dissolving, transforming, conserving or restructuring pre-capitalist modes of production depending on how functional they are to its reproductive requirements.

As is seen, Frank's notion of underdevelopment and the concept of petty commodity production of the late 1970s are based upon a particular understanding of capitalism. It is Frank's failure to see the distinctiveness of the capitalist mode of production that has led him to the conclusion that "underdevelopment ... is the result of incorporation into the capitalist system" (Frank, 1969; p.224). Indeed Frank's critics have attacked in the first place the concept of capitalism underlying his approach. It is these critiques and the distinctiveness of capitalism that I deal with in the section that follows.

2.3. THE DISTINCTIVENESS OF CAPITALISM

2.3.1. Critique of Dependency School

One of the first and most comprehensive critiques of Frank was an article by Laclau (1971). Starting from Frank's claim that all Latin American countries have been capitalist since the 16th century, Laclau questioned what Frank really meant by capitalism. For him Frank defined capitalism (a) as a system of production for the market, in which (b) profit constitutes the motive for production, and (c) this profit is realised for the benefit of someone other than the direct producer. In fact, to assert that capitalism is a system in which production for profit via exchange dominates, is not wrong. But as Laclau (1971) and, later Brenner (1977) and Palma (1981) have shown, the opposite does not hold true, i.e. the appearance of widespread production for profit in the market does not signal the existence of capitalism. Production for exchange is perfectly compatible with a system in which capitalism is not dominant, since markets have existed almost in all societies without necessarily undermining the bases of their social organisation. Therefore, "it is not the production of commodities as such that defines the capitalist mode of production for marxists, but rather the existence of labour-power as a commodity, and it is not the absence of markets but the existence of servile labour which defines feudalism as a mode of production" (Roxborough, 1979; p.49). Similarly, the transfer of value from one region or sector to another is not the same phenomenon as the direct exploitation of labour-power. The participation of UDCs in a world capitalist economy ought to be distinguished from the existence and dominance of the capitalist mode of production as such. It is this failure of Frank to define capitalism adequately that leads to the conclusion that Latin American countries have been capitalist since their first contacts with capitalism. In Frank's model capitalism is defined in such a way that he has "... none of any suggestion that the penetration of capitalism is in some sense partial or incomplete so that underdevelopment should be understood as a form of combination of capitalism with something else" (Foster-Carter, 1978; p.211).

Drawing on the part attributed by dependency school to exchange relations in the definition of capitalism, Brenner (1977) has convincingly constructed a parallel between Frank's treatment of underdevelopment and Adam Smith's analysis of capitalism.

"Like Smith, [Frank] implicitly or explicitly, equates capitalism with trade-based division of labour. The rise of distinctively capitalist class relations of production are no longer seen as the basis for capitalist

development, but as its result. [In this analysis] a trade based division of labour is not only responsible for the origins of capitalism, but also the source of its dynamic development".

Frank's notion of omnipresent and homogenous capitalist development has appeared in marxist thinking in many different forms. For instance Bernstein (1976) argues that UDCs represent the characteristics of both capitalist and non-capitalist modes. UDCs, says Bernstein (1976; pp.63-4), are capitalist because they have been occupied by capital and the structures and processes within these countries have been linked to the functioning of capital on a global scale. They are, however, not capitalist because the actual form of production has not yet been transformed. Bernstein thus comes to the odd conclusion that capitalism can include different forms of exploitation of labour by capital. Due to lack of a notion of incomplete penetration, Bernstein arrives at a definition of capitalism which is so wide as to contain various forms of exploitation of labour by capital. This is nowhere better expressed than in Wallerstein (1974b) when he argues : "Capitalism ... means labour as a commodity to be sure. But in the era of agricultural capitalism, wage labour is only one of the modes in which labour is recruited... Slavery, coerced cash cropping ... share cropping and tenancy are all alternative modes" (ibid; p.400).

What Bernstein and Wallerstein fail to see is the simple fact that capitalism cannot contain forms of exploitation other than wage labour. Labour power as a commodity is the fundamental basis for the capitalist mode of production. For Bernstein and Wallerstein, however, free labour power is one of the many forms of exploitation of labour by capital and a consequence, rather than a condition, of capitalist development. Whereas, wage labour is both a theoretical category representing the pure form of capitalist relations of production and an historical category into which pre-capitalist forms tend to transform as they fall under the control of capital. But a number of forms of exploitation other than wage labour can be incorporated into the functioning of capitalism. The penetration of capitalism into UDCs has not automatically brought about the complete dissolution of previous pre-capitalist modes of production. Consequently, UDCs are characterised by the complex articulation of various modes of production and co-existence of different forms of exploitation corresponding to the early stages of capitalist development and other modes of production.

Before proceeding to the discussion of the distinctiveness of the capitalist mode of production, I shall add a few points to the critique of Frank's model of underdevelopment:

(a) Frank's argument is clearly teleological. "It relies on a unilinear and evolutionist conception of historical development" (Culley, 1977;

p.114). The fate of a country is determined from the moment it witnesses an imperialist penetration. There is virtually no role the actual processes and structures of the country in question can play.

(b) The fact that different forms of capitalist penetration have very different impacts on the UDCs remains unanalyzed (Taylor, 1979; p.86) since the emphasis is upon the "unchanging" nature of this penetration.

(c) "His method leads Frank to displace class relations from the centre of his analysis of economic development and underdevelopment" (Palma, 1981; p.45). Consequently, "class conflict [is] replaced by the equivalent conflict between the enriched and developed metropolitan centres and the plundered and underdeveloped regions" (Mabogunje, 1980; p.45).

2.3.2. Capitalist Mode of Production

Like every mode of production capitalism is defined by the combination of relations and forces of production. These two comprise the relations between the labourer, means of production and non-labourer (10). The ways in which these elements are brought into relationship with each other vary from one mode of production to another. The relations of production refer to the form of ownership of the means of production and the mode of appropriation of the surplus (11). An analysis of the relations of production includes such question as : "Who sets the means of production to work? ; Who controls the distribution of the product, i.e. who appropriates the surplus? In which way is surplus being appropriated?" (Vercrujisse, 1984; p.17). Strictly speaking, the relations of production define the exploited class in a mode of production and, therefore, the study of the relations of production should uncover the presence and forms of exploitation in that mode.

Despite all its apparent simplicity, the analysis of the "productive forces" presents great difficulties. The way in which the forces of production are conceptualised is of crucial importance as it has been the fundamental source of technicist interpretations of marxism, "... the most bizarre of all the misinterpretations of Marx's thought" (Harvey, 1982; p.98). To speak of the productive forces suggests, in the first place, the possibility of a "list" of objects -the population, machines, science, etc. (12). Productive forces cannot be reduced to machines or techniques of production. They include not only the technical instruments but also the application of scientific knowledge to the process of production. Furthermore, what is designated as the "forces of production", too, is a relation.

"In Capital Marx's theorization posits, in addition to the ownership relation, a relation of 'real' or 'material' appropriation of the means of production by the labourer in the labour process. This relationship refers

to the actual control exercised by direct producers in the labour process and is analytically distinct from the ownership relation" (Rattansi, 1982; p.144).

Thus, the productive forces are a socially constructed element of a mode of production in the same way as the relations of production. To analyze the productive forces in fact amounts to studying how the means of production are appropriated by the labourer in the production process; it situates the analysis of the labour process as a part of the analysis of the mode of production.

It is the combination of these two elements that defines a given mode of production. It should be noted in passing that these elements of a mode of production cannot be defined in their separation; they have a meaning only in their unity. It is impossible to define any of these relations without considering its combination with the other, because they exist only in their unity. In this sense, they are only notional relations unless their combination is taken into account. In this unity of the forces and relations of production it is the relations that play the determinant role (13). The relations of production structure the form and rhythm of development of, and impose a social purpose on, the productive forces, rather than determining all their aspects.

In societies divided into classes, the first relation (ownership relation) is by definition characterised by a separation: Labourers do not own the means of production, which are the property of the non-labourer who, by virtue of his ownership of the means of production, exploits the direct producers by extorting surplus from them in various forms. On the other hand, the second relation (the relation of real appropriation) can take various forms depending on the mode of production in which it takes place. The labour process can set up either a unity of the labourer with the means of production (as in pre-capitalist societies) or a separation of the labourer from the means of production (as in capitalist societies).

In the pre-capitalist modes of production, the separation of the labourer from the objects and means of labour in the ownership relation is incomplete since it is not accompanied by the separation of the labourer from the conditions of production. Although the non-labourer (the "lord", for instance, in feudalism) has both legal and economic ownership of the means of production (the "land"- being the most important means of production in the feudal mode), the direct producer (the "serf") has the possession of, and a certain degree of command over, the means of labour. In the case of feudalism, the possession by a serf of a parcel of land was protected by custom and he could not be simply dispossessed by the lord. The producer had the necessary

knowledge, skill and experience of the objective conditions of his labour. It was he who had the full control in the creation of a new use-value (i.e. in the labour process). Herein lies the most distinctive feature of pre-capitalist modes of production: The unity of labour-power and means of labour in the labour process. The direct producers have the power to put the means of production into operation even though they are deprived of the power of directing these means to particular activities and appropriating the product. Production of use-values can start without the intervention of the non-labourer since the labourer has the necessary qualities to control the labour process. Therefore, the pre-capitalist modes of production are characterised by a separation in ownership relation and a unity in the labour process. This also determines another crucial feature of pre-capitalist modes of production: the surplus product produced in the labour process has to be appropriated by means of extra-economic forces. In other words, exploitation is external to the process of production. In all pre-capitalist modes of production, because of the non-correspondence described above we see the existence of non-economic forces securing and justifying the extraction of surplus product.

This non-homology between the forces and relations of production is replaced by a homology in capitalism: the separation of the labourers from the means of production in ownership relations now coincides with their separation from their conditions of labour in the labour process. In capitalism, the labourer is not only stripped of all property but has also lost his craft skill; the labour is no longer his property. Capitalism is distinct from previous modes in that a class of propertyless producers (the working class) owns nothing except its ability to work. Strictly speaking, the worker does not sell his labour or the product of his labour, but his ability to labour, or labour power.

In previous modes of production, the production of use-values could start without the intervention of non-labourer; the means of labour and the labourer himself formed the conditions necessary (and sufficient) for the production of use-values. In capitalism, however, these two can only potentially be the conditions of production; means of labour and labourer are necessary but not sufficient for the production of use-values. Here the production process cannot start without the intervention of non-labourer (capitalist). The direct producer of this mode cannot by himself put the means of production into operation. In the capitalist mode of production, labour does not possess the capability it requires if it is to be social labour, i.e. labour used and recognised by society. The capitalist mode of production implies the cooperation and division of the functions of control and execution. Here one can see the double function of non-labourer in capitalism, as the exploiter of labour power and as the organiser of the actual production process which corresponds to the ownership and real appropriation relations

respectively; and contrast this with the single function of the non-labourer in pre-capitalist modes of production as the exploiter of labour. "It is this decisive modification of the place of the direct producers ... which makes labour itself into a commodity, and this determines the generalisation of the commodity form, rather than the other way round" (Poulantzas, 1975; p.19).

Another important consequence relates to the form of surplus labour extraction in capitalism. In contrast to the pre-capitalist modes of production, in capitalism the extraction of surplus labour from the direct producers (i.e. the exploitation) is achieved within the economic sphere itself without the necessary intervention of another one. The extraction of surplus is through the incorporation of labour into commodities, and the capitalists' realisation of this surplus value through the sale of commodities.

Capitalism is thus distinguished from other modes of production by the degree of non-labourer's control over the process of production and commodification of labour power and the means of production. "The development of capitalism is predicated upon the expropriation of the direct producers and the concentration of the means of production in the hands of non-producers" (Rattansi, 1982; p.145), a process that Marx called "primitive accumulation" (Marx, 1970; p.713). The development of capitalism is thus the twin process whereby the producers are separated from their means of livelihood on the one hand and, whereby capital gains an increasing control over the process of production, on the other. The first historical form of capitalist control over production is manufacture.

For Marx, manufacture i.e. "a greater number of labourers working together, at the same time, in one place (or, if you will, in the same field of labour), in order to produce the same sort of commodity under the mastership of one capitalist, constitutes, both historically and logically, the starting point of capitalist production" (Marx, 1970; p.322). As a phase of transition from feudalism to capitalism, the period of manufacture (roughly 1550-1770) started in Europe with "putting out" or "outwork". This refers to a case where production in separate units was organised by merchants who supplied producers with raw materials, and finally marketed the finished product. In terms of the organisation of actual production process, this system made no significant changes: producers continued to carry out their trades in their own units in the same way as before. The second stage in manufacture is the assembly of workers by capitalist merchants in workshops, in order to bring production under their immediate control. In the early stage of manufacture, the workers continued to work in the same way as they did before.

"...(M)anufacture, in its strict meaning, is hardly to be distinguished, in its early stages, from the handicraft trades of the guilds, otherwise than by the greater number of workmen simultaneously employed by one and the same individual capital. The workshop of the medieval master handicraftsman is simply enlarged. At first, therefore, the difference is purely quantitative" (Marx, 1970; p.322).

In this stage there was simply a juxtaposition of labourers in the same unit. Numerous labourers worked side by side in the same process. In a more complex form of this organisation labourers started to work in different but connected processes. This form of organisation consists of "intertwining" of labour. The operations performed by each worker successively or simultaneously are complementary, and only together do they give birth to a finished product. These two forms of labour organisation are better known as "simple" and "complex cooperation".

"The mode in which manufacture arises, its growth out of handicrafts, is therefore two-fold. On the one hand, it arises from the union of various independent handicrafts, which become stripped of their independence and specialised to such an extent as to be reduced to mere supplementary partial processes in the production of one particular commodity. On the other hand, it arises from the co-operation of artificers of one handicraft; it splits up that particular handicraft into its various detail operations, isolating, and making these operations independent of one another up to the point where each becomes the exclusive function of a particular labourer. On the one hand, therefore, manufacture either introduces division of labour into a process of production, or further develops that division; on the other hand, it unites together handicrafts that were formerly separate" (Marx, 1970; p.338).

Whatever the form of cooperation among the workers is, the labour process in manufacture still retains its pre-capitalist character in that the worker is in control of the conditions of his activity. "Capital subordinates labour on the basis of the technological conditions in which it historically finds it. It does not, therefore, change immediately the mode of production" (ibid; p.310). In this sense, manufacture is a continuation of the distinctive feature of all pre-capitalist modes of production: the unity of labour and the means of production in the labour process. All the advantages of the manufacturing division of labour are derived from the rationalisation of each component operation. Manufacture retains the properties of handicrafts and pushes them to the limit.

Irrespective of the form of co-operation among the workers, the most important characteristic of manufacture is the fact that it is possible only with the subjection of labour to capital. This subordination is, however, incomplete. "Since handicraft skill is the foundation of manufacture, and since the mechanism of manufacture as a whole

possesses no framework, apart from the labourers themselves, capital is constantly compelled to wrestle with the insubordination of the workmen" (Marx, 1970; p.367). The subordination of labour to capital means that the production of use-values under a pre-capitalist labour process is governed by capitalist relations, since the surplus-labour of the producers is appropriated by the capitalist for whom they work (14). In manufacture the capitalist nature of the relations of production determines and governs the transition of the productive forces to their specifically capitalist form. "At a given stage in its development, the narrow technical basis on which manufacture rested, came into conflict with requirements of production that were created by manufacture itself" (ibid; p.368).

In manufacture the labourer is separated from the means of production in ownership relation but is still linked to them -though to a lesser extent- in the labour process, through his craft skill. The labour process still has its pre-capitalist form, whereas the relations of production have taken on a capitalist character. The concept which Marx used to refer to this basic aspect of manufacture is the "formal subsumption of labour to capital". Formal subsumption is the "transformation of the social position of the agents participating in production without a revolutionary change in the process of production" (Dunford and Perrons, 1983; p.179). In manufacture, the subjection of labour to capital is incomplete since the labourer still retains the qualities that unite him with the means of labour. In short, manufacture refers to the cases where capitalist relations of production have simply adapted pre-existing labour processes to its productive requirements.

The unity of the labourer with the means of production, the specific nature of the labour process in manufacture, is broken down at a later stage by the introduction of machinery into the production process. The incorporation of machinery breaks down the pre-capitalist unity between the labourer and his means of labour, replacing it by a new one in which the means and objects of labour are connected. The machinery makes the organisation of production completely independent of the characteristics of labour power. The previous relationship is thus inverted :rather than the instruments having to be adapted to the human organism, that organism must adapt itself to the instrument.

"In handicrafts and manufacture, the workman makes use of a tool, in the factory, the machine makes use of him. There the movements of the instrument of labour proceed for him, here it is the movement of the machine that he must follow. In manufacture the workmen are parts of a living mechanism. In the factory we have a lifeless mechanism independent of the workman, who becomes its mere living appendage" (Marx, 1970; p.422).

Mechanisation creates a means whereby capitalist relations penetrate into the labour process and transform it into a specifically capitalist one. "With the development of manufacture, capital seized hold of the process of production itself, dynamically reshaping every branch of production both technically and organisationally, and revolutionising the technical and social division of labour" (Dunford and Perrons, 1983; p.156). It is this penetration of capitalist relations into the labour process that has enabled capitalism to continually revolutionise production techniques in line with the requirements of accumulation process. Only after breaking down the unity of the labourer with the means of labour in the labour process has capitalism been able to develop its technological basis on the one hand, and to introduce various means of controlling the labour in the production process, on the other. "Only with this generalised mechanisation, notably the creation of machines by machines, did large-scale industry develop an adequate technical basis for the further expansion of labour productivity" (Thompson, 1983; p.49). "Only where labour has been separated from possession of the means of production, and where labourers have been emancipated from any direct domination (such as slavery or serfdom), are both capital and labour power "free" to make possible their combination at the highest possible level of technology" (Brenner, 1977).

The concept employed by Marx to point out the transformed nature of the labour process under capitalism is the "real subordination of labour to capital". Real subordination refers to situations in which productive forces have been completely linked to, and transformed by, the dynamics of capitalist relations of production. Accompanying the concepts of formal and real subsumption in Marx's analysis are "absolute" and "relative" surplus values which respectively indicate the way in which the mass of surplus value can be increased under two different capitalist strategies. In the formal subsumption, the amount of surplus value (per worker) can only be increased by forcing the labourer to work longer. On the other hand, in the form of labour process that characterises the mature capitalist mode of production -real subordination- the surplus value per worker can be increased through rising productivity, by way of incorporation of science and machinery, allowing more surplus to be produced by each worker within the same working time. These different ways of increasing the volume of surplus value per labourer are known as absolute and relative surplus value respectively.

The essence of manufacture is that it is an intermediate stage in the process whereby the capitalist relations of production bring pre-existing labour processes into harmony with their reproductive requirements. The significance of manufacture from the point of view of analyzing uneven capitalist development lies in the fact that it offers an effective

tool with which to theorize incomplete capitalist penetration. Manufacture is a concept used to theorize the cases when newly developing capitalist relations of production, though dominant in general, have only partially dominated pre-existing labour processes. "Capitalism proper", on the other hand, is used to refer to those situations where capitalist relations have established their complete dominance over the productive forces, where the expansion of relative surplus value is the norm. As can be seen, the concept of manufacture situates the analysis of the labour process at the centre of an enquiry into incomplete capitalist penetration. It is to the analysis of labour process that I turn in the following section.

2.3.3. The Labour Process

It is necessary to turn to Marx's analysis in order to give a clear meaning to the labour process and to determine its place in a production-based approach. For Marx, the elementary factors of the labour process are (1) the personal activity of man, i.e. the work itself; (2) the subject of that work; and (3) its instruments (Marx, 1970; p. 174). The labour process is the process of producing particular use values; or, in other words, production process considered from the point of view of a particular product. It is "human action with a view to the production of use values, appropriation of natural substances to human requirements; it is the necessary condition for effecting exchange of matter between man and nature; it is the everlasting nature-imposed condition of human existence, and it is therefore independent of every social phase of that existence, or rather, is common to every such phase" (ibid; p.179). Here this activity is seen as a purposeful activity leading to the production of a particular final product. In the labour process, work itself is analyzed in concrete terms; productive activity of a labourer dealing with the production of a particular product is qualitatively different from another labourer working on a different product. In the analysis of labour process "the labour of spinner (is) ... viewed specifically different from other kinds of productive labour, different on the one hand in its special aim, viz. spinning, different, on the other hand, in the special character of its operations, in the special nature of its means of production and in the special use value of its product" (ibid, p.183). To the extent that the analysis of the labour process is the analysis of the labourer in his productive activity, in his relationship to final product, instruments and techniques of production, "the general character of the labour process is evidently not changed by the fact that the labourer works for the capitalist instead of for himself" (ibid, p.180). This means that the labour process is the analysis of situations in which purposeful activity of man is directed towards the production of a particular use value. It is, therefore, applicable to every such situation; to the analysis of a labourer working for a capitalist, of a serf working for a lord, as well as to the analysis of the productive

activity of a person producing a use value for himself and even to housework.

The fact that labourers work for capitalist manifests itself in two specific aspects of the labour process, and these stem from the particular combination of elements in the capitalist mode of production: "First, the labourer works under the control of the capitalist to whom his labour belongs... Secondly, the product is the property of the capitalist and not that of the labourer" (ibid; p.180). It could be said that in the analysis of labour process the purposeful activity of labourer is considered in "concrete" terms, in terms of its relation to final product and instruments of production, without paying attention to what happens before and after this process. Because of this, "the identification of this basic process cannot by itself reveal the social conditions under which it takes place" (Rattansi, 1982; p. 126).

As Marx makes clear in chapter 7 of Capital I on the labour process, use value is not a "thing desired for its own sake". With the exception of some production processes that do not conform to the general practices in a particular mode, the production of use values is never the purpose of production in any mode. In every mode of production the process of production serves for a purpose other than producing use value for its own sake. In the capitalist mode of production, for instance, the purpose of production appears as the necessity for capital to increase its own value, by the production and appropriation of surplus value. The labour process is only a step in this purpose and it is this purpose that shapes the actual form of the labour process. This purpose of production determines the dynamics of the labour process. Only when we consider the labour process in connection with this purpose can we come to a complete understanding of the process of production.

This conclusion seems crucial and deserves further elaboration: The dynamics of the labour process are not given within the labour process itself. The analysis of the labour process cannot by itself yield the dynamics that shape it, since these dynamics are external to this process. The reason for this is obvious, as the labour process is simply the analysis of the producer in connection with the instruments and objects of his labour. Production cannot be equated with the labour process alone; it is the totality of the labour process and the relations that give the former its social meaning and purpose. The actual form of the labour process (forms of co-operation, technical division of labour, the techniques of production, and the "relations" in this process) cannot be adequately understood when it is abstracted from the social purpose that determines its dynamics. "Only when we fully comprehend the social meaning and social purpose will we be able to understand why certain technologies are chosen rather others" (Harvey, 1982; p.102).

This understanding of production as the unity of labour process and the set of relations that impose a social meaning on it offers the possibility of revealing various relations which might otherwise remain unexplored. This may become clear when we consider the application of this understanding to capitalist production (15). In the relations peculiar to capitalism, production serves for the purpose of creating surplus value: The social meaning and purpose of the production process is not use values for consumption, but the creation of an additional value (addition to the capital initially advanced) which is appropriated and then realised by the capitalist in the form of profit. This is the very logic of capitalist relations of production: If capitalism is to survive it has to find means of enlarging the mass of surplus value it controls. This quest governs the form of the labour process within that mode of production. This "insatiable" quest for surplus value makes necessary to constantly revolutionise the productive forces and it is this that makes capitalism (technologically) the most progressive mode. Under the dominance of capitalist relations of production, the technological basis of production has developed much more rapidly than it cumulatively did under previous modes of production.

If we examine the productive activity of the labourer in capitalism from the point of view of the social purpose of production, it could easily be said that only that labour which serves this purpose -which produces surplus value for the capitalist and thus works for the expansion of capital- is productive labour. When viewed from this perspective, what was seen in its peculiarity in the analysis of the labour process now begins to appear in its common aspects, as homogenous and differing only in terms of quantity. More concretely, in the labour process the labouring activity of producers is considered entirely in concrete terms, in relation to the production of a particular use value. The activities of labourers in the production of different products, or even in the same product with different techniques are evaluated as different from each other. But from the point of view of their contribution to the purpose of production, all these differences between concrete labours do disappear; they all appear as homogenous, abstract labours, differing only in terms of the quantity of their contribution to the purpose of production. Thus the productive activity of a person who produced a use value for himself, whose effort may be the object of a labour process analysis, is no longer visible in that he does not serve for the social purpose of production, even if he produces a surplus in his productive activity. Therefore, the concrete labour of this person is not "socially recognised" since it does not contribute to the expansion of capital. This is the difference in Marx between "individual concrete" and "social abstract" labour.

The labour process has therefore a meaning only if it is linked to the self-expansion of capital. This is a necessity dictated to the process of production by the relations of production; this necessity which gives labour process its dynamics cannot be identified within the labour process because it is external to the labour process. It thus becomes apparent that in the capitalist mode of production the labour process is not self-started; it is governed by forces outside itself. Turning back to the point about the necessary link between use value and exchange value, it could be said that here the articulation of relations and forces of production appears as the articulation of exchange value (production of which is a necessity dictated by the relations of production) and use value (production of which is a necessary step for this purpose). The argument can be taken one step forward by asserting that this articulation manifests itself not only in the articulation of exchange and use value, but also in the unity of "valorisation process vs. labour process", "social abstract labour vs. individual concrete labour", "social vs. technical division of labour", the role of the capitalist as "exploiter and organiser of production", and the dual nature of capital as "abstract capital" (a magnitude of value in search of a higher value) and "concrete capital" (capital engaged in the production of particular use values).

The process of production should therefore be understood not as the labour process alone, but as the unity of these elements. Neither of these elements can exist and be understood without analyzing the other. What is needed, therefore, is a "two-fold approach" which combines an undifferentiated notion of capital and labour (abstract notion) with a notion of concrete capital and labour envisaged in terms of their relations in the labour process. Another implication is that one cannot initially contrast, and then bring together, the so-called "technical" and "social" aspects of production as if they have any form of existence other than their unity: These aspects cannot exist apart from one another. They are only notional elements unless they are considered in their combination.

The "pattern and rhythm" of development of the labour process in a given mode of production are directly linked to the relations of production peculiar to this mode. The relations that determine this pattern and rhythm are not given in the labour process itself; the study of the labour process cannot by itself yield these relations. Therefore, the analysis of the labour process is meaningful, and can lead to a complete understanding, only when it is situated in an analysis of the relations that shape it. All that a scrutiny of the labour process can yield are the forms of co-operation and detailed division of labour among producers and changes in the organisation of immediate production process; the forces that condition these changes, on the other hand, can be uncovered only by examining the necessities dictated by

the operation of that mode of production. In short, the study of the labour process can disclose in which direction the technical change is occurring, while the "how" and "why" of this process is hidden in the exigencies which are themselves the outcome of a complex process that is determined by the contradictions and dynamics arising out of the functioning of the dominant form of expansion of that mode (e.g. in capitalism, capital accumulation) on the one hand, and by the class struggle on the other.

The labour process is just one of the elements that determine the structure of production in a given mode of production. This structure will remain undiscovered if the analysis is confined merely to the labour process. This understanding of the structure of production as a unity, I finally argue, should form the basis of "production-based" approach to the study of the built environment. What should be done is to find necessary tools to develop a multi-dimensional approach to the study of the built environment. This is the only way of breaking with the one-sidedness implied by the labour process approach on the one hand, and the dominance of consumption-orientated approaches in the realm of housing research, on the other. I turn to this issue below. But first, the part to be played by this understanding in the definition of a mode of production must be clarified.

2.3.4. Production vs. Mode of Production

In his review of the literature on modes of production and in an attempt to find a way out of the seeming impasse of the debate, Wolpe (1980) proposes a double use of the term mode of production. He is of the opinion that any definition of a mode of production as a combination of the forces and relations of production can be utilised only when the object of analysis is the individual production unit. This is what he calls the "restricted" concept of mode of production. The "extended" concept of mode of production, on the other hand, comprises the mechanisms through which otherwise isolated enterprises are brought into a relationship with each other, such as exchange, distribution, the state etc. On the basis of this, he comes to a conception of social formation characterised by the co-existence of a number of restricted modes of production reproduced by a dominant extended one.

The first problem with Wolpe's formulation is related to the equation of what he calls the restricted concept of mode of production with the relations at the level of the production unit. The problem here is whether the relations of production that characterise a mode -defined restrictively- can be uncovered at the level of individual enterprises. Relations of production include much more than what can be discovered at the level of enterprises. They include not only ownership of/control

over the means of production, but also the relations of exploitation between classes and the systems of extraction of surplus labour. Capitalist relations of production, for example, entail the existence of a class of producers who do not own the means of production (the free wage form), the distribution of product and the means of production through commodity exchange, and a class of capitalists who bring together the means of production (including labour power). The relations of production belonging specifically to the capitalist mode cannot be reduced to intra-enterprise relations. If the concept of capitalist relations of production is confined to what happens inside the enterprise, not only will many things remain unexplained, but also it will be impossible to see why what happens within the enterprise does happen. Wolpe's conception of restricted mode of production has always the danger of reducing the concept to specific labour process. How can one define a restricted concept of mode of production (on the basis of what happens within the enterprise) which is wide enough to contain various labour processes, or formulated conversely, which is not so narrow as not to be equated with a single labour process?

My basic interest here is, in Wolpe's term, the relationship between the restricted and extended concepts of mode of production. In Wolpe there seems no necessary linkage between the two definitions of mode of production. He assumes that capitalism can exist without the reproductive mechanisms peculiar to it. "There is no necessary connection between ... the reproduction of capitalist mode of production restrictively defined and the operation of capitalist laws of motion" (Wolpe, 1980; p.39). The extended mode thus appears to be depicting the external conditions of existence of a restricted mode that have little, or nothing to do with what is happening inside this restricted mode. The extended concept of mode of production, strictly speaking, determines what happens before and after the restricted mode. Even in the restricted concept there are agents who continue to deal with the product before and after its production. In this sense, it might be difficult to determine the boundaries of the production process in terms of the involvement of the agents with the product. The basic problem is to determine where the production starts and where it ends. The only solution to this is to define production purely in physical terms, in terms of what is happening inside the enterprise, without paying any attention to what happens before and after it -and this is exactly what Wolpe seems to have done.

In capitalism labour power and the means of production enter into production as separate inputs brought together by the capitalist. If we see this separation of the labourer from the means of production (i.e. free wage-labour) as a necessary element of extended capitalism, how can we talk about the existence of restricted capitalism under the dominance of pre-capitalist modes of production; or, if wage labour is

an element of the restrictively defined capitalist mode of production, how can one claim that capitalism can reproduce itself without necessarily reproducing this separation? If, as Wolpe has argued, there is no necessary linkage between the reproduction of restricted capitalism and the operation of capitalist laws of motions, one of the above possibilities must be correct. Similarly, the capitalist relations of production necessitate a particular form of distribution of products and means of production. This form of distribution certainly belongs to Wolpe's extended capitalism. How can capitalist relations be reproduced without the form of distribution that corresponds to them? In short, Wolpe's conception leads to the study of the economic as two distinct objects of inquiry.

On the contrary, it has been argued by many that a mode of production cannot be conceptualised simply as a juxtaposition of two distinct levels, but only as a totality of production, circulation, distribution and consumption; a totality in which production, "understood as the articulation of the relations of production onto the labour process" (Poulantzas, 1975; p.94), plays the determining role. "The economic includes not only production, but also the whole cycle of production-consumption-distribution, the "moments" of this appearing, in their unity, as those of the production process ... In this unity it is production which plays the determinant role" (ibid; p.18).

I interpret this determining role of production in the manner proposed by Fine and Harris (1979; Chp.1). Namely it is "on the basis of ... particularly capitalist relations of production, and hence on the basis of the production of surplus value [that] arise specifically capitalist relations of exchange and distribution" (ibid; p.10). "Production, exchange and distribution are to be seen as members of a structured whole, a totality in which production is determinant but the other spheres have a relative autonomy and each sphere has an effect on each other" (ibid; p.6). We must, therefore, begin by examining "production in abstraction from exchange and distribution" (ibid; p.8), which "... is not the same as 'ignoring exchange and distribution', nor as assuming that they do not exist" (ibid; p.9). "The hierarchy of determination in reality is conceived as one where production is determinant, but ... this is not only the conclusion of the analysis but also its starting point" (ibid; p.11).

Following Fine and Harris (1979) I adopt an all-embracing concept of a mode of production to refer to "all social relations which include political and ideological as well as economic relations" (ibid; p.12). I use the term "form of production" to refer to the above-described unity of production, exchange and distribution. Having clarified the meaning of the basic concepts, the task facing me now is to consider the analysis of building and housing.

2.4. HOUSING/BUILDING RESEARCH

2.4.1. Dualist Approaches and Petty Commodity Housing Production

Of those theories dealing with underdevelopment on a global scale, the one that has been most influential on the study of the urban economies in UDCs and the housing and/or construction sector is dualist theses. Turin (1973) is the most prominent figure in the literature trying to develop a dualist model for an analysis of the construction industry in UDCs. Referring to the construction sector (all types of building plus engineering activities) in Kenya, Ethiopia and Sri Lanka, Turin argues that:

"... the industry in these countries does not have a sound structural base on which to build a substantial expansion. In all these countries the structure of the industry is characterised by an extreme dichotomy: at the one end, a large number of small and very small indigenous contractors or self-employed artisans, at the other a small number of large and very large private or public contracting organisations".

Between these two extremes Turin identifies four sectors of construction activity distinguished from each other by a multitude of criteria such as the type of ownership, technology employed and the size of operations. The international modern sector, the "modern" end of the spectrum, includes a small number of foreign owned firms adopting industrialized production techniques and imported inputs. The national modern sector comprises "local contractors and manufacturers of building products using modern technologies of production and assembly". The national conventional sector comprises small local contractors and manufacturers operating at the edges of monetary economy. And finally the national traditional sector is firmly based on the so-called subsistence economy.

Turin's model differs from the classical dualism only in his efforts to divide productive activities into four rather than two categories. This may be regarded as an endeavour to overcome the indifference of the classical formulations toward the intermediate forms of production between the two extreme poles. The theoretical basis of his model has, however, remained the same as dualism. What Turin attempts to describe in his model is the dissolution of the "traditional" sector under the impact of capitalist penetration, giving way to a number of intermediary forms.

"What is perhaps most interesting about Turin's account ... is its treatment (or rather, systematic lack of treatment) of the impact of economic imperialism and colonialism on the built environment ..., on both the production and use of buildings" (Ive, 1986; p.337).

This dualist conception of the construction/housing industries has formed usually the implicit basis of a whole body of literature on "construction and development" (16). Towards the end of the 1970s what Turin named the national traditional sector became a focus of intense debate. In a more recent form of dualism, of which Turner (1976) is the best known representative, this sector of housing was incorporated into the dualist framework in an idealised form, an attitude which finds its clearest expression in the term "self-help housing". This idealisation has referred essentially to the allegedly autonomous processes through which the "urban poor" have built their own houses. The ideological fundamentals of this populist version of dualism have been severely criticised by Burgess (1978) in an article in which he proposed the concept of "petty commodity housing production" as an alternative framework for the analysis of the housing sector in UDCs.

In a number of studies, notably in Stretton (1979 and 1981), the dualist framework as applied to the building industry has been criticised, drawing attention to a complex network of relationships between producers at different levels, a fact of which the dualist theses were oblivious. As Stretton notes:

"There is considerable interdependence and/or conflict between contractors at different points of spectrum. Most large firms rely on labourers trained by independent foremen ... for their skilled work force. Similarly, small firms and self-employed artisans often obtain work let on a subcontract basis from large contractors. Medium-sized firms are quite mobile along the spectrum, working on projects which vary considerably in size and complexity" (Stretton, 1981; p.338).

Scott's (1979) model of the construction industry in Lima, Peru, too, emphasises the relationships of a similar kind existing between enterprises with different sizes. Although none of these studies offers an alternative framework, their importance stems from the fact that they both refer to the existence (a) a continuum of construction activities; and (b) dependencies existing among enterprises at different levels. Another important feature of both studies is that they indicate some of the mechanisms through which different construction activities are linked. In both studies "independent foremen" (as Stretton calls them) or "independent specialists (as Scott calls them) play a mediating role between construction enterprises having different sizes and different productive processes.

A theoretical framework alternative to dualist formulations is proposed by Burgess (1978) depending on the concept of petty commodity production discussed above (section 2.1.2). His model is an attempt to apply the concept of petty production to the study of the housing

industry in UDCs. He identifies three "forms of housing production": "industrialized, manufacturing and artisanal (self-help)", the last two being the forms that petty commodity housing production has taken. Burgess argues that there is a transition from the purely artisan housing form which employs self-help and non-commodified inputs through petty commodity production to fully capitalist forms of construction. "The industrialized form of production of the housing commodity", he contends, "dominates all activities in the housing sector: its operations define the limits and the functions of the other forms" (Burgess, 1978; p.1113) The manufactured form of petty commodity housing is produced by small-scale capitalist enterprises for sale. The main dynamic in the housing industry is the expansion of the operations of industrialized building. Furthermore, he adopts an approach resembling those of other petty production studies by arguing that the emergence of the petty commodity sector is positively linked the prosperity of the capitalist sector:

"Insofar as housing is necessary for the maintenance and expanded reproduction of social labour, the dominant capitalist mode of production is satisfied to allow the self-production of such activities ..." (ibid; p.1115).

I shall not go into a detailed assessment of the petty commodity production approach to housing (17) but suffice to say that, with its over-emphasis on the relations of subordination between petty production and the dominant capitalist mode of production, it leads to an understanding in which the dynamism of petty production is sought solely in the functions it performs for the reproduction of the capitalist mode and thus the actual processes within petty production have very little significance. Indeed one could even argue that the theorization of the inner workings and dynamics of petty production does not constitute a distinct object of study. The way the problem is formulated takes this issue off the agenda. Petty commodity sector and its relations with the dominant capitalist mode are formulated in such a way that the fate of what is named petty production is pre-determined to a large extent. This results from an incorrect understanding of capitalism and capitalist penetration. In contrast the theoretical position I adopt is based upon the theorization of incomplete capitalist penetration rather than taking it for granted and solely studying the alleged functions of petty production for dominant capitalism at the expense of its own dynamics. This, I argued in the preceding sections, may be achieved by the reconstruction of the basic marxist concepts such as the labour process, production and mode of production. The explanation of the persistence of pre-capitalist mode of production should not be sought in a ubiquitous and undifferentiated rationality on the part of the dominant capitalist mode of production but, on the contrary, in the form of capitalist development within the larger society and the complex processes having an impact on the penetration of capitalist relations in the productive branch under consideration. With this latter aspect, the

approach I adopt requires that the branch in question be reconstructed as the productive process. In this effort I make considerable use of the so-called "production-based" approaches to the study of the built environment which flourished in the late 1970s as a distinct field of inquiry in urban research. It is to these approaches that I turn in the following section.

2.4.2. Production-Based Approaches to the Study of the Built Environment

Production, says Ball (1983b), is "the most neglected area of housing research". This is true not only for neo-classical analyses but also for marxist studies. This neglect or, in Ball's terms, this " 'blind spot' over the built environment in marxist urban studies" (Ball, 1986a; p.453) stems to a large extent from a preoccupation with consumption and allocation aspects of housing provision, "treating them theoretically as separable from the wider social relations of provision of which they are a part" (Ball, 1986b; p.147). This has led, as far as marxist urban studies are concerned, to an understanding in which the built environment has been analyzed purely in functionalist terms (i.e. in terms of the functions it performs either for the reproduction of labour power (18) or for capital accumulation) and in which the social processes taking place within the built environment have been analyzed without considering the processes with which this built environment has been created. The focus on state policy, housing tenures and their costs for occupants and the functions the built environment performs has paved the way for a conceptualisation of the housing industry where "what is going on outside the housing sphere ... determines what is going on inside it" (ibid; p.156).

This indifference on the part of marxists to the processes whereby the built environment is produced finds its expression in sweeping generalisations and a non-theoretical attitude towards the inner workings of the construction industry. There was, until the mid-1970s, nowhere an understanding that the analysis of the housing/building industry could lead to indications or even explanations as to housing problems. The revival of interest in the 1970s in marxist approaches to housing attempted to break with this tradition and developed into two broad areas of research (19): One dealing with political struggles over state policies and another with the economic processes of capitalist societies and their impacts on the built environment in general. This latter strand, in its attempt to break the dominance of consumption-oriented approaches, sought ways for the application of general marxist categories to the sphere of housing. The increasing interest in housebuilding and the construction industry itself, it was argued, could provide insights into "... the distinctively production-based approach towards question of urban change" (BISS Editorial, 1979; p.iii), in

which "the process of urbanisation [was seen] as part of a historical process of generating, realising, distributing and consuming surplus" (ibid; p.v). However ambitious its initial formulation may have been, it is true that this approach has not developed into an alternative urban theory. It has, however, drawn attention to the necessity of a two-level theoretical exercise: (a) an understanding of the ways in which the housing/building industry operates, i.e. the process of production of the built environment, and (b) incorporation of this understanding into a wider understanding of urban development. In what follows I confine myself only to the former and discuss the ways in which marxian categories have been applied to the study of the built environment. Before this, however, two methodological issues must be clarified: the so-called specificity of housing and the status of marxist concepts to be employed in housing research.

An important issue that comes to the fore while discussing the applicability of marxian categories to the sphere of housing is the thesis concerning the "peculiarities" of housebuilding and the construction industry. As a way of explaining the nature of construction as a productive process, this argument is well known and need not be reproduced here in detail (20). The peculiarity thesis may be summarised as follows: The physical nature of construction output (its durability, fixity and immobility in space) and the physical nature of production process (its site-bound nature, discontinuous nature of labour process which is juxtaposition of different complementary and specialised tasks, persistence of craft-based skills and lack of mechanisation) have given rise to geographically fragmented and labour-intensive industrial structure characterised by low organic composition of capital and low productivity and in which the employment conditions are different from those of large-scale factory employment and small firms co-exist with large ones. In short, the construction industry has not followed the same pattern of development as other industries and has failed to develop into a mature, technologically advanced industry. Thus, construction is not only peculiar as a productive activity, but also is backward as an industry.

What the proponents of the peculiarity/backwardness thesis seem to dismiss is the simple fact that these peculiarities attributed to construction manifest themselves only within particular circumstances. Buildings have had more or less the same physical characteristics for hundreds of years, but the ways in which they have been produced and utilised have changed radically over time. "The role played by the physical content of building production can only be understood in the context of the contemporary social relations of building production" (Ball, 1988; p.28). Emphasis on the peculiarities of the construction process diverts attention from the actual relations in this process to its "universal" aspects. It is certainly true that the physical characteristics

of buildings set limits to the ways in which they can be produced. In other words, the physical requirements of building production certainly have an impact on the organisation of the labour process, but they are only one of the elements that shape the labour process. Recalling the distinction I made in the preceding sections between production as a concrete process (the production process seen in connection with the production of particular use values) and as an abstract process (production seen from the point of view of its social meaning and purpose), it could be argued that too much an emphasis on the peculiarities of the construction process might lead in the end to a point where the latter aspect of production is lost of sight. Put more concretely, the building process is not only the process of transformation of inputs into a physical structure but also a process whereby a new value is generated and in this unity of the labour process and the valorisation process it is the latter that determines the former. Therefore, "the physical side of building production will ... always be subordinated to the need to make profits" (Ball, 1980; p.5). "It is the organisational structure of the industry which fixes within [the] limits [set by the physical nature of building], for particular historical moments, the nature of the product and how it is produced" (Ball, 1988; p.41). The building process has certainly a number of peculiarities when compared to other productive activities, but to elevate these peculiarities to a point where they are seen as the ultimate cause of the characteristics of the industry is to focus on the physical constraints of the building process at the expense of the social relations of that process. The building industry is not peculiar or backward, but merely different from other productive activities. It even "exhibits the flexibility and forwardness necessary for existence in contemporary capitalism" (Smyth, 1985; p.59). What is important is not to emphasise these peculiarities at the expense of the actual workings of the industry but, on the contrary, to find out, rather than take for granted, how they combine in particular conjunctures with the dominant social relations in the industry, in other words, how they manifest themselves under different organisational structures.

Another issue of equal importance that one should consider while discussing the applicability of marxist concepts to the sphere of housing is the status of concepts in marxist theory. Like any other theory marxist theory comprises concepts of different status. The concept of (a particular) mode of production, for instance, has a different place compared to others. First of all, it is an abstract concept in the full sense of the word. This means that like all concepts it does not exist in reality; nor is it an observable phenomenon reducible to or derivable from any set of given conditions. The concept of the capitalist mode of production is not one that depicts the features of a particular society at a given period of time. Its validity is not limited to certain types of society or periods. It is a concept on which the concrete knowledge of a particular society at a given period should depend. There are also a

number of other abstract concepts in marxist theory whose validity is not confined to particular periods or types of society. The concept of a determinate mode of production, however, has a primacy over other concepts in that a number of abstract concepts can be derived from an analysis of the mode of production itself. In this respect, one could assert that it is a "concept above the concepts". With this in mind, I define two types of concepts in marxist theory:

(a) Those concepts that can be derived from the concept of (a determinate) mode and that, therefore, can be constructed without reference to reality: Marx's analysis of dynamics of the capitalist mode of production and the tendencies arising out of these (the tendency for the rate of profit to fall and overproduction/ underconsumption) may be given as an example of this type of concepts. They are derived not from an analysis of a particular capitalist society at a given period, but from the inner logic of the capitalist mode of production. When constructing these concepts there is no need to refer to a specific period or society as they are entirely deducible from the abstract concept of the capitalist mode. In this sense these concepts, too, have the same degree of abstractness as the concept of the mode of production. How the tendency for the rate of profit to fall and the forces that counteract it, for instance, manifest themselves in reality surely differs significantly from one country or period to another and cannot be identified in theory. They have to be situated into particular contexts since they do not exist in the same degree of "purity" as their analysis suggests. I name these concepts the "first order concepts" in marxist theory.

(b) Those concepts that cannot be derived from the concept of (a determinate) mode of production and that, therefore, have to be constructed with reference to reality: Besides the concepts of the first kind there are what I call the "second order concepts" in marxist theory which are not deducible from the analysis of a determinate mode. In the construction of these concepts a particular social formation, rather than the mode of production, has to be the unit of analysis. They cannot be defined without reference to a certain period or country and, therefore, have to be constructed empirically. For instance, the "position of woman in capitalism" cannot be derived from the concept of the capitalist mode of production or from the first order concepts that are immediately related to it. It is not possible to comprehend, through a study of the abstract concept of the capitalist mode of production, how and why women are "oppressed" in capitalism. Nor is it possible to derive such a necessity from the logic of capitalism. A similar point is also made by Massey and Catalano (1978) when they assert that the forms of land rent cannot be derived from the logic of the capitalist mode, but have to be analyzed in relation to the specific relations of landownership in any given social formation.

This distinction has the potential of illuminating one of the methodological problems concerning the status of "urban" and "housing" as objects of enquiry. For instance, Harvey (1978 and 1982) has tried to integrate the production of space and spatial configurations into marxist theory as one of its active elements. Through an analysis of dynamics and contradictions of capitalism, which are themselves first order concepts, Harvey has made an attempt at constructing a framework concerning the flow of investments in the built environment. But even if it is a possibility to construct an abstract theory of the production of urban space by means of an analysis of dynamics and contradictions of capitalism, which is the subject matter of an on-going controversy (21), it is true beyond any dispute that which forms of housing production will dominate in capitalism is not deducible from the abstract notion of the capitalist mode of production. "There is ... no type of housing provision necessarily associated with capitalism, one of its stages of development, or its laws of motion" (Ball, 1986b; p.158). I, therefore, agree with Ball on his claim that "... there can be no general theory of evolution of building provision (capitalist or otherwise)" (Ball, 1986a; p.458). This means that each case has to be constructed and examined empirically, i.e. with reference to the circumstances prevailing in a given period. This should, however, not lead to an understanding where each case is seen in its uniqueness.

What the foregoing suggests in the first place is that it is futile to search for a standard pattern of the evolution of housing production or a logical necessity that may account for such a pattern. The forces that impinge upon housing are so varied and the relations between the agents involved in its production can take so many divergent forms that the actual forms of housing production cannot be derived a priori. What should be done is not to develop all-embracing concepts that allegedly explain everything taking place in reality, but rather to construct theoretical tools that could help one discover the complexity of particular concrete situations. The failure to see the fact that there can be no general theory of housing production and that the forms of housing production can only be studied in relation to particular countries and periods has caused a number of misinterpretations in the literature. For instance, Cardoso and Short (1983) have made an attempt to develop a general concept of "forms of housing production". Their aim in formulating this concept is to theorize the variations observed in housing production. They define a specific form of housing production " as an articulated combination of conditions, relations and means of production structured in a relation into which each one of the defining elements specifies the conditions of existence of the others" (ibid). Although "there can be no general historical model", they argue, "there is a logical evolutionary pattern in capitalist societies based upon the general tendency of the commodification of housing" (ibid; p.925). On the basis of this concept, they define "four historically possible forms of housing production" (ibid; p.924): Self-produced, individual

contract, institutional contract and speculative housing. The structure of these forms of housing production is "made manifest in the relationships between the different types of agents involved" (ibid; p.923), namely builder, labourer and developer and it is essentially with reference to these relationships that they distinguish one form of housing production from another.

I shall not attempt to make a complete assessment of Cardoso and Short's concept of "forms of housing production" (22). In my opinion their contribution to the literature lies not in building a general theory of housing production but, in their failure to prove the possibility of such a project. It is interesting to see that what they eventually present is sharply opposed to their starting point. They set out to develop a general theoretical model, an evolutionary logic combining the forms they identify, but end up in empirically derived categories. In other words, despite their initial aim of developing a generally applicable concept, Cardoso and Short simply present some crude empirical generalisations "... derived from a limited empirical knowledge of the present British owner-occupied market" (Ball, 1984; p.267). Their effort may be regarded as an example of a posteriori theorization. They simply refer to some empirical features of various housing markets and lump them together under common titles. They provide no means with which empirical information can be analyzed and ordered. Furthermore, their forms of housing production are formulated as universally applicable categories with no apparent internal dynamics. They lack any historical dynamics. Cardoso and Short also fail to provide any criteria with which to distinguish forms of housing production from each other and, more importantly, to identify the sources of change within the forms themselves.

Another approach which flourished within the Bartlett International Summer School addressed itself to this question of change in the production of the built environment. By adopting a historical method of enquiry this approach is concerned first and foremost with understanding the nature of change and the necessity of "structuring of time into stages of development" (Janssen, 1983; p.0-4). The merits that this approach has over the one advocated by Cardoso and Short derive from its efforts to identify, by means of a historical analysis, the factors that cause a change in the production of the built environment. What is of crucial importance is the understanding that the driving factors of change are internal, rather than external, to the process of production itself. The "stages of development", says Janssen (1983; p.0-4), "are to be analyzed as distinct from each other according to the dominant social relations and their contradictions in terms of the labour process". Put simply, Janssen proposes a framework in which the labour process, "obviously the very basis of the production process" (ibid; p.0-3), is seen "as a factor of change for the built environment" (ibid; p.0-

2). What then distinguishes the stages of development from each other are the dominant social relations within the labour process, "characterised by specific contradictions from which incentives may arise to alter exchange relations and thus the mode of circulation, distribution and appropriation (Clarke and Janssen, 1983; p.0-10). What is ultimately at hand is an approach in which the labour process, conflicts between labour and capital at the point of production, are placed at the centre of an analysis of change in the production of the built environment.

It is precisely because of this understanding that Clarke and Janssen's attempt to formulate a production-based approach to the study of the built environment has been abortive. In their "general approach" the productive process is relegated to a level where it is simply equated with the labour process and, in turn, the labour process is elevated to a level where it is seen as the determinant not only of production, but also of circulation, and distribution. It is certainly true, as Janssen (1983; p.0-2) argues, that "the productive process ... is inconceivable without an analysis of the labour process". It is also equally true that the productive process will remain inconceivable when the analysis is solely confined to the labour process.

Indeed what they term the "social relations" (Janssen, 1983; p.0-3 and Clarke and Janssen. 1983; pp. 0-8/9) are the relations of domination/subordination, the detailed division of labour and forms of control within the immediate process of production. This is a mechanistic interpretation of the marxist notion of production and primacy of production. The process of production has a double meaning in marxist theory: it is a process of physical transformation of inputs into outputs and a process whereby a higher value is produced. It is only with reference to this unity of labour process and valorisation process that one can grasp the "productive process" in its totality. The dynamics having an impact upon the labour process itself cannot be reduced to or derived from the relations of subordination and the forms of control of labour by capital at the point of production. Furthermore, the consumption orientation of traditional housing/ building studies cannot be overcome by emphasising "labour relations instead of purely exchange relations ... as being crucial driving factors of historical change" (Janssen, 1983; p.0-2).

An approach that in my opinion is capable of transcending not only the consumption orientation of traditional housing/building research, but also Cardoso and Short's timeless conceptualisations and Clarke and Janssen's bias towards a narrowly defined concept of production, is formulated by Ball. The point that housing research has reached in the late 1980s is best represented in his works. Ball's contribution to our understanding of housebuilding and the construction industry lies, in the

first place, in his rejection of the famous dichotomy between "external/internal" circumstances of the building industry. This dichotomisation of the factors influencing the housing/building industry is a product of orthodox approaches to housing and is reproduced by marxist studies as well with minor modifications. This understanding has led to a conceptualisation of the housing sphere "... as passive as the materials out of which houses are built" (Ball, 1986b; p.156). Against these approaches what he proposes is not an ahistorical or one-sided conceptualisation, but an approach "... which focuses on the centrality of the social relations of building provision and on the importance of seeing those relations in a historically dynamic way" (Ball, 1986a; p. 448).

"It is important to place the analysis in the context of the social relations associated with the delivery and reproduction of housing as a useful physical entity. The relations between particular sets of agents involved in the production, exchange and consumption of housing structure the nature and consequence of particular ways of providing housing, and there are only limited ways in which those social relations can be altered without destroying their coherence" (Ball, 1986b; p.147).

The different ways in which the agents are combined define what he terms the "structures of housing/building provision" (23). The agents involved in housing/building provision have definable interests which may bring them into periodic conflicts with each other. It is these conflicts and contradictions that give structures of housing/building provision an internal dynamic.

Ball thus locates the sources of change adequately within the housing/building industry itself. This represents a major step forward especially when compared to those approaches to the study of housebuilding that either externalise its dynamics or reduce them to the different manifestations of a single conflict. The housebuilding industry that Ball depicts is not one simply responding to what happens outside itself or one that evolves in line with the variations over time of a pre-determined "prime mover". Ball's approach is also different from those that see conflicts between labour and capital at the point of production as the mere cause of change. "The class struggle in the provision of the built environment ... is not a simple one between capitalist and worker" (Ball, 1986a; p.454). A large number of agents are on the arena to appropriate the revenue originating from the creation and existence of the built structures. Consequently, the situation of industrial capital involved in the production of housing is relatively weaker compared to most other spheres of production, in that the options open to builders to alter and transform the economic environment in which they operate are limited (see Ball, 1985). It is the actual conflicts between a multitude of agents that should be studied in each case to come to a complete understanding of the dynamics of a particular structure of housing/building provision. More importantly, the ways in which these

conflicts manifest themselves in particular historical situations may exhibit variations to such an extent that the actual forms of such conflicts cannot be derived a priori or reduced to a single and unchanging rationality. This, in turn, implies that each case must be studied specifically.

There are a number of other ways in which Ball has contributed to our understanding of housebuilding. Among these one may refer to the part played by state intervention and land-use planning in housing provision (Ball, 1983a), and his analysis of the interactions between exchange and production in the case of speculative building and building to contract (Ball, 1980). In short, Ball proposes a framework in which the multi-dimensionality of housing issues may be thoroughly investigated. He draws our attention to a number of factors to which marxist analyses have paid only scant attention due to their sweeping generalisations. A plurality of variables, whose impacts have been either neglected or considered as of minor significance when compared to those to which some sort of primacy has been accorded beforehand, now enter the scene as the likely causes of change within the industry.

However, it seems that the strength of Ball's analysis is somewhat weakened by the way in which he formulates the concept of "structures of housing/building provision", a concept central to his arguments. For him;

"... the analysis of structures of building provision is a means of ordering and evaluating particular sets of empirical material rather than an explanation in itself. The analysis enables the potential influence of a particular set of social relations on certain events be considered" (Ball, 1986a; p. 457).

"Explanations", he adds later in the same article, "obviously depend on the theoretical approach adopted" and gives the example of marxist theory: "Marxist theory suggests a particular ordering of relationships between social agents within structures of building provision" (ibid). Despite this recognition, however, the role that theory and theoretical deductions play in the construction of the concept of structures of provision still remains ambiguous. Ball's argument implies that "ordering and evaluating" a particular set of empirical material is distinct from "explaining" it. The only function that Ball seems to attribute to theory and theoretical deductions is that of explanation. Whereas, theories are used not only for explaining empirical data, but also for making observations and "ordering and evaluating" them.

Ball's attempt to construct the concept of structures of housing/building provision without any explicit reference to a theoretical body brings him dangerously close to the famous orthodox understanding that science

should be neutral, free from value judgements. Whereas concepts are invariably biased in favour particular theoretical positions. A concept cannot be constructed without an underlying theory. An approach-free formulation of a concept is simply an empirical demarcation. A theoretical perspective structures not only what is looked at, but also how it is looked at (24). Theories ask different sort of questions, use different techniques and methods, and define their objects and boundaries differently. A particular approach cannot be expected to deal with the same sort of variables as another one. Therefore, the approach itself must be an integral part of the definition of a concept. Ball seems to attribute a minor role to theory; for him theory is relegated to a means of understanding and explaining.

When I argue that Ball underestimates the role of theory, I do not suggest that theory should provide all the answers in advance. Nor do I argue that theory should simply offer an a posteriori ordering of observed empirical material. The role that theory plays must be somewhere between these two extremes. The first function of a theory (an orderly structured set of concepts) must be to categorise empirical reality; it must constitute a hierarchy of levels of empirical events and potential variables, and must clarify the nature of the relationship between these levels. Therefore, a theory must definitely contain concepts of different orders or levels that correspond to the above-mentioned hierarchy of empirical events. In other words, ordering, too, is an integral part of a theory. Otherwise there is the danger of bringing too many variables into the analysis without ordering them. It does not make much sense to prepare a catalogue of potential variables, as one can identify an unlimited number of variables in each particular case that may have an impact on the object of study. This simply means that all variables cannot and should not enter the analysis at the same level, as if their impacts are felt at the same level. It is only with reference to the ordering and explanation functions of theory that one can come to a complete understanding of the role of theories.

2.5. CONCLUSION

This chapter has been a rather long one. This is because of the complexity of the question I posed. The analysis developed above has revealed that no ready-made answers are available to this question. While searching for the components of an adequate approach I had to go through a difficult and, in most cases, barren terrain. The question I set out to deal with in this chapter was that of developing the tools necessary for theorization of incomplete capitalist penetration into the sphere of housing. With this aim I examined two distinct bodies of literature: one about the development of capitalism in underdeveloped countries and other on the conceptualisation of housing/building as a productive activity. It is only through the reconstruction of basic

marxist concepts, such as the labour process, production and mode of production, I argued, that one can reach a satisfactory approach. The result is an approach following in broad lines Marx himself in his analysis of manufacture as a phase of transition from feudalism to capitalism. However good it may be, this approach will have to remain incomplete without a proper understanding of the particular industry it ultimately aims to analyze. I, therefore, addressed myself in the concluding section to housing/building as a productive process. On various occasions I also had the chance to make explicit reference to the methodological underpinnings of the approach. I must now consider the application of this understanding to the analysis of speculative housebuilding in Turkey and attempt to reconstruct it as a form of production into which capitalism has only partially penetrated.

CHAPTER III SPECULATIVE HOUSEBUILDING: PRODUCTION AND USE

3.1. INTRODUCTION

Recalling the brief summary given in Chapter 1, speculative housebuilding in Turkey appears as a form of housing production in which small-scale enterprises are preponderant. Starting from a very low level of production in the mid-1950s, these small-scale enterprises attained a remarkable rate of production in the 1970s. The extent of the construction activity undertaken by small builders is such that it has even been argued that the number of dwellings built during the seventies has exceeded the demand for housing (1). Although no exact data are available at the level of individual enterprises, it could be argued on the basis of observations that each builder is capable of undertaking construction work on a maximum of two sites at one time, while one site at a given time is the norm. Even with the optimistic assumption that the construction work starting in a year will be completed next year, this means that only one or two apartment blocks are produced each year by an enterprise. Thus, the number of dwelling units built by each housebuilder barely exceeds 10 to 20 dwellings a year. Considering that the number of construction permits issued in 1979 by municipalities reached some quarter million dwelling units, one can reasonably talk about the existence of an "army of speculative builders" operating in the sector. The scale of operations attained by speculative builders becomes even more striking when one takes into account the fact that there existed, before 1980, no comprehensive credit mechanism on either the producers' or purchasers' side of the market. Housebuilders had to finance the entire process solely through the resources assembled by themselves, urging them to create some inventive mechanisms while, on the buyers' side, credits extended by social security organisations and financial institutions constituted only a small fraction of total housing investment.

One aim in this chapter is to reconstruct SHB as a form of production in the manner described in the preceding chapter. A necessary step in this reconstruction is an enquiry into the nature of the capital that has found SHB attractive. Among the issues I broach are the principles under which, and the ways in which, the dominant of capital has organised land dealing, production and exchange processes. I also identify the agents involved in the typical SHB process, their economic interests and positions vis-a-vis each other and, finally, the ways in which they cope

with the uncertainties and disadvantages arising out of their position within SHB. This is an exercise particularly useful for a proper understanding of the potential areas of conflict and agreement between them. This issue will gain an added importance in Chapter 6 where I study the actual forms of conflicts and alliances between agents in an historical context. Another major line of enquiry running throughout the chapter is that of identifying the form and degree of capitalist development in SHB. In doing this I pay particular attention to the organisation of the on-site production process and the ways in which direct producers act upon the means and tools of labour and the product itself. No attempt is made here to account for the emergence of SHB as a form of production and its triumph over other forms existing in Turkish society. To the extent that my basic aim in this chapter is to conceptualise SHB as a form of production as it existed in its heyday in the seventies, the analysis developed in this chapter is a timeless one. I, therefore, accept a number of elements as given. For instance, the fact that the capital operating in SHB is small-scale capital will be treated as given. My objective in this chapter is to understand the nature and the mode of operation of this type of capital, not to explain its historical origins.

Alongside this major line of enquiry the chapter is structured around a number of secondary goals. Some issues raised here are not directly relevant to the basic argument advanced, but necessary for the historical analysis to be developed later. In this sense the chapter itself may appear as a collage of not-too-closely related pieces. But the pieces will eventually be brought together in the following chapters.

3.2. SPECULATIVE HOUSEBUILDING: AN OVERALL ASSESSMENT

Speculative housebuilding in Turkey is invariably defined by a particular product: a multi-unit structure (apartment block) built on a single plot of land. While attributing so much importance to the product in the definition of SHB, I simply want to point out the fact that an apartment block is the type of product that best reflects the underlying social relations characterising SHB. In what follows I explicate the social relations within SHB that drive speculative builders to produce more or less the same product despite some apparent variations in size, design, quality etc. One could even argue that SHB could produce, under the prevailing relations, nothing but what it actually does. I must stress that what is proposed here is not a categorisation of the object of study depending on the type of product. Instead I explain later that this type of housing production depends on the existence of some conditions (particularly, a mass market for housing), including peculiar relations of ownership on urban land (co-ownership that enables -and fuels- petty landownership) and certain productive relations (preponderance of

small-scale enterprises) and that an adequate definition of speculative housebuilding as a form of production must incorporate these elements as well.

A product-based definition of SHB is certainly misleading in that an over-emphasis on the product itself might conceal the social relations under which it is produced and delivered. Secondly and more importantly there is the fact that the same product may be produced under entirely different sets of social relations. Not all apartment houses are built under the relationships characteristic of SHB. There are indeed two other forms operating in Turkish cities producing (or capable of producing) the very same output: the individual contract form and housebuilding by cooperatives (2). Individual contract production which historically preceded SHB is a form resembling in many respects the ones known with the same name in other countries. In this type of housing provision many of the responsibilities associated with development and housebuilding are undertaken by the eventual owner of the housing who is also usually the owner of land. This was the type of housing production that remained dominant until the late fifties. Before the triumph of SHB those wishing to have building work undertaken on a piece of land would make separate arrangements with each building trade or make an arrangement with a contractor who himself would make such arrangements with each craft. Clients would in most cases self-finance the construction of the house and specify their basic requirements and the materials and style in which the structure should be built. The type of tenure which is most likely to be associated with this form is owner occupation since most of the houses produced in this way do not take the commodity form; instead they are used directly by the commissioning individuals. The practice of landowners organizing the actual process of production ceased to be the dominant form of housing provision in the early sixties. In the Turkish conditions since then this form has predominantly been for the wealthy. It is only a small fraction of the well-to-do who can afford to employ builders on an individual contract basis. This is the form of housing production which corresponds, at least in the case of Turkey, to a low level of urbanisation, the lack of a mass market for housing and relatively low level of prices on the urban property market. Although it is likely that a multi-dwelling structure may be built under this form, this is only potentially so. It is generally accepted that the houses built under this form are for the direct use of the landowner and are, therefore, single houses rather than multi-unit ones (3).

Housebuilding by cooperatives is distinct from the individual contract form in that the agency organizing the actual development is not the landowner but a multitude of persons organised into a housing cooperative. The roles assumed by the landowner in individual contract production are now taken on by a housing cooperative. In this form a

number of prospective buyers come together to buy a piece of land and then make an arrangement with a contractor for the construction work. As there are no restrictions on the number of members, cooperatives can be of any size. Consequently, they are engaged in construction work on a single plot within inner city areas, as well as relatively large areas on the urban fringe. The significance of housebuilding by cooperatives originates not from its share in total housing output but rather from the fact that the encouragement of cooperatives has been the official housing policy of the state since the 1940s. The state has subsidized house purchases only when the prospective buyers have been organised into cooperatives. Social security organisations extend credits to their members who come together to form a cooperative and who purchase land in advance. In the period preceding 1980 the conditions of eligibility for such credits were very tight and cooperatives were usually incorporated by persons with similar professional backgrounds. Although the terms of such credits were extremely favourable, the amounts made available by social security organisations to cooperative members failed, over time, to compete with the house prices. There were also problems associated with the organisation of construction work by cooperative members who were, in most cases, not familiar with the building process. Despite the overt support of the state, the share of cooperatives in total housing production fluctuated around an annual average of 8% in the 1958-80 period (4) (see Appendix II, Table 3.3).

In both of the cases described above the productive process is instigated by a single person or a multitude of persons owning a piece of land. Furthermore, another crucially important aspect of the productive process is the exceptionally high degree of customer control over the product. Since the structure is built not for a general market but rather for a number of given customers, it is the specifications furnished by the customers that determine what is to be produced. The final product inevitably reflects the requirements and tastes of customers. In addition, the houses built under these forms are, almost as a rule, for owner occupation. Drawing on these, it could well be asserted that both individual contract production and housebuilding by cooperatives lacked, under the conditions prevailing in Turkey, one of the essential features that any form of housing production should have if it is to be the dominant one in a society. Both appeared as forms of housing production suitable only for a minority of urban groups who owned a piece of land and who had enough means or access to credit to develop it. In other words, both were incapable of producing sufficient number of houses under adequate conditions for a mass market. The individual contract form came, through time, to serve for the well-to-do, while it was only a small minority who were eligible to become cooperative members and thus to utilize the credits extended by social security organisations. In short, both were destined to produce houses only for a particular segment of the urban population. Whereas a form of housing

production, if it is to be the dominant one, should be capable of attracting capital into the production of a large number of houses for the mass market under relatively adequate conditions. This is one of the preconditions for the viability of a form of housing production in a given society.

In contrast to the individual contract form and housebuilding by cooperatives, speculative housebuilding appeared as a form of housing production capable of providing a wider range of groups in urban areas with adequate housing. SHB is distinct from the two forms previously discussed in a number of ways. In the first place, it is a speculative process in the strict sense of the word, i.e. a productive process initiated by the builders themselves with the expectation that the houses to be built will be sold on the market with little or no difficulty, and that they will yield some profit to the builder. Consequently, many of the roles associated with land development and housebuilding are now the responsibility of the builder producing for a general market, rather than pre-determined clients. As a corollary of instigation of the productive process by the speculative builder, there exists no customer control over the product. Customers buy the houses on the building of which they have no influence. The relationships between builders, landowners, prospective buyers and building workers are replaced by an entirely new set of social relations. A diagrammatic representation of the SHB process is given in Figure 3.1.

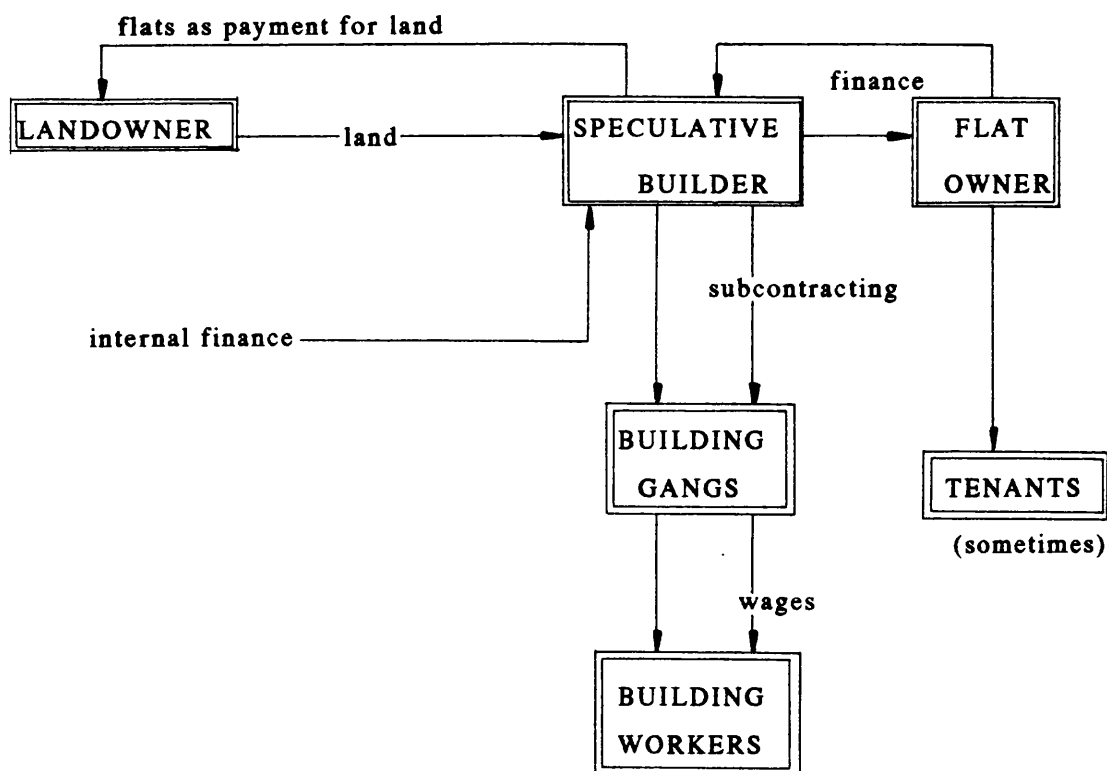


FIGURE 3.1. SPECULATIVE HOUSEBUILDING PROCESS

The first thing to be noted in this diagram is that the speculative builder is the principal agent in SHB. SHB is distinguished from other types of housing production by the extremely active part played by the speculative builder in land dealing, organisation of housebuilding and the sale of produced dwellings. While obtaining land, the speculative builder does not purchase the land from the landowner, but simply makes an arrangement whereby he obtains the right to build a house on that plot, rather than the title to land. No cash is paid to the landowners in return, but they are instead offered a percentage of the dwelling units to be produced as a compensation for releasing land for development. It thus becomes possible for the builder to reduce to a minimum the initial capital required to start the building process.

Having thus obtained a piece of land suitable for development, applied to the municipal authorities for a construction permit, the builder organizes the on-site production through a sub-contract, albeit an informal one, with each building trade. The construction process is in part financed by the speculative builder himself. However, a larger portion of the capital is obtained through the credits made available by the suppliers of building materials and through the sale of units before construction work on site is completed. It is thus common that a dwelling unit, say, on the fourth floor is sold while the earthwork is under way. The result is an unusual system of financing, beneficial not only to the builders but also to the eventual owners of flats. The prospective buyer makes, at the time of purchase, a downpayment not exceeding in most cases 20 to 30% of the final price, the rest being paid in installments until the date of completion or a later date depending on the agreement between buyer and builder. This method of payment has been of paramount importance particularly in a housing market lacking any credit mechanism on the buyers' side. The pre-sale of dwelling units provides the speculative builder with the working capital required to run the construction process. The failure on the part of the speculative builder to sell part of the houses in advance may force him to suspend the construction work. Indeed there are many cases in which the builders abandon the work on site due to lack of working capital and start all over again when they manage to sell the units. The pre-sale of units also renders the volume of housing starts extremely sensitive to short-run changes in costs.

Some of the dwellings built become the property of the initial owners of land who, depending on their estimates of future income, either sell or rent them. The type of tenure which is most likely to be associated with SHB is owner occupation. Housing for rent is, in a sense, a by-product of the operation of SHB, whose rate of supply depends on some external factors such as landowners' calculation of and preference between future returns from the units rented and immediate income deriving

from the sale of units, the number of second house purchasers and the mobility of owner occupiers.

The fact that speculative builder is the principal and the most active agent within SHB does not necessarily mean that he occupies the dominant position. Nor does this active part played by the speculative builder give him the power to change the economic environment in which he functions or to reverse the outcome of his conflicts with the landowner. Indeed the speculative builder is in a particularly weak position vis-a-vis the landowner and the ways in which land dealing production and exchange processes are organised within SHB puts the latter in an advantageous position. These are the issues I discuss in detail in the pages that follow. But first I must present some of the preliminary statistical data on speculative housebuilding in order to give an idea about its share in total housing output and changes in the volume of production over time.

Figure 3.2 shows building and residential construction depending on the construction permits (starts) issued by municipalities during the three decades between 1955 and 1985 (5) (see also Appendix II, Table 3.1). "Total building" covers, by definition, all building activities including residential construction plus commercial, industrial and administrative buildings. Civil engineering works and structures such as dams, harbours, roads etc. are not included. Data on residential construction, on the other hand, cover the permits issued by municipal authorities for the housebuilding activities in their locality. Therefore, such data include only "authorised" urban housing, excluding squatter housing and houses built in the countryside. As a statistical entity, then, residential construction covers authorised structures (i.e. those complying with building regulations) built by public or private bodies or cooperatives for residential use, irrespective of the number of dwelling units within the structure.

As can be seen from the figure, the year 1965 is a turning point for residential construction in that the volume of housing activity increased sharply after then. This growth is striking in every respect. Starting from a low level of some 58,000 dwelling units, housing starts remained relatively stable during the 1955-64 period. The highest of this period was attained in 1964 with nearly 61,000 units and the lowest was 1959 with 51,000 units. Housing starts did exhibit a remarkable upward trend in 1965. The building permits issued in 1965 outnumbered those issued in the preceding year by one third. Of the total construction permits issued that year (nearly 81,000 dwelling units) more than half were for the dwellings within structures having three or more units. The upward trend starting in 1965 continued during the sixties and the number of units reached 155,000 in 1970, some 15 million sq m. In other words, housing starts almost doubled in the five-year period between 1965 and

1970. The seventies were literally the golden years for housing production. The number of housing starts reached 195,000 in 1973 and some quarter million in 1979, the highest level in the pre-1980 period. In this year the number of construction permits issued for multi-dwelling houses was 27,886, incorporating approximately 182,000 units, 75% of all permits issued (see Appendix II, Table 3.4).

All through the 1955-80 period the share of housing in total building activity remained relatively stable at nearly 75% and reached 79% in the last quarter of the period. During the ten-year period between 1955 and 1964 housing starts increased at a moderate average rate of 2.2% per annum. On the other hand, housing production (in sq m) grew at an average rate of 11.7% per annum between 1965 and 1979. During this period the number of starts quadrupled. This process of rapid growth, however, was not a stable and harmonious one, but rather a process characterised by sharp ups and downs. Despite a strong upward trend especially after the mid-sixties, the volume of housing starts varied markedly from one year to another. In this period the years 1956, 59, 63, 67, 71, 74, 77 and 80-81 appeared as the trough years in which the volume of starts either dropped in absolute terms or displayed a growth rate well below the average.

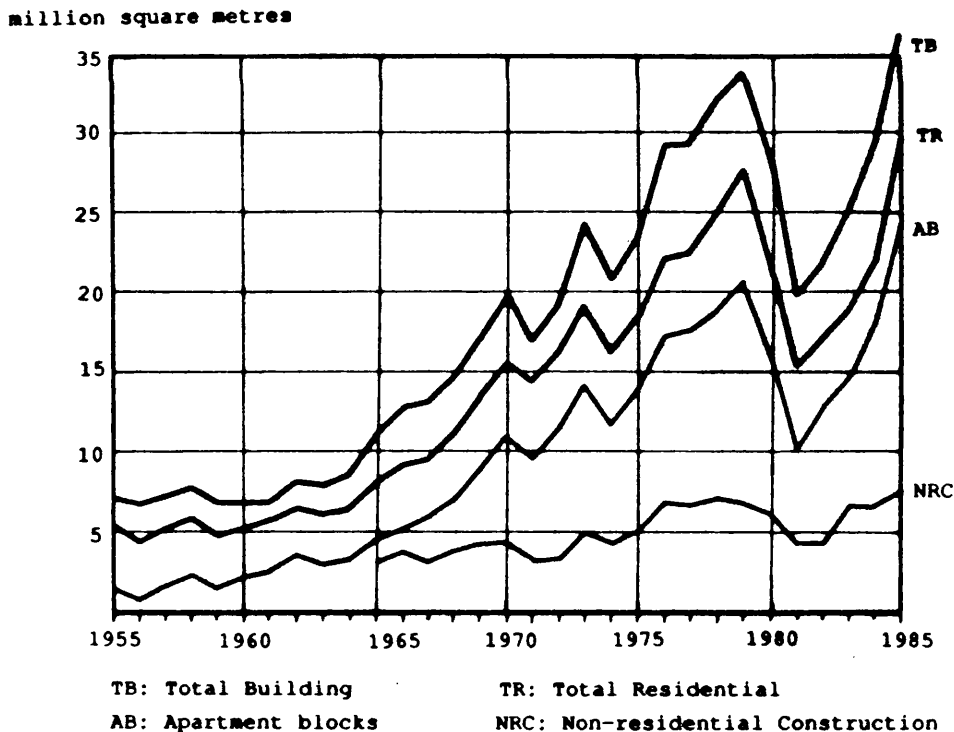


FIGURE 3.2. BUILDING AND RESIDENTIAL CONSTRUCTION IN TURKEY, 1955-1985

Source: Construction Statistics, various years
(For definitions see text)

The data on residential construction cover the units produced by public or private agencies and cooperatives. No distinction is made among the different forms of housing production discussed previously. It is therefore not possible to define speculative housebuilding outright as a statistical entity. A number of assumptions are required for a statistical definition of SHB. The only distinction the State Institute of Statistics (SIS) makes in construction statistics is between what is called "houses" and "apartment blocks" and the type of commissioning agency, i.e. public or private. The latter is self-evident and needs no explanation. The first distinction is, however, an important one and may prove helpful for a statistical definition of SHB. For SIS, a "house" is one comprising one or two units while an "apartment block" is a structure with three or more dwelling units. Following Tekeli (1982) and Turel (1990) I assume that what SIS calls "houses" corresponds to the individual contract form. This, indeed, is a plausible assumption since, as I argued above, individual contract production is only for the wealthy under the current Turkish conditions and the houses built under this form are for the direct use of commissioning individuals. Once this assumption is made there remain "apartment blocks" out of which those built by cooperatives and the state should be set aside to find out the share of SHB in total housing output. This is an easy task since the data available specifies the dwelling units built by cooperatives and public agencies.

The most striking change that has taken place in the housing industry during the period between 1955 and 1980 is the drastic decline in total of houses with one or two dwelling units (see Appendix II, Table 3.2). The share of such houses in total housing starts exhibited a secular downward trend, while that of apartment blocks rose steadily during the same period. Houses with more than three dwelling units, namely apartment blocks as defined by SIS, accounted only for 24% of all housing starts in 1956, but came in 1965 to constitute 54% of all starts, 71% in 1970 and reached 75% in the late seventies. The construction of single houses thus ceased in the mid-sixties to be the dominant form of housing and was replaced by a new one which had apartment blocks as its final product. Of these apartment houses, only a small fraction were commissioned or directly built by the public agencies. Indeed, the state itself has never been a major client in the housing market and the direct involvement of the state in housing production has remained confined to a small number of lodgings built for government employees in areas where there is a housing shortage. Consequently, the share of dwelling units built or commissioned by the public bodies fluctuated between 4.9% and 0.9% annually during the 1955-80 period. On the other hand, the contribution of cooperatives to housing production displayed a fall in the 1955-65 period, from nearly 6% to 3% but rose in the late sixties and reached 12% in the mid-seventies (see Appendix II, Table 3.3).

Thus, the share of speculative housebuilding in (authorised) residential construction in Turkey may be claimed to have been around 60 to 70% during the period under consideration. The remarkable rate of growth attained in housing production in the mid-sixties originated, to a large extent, from the increasing dominance of a particular form of housing production over others. It is, in other words, the influx into the housing sphere of a particular type of capital that finds housing an advantageous field of accumulation for itself and the reorganisation of land dealing, production and exchange processes in line with the requirements of this type of capital, and imposition of a new system of co-ownership in the urban property market that has made possible such remarkable rate of growth in housing production.

Turning back to Figure 3.2 and taking into account the argument above, a preliminary periodisation may be proposed concerning the evolution of SHB. In this periodisation, the period from the early fifties to mid-sixties is one in which SHB made its appearance in the housing market as a form of production. This is the period when SHB, failing to assert its dominance over other forms of housing production, was in fierce competition with such forms. The period between the mid-1960s and early 1970s is the period of institutionalisation in the sense that an act - the 1965 Condominium Act (6)- recognising and further developing the ownership system that formed the very basis of SHB was approved. In this period SHB became the dominant form of housing production in Turkish society. The 1970s are the golden years for SHB in terms of the level of production attained, despite two sharp falls in 1971 and 1974 at the number of housing starts. The late seventies, on the other hand, are the years when a dormant conflict, that between landowners and speculative builders, which had remained hidden until then thanks to the existence of a number of favourable conditions began to surface for the first time, though not manifesting itself at the level of production. The rise in production continued until 1980, the year when the volume of residential construction fell drastically. Since then SHB lost its dynamism and entered into an irreversible decline, ceasing to be the dominant form of housing.

3.3. LAND DEALING AND DEVELOPMENT PROCESS

Housing is distinguished from other commodities produced in the course of a circuit of industrial capital, in the first place, by the fact that its production requires land as an input. The availability of a piece of land is a pre-condition of housebuilding. Land, on the other hand, is non-reproducible and, through private control over rights of usage, monopolizable. This, with the added impact of land-use regulations which, at times, may function to restrict the supply of land with planning permission, may place landowners in a relatively advantageous position vis-a-vis builders and may enable the former to appropriate

excess profits in the various forms of ground rent. Landowners can thus influence the housebuilding activity through the scale and cost of land release or, in the case of leasing, through the nature of leasing arrangements. Furthermore, landowners may be in a position to prevent the entry of new capital in housebuilding by appropriating higher-than-average profits in the form of higher ground rents. The ways in which land is acquired by builders and the conditions under which it is released by landowners are amongst the most important aspects of any form of housing provision and, the conflict between landowner and builder may be so severe in some cases as to force the state to intervene in either, or both, the ownership of housing land and the provision and ownership of housing.

The relationship between landed property and building capital is also of vital importance as it has a considerable impact on the pattern of development of the housebuilding industry. The ways in which the "land question" (the conditions under which land is released for development by landowners) is solved have varied radically both from one country to another and through time depending on a multitude of factors -first and foremost, on the availability of land appropriate for housing development. Consequently, a number of patterns of evolution of the housebuilding industry have emerged. One possible solution is state intervention. In another form of solution of the conflict between landowner and builder, land ownership passes into the hands of specialised property companies who do not themselves engage in building activity. The role of such property development companies is to assemble land, finance construction, obtain planning permission and the sale of the product. The intervention in land dealing of a specialised fraction of capital (property capital) represents a case in which land ownership and housebuilding capital are separate entities or, in other words, in which the latter is not strong enough to undertake both land development and construction work. This frees the latter from the necessity of investing large sums of money in land development. This, however, has a number of crucially important impacts on the profitability of building companies. In these circumstances, a substantial contracting industry is likely to develop. Since in the case of building to contract land and speculation do not enter the circuit of capital of the building company, the profit reaped by the builder derives only from the housebuilding activity, any development gains being appropriated by the property company. It is, therefore, likely that the housebuilding industry developing under these circumstances will be one characterised by a higher level of productivity growth than would otherwise be the case (7).

The intervention of property capital as an intermediary between landed property and building capital, though quite common, is not the only way in which the builder obtains a piece of land appropriate for

development. "In practice the divisions between the role of builders and developers have become less distinct as the larger construction companies now perform the functions normally associated with the developer" (Basset and Short, 1980; p.67). In this case the building companies have grown sufficiently to take hold of the ownership on land on which they build houses and many British firms usually have varying sizes of land banks ready for development and in amounts sufficient to meet their requirements for a number of years ahead. This represents a case in which builders have combined their building activities with speculation in land or, in other words, in which land ownership and housebuilding roles are merged under the control of a single company. The housebuilding industry which is most likely to develop under these circumstances is a speculative one. In this case much of builders' profit derives from land development gains and land rent becomes a portion of the total profit appropriated by building capital. Whereas, in the case of contract building, ground rent is appropriated by the property company. It is reasonable to assume that the housebuilding industry developing under the circumstances where land ownership and housebuilding capital are not separate social entities will be one characterised by a slower productivity growth since the profitability of the building company will be governed in most cases by its role and success in land speculation (8).

The speculative housebuilding industry that has evolved under the circumstances peculiar to Turkey does not conform, in terms of land dealing, to any of the patterns described above. SHB represents a case where land ownership and housebuilding roles are separated, in the sense that the agent who holds the title to land at the time of actual development is not the one who organises the building process on that piece of land. The ownership of land does not pass to the builder before or during actual development. Nor is there a developer mediating between landowner and builder as is usually the case when landed property and building capital are separate social entities. To the extent that land remains, during actual development, the property of an agent other than the builder and that it consequently does not enter the circuit of capital of the latter, SHB resembles contract building. But the resemblance ends here. The transaction that takes place between landowner and speculative builder is not a sale-purchase transaction in the usual sense of the word. The term that I think best describes the relationship between the two agents of SHB is "barter". It is essentially this "barter" or "truck" system that has made SHB unique in itself and peculiar to Turkey (9). It is principally with reference to the way in which the capital engaged in housebuilding obtains land for development that one can distinguish SHB in Turkey from those forms of housing provision that have come to be known with the same name in other countries.

This truck system, this unique way of solving the question of land, has contributed considerably to the emergence and evolution of a housebuilding industry which is unique in many respects. It has had crucial impacts on the profitability and, hence on the conditions of existence of capital that has found housebuilding an advantageous field of accumulation for itself. This barter system, radically changing the form and content of the conflict between landowners and builders, has also proved beneficial for both parties and offered a relatively easy, though not a long lasting, solution to the problem of acquisition of land for building. Among others, it is essentially this aspect of SHB that has enabled it to function with considerable success during the three decades between the 1950s and 1980s. It is also this barter system and the contradictions which it helped to veil that prepared the grounds for its collapse in the early 1980s. And what is more important for the purposes of this study, this kind of relationship between landed property and building capital has enabled the entry into housebuilding of capitals which could in no way hope to engage in housing production, had another system prevailed. This truck system has rendered housing production a relatively profitable sphere for a particular type of capital - namely, for small capital - while discouraging the inflow of others. It has, therefore, deeply influenced the conditions of flow of capital into the housing industry and has appeared as one of the barriers to the further development of specifically capitalist relations within speculative housebuilding.

The houses built under the set of social relations characteristic of SHB are "authorised" ones complying with building regulations (10). SHB operates on plots of serviced land in those parts of cities where permission has been granted for housing development and development rights have been fixed. At the time when the builder and landowner meet each other to come to an agreement over the price of land, the site on which the builder is to erect a house has been provided with infrastructure (roads, sewage, water, electricity etc.) and the maximum number of floors and the floor-space ratio have been determined. Since the builder does not or, is not able to, purchase land in advance of planning and provision of utilities, the owners of land are in a position to estimate the increases in the price of their properties brought about by planning permission and the existence of public utilities. Irrespective of the method of payment of the land price, one direct consequence of this is that the landowner is placed even at the outset at a more advantageous position compared to the builder in their struggle to appropriate the ground rent and development gains created by the actions of the state and/or local authorities. Speculative builder's access to an important source of revenue is thus restricted at the outset. Despite the apparent advantage of landowners, the exact distribution of ground rents between two agents is a question depending particularly on the competitive power of each agent and on the market conditions.

A number of informal channels of information exist between builders and landowners whereby the former are informed of the existence of landowners willing to release their land. Builders generally work in certain parts of cities and, therefore, have information on vacant plots in their areas. Furthermore, local people, relatives and the building workers they employ are also an important source of information. In some cases, a real estate agent may act as an intermediary between landowner and builder and inform the latter of the availability of a developable plot. This, however, was not a widespread practice in the 1970s when builders had no difficulty at all in finding vacant plots to build houses on. Once they establish the first contact, the next thing a builder and landowner do is to obtain information on the development rights for that particular plot. If no such information is already available, they make an application to municipal authorities to get this information. The next stage is to come to an agreement over the ratio of flats to be offered to landowner. Much of the controversy between landowner and builder centres on this issue.

The share in total of the number of flats offered to landowners exhibited considerable variations within cities depending on such factors as the size of the plot, its location, the number of floors permitted and the floor-space ratio. However, during the period under consideration, the pressures for the expansion of cities both horizontally and vertically were so great and the scale of building activity going on in both "authorized" and "unauthorized" sectors was so large that almost all the factors having an impact on land prices -even the relative location of a particular piece of land- were subject to short-run changes. It was virtually impossible for municipal authorities to impose durable building regulations. There was, therefore, an expectation on the part of landowners that the development rights granted for their plots might be modified in the near future, an expectation which, in most cases, was not invalidated by the latter developments. The higher these expectations were, the less willing landowners would be to let their land for development. In general builder and landowner would not have much difficulty in reaching an agreement over the number of flats to be appropriated by each since a ceiling on this ratio, acceptable to both, would by then have been fixed on the market for plots of comparable properties. The second issue of controversy between landowner and builder is a minor one compared to the first one. Since all the flats in an apartment house are not expected to have the same price each party would like to own the ones which he believes would bring the highest price. The flats on the ground floors, for instance, were not usually preferred as their prices would be slightly lower than those of others on upper floors. The final agreement between the parties would in most cases be one of apportioning the flats they both get as equally as possible among the floors. Having come to an agreement over the distribution of flats between themselves, landowner and builder formalize their agreement by having it certified by a notary public. In

the formal agreement both the flats to be received by each party and their exact distribution are specified in detail. It is interesting to note that the agreement concluded between landowner and builder contains no provisions as to any issue other than the distribution of units between themselves. No completion time is specified and no restrictions are imposed by landowner as to the specification of the structure to be built. It is more of an agreement on how much they receive from the total number of units produced, than on what is produced or how it is produced.

The implications of this method of payment of the price of land for the relationship between landowner and speculative builder and its impacts on the well-being of the agents must be considered in the context of an historical analysis. The question whether and to what extent each party benefits from or suffers as a result of this truck system can only be answered through a historical method of inquiry. Since my objective in this present chapter is not to develop an historical analysis, but rather to understand the mechanisms of operation of SHB in a static perspective, I leave aside these questions for the time being.

The immediate impacts may, however, be analyzed here. One direct impact is that it becomes possible for the builder to reduce his initial capital outlay almost to nil. The only cost incurred by the builder to obtain a piece of land to build a house on is the notarial charges payable while concluding a formal agreement with the landowner. At a price which is almost nothing the builder obtains a plot of land appropriate for development. Land, put simply, does not enter the circuit of capital of builder as an item which necessitates the payment of any sum of money. This enables the builder to prepare one of the essential pre-conditions of housing production without facing a major financial difficulty. The fact that land does not initially appear for the builder as an element of cost means that builder is freed from the necessity of investing large sums of money in land, the acquisition of which, it is argued, may become a major problem and even act as a barrier to capital accumulation in the housebuilding industry (11). Money that would otherwise have to be tied up in land for some time before actual development may thus be mobilized. The price the builder pays in return, though not appearing initially, is not low. This truck system as a method of land acquisition deprives the builder of much of his access to ground rent and development gains. In a country like Turkey where not only rents have increased enormously through time, but also the very factors determining the level of ground rent themselves have been liable to a continuous change, this implies a limited access on the part of the builder to a very important source of windfall gains.

Under such a system of land dealing the builder's profitability becomes a function of (a) the total number of units to be constructed on a given

plot of land (i.e. building regulations and density decisions); (b) the ratio of flats to be retained by builder (i.e. builder's power vis-a-vis landowner); and (c) the difference between selling price and the cost of production (inter alia, builder's power vis-a-vis building workforce). Builder's profitability under SHB is inevitably calculated in terms of the total number of flats produced less the number of those received by the landowner. The greater the number of total units on a single plot, i.e. the higher the density, the greater the prospects for higher profitability. Builder is, therefore, always inclined to create pressures for the relaxation of existing building regulations and a rise in density decisions on the plot he builds. Here the builder's interests are in perfect harmony with those of landowner; they both benefit from rising density decisions. Their success in getting the desired result depends in turn on their ability to reach and influence the decision making process at the local level. One major element governing the profitability of builder thus becomes an essential part of local politics. This overlap in the interests of landowner and builder comes to an end at a later stage. While distributing between themselves the units to be built, builder and landowner are in severe conflict. The outcome of this conflict depends essentially on their respective powers, which are themselves a function of a multitude of factors. The factors that influence the relative powers of landowners and builders against each other are mostly external to SHB and contingent upon historically specific circumstances. In this sense, there exists no a priori answer to the question of the relative powers of landowners and speculative builders.

The impact on builder's profitability of the two elements described above is straightforward. The third element of profitability, the difference between the selling price and the cost of production, however, functions in a much more concealed fashion. Although its impacts are clear, this third element of profitability, too, has manifest itself in a rather curious way under the particular conditions prevailing during the 1960s and 1970s. More concretely, the inflationary pressures within the wider economy have become so great that it has become possible for builders to make considerable speculative gains on the selling prices of housing. The speed with which houses are constructed and the conditions under which they are offered for sale on the market have become crucially important elements determining their sale prices. Since a large portion of builders operating in the sector finance the construction process through suppliers' credits and the sale of unfinished product while construction is under way, this issue brings to the fore the relationship between builders and suppliers of building materials on the one hand, and the would-be buyers on the other. This, too, is a relationship depending on the economic and political powers of the agents involved. Another way of increasing profitability is to lower production costs essentially through increasing the rate of surplus production per worker which can be accomplished either by the introduction of advanced techniques of production (modification of the

labour process, i.e. relative surplus value) or by the extension of an existing labour process (i.e. absolute surplus value). The builder's ability to increase the rate of exploitation which, in effect, means the lowering of production costs, depends on the builder's power vis-a-vis building workforce.

One may argue on the basis of the foregoing that the social relations characterising SHB have profoundly altered the conditions of profitability of the capital engaged in housing production. In this perspective the relative powers of the agents vis-a-vis each other have gained a critical importance and come to be the basic element determining the direction of change within SHB as a form of housing production. SHB has added, in other words, the balance of power between the groups involved to the already existing high degree of uncertainty of profitability in the housing industry. SHB is characterised by a profit making process in which the basic determinant is not a purely economic one, but rather the economic, political and social power of each group. The inequalities ensuing from the functioning of SHB and the position of each agent within the wider social and economic processes gain an additional importance in this context. A smooth functioning of SHB requires, like any other form of housing production, that the conflicts between the agents be resolved and a persistent balance be attained. Indeed such a balance, I argue later, was attained during the 1960s and 1970s on the basis of the common interests of the groups involved. However, the balance attained was so fragile that anything that had an impact on the relative power of each group had its immediate repercussion on the functioning of SHB. This balance was dependent almost entirely on the existence of a number of extremely favourable external conditions. The analysis I have advanced above cannot be deepened any further with the elements I have so far introduced. A number of other elements need to be incorporated into the discussion. One such element is the land-use control system that has a direct impact on the rate of supply of serviced urban land ready for development.

3.3.1. Land-Use Control System in Turkey

The first thing that one should be aware of while dealing with the urban planning system and enforcement of building regulations is the fact that there exists in Turkey a highly bureaucratized and strong central state apparatus which has its imprints on almost every single aspect of economic and social life and even intellectual thinking. This statist tradition was inherited in its broad lines from the Ottoman Empire, and the institutions of the Republic did, under the ideological discourse of a classless society, further reinforce and enlarge the scope of activities of the centrally controlled agencies. What in fact was inherited from the Empire was a society which had no tradition of autonomous regulation.

Public domain had always been a political one in that it was directly under the jurisdiction of the state. While, on the one hand, establishing the institutions of a western style, of the kind that would appear as the burgeoning of a civil society on which the state had no rule, the rulers of the early republican period (1923 to 1950) did, on the other hand, castrate any potentialities of an autonomous regulation within the society and devised new means of control over the public domain. In a society rapidly escaping the pre-capitalist mould, social cohesion was ensured not through the evolution of a civil society, but by the state mechanism extending its control over the society in new forms and, in most cases, to an absurd degree. Individual freedoms were enjoyed only in such areas and to such degrees as were permitted by the state and a truly public domain remained confined to a few areas which the state had not yet penetrated into. In the face of such constraints political movements failed to develop sophisticated class-based projects and came to be characterised by an appeal to more or less the same ideological symbols invariably containing strong populist connotations. So common and pervasive were the ideological symbols of the statist tradition, that they even penetrated deep into the most extremist political movements (12).

This aspect of political and ideological life certainly left its imprint on the relationship between central and local government (13). Heavy restrictions were imposed by the central government on the autonomy of action of local authorities. This lack of autonomy best reflected itself in financial and planning-related issues (14). The process of preparation of town plans was, consequently, a highly centralized one, subject to time-consuming and sometimes absurd bureaucratic procedures. The final authority in charge of the preparation and approval of plans was the Ministry of Public Works and the state-owned Bank of Municipalities, which also supplied finance to municipalities for infrastructural works. In this process local administrators had very little say on the plans themselves. Physical plans for towns were prepared, upon applications made by municipalities, either directly by the planning staff of the Bank or by inviting bids from technicians running their own planning bureaux. In both cases plans were prepared by technicians whose knowledge on local conditions remained confined to a brief visit made to the area during plan preparation. The preparation of plans took one to one and a half years depending on the size of settlements (15). More time consuming was the approval stage. Although the plans were discussed at the municipal councils, the Ministry was authorized to approve the plans with any amendments it deemed necessary. The process of plan preparation and approval thus took not less than five years in most cases. This indeed was too long a period of time especially in the face of enormous level of demand for planned and serviced urban land that existed all through the period.

These plans also lacked, from a technical point of view, the flexibility required to cope with the pressures building up on urban land due to an exceptionally high level of demand brought about by the massive rise in urban population. The plans did, at a higher scale, determine new areas of development and set overall land-use and density decisions. At a lower level they imposed a new pattern of ownership on the already existing one. In other words, they converted the existing ownership on land into a new one appropriate for building development. In this conversion large tracts of land were divided into "blocks" (i.e. a portion of land enclosed by streets and occupied by or intended for buildings) and then blocks were subdivided into "parcels" (i.e. a plot of land with fixed boundaries and under a single ownership). In such a planning system, a "parcel" appears as the basic unit of planning. An example of such a plan is given in Figure 3.3 which shows part of a middle-class housing area in Ankara chosen for a closer scrutiny (see Chapter 7).

The dotted lines in the figure indicate the pattern of ownership on land as it existed before planning. Plots of land are of different sizes and shapes, reflecting the basically agricultural character of the area before development. What planning does at this level is to convert such plots into parcels of regular size and shape and, distribute them among the landowners according to pre-determined rules. As a rule, all the parcels in a block have the same development rights. The buildings to be erected on each parcel may have the same height and floor-space ratio. It is the local authorities who make the final decisions as to the exact density of the area under the general guidelines laid down in the plan. A typical parcel shown in the figure has a size of nearly 1,000 sq m, a frontage of 20 to 30 m and a depth of 30 to 40 m. Most of the buildings in the area are 5-floor ones with floor areas covering not less than 40% to 50% of the parcel. Then the total built-up space on each parcel of land is to two to two and a half times as much the size of parcel.

This system of planning is indeed a part of a legal system that recognizes a parcel as the basic unit of ownership on urban land. The parcels devised by the planning authority may not, under the current legal system, be further subdivided, except in a few strictly defined cases. They may, however, be owned by a multitude of persons. At the stage of actual development, a parcel of land turns into unit of production, a construction site where building activity is carried out. Thus, a "parcel" appears not only as a unit of planning (a modular unit on the basis of which the urban fabric is planned) but also a legal unit of ownership (a unit designating the boundaries of land in one possession) and a unit of production. A striking parallel may be established between urban planning practices and the social relations characterising SHB. In fact there is such a direct relationship between planning and SHB that one could even argue that the *raison d'être* of

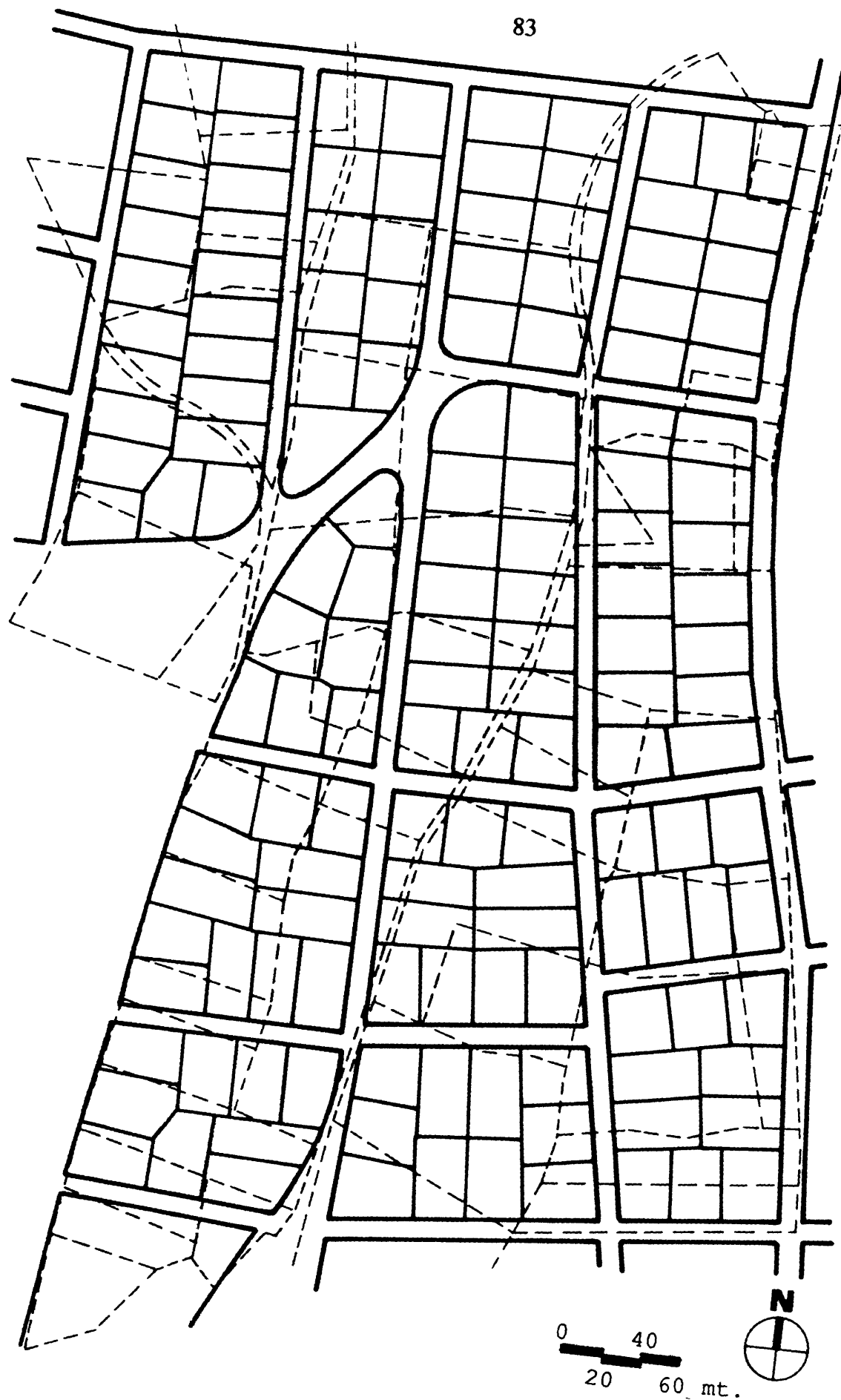


FIGURE 3.3. OWNERSHIP PATTERN BEFORE AND AFTER PLANNING

urban planning in Turkey is to legalise and prepare the appropriate grounds for this system of production. As I discussed above, an overwhelming majority of the building enterprises do not have sufficient capital to undertake the construction of multiple houses at one time. Planning, on the other hand, simply divides large tracts of land into small pieces, each of which may be developed separately. What is, therefore, implicit behind the whole planning mechanism is the assumption that the proposed development will be realised by small-scale enterprises capable of developing a single parcel at a given time. What is more important, such a system of planning has facilitated the inflow or, more correctly, has prepared the conditions for the operations of small-scale productive units in much the same way as it has acted as a barrier to the operations of larger scale enterprises. An enterprise wishing to develop a multitude of parcels simultaneously would, in order to assemble the land, have to make separate arrangements with each landowner, thereby making in most cases development almost impossible. Kiral (1981) illustrates the difficulties encountered by one of such enterprises in its efforts to assemble land in a part of Ankara where ownership was highly fragmented. Indeed most of the relatively large-scale building enterprises have chosen not to operate within inner city areas where landownership is fragmented. Their strategy has usually been to obtain large pieces of land without planning permission at the periphery and to undertake construction work after obtaining planning permission thanks to a supplementary article of the Urban Development Act which allows large-scale housing schemes outside the plan boundaries.

One direct impact of the town planning system has been to stimulate petty land ownership, which it has legitimised, to the degree of an extreme fragmentation. This is not, of course, to say that the planning system has been the sole factor behind the ownership fragmentation. But, the division of large tracts of land into small and homogenous pieces each developable separately and assigning the same development right to each of such pieces has meant, above all, the conversion of land into more easily tradeable units. In practice, the planning system of the kind described above has considerably enlarged the social basis of the urban land market. In this way the size of saleable unit on land has become smaller and it has become possible to engage in land dealing for a number of social groups which could otherwise not hope to take part in the urban land market. Planning has thus functioned as an "invitation card" for a diverse range of social groups to the urban property market.

The conversion of plots without planning permission into developable parcels, namely the very act of planning itself, is beset with difficulties originating from the pattern of ownership on land. In cases where the initial plots are larger than the planned parcels, no significant problems arise. In this case the owner of initial plots becomes the owner of a

number of developable parcels, proportionate to the size of land s/he holds. In cases, however, where the initial plots are smaller than the ones proposed in the plan, there may arise the difficulty of apportioning a developable parcel between two or even more landowners. The more fragmented the ownership on land, the more difficult it becomes to enforce the plan decisions. In parcels of land which are not under a single ownership, the actual development becomes extremely difficult. In these cases, such parcels are usually subdivided into two, as is generally the case when the ownership on a single parcel becomes further fragmented through inheritance. The enforceability of planning decisions is, therefore, closely connected with the pattern of ownership on land, especially on undeveloped land at the urban fringe.

The planning system has not been part of a taxation system that imposes any kind of levy on increments in land values arising from changing land-use decisions. The gains accruing to landowners by reason of planning decisions have not been taxed at all. A system of taxation similar, for instance, to the Betterment Levy (on which see Ball, 1983a; pp.201ff) has not been enacted. However, while converting the plots of land without planning permission into developable pieces (or, simply "parcels" in the sense defined above) municipal authorities have the right to expropriate, without any payment, 25% of the initial size of each plot for the public services required in the area (16). In practice, however, the ratio of land expropriated gratuitously by municipalities has remained around 5% of the total size of plots (Kiral, 1981).

The fact that urban plans are prepared by the central government institutions with minimal intervention of local governments which are, in turn, responsible for the execution of such plans, has constituted the basic contradiction of the planning system. Since plans were prepared by technicians who knew almost nothing about the local conditions and since their preparation and approval required a considerable period of time, most of the plans were destined, even at the time when they were ready for implementation, to become ineffective or became so in a short span of time in the face of rapid growth that the Turkish cities were experiencing. In some of the big cities planning efforts had entirely been abandoned and were being implemented under the loose principles laid down long ago. In short, the planning system as a whole was a clumsy tool, not well designed for its purpose. The fact that the planning system failed to realize the very purpose it was devised for is best evidenced by the number of applications made by municipalities for plan amendments and partial plans for areas not covered by the original plan. It is interesting to note that such plan amendments, though in principle subject to the same procedures as the plans themselves, were in practice not liable to the same degree of control as the one exerted by the central government on the original plans. So, under the relatively loose control of the central government institutions, municipalities were

able to make amendments to the original plans or to prepare partial plans for new development areas. In one of the most comprehensive accounts of the planning system in Turkey, Akcura (1982) notes that a significantly large portion (approximately 75%) of applications made for plan amendments demand that the land-use decisions concerning a particular area be changed to residential uses or the density proposed in the plan for an area be increased. These applications in most cases met a positive response. Thus, the original plans which, by nature of their very process of preparation, did not take into account the local conflicts, were soon liable to major modifications in the face of demands for higher density or changes in land-use decisions. In this way the conflicts at the local level entered the scene in the form of plan amendments and partial plans. They became an arena of local politics, where local conflicts were revealed and settled. An interesting finding in this respect is that of Duyguluer (1982) who notes that the number of applications made to the Ministry of Public Works and Housing for plan modifications drop sharply at times when the construction industry is in slump. The pressures created by the interest groups who are likely to have direct benefits from rising density decisions and the opening up of the new areas for development -mainly landowners and builders- are expressed in the form of demands for plan amendments and partial plans.

The populist nature of Turkish politics has conditioned, to a large extent, the responses of local politicians to these pressures for higher density and for new development areas. In practice, local politicians in most cases did positively respond to the demands for higher density in the built-up areas. The density rises in the relatively low density quarters of cities became one of the essential ways of increasing the supply of serviced urban land. This in turn encouraged a vast redevelopment process in such parts of cities and, at the same time, placed considerable pressures on the existing infrastructure. This attitude of local politicians also influenced the expectations concerning land prices and functioned as one of the factors contributing to the lack of price stability of any kind on the urban property market. Indeed, expectations that the building regulations in a certain part of the city would sooner or later be relaxed and that a particular area would be opened up for development, ran so high that the so-called "floating value", which is usually typical of only temporary situations, became a permanent aspect of the urban property market and covered a relatively large part of the virgin land in cities and even the built-up areas (17).

The full implications on the functioning of the urban property market of the land-use control system and of petty ownership which it has fuelled are considered in detail in Chapter 6. I also make an attempt in Chapter 7 to show how building regulations in a given part of Ankara have changed through time and how this has influenced the pattern of

development in that particular area. I now return to my basic line of argument in this chapter, namely that of reconstructing SHB as a form of production.

3.4. THE PRODUCTION PROCESS

Discussion of the production process is of key importance for the arguments advanced in this study for a variety of reasons. The importance attributed to an analysis of the production process and, of the labour process as a central element in it, in the context of uneven capitalist development was clarified in the preceding chapter. It was shown in Chapter 2 that the exact nature of the labour process played an important part in an understanding of the degree and form of capitalist penetration into a particular productive branch. Also discussed in the chapter were a number of forms into which the penetration of capitalism was incomplete, distinguished from each other essentially with reference to the degree of capitalist control over the labour process and the forms of subordination of labour to capital. It was also shown that an aspect of the production process which was closely linked to the degree of capitalist control over the labour process was the method whereby the rate of surplus production per worker could be increased.

An analysis of the process of production is also central to a complete understanding of the functioning of any form of housing production. For the builder engaged in housebuilding, the production process appears as the stage in which the non-land inputs are purchased and assembled on the construction site. The actual process of producing houses differs significantly from that of any other commodity. This aspect of housebuilding process is one of its best documented characteristics and, therefore, needs no further elaboration here. One aspect of the housebuilding process common to all other productive activities is of more relevance. Like any other productive activity housebuilding too must be organised in such a way that in the end it results in production costs smaller than selling prices, so that the agent organizing the production process could make a profit out of it. This indeed is the very purpose of production. It is this necessity that governs the productive process in any line of activity and creates incentives for the agent organizing the production to reduce the costs. The key to achieving this purpose lies in the adoption of the least-cost production technique and organisational and managerial principles compatible with it. The ability of the producer firm to control and reduce production costs depends, on the other hand, on a multitude of factors. Above all, the nature of the existing labour process sets limits to the ways in which production costs may be reduced. Furthermore, any attempt on the part of the firm to reduce costs through a cheapening of labour costs at the expense of the workforce is likely to cause a reaction from the workers. Workers in a branch then resist, under historically determinate conditions, the

attempts to cheapen labour costs at their expense. Despite such difficulties, it remains true that the possibility of making extra-profits, even for the short run, through the introduction of the least-cost method of production creates incentives to adopt that technique which results in the lowest production costs and to use inputs as efficiently as possible.

All this holds true for housebuilding only in broad terms. It is certainly true that the housebuilding activity must be so organised as to result in production costs smaller than selling prices. However, this argument is valid in its fullest sense for the majority of productive activities in which production costs are the most influential element in profitability. In other words, the incentives to introduce the least-cost techniques are expected to be the highest in industries where profitability is governed by the difference between selling prices and production costs. Whereas, as was discussed in the preceding section, the ability of housebuilding firms to engage in land speculation radically alters the conditions of profitability and competition within the industry. The possibility that the capital involved in housebuilding can make large profits through appropriating ground rents and development gains leads to an industrial structure which is unique in many respects to the housebuilding industry. The industrial structure peculiar to speculative housebuilding is such that production costs are no longer the basic determinant of the size of a firm's profits. It is the firm's success in appropriating ground rents and development gains that becomes crucial element of profitability and hence the basic determinant of competition among the firms operating within the sector. Consequently, those firms with inefficient methods and techniques of production may well continue their operations in the long run. In short, the extra-profits that the housebuilding firms may obtain thanks to their ability to appropriate ground rents weaken the incentives to introduce the least-cost techniques of production.

It was shown in the preceding section how the process of land acquisition peculiar to SHB places the landowner in a strong position against the builder in their struggle to appropriate ground rents. The inability of the builder to purchase land in cash and in advance of development restricts his ability to appropriate ground rents and development gains in full. Since a portion of the units to be built is offered to the landowner, the speculative builder has to be content with the total income he is to obtain from the sale of units he retains for himself minus production cost of all units. One would expect that there would be great incentives under these conditions for the speculative builder to control and reduce costs as well as using inputs efficiently. This, however, has not been the case. SHB is characterised by an extremely backward technology and production organisation, reminiscent in many respects of the building processes dating from the early days of capitalism. This is one of the results of a highly

speculative real estate market which itself is a product of a set of historically specific conditions that combined during the 1960s and 1970s. The conditions that enabled housebuilders to make considerable speculative gains on the selling prices ceased in the late sixties to be conjunctural and became a stable feature of the housing market for some time. So, housebuilders' main concern in their attempts to increase the profitability of their housebuilding operations was not that of reducing production costs, but making speculative gains on the selling prices of housing.

Not surprisingly then, speculative builders had little incentive to introduce large-scale changes to the existing housebuilding processes. Consequently, the production technology characterising SHB remained unchanged during the period of study. One corollary of this backward technology was manifest in the characteristics of the building workforce. Builders operating in the housing industry took full advantage of a non-unionized and semi-proletarianized workforce maintaining strong ties with the countryside. The composition of the building workforce was such that it covered mostly the lowest segments of the labouring class. Moreover, adding in many obvious ways to the precariousness and casualness of employment conditions within the industry was the extremely hierarchical and fragmented nature of the building workforce. There were, on one end of the spectrum, highly skilled master builders constituting the core of free-lance gangs or squads, semi-nomadic in character, moving continually from one construction site to another where they were employed on a sub-contract basis. As an in-between case there were journeyman and apprentices within each gang, who were learning their trades and expecting one day to form their own gangs. There were, on the other end, a large number of unskilled workers who were either newcomers to the city or had left their villages temporarily to work in construction sites. In terms of their relations with building workers speculative housebuilders operated on the edges of formal economic processes. Their workers were deprived even of the most basic rights to which their fellow workers in other industries were entitled: they were not unionized, nor covered by social insurance schemes, and had to work in an extremely low-wage industry in which the employment conditions were far worse than those that were usually associated with the construction industry. The result is obvious: the building workforce has been the one to bear the chief burden of producing for a highly uncertain housing market and providing the speculative builder with the operational flexibility required to survive in such a market.

Turning now back to the description of SHB process, the very next thing that the housebuilder does after reaching an agreement with the landowner on the acquisition of land is to arrange the design of the apartment house to be built. There is, as Ball (1983a; p.156) notes, an

ambiguity over the correct categorization of house design within the overall housebuilding process. In this study, design is considered as part of the production process. There does not exist in the case of SHB a clear divide between land dealing and production in terms of the involvement of agents. It is the speculative builder who plays the most active part in both processes. While arranging the design of the structure to be built, the housebuilder gets in touch with an architect who runs a private bureau and with whom he has probably worked in the design of previous buildings. It is interesting to note that the fragmented nature of the housebuilding industry has left its imprint on architectural practices as well. A large portion of architects and civil engineers run their own private bureaux, rather than being employed directly by building firms. I touch upon this issue in Chapter 4 while discussing the class position of agents within SHB. In arranging the house design, housebuilders usually tend to work with the same architect and civil engineer. What the builder expects of the architect while designing the apartment building is two fold: to find out the layout that maximizes, within the limits set by building regulations, the use of land on the particular plot where the structure is to be erected, and to design the dwelling units in a such way that they reflect the tastes and preferences of the target purchaser group. There is in fact some form of tacit agreement between the builder and the architect; the latter knows beforehand what the former requires. Under these circumstances there is hardly any room for the architects to show their professional talents. What is expected of them is only exceptionally in line with their aspirations as architects. In most cases they have to design structures which, for the sake of using the space in full, have strange forms. The role of professionals in SHB as a whole is not confined to design only. They also undertake the supervision and surveillance work of ongoing construction, a necessity imposed by the building codes. While the construction work is under way, civil engineer visits the site on a number occasions to supervise especially the quality of concrete to be poured into the forms. The fees payable by the speculative builder to architect and civil engineer are paid in installments in line with the performance of services.

Availability of a piece of land appropriate for housing development and of detailed drawings signed by a professional for the structure to be built is sufficient for the housebuilder to file an application to municipal authorities for a construction permit. Municipal authorities check the conformity of drawing to building codes in force for that part of the city and then issue the permit required to start the construction work. This is the first of a number of controls made by municipalities in connection with the construction work undertaken in their localities, others concerning the compliance of ongoing construction with drawings furnished before the issue of construction permit. There are also a number of other restrictions imposed by the plans or building regulations with which the housebuilder is required to comply, such as

the availability of sufficient parking space for cars, the use of basements for residential purposes. The last control by municipal authorities is made after the completion of construction work. The purpose of this control is to ensure that the apartment house built is in perfect compliance with the drawings submitted initially. After this control, an occupancy permit is issued separately for each of the units in the building.

The principles that govern the organisation of on-site production have already been implied above. The two most important principles are the minimization of both initial and working capital and, operational flexibility. The first principle implies that the amount of capital required to start on-site operations and tied up in production at any given time must be as low as possible. Because the constraint is inevitably on the amount of capital which can be advanced, we can hypothesize that the builder will be most concerned to hold down wages and he will be less concerned with materials prices for which he has a credit. Closely connected with this principle is the flexibility in operation. As a principle governing the on-site production flexibility means above all that the work must be organised in line with the flow of cash. The builder, in other words, must be able to slacken the pace of construction work when he faces a difficulty in cash flow and, conversely, to speed up the pace of work at times when cash flows smoothly into production. Furthermore, the financial burden of adjusting the pace of work with that of cash flow must not be high. This, then, implies that the builder must be able to suspend the work on site when so dictated by circumstances without any major managerial and financial difficulty. These two principles, minimization of initial and working capital and, operational flexibility, have shaped the organisation of on-site activities and superseded in most cases other considerations such as the quality, pace and cost of the work done. These two requirements do originate in part from the characteristics of the type of capital that has come to dominate housebuilding activities and from the uncertainties associated with the real estate market in which it has carried out its operations. The process of on-site production organised under these principles does in its broad lines resemble the ones characterising speculative housebuilders in other countries.

One of the mechanisms ensuring the minimisation of initial capital outlay (namely, the payment of the price of land in kind and after the completion of the building) and the ways in which it has contributed to the uncertainty of profitability within the sector were discussed in the preceding section. In much the same way as no cash is paid for land acquisition, the production process, too, can start with minimal fixed investment by the builder. This is achieved by reducing to a minimum the value of inputs used up in more than one cycle of capital. The share

in total building cost of those inputs consumed in a series of successive production cycles is extremely low. Yonca (1982; p.11), for instance, has estimated that the share of fixed capital depreciation in total production cost is even smaller than 0.1%. The only means of production owned by the housebuilder are a simple concrete mixer and a lift used for material handling. Other equipment, especially earthmoving machinery, are hired by the builder when required for his on-site operations.

The process of production itself, too, is organised along lines which do not necessarily result in the least-cost and most efficient technique, but which do ensure flexibility and minimization of working capital. While organizing the production on site, the housebuilder makes a separate arrangement, albeit an informal one, with each trade. Under this system of subcontracting, the builder himself provides materials and most of the equipment required, and the subcontractor provides labour and simple hand tools. The subcontractors are then paid for carrying out a strictly defined item of work. The organisation of construction work on site in this way is, of course, not peculiar to Turkey but observed on an extensive scale in the building industries of other countries as well. The system of subcontracting characteristic of SHB resembles, for example, closely the one known in Britain as labour-only subcontracting. As a way of organizing the on-site production, the importance and impacts of subcontracting in the building industry are well known (see Ball,1983a, Chp.9; Clarke,1980; and Tuckman,1980). Under this system, most building workers are employed as subcontractors for the services they render, instead of being employed directly by housebuilding firms as wage workers. This system also provides builders with managerial flexibility in that most of the managerial responsibilities associated with the organisation and control of the production process are thus transferred to the subcontractor. The system of subcontracting as a relationship between building capital and workers highlights the casual nature of employment in housebuilding and the absence or weakness of trade unionism in the building industry.

The system of subcontracting that is dominant in the Turkish housebuilding industry consists entirely of gangs. Speculative builders let the construction work to independent gangs organised on a trade basis. The part played by the speculative builder in the organisation of work is to get in touch with gangs, provide equipment, materials and finance and ensure that the structure being built conforms to his requirements in terms of quality. On the other hand, it is these gangs who perform, under his loose control and guidance, the entire construction work and provide the hand tools and labour required. The gangs tend to, and do indeed, work with the same housebuilders and move continually from one construction site to another in order to complete the works they undertake. The advantages that working with

the same housebuilder offers to both gangs themselves and the builder are obvious: it acts as a buffer against the uncertainty and casualness associated with the housebuilding industry. From the point of view of housebuilders, to work with the same gang serves considerably to reduce their managerial responsibilities within the production process.

The gangs have a very rigid and hierarchical structure. A typical gang operating in a particular trade consists of a number of core members and of what may be called the casual members. The core members include a master builder, who is the leader, one or two journeymen and an apprentice, all working under the supervision of the master. In addition to being units of employment, the gangs also appear as units of training where apprentices learn the trade from the master and where the future generations of specialised workforce acquire their skills. The position of apprentices within the gang is reminiscent, strictly speaking, of the master-apprentice relationship characterising medieval guilds. The apprentice, usually a teenager, knows that what is expected of him is to follow the instructions of his master and to learn the trade as quickly as possible. Since he regards himself as a trainee, his expectations concerning the remuneration for his work are very low and he has to be satisfied with what his master deems appropriate for him.

The relationship between the master builder and journeyman in a gang, on the other hand, is much more complex. Both regard themselves as self-employed persons performing specific tasks for housebuilders and on some occasions hiring others for the works they carry out. In terms of their relationship with each other they see themselves as partners working together. Most journeymen are former apprentices who have been promoted to this status after having proved that they have learned the trade properly. Their task is to assist the operations of the master builder and supervise those carried out by unskilled workers. It is interesting to note that almost all the core members of a gang are, more often than not, from the same province and even the same village. Indeed, rural origins have a significant part to play in the formation and activities of gangs within the building industry in general. The gangers' adherence to their rural origins is striking. Gangs operating in a particular trade not only tend to choose their members from among those with the same rural origin, but also encourage and support their fellow villagers to form gangs in the same trade. Consequently, each trade is characterised by the preponderance of gangs from a certain part of Turkey. Carpenters operating in Ankara area, for instance, are mostly from the Central Anatolian region, while bricklayers are predominantly from the Black Sea region. As for the distribution of the fee they receive from the housebuilder among themselves, the money, following the deduction of payments made to casual workers, is distributed among the core members at ratios fixed beforehand by the master builder.

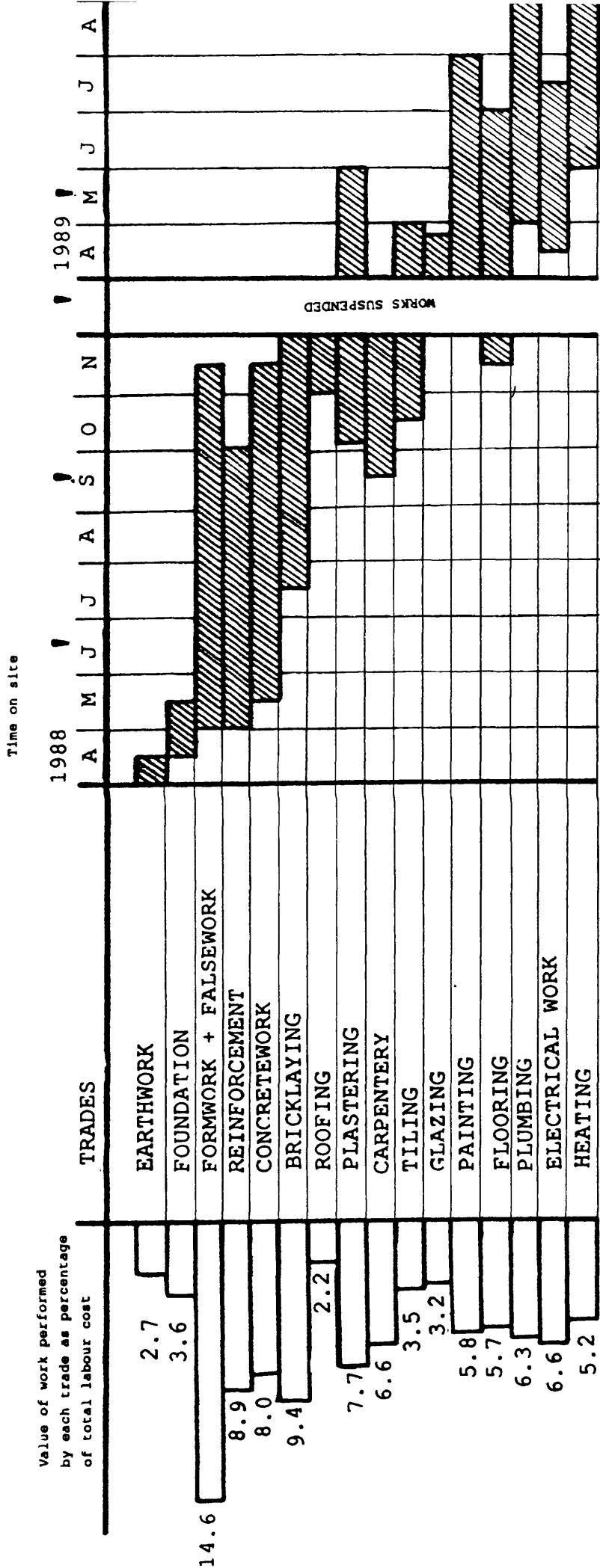
This core of each gang rarely changes through time, with the exception of some journeymen and apprentices leaving the gang to form their own gangs or for other reasons. Yet, despite this unchanging core, the exact size and composition of each gang changes continually with what I called the casual members going in and out in extremely short spans of time. Depending on the volume and pace of work at hand, each gang hires varying numbers of unskilled workers for the periods of time necessitated by the progress of works. Such workers perform, under strict surveillance of the master builder, repetitive tasks and those requiring little or no skill at all. The relationship between these unskilled workers and the gang leader is exactly a worker-employer relationship. They are employed for performing strictly defined tasks and are paid a fixed hourly rate for their work. The most important thing to be stressed is that the workers are hired in general for extremely short periods of time and even on a daily basis. It is usually the case that a gang leader in need of workers goes early in the morning to particular areas in cities where those looking for a job are gathered and chooses his workers from among those present. In most cases a worker hired by a gang for a particular day is uncertain as to whether he will be working for the same gang on the very next day. It is essentially in this manner, i.e. by not employing workers continuously, that the gangs themselves cope with the ebbs and flows in the volume of construction activity. This is one of the mechanisms for the gangs to overcome the volatility and precariousness inherent in the housebuilding industry. Indeed the precarious and casual nature of building employment is best reflected in the way in which unskilled workers are incorporated into the building workforce. It is they who work with an extremely low wage under the worst kind of conditions. Since they are not registered, i.e. not insured, the working rules and statutory procedures applicable to insured workers do not apply to them. They are not entitled to such basic rights as paid holidays, temporary leave, sickness and injury payments, health and safety regulations, dismissal procedures, pay in lieu of notice etc.

What has been said so far in relation to the social relations of production under SHB remains at a very general level. With the purpose of studying in detail the organisation of on-site activities, the relations between the speculative builders and gangs, and those within each gang, a construction site in an almost fully-developed middle-class residential area in Ankara was chosen for a closer study. It is on a "block" of land adjacent to the three blocks studied in detail in Chapter 7. The site was one of the few pieces of land in the whole area on which an apartment house had not already been erected. Figure 3.4 displays the features of the site as well as the timing of on-site operations. The plot has a total area of 968 sq m. The existing building regulations allowed the construction of a 5-floor house (including the ground floor) on that plot with a maximum plot coverage ratio of 0.55. So, the apartment house to

be built would have a ground floor area of 530 sq m, thus the total built-up space on the plot equalling to 2,650 sq m, two and a half times the size of the plot. Construction activities on site started in late March 1988 and the dwellings were ready for occupation in mid-August 1989. The builder and landowner came to an agreement on the price of land in late 1987. They indeed knew each other before and even were distant relatives from the same province. A total of 14 dwelling units and 4 small shops on the ground floor were to be built. The landowner received exactly 50% of the units to be built namely, 7 dwelling units and 2 shops plus TL 20,000,000 in cash (18), paid in two installments, 40% in February 1988 and the balance in September the same year. This practice of landowners asking for cash in addition to units for giving up their ownership on land was rare in the seventies, but became widespread in the mid-1980s.

A question may be raised here as to the extent to which the relations observed in a construction site in the late 1980s can shed light on those of the pre-1980 period. For it is known that a number of important changes have taken place in the social relations characterising SHB as a whole, not to mention the fact the scale of operations undertaken by speculative builders dropped drastically since 1980. However, most of these changes occurred in the relation between builders and landowners, and between builders and purchasers. The relations within the process of production, namely between builders and gangs, within gangs themselves and between gangs and workers, have remained relatively intact, except those associated with the increasing use of some pre-cast materials and the fact that the houses built under SHB have become more and more luxurious. This was a question for which I could do nothing but to study these changes as they had been experienced by those interviewed. In fact, the builder dealing with the construction of the apartment house under consideration had been in housebuilding for more than thirty years, initially as a gang leader and later as a housebuilder. In this sense, he was quite familiar with the conditions of the industry. Furthermore, the changes that have taken place since the late 1970s were one of the most important issues in the interviews made with housebuilders, gangs and building workers.

Turning back to the description of the specific case I have been dealing with, in the first months of 1988 the builder arranged the design of the structure and obtained a construction permit. He asked an architect, with whom he and his father had worked in four previous buildings, to design the units in a relatively luxurious style, and as a result the units in the building had sizes varying between 140 and 160 sq m. Following the issue of a permit in February the same year, the builder was ready for on-site operations, but had to wait during March due to bad weather conditions. He had made beforehand an arrangement with the earthmoving subcontractor. Of all the trades operating in the



Site: A 5-floor apartment block with 14 units
 Plot size= 968 m² Ground floor area= 530m²
 Ground floor area / Plot size= 0.55
 Total built space= 2,650m²
 7 units offered to landowner, 7 retained by builder
 4 out 7 sold before completion
 Dates when flats were sold

FIGURE 3.4. TIMING OF ON-SITE OPERATIONS

housebuilding industry, the earthmoving subcontractors are distinct from others in that they work on the basis of supplying their own heavy equipment, not just their labour. This is a necessity dictated to the housebuilder because of his inability to own and maintain a machinery pool for use in his works. The earthmoving subcontractor undertook the removal and unloading of earth to a place designated by the municipality. As is the case with all other trades, the builder worked with the earthmoving subcontractor on a piece rate basis, a price fixed for each cubic meter of earth moved. Furthermore, payment was made in installments as is also the case with other subcontractors. In the case of earthmoving subcontractor, 30% was paid following the completion of works and the balance in four installments within the next six months. At the time when the foundation work was about to start in mid-April, the cash payments by then made by the builder were: 40% of the money payable to the landowner, 40% of the fees payable to the architect and 30% of the sum payable to the earthmoving subcontractor.

It must be emphasized here that insofar as it connotes the signing and delivery of a formal document between the parties the term subcontract is not an appropriate one to describe the exact nature of the relationship between the speculative builder and gangs. There is more to their relationship than can be described with the term subcontract. There exists, in the first place, no such legally binding document between the parties. All the agreements concluded between builders and gangs are without exception oral ones, containing very rough statements about what is to be done, how much is to be done and the approximate date of completion. These agreements, therefore, appear as loosely defined promises rather than strictly defined binding commitments, imposing irrevocable obligations on the parties involved. Strictly speaking then, the relationship between the housebuilder and gangs is one that specifically belongs not to the realm of law but, on the contrary, to a realm characterised by a high degree of interpersonal contact and strong reciprocal bonds. In this sense, it is a relationship akin to those characterising what sociologists call primary groups. In all the cases I have observed, builders had been working with the same gangs for some time and had established between themselves a relationship in which both felt responsible to each other in ways that went well beyond their unwritten contractual obligations. In what I believe is a very revealing statement as to the nature of this relationship, one of the builders interviewed said the following about the gangs working on site: "They have been more than simple workers to me; they are my men. I, of course, feel responsible to them". The relationships of the kind characterising the one between gangs and builders also prevail within gangs.

To attribute so much importance to interpersonal contacts while studying the relationship between builders and gangs in an industry

where the profit is the driving force, may seem strange but it must be stressed that such contacts are literally a key to success and survival in housebuilding. One could even argue, recalling the role of rural origins in the formation and evolution of gangs, that interpersonal contacts may even act as a barrier to entry into the sector. Such contacts do, indeed, not play a significant part in the determination of unit rates on the basis of which gangs perform their works but are of considerable importance in the terms and conditions of payments made by builders. This in turn provides the builder with an additional flexibility while conducting his on-site operations. There are cases when gangs work for the builder for months without receiving any money for the works they carry out. However, the role of personal contacts should not be exaggerated and seen as the sole determinant of the relationship between the builder and his subcontractors. It is the benefits that they both receive that are the ultimate determinant of the nature of their relationship.

The importance of personal contacts of the kind characterising housebuilders' on-site operations becomes more clearly observable when the builder enters the building material market to purchase the non-land inputs he requires. This is a market that one can best delineate with the sheer impersonality of relations, a market on the functioning of which the builder has no direct impact at all. Particular exchange relations have arisen in the purchase of construction materials by housebuilders, representing essentially the two most important characteristics of the mode of operation of capital dominant in the housing industry. Put more concretely, in much the same way as on-site production is organised along lines that in the end lead to operational flexibility and minimisation of working capital, the purchase of non-land inputs, too, is arranged in ways that ensure, though not always the flexibility but, certainly the minimisation of working capital. The basic mechanism for the builder to ascertain that the amount of cash he pays outright for the purchase of building materials is kept at the lowest possible level, is to make an arrangement with the suppliers of building materials whereby he pays the price of such materials not at once but later in installments, in a way attuned to the progress of works on site and the flow of cash. That is, by not making a cash-against-delivery purchase, the builder receives a loan from the suppliers of building materials, which he later pays off when he starts selling the units under construction. Although the terms and conditions of suppliers' credits do exhibit minor variations from one supplier to another, the interest rates applicable are in general slightly higher than those applicable to the credits extended by banks. Builders tend to obtain the materials not from the same supplier but from the one offering the most favourable terms. Concomitant with spiralling prices of building materials, annual interest rates on such credits exceeded 70% in the mid-1980s. In the specific construction site examined in detail, the builder purchased most of the materials immediately after the completion of groundwork. He made a downpayment of 30% for steel, 40% for cement and 20% for timber,

and agreed in all the cases a payment period of six months, with interest accruing on the balance at an annual rate of 65 to 75%.

The trades that worked on site after the earthmoving subcontractor and the periods of time in which they completed their part of works are shown in Figure 3.4. The figure indicates the dates of start and completion of each trade's work on site, not the actual time worked. To give an example from the figure, the formwork + falsework gang started its operation in early May 1988 and completed it in mid-November. This, of course, does not necessarily mean that they worked on the site without any interruption during this period. There were times when they had to wait for the concrete poured into forms to set, during which they worked on another construction site. The division of labour between the gangs dealing with the interior works (such as tilers, glaziers, plumbers etc.) is self-evident. On the other hand, the division of works carried out in connection with the shell construction is far less clear and reveals much about the technology used in SHB. One must note in the first place the extremely small degree of mechanisation of on-site operations and the dominance of works carried out in-situ over those carried out off site, a typical characteristic of a backward production technology. During the period under consideration only a very few of the on-site activities have moved away from the site, though this process accelerated after 1980. Under this technology a major part of on-site operations consists of the production of concrete in-situ, erection and removal of forms and preparation of reinforcement rods and iron meshwork to be used in load-bearing structures.

There does not exist a clearly-defined division between the activities of reinforcement workers, formworkers and the gang dealing with concrete in-situ. The activities of these three trades are closely connected and must be very carefully coordinated for a smooth progress of works on site. It is essentially because of this necessity and managerial and organisational difficulties associated with ensuring coordination between these three trades that housebuilders tend in most cases to let all these three works to a single subcontractor, who would then make a separate arrangement with each trade. It is usually the case that the formwork gang itself undertakes the whole shell construction, including or excluding bricklaying depending on the form of agreement with the housebuilder. The formwork gang then makes separate subcontracts with reinforcement and concretework gangs. There thus arises a complex network of contract and subcontract relations, some gangs hired directly by the housebuilder, others working for the subcontractors. There are also instances in which builders let the entire on-site work to a single contractor, who himself makes subcontracts with the trades concerned. There are then three ways in which speculative builders organise their on-site operations: they either (a) themselves make a separate arrangement with each trade; or (b) let out the entire construction work

to a single contractor, who makes subcontracts with trades; or (c) let out discrete portions of works (particularly shell construction) to a particular gang.

Of the three gangs described above, the formwork gang is the most important one in terms of the volume of work it performs and the period of time in which it completes its operations, a necessity imposed by the existing technology. In addition to their primary task of erection and removal of forms, formworkers undertake foundation work and roofing as well. The key to the operations of the formwork gang and to the technology used in SHB lies in the fact that the forms used to cast the load-bearing parts of a building (floor-decks and columns) are made of wood. This has a number of implications as to the cost of on-site operations, the division of labour and work organisation. The timber used in formwork has been sawed into planks, i.e. not pre-assembled forms. Formworkers assemble these planks into forms through the use of simple hand tools. This assembly is a task requiring a high degree of skill and dexterity and taking a long time. The formwork gang is distinguished from other gangs employed in on-site operations in the first place by the number of skilled workers it requires. Unskilled workers in this gang are usually fewer than those in other trades and perform very limited number of handling tasks. The importance of the formwork gang reveals itself most clearly in the sum paid for its operations. In this particular example the final sum constituted 14.6% of the aggregate sum paid to all trades (see Figure 3.4) and this was solely for its formwork operations. Including the foundation work and roofing performed by the same gang, the money paid to formworkers reached nearly one fifth of the total sum paid to all trades. With the use of timber as the formwork material, not only does the formwork gang gain an additional importance compared to other trades, but also timber comes to constitute a significant portion of the total input costs. In the construction site studied, timber planks made up approximately 13% of the material input costs. It is important to note that the timber planks used for the erection of formwork is rarely usable for a second time. Nearly 90% is not appropriate for a second use.

The operations of the reinforcement gang include the cutting, bending and tying of reinforcement rods and preparation and then placing of meshwork into the forms. The concrete gang, on the other hand, undertakes the production of concrete in-situ through manually shovelling sand, gravel and cement into the mixer and then pouring concrete into the forms under the supervision of the formwork gang. The concrete and reinforcement gangs are distinct from the formwork gang in that they depend basically on manual labour and do not require the use of skilled labour to the same extent as the formwork gang. Reinforcement work calls for specialised labour capable of cutting and bending reinforcement rods in sizes and shapes indicated in drawings,

while in the case of concretework the essential task of specialised labourers is to adjust the exact sand, gravel and cement content and homogeneity of the concrete. Other operations of these two gangs consist entirely of repetitive and simple manual tasks. In both trades the manually performed tasks requiring little or no skill outnumber those requiring specialised skills. It must be added that both reinforcement and concrete trades have been recently under increasing threat due to the use of pre-mixed concrete and pre-welded meshwork. The use of these two materials, especially pre-mixed concrete, became a widespread practice in the latter half of the 1980s.

Together with the bricklaying gang, the three gangs described above undertake the whole shell construction. In the particular case explained in Figure 3.4, the housebuilder's main concern while starting the construction work in late March 1988 was to complete the carcass construction before the weather got worse. On-site works went to a large extent as planned, no major difficulty was encountered in the flow of cash, and by the end of November 1988 when it was no longer possible to carry on the works due to unfavourable weather conditions, the shell construction had been completed and the exterior plastering was about to finish, with interior plastering and a large portion of the other interior works remaining undone. By April 1989 he was able to resume on-site operations and the building was ready for occupation in early September 1989. The left-hand side of Figure 3.4 shows the percentage of monies paid to each trade for the services they rendered. The figures given represent only the labour costs since the material input costs are not included. The formwork gang is, as I mentioned above, the most important one of all and this is clearly seen in its share in total labour costs. The breakdown of total labour costs between shell construction and interior work depends on the quality and style of the housing units produced. Under the circumstances that prevailed during the 1980s housebuilders increasingly tended to produce more and more luxurious-looking dwellings and added to the units they built such interior elements as stylish house fittings, double glazing etc. They also spent more money on site clearance and landscaping. This tendency reflects itself in the breakdown of labour costs between shell construction and interior works. In the case shown in Figure 3.4 both took nearly equal shares in labour costs (49.4 and 50.6% respectively). There are grounds to argue that this is too high a figure for the interior works and cannot be a yardstick for the pre-1980 period. Yonca (1982), to give an example, has estimated the cost of labour engaged in shell construction to be as high as 87% of the total labour costs in the mid-1970s.

Table 3.1 below tabulates the shares of individual materials in total input costs for the construction site described in Figure 3.4 and a comparison of these findings with those of other studies. The first

column of the table shows the ratio of actual sums paid by the house builder for each material to the aggregate sum he paid for all material inputs. As can be seen from the table, the findings obtained from the study of a particular site are in conformity with other findings. What I think is most striking is the relatively high share of timber used for formwork. Because of the nature of technology used in SHB, timber has come to constitute the second largest element of input costs. As mentioned earlier, labour and material input costs make up total production costs since almost no fixed investment is made by speculative builders for their housebuilding operations. A comparison of input costs with labour costs is a difficult one to make, since they include payments made at different times and different forms. Neglecting the impact of price increases during the period of time when the construction work was under way and considering solely the actual final sums paid by the housebuilder, the shares of labour and material inputs in total production costs equalled to 56 % and 44% respectively for the construction site studied in detail.

TABLE 3.1. BREAKDOWN OF MATERIAL INPUT COSTS (%)

	Findings on site	Yonca (1982)	SPO (1982)	Kent-Koop (1979)
CEMENT	16.8	17.0	16.9	7.5
STEEL	10.3	10.1	4.0	18.1
BRICK	12.7	26.1	14.5	7.3
SAND+GRAVEL	3.3	2.5	-	-
TIMBER PLANKS	13.2	3.5	2.8	7.9
INTERIOR TIMBER ELEMENTS (doors, window frames)	4.4	4.0	3.3	7.0
TILES	2.8	2.9	3.2	3.9
GLASS	1.7	8.0	1.5	1.2
HEATING INSTALLATION	10.1	-	-	3.3
ELECTRICAL INSTALLATION	2.9	-	-	10.0
SANITARY FIXTURES	3.6	-	-	-
MISCELLANEOUS	18.2	15.9	43.8	33.8

It must be clear from the foregoing description of the housebuilding process that the technology used in SHB requires that workers with different skills be sequentially involved in the construction of the apartment block. The labour process characterising SHB is a juxtaposition of numerous tasks requiring a high degree of skill and experience, and those requiring very little or no skill at all. Thus the technology of production contributes in many obvious ways to the fragmentation and hierarchical structure of the building workforce. There is, on one side, a core group consisting of a small number of highly specialised labourers and, on the other, a mass of semi- and

unskilled workers performing simple manual and/or repetitive tasks. The former group have the skill required to perform the works at hand and it is they who direct others involved in the actual production of a building. Essentially due to the fact that an overwhelming majority of on-site operations, even the simplest material handling tasks, are not mechanised, speculative housebuilding process draws large amounts of semi- and unskilled labourers. This aspect of the production process also sets its marks on the division of labour within gangs, employment conditions, forms of pay and control over the labour process.

Under the relations characterising SHB, the agent organizing the production process, i.e. speculative builder, does not employ any direct labour. All the workers undertaking the construction of the structure are employed under a complex system of contracts and subcontracts. The housebuilder places the whole work or discrete parts thereof under contracts and it is these subcontractors organised on a trade basis who employ labourers and undertake the whole construction. In the relationship between gangs acting as subcontractors and the housebuilder, the norm is to work on a piece rate basis. The items of work performed by each trade are easily quantifiable and rates depend on such quantities. So, a price is fixed in advance for each cubic meter of concrete mixed or poured in the case of concretework and formwork gangs respectively, per cubic meter of earth moved for the earthmoving contractor, per unit area of brick or tile laid for bricklayers and tilers etc. Lump-sum agreements or fixed hourly rate agreements are virtually absent in the case of the relationship between builders and gangs. Although the exact nature of agreements between the two and forms of pay may exhibit slight variations from one case to another, the most common practice is to start making payments after a definite portion of the work is complete, e.g. when the formwork of a floor is erected and concrete is poured. Furthermore, payments are made in most cases in installments. I explained above how the payment was made by the housebuilder to the earthmoving contractor and this applies to a large extent to other trades as well.

The fact that builders work with gangs under fixed piece rate agreements has a number of implications as to the relationship between the two and their position against each other. It must be stressed that fixed piece rate agreements offer some important advantages to builders. Basically, in this way the builder gets the opportunity of knowing in advance the cost to himself of the task undertaken by each gang. This indeed creates a certainty for the builder. However, what is an advantage and a source of certainty for the builder is just the opposite for gangs, because it is now the gangs themselves who bear the strain and run the risk of performing a particular task for a pre-determined price. While performing the tasks let out by the builder, gangs provide not only their members' skills, but also the labour of

workers they hire. The ultimate cost of their operations, then, depends on their managerial skill in organizing workers and their ability to get the best results from their workers at the lowest possible cost. Therefore, it is the gangs themselves who undertake most of the managerial and organisational responsibilities associated with the direct employment of workers and the supervision and control of work. This means that all the responsibilities plus uncertainties and risks ensuing from the direct employment of building workers are on gangs' shoulders.

The analysis above yields a number of crucially important insights into the nature and form of control within the labour process. As I emphasised several times before, the relationship between speculative builders and gangs is one not proceeding along strictly defined lines. This also reflects itself in the form of control exercised by builders on gangs. The builder's control on gangs in connection with the performance of work is a very loose one, confined to ensuring that the works on site progress as planned. Builders' managerial responsibilities are restricted to organizing the flow of work, cash and materials. In no way do they intervene in the detailed execution of works by gangs. On the other hand, the gang leaders have full control over the division of labour within the gang and the form of cooperation among the gang workers. Since many aspects of building work still retain their handicraft nature, only the gang leaders have the knowledge and skill required to arrange the execution of works. Consequently, they have a considerable degree of command over the detailed performance of gang's jobs and even the pace at which they work. It is in most cases only the gang leaders who make final decisions, under a loose schedule indicated by the housebuilder, as to the speed and intensity of work. Gang leader's strict command over the actual execution of on-site works is indeed complementary, rather than opposed, to the loose control exercised by the builder. They exert a strict surveillance on both other core members of the gang and the casual members who are hired for particular jobs and for definite periods of time.

The final picture that arises is a juxtaposition of two sharply opposed components. In that part of housebuilding where subcontracting is the norm, i.e. the relationship between the speculative builder and gangs, the relations are very flexible and akin in many respects to those characterising primary groups. As a consequence, builder's control is a very loose one, confined to ensuring the flow of works in line with a general programme. There exists no direct intervention whatsoever by the speculative builder in the actual performance of works. Similarly, the forms of pay are not strictly defined, but are arranged in ways open to flexibility. On the other hand, in that part of housebuilding where direct employment is the norm (the relations within each gang and particularly between gang leaders and the workers they employ) an

entirely different set of relations exists. These are the kind of relations akin to a wage earner-employer relationship, proceeding along very rigid lines. This reflects itself most clearly in the considerable degree of command exercised by gang leaders on the works performed by other gang members, forms of pay and the conditions under which workers are forced to work.

As was discussed above, semi- and unskilled workers hired by gangs for particular jobs are deprived even of the most fundamental rights to which workers in other industries are entitled. Leaving aside the obvious disadvantages of not being unionized and insured, these workers are employed under fixed hourly rates. This means that the gang leaders do not have to pay for breaks and idle times arising due to temporary suspension of works. Furthermore, wages paid to workers are extremely low. A comparison between the average wages in the registered construction sector (19) and the ones paid to workers on the construction site studied in detail may yield interesting clues as to the actual level of wages. Assuming an official workday of eight hours in the registered sector, the average hourly wages of the construction workers in the registered sector were 30 to 40% higher than the ones paid by gangs in the particular case I have examined. It must be noted that the average wage figures published by the State Institute of Statistics are basic wage rates on the basis of which insurance premiums are paid by the employers to the Social Insurance Agency. They, therefore, understate the actual sum received by insured workers, since they do not cover such payments as fringe benefits, bonuses, sickness pay etc. Thus the difference between official rates and the actual ones I have observed must be higher than 30 to 40%.

A number of deductions can now be made on the basis of the foregoing analysis as to the position vis-a-vis each other of the agents involved in the production process. I stressed above how the process of land acquisition peculiar to SHB placed the speculative builder in an disadvantageous position against the landowner and the ways in which this contributed to the already uncertain profitability of the speculative building process. Part of this uncertainty is passed to gangs via fixed piece rate agreements. In other words, the agent organizing the on-site production process, the speculative builder, has the means to translate the uncertainties and disadvantages arising out of his relationship with the landowner into an element of certainty and advantage in his relationship with gangs. By working with gangs on a fixed piece rate basis, the housebuilder: (a) reduces the risks associated with the direct employment of labour, since he is now in a position to know in advance how much he is to pay for a specific task; (b) makes payments after the completion of a particular job, no continuous flow of cash is required and working capital expended only for definite portions and after they

have been completed; (c) undertakes no managerial and organisational responsibility (20).

On the other hand the necessity of performing a particular job for a pre-fixed sum creates an uncertainty for gangs. It is their managerial and organisational capabilities that determine their ultimate profitability. Under this system of subcontracting, gangs make the final decisions as to (a) the division of work and the form of cooperation within the gang; (b) hiring and firing of semi- and unskilled casual members; (c) tools and implements of labour to be used; and (d) even the quality of work done. Gangs cope with this element of uncertainty by employing workers under fixed hourly rate agreements and forcing them to work under extremely bad conditions. In short, all the agents, excepting building labourers, involved in the production process have the means to transfer the uncertainties and disadvantages they face to the agent that occupies a lower position compared to themselves. Consequently semi- and unskilled workers, occupying the lowest and weakest position within SHB, have in most cases been the one to bear the chief burdens arising from the functioning of SHB. This argument concerning the position of agents within SHB results, to a large extent, from their positions within wider economic and social relations, namely their class positions. This is one of the issues that will pave the way for the historical analysis in the following chapters. But first, the description of the SHB process must be completed.

3.5. EXCHANGE PROCESS

In this study I do not deal with the transactions taking place in the second-hand housing market, but confine myself to the first sale of dwellings. The houses built under the relations characterising SHB are definitely produced for sale. But, it must be noted, not all the units are offered for sale on the market. This depends, in the first place, on landowners' decisions as to what they will do with dwelling units they receive. Depending on their calculations regarding the immediate and future returns they expect to obtain, they may sell or rent the flats they receive in return for their ownership on land.

The significance of the sale transaction for the housebuilder is obvious: only by selling the product can he realise all the profits. Under SHB, however, the sale of dwellings has another meaning for the builder. It is a way of obtaining working capital required to run the production process. The success of on-site operations is contingent upon the builder's ability to sell some of the incomplete units and to convert them into cash for use as working capital. Thus, the sale of dwellings before they are completed is a necessity dictated by the mode of operation of capital valorizing itself in SHB. Any failure on the part of

the builder to sell part of the units in advance may lead to the suspension of on-site works. The builder's chance to sell the unfinished product on the market, on the other hand, is a question depending entirely on the demand conditions. It requires the existence of a sufficient number of would-be buyers willing to purchase incomplete dwelling units. This, I believe, explains my previous argument that a smooth functioning of SHB calls for a property market in which there is a brisk demand for housing.

Now, viewing the very act of pre-sale of units from the builder's side, the following argument may be advanced: if the sale of dwellings before actual completion is one of the major ways of obtaining working capital, then builders must find ways to render the purchase of unfinished units more attractive for prospective buyers since the success of on-site operations is dependent upon the flow of cash from such sales. Findings on the construction site I studied in detail provide interesting clues in this regard. 7 out of 14 flats built were received by the builder and 4 out of these 7 flats had been sold while construction was under way (see Figure 3.4 for the dates of sale). The terms of sale of these units exhibited significant variations in terms of their prices, rates of downpayment and total payment periods. The first flat was sold in June 1988 two months after the commencement of on-site operations. In the case of the first flat sold, the downpayment equalled 35% of the final price and the same figure was 33, 40 and 50% respectively for the three flats sold after the first one. More important were the variations in selling prices. The price at which the three flats remaining unsold during the construction process were offered to sale in August 1989 was almost twice as much as in June 1988 when the first unit was sold. The selling prices of the other three units sold while construction was under way were 60, 66 and 80% respectively of the price of units sold after completion. A study made by Bickicioglu (1987) has revealed that in the pre-1980 period builders sold on average nearly 64% of the flats before or during the shell construction and 30% while the interior work was under way. According to her findings, only 6% of the units were sold after the completion of on-site works. The findings of her study also indicate that the payment made by purchasers at the time of purchase constituted 36% of the final selling price.

The sale of dwellings before they are completed as the basic way of providing working capital, has contradictory impacts on the overall functioning of SHB as a form of housing production. This necessity profoundly affects builders' calculations regarding the profitability of their operations. The findings summarised above revealed that the selling prices of the units offered to sale after completion were almost double the prices of those sold during the construction process. The act of selling dwelling units in advance and the accompanying necessity of selling them under more favourable conditions indicate the builder's

heavy sacrifice of speculative gain. The economic environment, characterised by high rates of inflation in which builders carry out their operations and the speculative nature of the urban property market guarantees that a higher price can be charged for the units remaining unsold. The later the units are sold, the more profitable it is for the builder. Thus builders are inclined to sell as few units as possible before completion. As a rule, they tend to sell incomplete units only when they are in need of money capital. Consequently, the profitability of a builder's operations is, in part, dependent upon his ability to postpone the sale of dwelling units. A successful builder is one succeeding in not selling during the construction the majority of units he retains for himself.

On the other hand, the pre-sale of units has rendered builders' activities extremely sensitive to a number of factors which do not play a significant part in the determination of direction of change in the volume of housing output under other conditions. Namely, short-run changes in costs, to which only a minor role is attributed in the literature dealing with the fluctuations in residential construction, have become an important element influencing the rate of housing production. In a previous study I found out (Isik, 1984) that the volume of housing starts is extremely sensitive to increases in building materials prices. In years when the prices of building materials rise faster than the general price level, the volume of starts declines without a time lag. This relationship holds for every slump year between 1962 and 1980. What is more interesting is the fact that this relationship between the rate of housing starts and changes in building materials prices does not work in the opposite direction. In other words, in periods when the prices of building materials rise more slowly than the general price level, the volume of housing activity does not respond positively. This, in fact, is an inevitable result of the necessities associated with the mode of operation of the capital dominant in SHB. When the amount of money capital at hand is reduced to a minimum at the level of individual production units, any change that immediately requires the use of additional money capital, e.g. cost increases, affects adversely the builders' decisions as to new starts and continuing an on-going construction work. The only way in which builders can resist cost increases and continue the production process is the sale of additional dwelling units before completion, which in turn lowers their rate of profitability. The result is a housing industry immediately responding to the negative impacts of cost changes, but not responding in the same degree to the positive impacts of costs.

From prospective buyers' point of view, SHB offered them the opportunity of owning decent housing under relatively adequate conditions and in flexible ways. In a housing market in which there were no extensive credit mechanisms or financial institutions

channelling households' savings into housing investments, they obtained the chance of purchasing dwelling units by making a downpayment of 30 to 40% of the final selling price and paying the balance in installments until the date of completion or a later date to be agreed upon. It was thus possible for purchaser households to adjust their budgets in line with the installments to be paid, since the price agreed upon was in most cases a fixed one. Furthermore, in the face of chronic inflation the installments payable were destined to lose part of their value soon. Given the absence of credit schemes for most of the intending buyers, all these were advantages of prime importance and functioned, in a sense, as a substitute for housing credits. SHB, then, provided a wide range of social groups in the urban areas with housing which, under the circumstances prevailing during the 1960s and 1970s, could not hope to own an urban property in the same manner as they did under SHB.

Turning back to the importance of sale transaction for the housebuilder, in the circuit of industrial capital engaged in any productive activity the act of selling the product on the market (C' - M' transaction) has the function of converting the value embedded therein into its monetary equivalent. As I discussed above, the conversion of commodity into money, which at the same time means the realisation of profit, has an additional meaning for the speculative builder. It is also a major way of financing the production process, i.e. obtaining money capital required to purchase labour and other inputs. Bickicioglu (1987) found out, in a study carried out by interviewing a total of 25 housebuilders, that in the period before 1980, builders financed 60% of their building activities through sales during construction, while that portion of the total building cost financed directly by themselves barely exceeded 20%.

The remarkable capacity of production attained by speculative builders despite the lack of comprehensive credit schemes has puzzled the researchers and intensified a debate on the origins of funds that have flowed into housing production. Korum (1982), for instance, has calculated the distribution of households' savings among alternative investments and found out that portion of housing investments financed directly by households themselves. Balamir (1982) has emphasised, in this context, the importance of workers' remittances transferred from abroad and referred to agricultural rents as an allegedly important source of funds for housing investments. All such debates clearly reveal the fact that the success of speculative builders has its origins in their ability to pool resources from a wide range of groups in urban areas and direct these resources towards housing production. It is essentially this fact that has made possible the supremacy of SHB over other forms of housing production and made it the dominant one.

3.6. USE AND MANAGEMENT

At the beginning of the chapter I argued that SHB in Turkey is defined by a particular product: an apartment block. It must be clear from the foregoing that a multi-unit structure is the inevitable output of the mode of operation of the type of capital circulating in SHB. Only by producing a multi-unit structure can speculative builders carry out their activities profitably. Only the production of an apartment block can attract small capitals into the housebuilding industry. The product that results, in this sense, reflects the whole network of social relations characterising SHB. According to the data gathered from the construction permits issued for all Turkey, a typical apartment house is a structure with 6 to 7 units and a total built area of some 600 to 750 sq m (see Appendix II, Table 3.4). In the case of Ankara these figures rise considerably. Apartment blocks built in Ankara during the 1960-80 period had an average size of 1,500 to 1,700 sq m and comprised 10 to 13 units. This is an average figure for Ankara and it rises in high-density areas of the city. For example, 43 apartment blocks studied in detail as part of the field survey (see Chapter 7) had an average built area of 2,000 to 2,500 sq m and comprised on average 18 to 20 dwelling units.

The use and management of apartment blocks under joint ownership are governed by the 1965 Condominium Act. The importance of this piece of legislation in promoting the social relations characterising SHB, through a separation of land ownership and housebuilding roles, was discussed in preceding pages. The Act enabled a single person or a multitude of persons to become the owner(s) of a single flat in a multi-unit structure and thereby provided the basis for the co-ownership system on which SHB is based. The Act thus translated horizontal ownership on land to vertical ownership. It also contains provisions on the use and management of apartment blocks. Persons holding title to a flat are also the owners of the piece of land on which the structure is erected. Their shares in land are expressed pro rata to the size of the flat they own. The Act provides for the management of apartment blocks by a board to be established by the owners. Each owner participates in joint expenditures, such as central heating fuel costs, concierge, maintenance and repair etc. depending on his/her land share. Furthermore, the Act stipulates that any decision concerning the structure should be taken by house owners unanimously. This makes the transformation and redevelopment of the built environment extremely difficult. An indication of this was found in the residential area studied in Chapter 7. All the houses that were demolished to be replaced by high-rise ones were without exception owned by single persons.

To complete the analysis of the SHB process I deal in the following chapter with the class position of the social groups involved in SHB.

CHAPTER IV SPECULATIVE HOUSEBUILDING: AGENTS AND THEIR RELATIONS

4.1. INTRODUCTION

What the foregoing description of SHB makes clear is, inter alia, the fact that SHB brings together a large number of social groups with diverging and, in most cases, conflicting real interests. A smooth functioning of SHB, however, requires that the agents involved prevent their conflicts from becoming an antagonism and reach an alliance on the basis of their mutual interests. This alliance of interests, as I argue later, reflects in its entirety the imbalances of power of the social groups involved in the SHB process and is an extremely brittle one depending on the existence of favourable external circumstances. An analysis of this alliance of interests brings to the fore the question of relative power of each of the social groups vis-a-vis others, which itself is a question closely connected with the position of each social group within the wider economic and social processes. My aim in what follows is to understand the class position of the social groups involved in the SHB process, so that the balance of power within speculative building can be properly studied. It is the ways in which the land dealing, production and exchange processes have actually been organised that make the issue of class position of agents and their relative powers an important element for the outcome of their conflicts and the material benefits they receive from SHB. It must be added in passing that not all the imbalances of power have their origins in the inequalities resulting from the class positions of agents but; on the contrary, some flow from the conditions directly associated with the functioning of SHB and the modalities in which the capital dominant in SHB carries out its operations. It must also be emphasised that the following remarks suffer considerably from the lack of adequate data. In most cases I was compelled to depend upon observation rather than on published data.

4.2. AGENTS RECONSIDERED

4.2.1. Landowners

In sharp contradistinction to the numerous studies available on agrarian transformation and the changing patterns of agricultural land ownership in Turkey (1), the question of urban land ownership has been a

relatively barren terrain for academic research. Faced with inadequate data on the pattern of land ownership both at national level and for specific localities, those dealing with the urban land question have been compelled either to make purely speculative remarks depending on some crude observations, without being able to support their arguments with concrete data, or to concentrate solely upon the policy implications of urban landownership on the basis of unfounded assumptions as to the patterns of land distribution in urban areas. Consequently, there are only a few analytical studies available. Our knowledge of the processes whereby agricultural land is converted into urban property, the mechanisms through which urban land changes hands, and the nature and extent of land concentration and fragmentation is extremely poor. Furthermore, the studies that exist are, more often than not, policy orientated, rather than being analytical ones (2).

What almost all the researchers agree on is the fact that the urban land ownership in Turkey is highly fragmented with large number of owners holding small pieces of land in and around the cities (Geray, Keles and Yavuz, 1980 and Keles, 1983). There are some accounts of this process of land fragmentation for certain localities (see Balamir, 1976 and Altaban et al. 1980). There are, however, virtually no studies available on the historical processes which in the end paved the way for a highly fragmented pattern of urban land ownership. There are also few studies dealing with the urban land market in terms of the involvement of different social groups with conflicting real interests (see most notably Guloksuz, Okyay and Tekeli, 1975 and Oncu, 1988). The students of the urban land market in Turkey also agree on the existence within Turkish cities of what they term the two segregated land markets: an informal market serving the would-be shanty town dwellers and a formal market for the authorised housing development (3).

I discussed in the preceding pages how the very processes characterising SHB as a whole depended upon a co-ownership process which, inter alia, contributed a great deal to the fragmentation of urban land. In addition to the creation of a multitude of owners on individual parcels in the built-up areas of cities, the impact of SHB and the 1965 Act on virgin land around cities was to increase ownership fragmentation. It encouraged the subdivision of units of land by their owners into small, and thus more easily tradeable, pieces in the knowledge that the subdivided units down to a very small size could be developed, since the mode of operation of the housing sector enabled the development of single plots of land.

Some insights may be obtained from a number of sources into the historical processes which led to the emergence of a fragmented land ownership pattern in urban areas. It is known that in the Ottoman Empire the land belonged to central authority or, more correctly, to the

"sultan" who symbolised this authority. Although small family holdings had the right to cultivate a piece of land, they could easily be dispossessed by the central authority. Actual producers who held the possession of land were bound to central authority in their obligation as tax payers. This form of land tenure represents the situation of the Empire before and during the 17th century when it was at the peak of its power (4). This system was later disturbed by various external factors which mobilised the potential towards the rise of landlord regimes. This tendency was bolstered in the 18th century when the power of central authority declined. As a result, the 18th century witnessed what is called by proponents of the "asiatic mode of production" as a label for the socio-economic structure of the Ottoman Empire, the "feudalisation" (tendency for decentralising powers to emerge) of certain parts of the Empire -especially Balkans and Western Anatolia (Keyder and Islamoglu, 1977). This tendency gained a further momentum during the periods when the power of central authority was weakened (the 18th century and the second half of the 19th century) and slowed down when the centre struggled to re-assert its primacy (first half of the 19th century) (5). Finally, a land code in 1858 consolidated the rights of possession of actual producers. "The dominant tendency [during the 19th century] in the structure of land distribution was fragmentation through inheritance" (Keyder, 1981a; p.13). Starting with the commercialisation of agriculture in certain parts of the Empire was the emergence of relatively large-scale farms and a complex process of concentration-fragmentation.

The picture of land tenure in the 1920s was of a vast number of small peasant holdings and a geographically specific incidence of larger farms in all coastal regions, especially on the western coast of Marmara Sea, the Southern Aegean and Adana region (Keyder, 1981a). A turning point in this process of land concentration-fragmentation which had been in operation since the beginnings of agricultural commercialisation was the flight and forced exchange of Greek population and deportation of Armenian minorities between 1914 and 1924. These groups, especially Greeks, had played a crucially important role in the integration of the Ottoman Empire to the capitalist world economy. With their departure, Turkey lost most of its commercial classes and whatever remained of the bourgeoisie was too weak to constitute a class with an autonomous stance. This, as I discuss in the first pages of Chapter 6, had formative effects on the balance of classes at the birth of the Republican Turkey and thus on the way in which capitalist relations made their way in the society. What is more relevant for the purposes of present discussion is the fact that the expulsion of Christian minorities contributed in a number of conflicting ways to the process of land fragmentation-concentration and emergence of a geographically heterogenous pattern of land distribution. For instance, it accelerated the fragmentation of land in Western Anatolia and Black Sea region, while it became a means of land concentration in South and South-West

Anatolia. The ruling elite of the early republican period, clearly devoid of a social base, adhered to agrarian policies that would protect and bolster small property land ownership. On the other hand, the mechanism of distribution of abandoned property in urban areas was "openly political" (Keyder, 1987a; p.82). Especially the military and civilian bureaucrats rallying to the nationalist cause were the prime beneficiaries (6).

Transformation of the agrarian structure in the 1950s did not change this pattern radically, with small peasant farming remaining the dominant type of land tenure in the countryside and large-scale farming confined to geographically specific locations. Today agrarian land ownership is characterised by the apparent lack of large-scale landowners and preponderance of small ones as the figures below clearly indicate.

TABLE 4.1. PERCENTAGE OF RURAL HOUSEHOLDS WITH LAND HOLDINGS SMALLER THAN 50 AND 10 HECTARES

Holding Size	Land Survey Year			
	1930	1963	1970	1980
Smaller than 50 ha.	99.7	99.5	99.5	99.2
Smaller than 10 ha.	88.7	86.9	89.8	82.3

Sources: 1930 land survey results taken from Keyder (1981a), others from Statistical Yearbooks.

The results of the survey I carried out on three blocks of land comprising a total of 43 multi-unit apartment houses in a middle-class residential area in Ankara indicate that the dominant tendency in urban land ownership since the early 1930s has been fragmentation through inheritance and planning decisions. What was observed was that once the initial units of land without planning permission were converted into pieces with planning permits (or "parcels" in the sense defined in the preceding chapter), the basic pattern was the development of each parcel by a different person and the fragmentation of ownership through inheritance. The findings also showed that there were no cases of what may be called large-scale speculation, i.e. the same person(s) becoming involved in the purchase of a multitude of parcels in an attempt to develop them simultaneously or at different times. Nor were there any instances of initial landowners, now with the planning decisions, owners of several parcels depending on the size of their tracts, holding off development on their property for long periods and selling them at times

when it was profitable in their opinions to do so. In only 2 of the total 43 cases I have examined were the owners of land in the early 1930s or their heirs still the owners of building sites before the actual development took place. In short, the land market for the area studied was a very lively one, with a large number of buyers and sellers getting involved at different times (for a detailed description of the field survey see Chapter 7).

The extent to which the results obtained from the study of a particular area in Ankara are generalisable and indicative of the general pattern of the functioning of the land market in Turkish cities is uncertain. There are, however, grounds to argue that in the so-called "formal" land market the general pattern conforms in its broad lines to the one briefly described above. The functioning of the "formal" urban land market described by such authors as Altaban et al. (1980), Guloksuz, Okyay and Tekeli (1975) and most recently by Oncu (1988) closely resembles the one discovered in the field survey, with many transactions taking place in a relatively short span of time.

What kind of conclusions can one derive from the foregoing as to the nature of urban land ownership in Turkey? It must be noted in the first place that the analysis above is too rudimentary to yield sound deductions on the exact class position of landowners and to distinguish between different forms of land ownership. But given the fact that in the agricultural sector small peasant farming has been the dominant type of land tenure without a large-scale landowning class and that urban land ownership is characterised by an extreme fragmentation, one can conclude that there does not exist a class of landowners deriving their wealth from land. Nor is there, one can infer, a distinct fraction of capital based on land ownership as such. This inference, however, leaves a number of unanswered questions as to the ways in which urban land rent has, for instance, been geared to the needs of overall capital accumulation process. It could be argued that even if land ownership has been of any significance in capital accumulation, this has been in a somewhat random and dispersed fashion, contributing to the general well-being of a large number of social groups instead of a small and undifferentiated one, since in the period under consideration access to urban land has not been confined to "...a select few operators" (Oncu, 1988; p.39). I argue later in Chapter 6 that buying a piece of urban land has been, under circumstances prevailing all through the 1960s and 1970s, one of the few investments open to various urban groups capable of protecting their savings from being eroded away by inflation. The urban land market has been the most dynamic sector of the whole urban economy with a number of crucially important redistributive impacts on the welfare of the social groups involved.

Here it may be illuminating to have a brief look at the analysis advanced by Oncu (1988) in an attempt to understand the politics of the urban land market in Turkey. Her analysis, too, suffers considerably from the lack of relevant data on which to base her arguments, with the inevitable result of deriving her conclusions arbitrarily and depending on some crude observations. For her the middle class, i.e. "...the urban professionals, military and civilian bureaucrats, middle and upper rung employees of the larger modern enterprises such as marketing firms, banks, industrial concerns, etc.; in sum, the 'salaried' of the large metropolis" (ibid; p.48) "...have always constituted the backbone of the 'formal' residential sector in large Turkish cities" (p.49). Under the inflationary conditions during the 1960s and 1970s, she argues, buying a piece of urban land has been one of the few inflation-resistant investment alternatives for these groups, "...connot(ing) a pattern of savings, embod(ying) future hopes and aspirations, symboliz(ing) a whole way of life" (op. cit.). What I think is important in her analysis is that she emphasises the critical role played by the middle classes in the urban property market and the fact that the access to this market has offered these groups an opportunity of capitalizing their savings tied to land.

TABLE 4.2. LAND OWNERSHIP BY SIZE OF LAND HOLDING,
MUNICIPALITY OF YENIMAHALLE, ANKARA, 1986

Size of land holding(sq.m)	Number of persons holding title		Total area of group(ha)	Average holding size (sq.m)	
	to land	% of holdings		% of area	
1-300	8,535	26.5	168.9	0.7	198
301-600	8,589	26.6	355.6	1.4	414
601-1000	1,953	6.0	150.1	0.6	768
1001-2000	934	2.9	31.4	0.5	1,407
2001-5000	1,064	3.3	365.0	1.4	3,430
5001-10000	1,225	3.8	928.8	3.7	7,582
10001-20000	1,826	5.7	2,812.2	11.1	15,401
20001+	8,105	25.2	20,364.2	80.6	25,126
TOTAL	32,231	100.0	25,276.6	100.0	-

Source: Compiled from the property tax figures for 1986,
Municipality of Yenimahalle, Data Processing Centre

Since no data are available to serve as a measure of the degree of land fragmentation in urban areas, I have attempted to produce what, to the best of my knowledge, is the first concrete data on urban land ownership. I compiled the property tax figures for the year 1986 from the Municipality of Yenimahalle, a district of Ankara. This municipality, one of the five district municipalities constituting the Municipality of Greater Ankara, covers a significant portion of the

development land on what is usually referred to as the "western corridor". the likely expansion area of Ankara. The results summarized in the table below clearly indicate the existence of an excessive fragmentation and concentration of ownership on urban land (7).

One striking finding is to see that more than half the landowners (53.1%) only own 2.1% of all land while, on the other extreme, a mere quarter of all landowners own 80.6%. Excepting the largest category of holdings -those larger than 2 hectares- it is interesting to note that nearly three-fourths of landowners own only one-fifth of all land. If we take 1,000 sq. m. as the size of a piece of land appropriate for development, the overwhelming majority of landowners in this category (nearly 60% of landowners with a share of 2.7% in total area of land) may be cited as an evidence of land fragmentation. On the other hand, the findings summarized in the table also reveal the degree of concentration of land ownership in the largest category. This is an important finding which I think must be treated with some caution. It is impossible to draw sound conclusions as to the exact nature of land concentration without some knowledge on the location of these pieces of land within municipal boundaries .

4.2.2. Housebuilders

An inquiry into the class position of speculative builders is complicated once again by the lack of any adequate data. But this group is more homogeneous, easier to define and smaller in size compared to the previous group. The first thing to be stressed in this context is that they are small entrepreneurs working with limited capital. They thus belong to the ranks of what is usually referred to in marxian terminology as petty bourgeoisie. In contrast to the "new middle classes", this group constitutes part of the more traditional segment of the middle classes. They are, therefore, likely to reflect the behavioural attributes that are associated with small entrepreneurial groups. Owning some, but invariably small, amounts of capital and hiring labour occasionally, this group is usually conservative in their world views, adhering in varying degrees to traditional ways of life, in contrast to the "modern" and "westernized" life style of the "new middle classes" in Turkey.

Even with the limited information available one could argue that it would be a mistake to treat speculative housebuilders as a single and homogenous group, having more or less the same attitudes. For there exist within this group two types with different origins. The first category comprises those who have come from the ranks of the building labour force, from the gangs, usually gang leaders. The second category comprises those builders who started their careers as building professionals, such as architects and civil engineers. This is an

observation made by Tekeli (1982; p.73). Support for what Tekeli found out in a somewhat intuitive way is provided by Bickicioglu (1987; p.98) in a field survey carried out in Ankara. 68% of the speculative builders she interviewed were previous gang leaders, while 28% were architects or civil engineers.

These findings clearly point out the existence of two types of speculative builders with different origins and, probably, with different attitudes. The first category, previous gang leaders, may be assumed to be part of the traditional middle classes, while the second category (those having their background in building professions) may be expected to have life styles and attitudes akin to those characterising the new middle classes.

4.2.3. Building Labourers

The remarks made in the previous chapter on the production process indicated the existence of a highly fragmented and hierarchical employment structure in which there is a sharp divide between the core and casual members of gangs. Unskilled casual gangers have to cope with the realities of working without any security whatsoever under the worst kind of conditions, far worse than those that are usually associated with the public image of the building industry (on which see Ball, 1988, chp. 1) and, in the case of Turkey, worse than those to which insured labourers are entitled. On this basis I argued that the building workforce has been the one to bear the chief strain of producing for a highly speculative housing market and providing the speculative housebuilder with the operational flexibility so essential to survive in such a market. Having developed the analysis to this point I am now in a better position to provide further supporting evidence.

There are two different sources of data on the building workforce in Turkey, yielding conflicting results when compared, but each providing in its own way some valuable insights into aspects of the employment structure. Of these two sources, the one published by the Social Insurance Agency (SIA) covers only the insured, i.e. registered, workers. The other source is the population census conducted by the State Institute of Statistics (SIS) at five-year intervals through face-to-face interviews with every single person and, therefore, covering everyone who declares himself to be working in the construction industry. The latter source also contains important information on the characteristics of working population such as age, sex, level of education etc. Neither sources makes any distinction between housing, building or civil engineering components of the construction industry. In an industry where the proportion of non-registered workers is known to be high, a comparison of these two sources yields interesting results.

The employment figures and wage indices both for construction and in total compiled from the SIA sources are given in Appendix II, Table 4.1.

These figures indicate that the number of workers employed under the general insurance scheme increased as a whole by 4.1 times during the 1955-80 period as opposed to a 3.2-fold increase in the construction sector. Daily money wages, on the other hand, rose by 59 times during the same period, averaging all sectors, while in the construction industry the rise in wages was slower, 44 times. If the level of daily wages in construction is compared with the average daily wage of all insured workers, the results indicate a considerable degree of worsening for the insured workers in construction. It is worth noting that the level of daily wages in construction had been higher than the general wage level until the mid-sixties: the average daily wage of an insured construction worker was almost 10% higher during the 1955-65 period than the average for all insured workers. But in the mid-sixties this situation began to reverse: the construction industry ceased to be a high-wage industry and became one in which the wages were more or less equal to average wages. From the early 1970s onwards, the situation of construction workers did further deteriorate and construction became a low-wage industry, as the gap gradually grew throughout the 1970s and reached 10 to 15% in the 1980s.

A comparison of the figures on the number of registered workers with those obtained in population censuses provides an estimate of the number of workers employed without being registered with the national insurance scheme. If the census is correct (8), a comparison of the two sources of data reveals that some 25-35% of the building workforce are not covered by insurance schemes and, therefore, not subject to health and safety regulations applicable to insured workers. This rate may, however, be larger than disclosed by the census on account of the dominance of seasonal employment in the construction sector.

Another measure of the number of uninsured construction workers may be obtained from the publications of the Social Insurance Agency. Irrespective of the type of construction work they undertake, employers are required to register with the SIA and prove the fact to local authorities, so that their work may be treated as authorised. This is a requirement imposed by tax regulations. In the absence of such a registration with the SIA, municipalities refuse to issue permits for the work in question. It is interesting to see that only a small fraction of those employers who are registered with the SIA do actually pay insurance premiums for the workers they employ. To give an example: In 1970 the number of construction employers was 119,995 according to SIA records. However, only 23,926 declared that they were employing insured workers and paid premiums. In other words, only 20% of all

registered employers declared themselves to be employing insured workers. This ratio declined to 14.6% in 1975 and 11% in 1980. These figures suggest that employing uninsured workers has been the growing practice of employers in the construction industry. Furthermore, it is highly likely that the employment of insured workers has been confined to a small number of large construction companies operating in the non-residential sector. Even if middle-sized construction companies involved in housebuilding employed insured workers, one could judge from the massive scale of uninsured employment that the small-scale builders of the kind operating in SHB tend to employ uninsured workers.

The implications of employing uninsured workers from employers' point of view are clear: a huge reduction in labour costs. Employers in this case are not obliged to make any payments for insurance premiums, bonuses, fringe benefits, overtime works etc. Nor are they under any responsibility whatsoever to observe the restrictions on official work hours or holidays, or comply with health and safety regulations, dismissal procedures or pay any compensation for industrial accidents. Uninsured workers, then, not only enable employers to reduce their labour costs enormously, but also provide them with a degree of flexibility. What is more, they get by employing uninsured workers, the opportunity of working with an unorganised and extremely docile labour force. If in a country like Turkey where, according to official statistics, out of a total active labour force of some 15 million, only 2.6 million are covered by the Social Insurance Agency, a secure job under the insurance scheme is a rare opportunity, membership in a trade union is, in a sense, a privilege only a handful of labourers are entitled to. Out of a total of approximately 500,000 insured workers in the construction industry, a figure which as I explained above must be far below the actual employment level, only one-fifth were unionised in the 1980s (9).

Another striking feature of the building workforce is the exceptionally high proportion of wage earners. According to the census, wage earners constituted 89.7% and 92.9% of the entire building workforce in 1980 and 1985 respectively, while the proportion of self-employed remained around 7.3% and 4.2% for the same years. On the other hand, information on the level of education indicates a rate of literacy of 83.1% among building labourers and 90.2% among manufacturing industry labourers in 1980. These two rates did rise in 1985 to 90.6 and 95.4% for the construction industry and manufacturing respectively. The figures on the age structure show that 34.2% of all building labourers are aged between 20 and 29, compared with 31.9% for the manufacturing industry. Furthermore, the ratio of labourers older than 40 years of age is higher in construction than in manufacturing (25.4% vs. 19.4% in 1985) (see Appendix II, Table 4.2). These figures show

that building workforce is in general older than manufacturing industry workforce.

An unexpected source of information on the nature of labourers' experience in the construction industry comes from Senyapili (1978 and 1981), a leading figure of urban research writing extensively on the sociology of shanty towns. In two of her studies based on interviews with 1,134 and 350 household heads living in the shanty towns of Istanbul (Senyapili 1981 and 1978 respectively), she provides some important insights into the characteristics workers and labour mobility in the industry. In both studies those employed in the construction industry make up 3% of the sample. The proportion of those who worked in construction when they first arrived in Istanbul is 6% and 9% according to her 1981 and 1978 survey results respectively. She found that 37% of those who had construction as their first job in Istanbul left construction within the first year and switched to other jobs. This means that only a small percentage of those who start working in the construction industry when they first arrive in the city continue to do so in the coming years. Another interesting finding is the attitude of those who are currently employed in construction to the construction industry itself. None of the household heads interviewed, who were first-generation urban dwellers, did want their sons to work in construction. Furthermore, none of the second-generation urban dwellers actually worked in the construction industry.

The discussion above unmistakably highlights the essential characteristics of building workforce. The picture that emerges may be summarised as follows: the construction industry in Turkey is one in which only a small portion of the workers employed are insured and wages, even in the registered sector, fell below the general wage level. The rate of unionisation and the level of education of workers are very low. As I hope to make clear in the following chapters, the Turkish construction industry is characterized by a sharp dichotomy: there are, at one extreme, a small number of large construction companies, usually subsidiaries of large conglomerates, operating invariably in the non-residential sector, mostly in large-scale public works and in some instances, contract building for the state; and, at the other extreme, there are large numbers of "...one-man firms" (Oncu, 1988; p.52) operating in the residential sector. Given this dichotomy, one can argue that a high proportion of insured workers must be employed in big enterprises and the conditions of work and characteristics of workforce must be far worse and lower in the small enterprises. The industry is also characterised by an extremely high rate of labour mobility. Construction is thus an industry in which the turnover rate is very high and which is staffed extensively by newcomers to the city. Some common sense observations may further support this point. Owing essentially to the seasonal nature of employment in construction, a large

number peasants leave their villages temporarily to work on construction sites in cities. The extent of this form of employment is, of course, not easy to determine, but the fact that some big construction companies offer their workers accommodation may support this argument. Irrespective of whether the construction industry draws its workforce through temporary migration, one thing is clear: depending to a large extent on unskilled labourers, it offers newcomers relatively easy job opportunities, from which they can switch to other jobs. In this sense it functions as a means whereby newcomers obtain their first-hand information about the city. Furthermore, thanks to the possibilities of upward mobility, there are cases where those workers who stay in construction become core gang members and even gang leaders. The rural origins of newcomers do certainly play a significant part in such a mobility. In short, the construction industry is one where workers having close ties with their place of origin are employed for short periods of time. These partially dispossessed and semi-proletarianised workers do indeed constitute the lowest segments of the labouring classes and are more vulnerable to over-exploitation and cruder forms of capital-labour relations than other segments.

4.2.4. Users

The analysis advanced above in connection with the pattern of urban land ownership and the class position of landowners sheds light also on the problems in the analysis of users. The assertion that the middle classes have been the prime beneficiaries of the urban land market also holds true for the users or occupants of the apartment blocks produced under SHB. This is clear, for instance, in the above-mentioned article by Oncu (1988) when she states that the "new middle classes" have constituted the backbone of the "formal" residential market and by Kiray (1978) in her argument that the apartment blocks built under the set of relationships characterising SHB represent the basic form of property acquisition for the middle classes in urban areas.

As I touched upon previously while discussing the SHB process there are basically two types of property owners for the units produced under SHB: (a) initial owner of land whose ownership on land is converted into that of a number of units in the structure built and (b) those who purchase the units offered to sale by builders. The type of tenure that is most likely to be associated with SHB is owner occupation. The rate of supply of housing for rent depends essentially on landowners' decision as to the number of units to be sold or rented, the number of those purchasers who own more than one unit in the housing stock and the residential mobility of owner occupiers. According to Turel's (1979) findings, nearly 40% of those living in the "formal housing stock" in Ankara are owner occupiers and the ratio of private tenants is around 57% (10). Such a high rate of private tenancy may, I think, be

explained with reference to high rates of residential mobility in the housing stock (see Baharoglu, forthcoming) and to the high rates of second house purchasers. In his above-mentioned study Turel (1979) provides information on the distribution of household heads by their professions. The data that cover both owner occupiers and tenants clearly indicate the overwhelming use of the "formal housing stock" by the members of what may loosely be designated as the middle classes. The table reproduced in Appendix II, Table 4.3. also includes the results obtained in squatter areas for the purposes of comparison.

4.2.5. Building Professionals

The ways in which building professionals -architects, civil engineers etc.- are incorporated into the overall SHB process resemble in many ways the set of relationships characterising the involvement of different trades which are themselves organised into gangs. Indeed, building professionals may be regarded as one of the many trades taking part in the SHB process. The relationship between building professionals and speculative builders is not an employer-employee relationship, but one in which their responsibilities are defined in connection with the execution of a particular job. This "independence" on the part of professionals sets its mark on their relationship and offers a number of possibilities for them. What building professionals sell to housebuilders is a design for a particular site produced entirely under their own control.

Building professionals are not directly employed by housebuilders, but are relegated to being just one of the trades taking part in the building process and they work in their own ways to perform a specific job. Thus, their sole contribution to the process of production of buildings, a process entirely instigated and engineered by the housebuilder, is that of providing the latter with the design required to carry on with the production process. If this is the case then, one should see a large-number of self-employed architects and civil engineers in the building market. This 'artisanal' nature of building professions is nowhere better expressed than in a survey carried out by the Chamber of Architects among its members in 1976 (quoted in Artun and Atauz, 1982; p.460). 45% of all architects in Turkey were self-employed running their own bureaux. This proportion is 38% for civil engineers, 22.2% for electrical engineers and 17.8% for mechanical engineers (ibid). On the other hand, the ratio of architects directly employed by private companies as wage-earners is only 17.5%. It could thus be argued that the fragmented nature of the housing industry -the existence of a large number of small producers- and of the individual production process, many trades involved in the production of a single structure, is complemented by the fragmented and artisanal nature of architectural and civil engineering practices.

4.2.6. Agents: Conclusion

The discussion on the class position of the agents clearly points out a great degree of involvement on the part of what could be termed the middle classes in SHB and in the urban land market which serves for it. With the exception of building labourers, representing the lowest segment of labouring classes, it is the members of the so-called "traditional" and "new" middle classes which constitute, both as users and as organisers of production, the mainstay of the "formal" urban land market and SHB. Since all the agents other than building labourers are members of the middle classes having more or less the same social and economic powers, the ways in which they relate to themselves in production and exchange processes within SHB result not so much from their respective class positions, but from those factors which are directly associated with the functioning of SHB and the urban land market. In other words, the imbalances of power characterising SHB, excepting those in which the labourers are involved, must have their origins not in the class position of agents but in the conditions that have a direct impact upon SHB and the urban land market, particularly the state's policies towards housing, legal regulations, town planning procedures, building codes, local authorities' attitudes, etc.

If, one can argue, SHB has such a high degree of middle-class content, then one major line of enquiry to be pursued in historical analysis must be that of tracing the evolution of the middle classes and constructing parallels between the development of SHB and the changes in the conditions of existence of middle classes in Turkey. Such an historical analysis must be able to address itself to the ways in which the middle classes have been part of the economic and political mechanisms during the period in question and, in turn, the ways in which SHB has contributed to their well-being and the functioning of these mechanisms in urban areas. Another conclusion of paramount importance is the one relating to the class position of building labourers. Their subordinate position within SHB originates, in contrast to other groups, directly from their class position. The building industry depends in terms of its manpower requirements on large masses of labourers, not entirely dispossessed of their rural properties and thus having close contacts with the countryside and who are, therefore, most vulnerable to over-exploitation by capital. Indeed SHB owes much of its success to the existence of such a mass workers. These are some of the issues I discuss in Chapter 6. But first the main line of argument of chapters 3 and 4 must be concluded with reference to the theoretical understanding developed in Chapter 2.

4.3. OVERALL CONCLUSION: THE FORM OF CAPITALIST PENETRATION INTO SPECULATIVE HOUSEBUILDING

The task of reconstructing SHB as a form of production and thus understanding the degree and form of capitalist penetration therein has shown that speculative housebuilding as it emerged and evolved under the conditions peculiar to Turkey is a form in which many of the roles associated with land development and organisation of the production process are undertaken by a single agent: the speculative builder. It is worth re-emphasising that these speculative builders, working with an extremely limited capital and thus deprived of access to land ownership, organise the on-site production process through a complex network of informal contract and subcontract relations with gangs headed by gang leaders who, in search of a job, move from one construction site to another. One major theme running throughout both chapters has been identifying the interests of groups involved and thereby determining areas of potential conflict and likely alliances. What is also discussed at considerable length is the position of agents within both SHB and the wider economic and social process and the results indicated a high degree of middle class involvement in SHB, excepting the building labourers. The subordinate position of building labourers within SHB results, as the foregoing discussion revealed, to a large extent from their class position and this equips speculative builders with a certain degree of flexibility since it is onto them that most of the risks originating from the speculative and precarious nature of the market are off-loaded.

In this final section I make an overall assessment of SHB along the lines of theoretical framework developed in Chapter 2. In particular I pursue the question whether or not SHB can be regarded as a capitalist form of production and, if it can, to which stage of capitalist development it corresponds.

One answer to this question might be to offer a purely technicist reading of capitalist development and to argue that SHB cannot be a capitalist form on account of its backward technology and handicraft nature of much of the work involved. This argument, however, fails in view of the simple historical fact that the transition to capitalism in building is hardly marked by any dramatic changes in building methods (Ball, 1981; p.162). It is known that despite the triumph of capitalism in the building industry, building techniques did remain unchanged since the fundamental break in transition from guild or handicraft production to capitalism lay not in a technological breakthrough, but in the organisation of the industry. This view also fails in that it reduces

capitalist penetration to a single rationality which expresses itself in technological advance. For capitalism, as was argued in detail in Chapter 2, cannot be equated simply with technological progress. This view is also oblivious to the crucially important fact that capitalism penetrates into building rather slowly and in varied forms. In this context one may construct a striking parallel between building and agriculture in which capitalist penetration does not necessarily result in a single and homogenous pattern. To equate capitalism in building with a certain production technique resembles in many obvious ways the famous Narodnik equation: "If the workers have no land there is capitalism; if they have land there is no capitalism", a view severely criticised by Lenin (see Mueller, 1981 for a summary of the debate).

A key issue discussed here is the way in which speculative builders minimise their initial capital outlay and advances required to run the production process. The whole production process on site is organised along lines that ensure the minimisation of money capital in circulation. Whatever their own money capital is of the total they mobilise, some part is always theirs and they expand it in the process of production to gain a sum larger than what they initially invest. In doing this they quite clearly act as capitalists. The money they expand is capital in the strict sense of the word - a certain sum of value in search of a higher value. But, one should ask, what kind of capital does it represent? How is it that speculative builders make a profit out of their activities? The answers to these questions are important since they offer the opportunity of highlighting the basic mechanism whereby capital valorises itself, namely adds to its initial value. One can understand, by answering these questions, the essential features of the mode of operation of capital dominant in SHB and thereby, the degree and form of capitalist penetration.

One view that could be adopted in connection with this question is to argue that the capital operating in SHB represents an archaic form of merchant capital, making profit solely out of trading activities. Merchant capital is distinguished from industrial capital in that it operates merely in the sphere of exchange, that it adds to its initial value simply through unequal exchange, by buying cheaper and selling dearer and therefore creating no value at all (see Marx, *Capital*, Volume:III, chps. 18 to 20). In this line of thinking speculative builders are seen as merchants and building labourers as independent craftsmen. The speculative builder is therefore simply a merchant supplying workers with raw materials and marketing the product. What he buys from craft workers is the product of their labour, not their labour-power, i.e. their ability to work. The workers, on the other hand, are independent artisans realising production in their own ways, in a labour process of which they have full command. They are independent producers representing a different mode of production ("petty

commodity production" or "artisanal-craft production") which operates according to its own laws of motion and is articulated with capital only at the level of exchange of their products. Since they retain their craft skills and therefore have the full control on the labour process, they protect their independence. Speculative builder, having no connection whatsoever with the actual labour process, is an agent providing the contact between these two different worlds -capital and petty producers. What he does is to assemble the products produced by different trades into a building. In this case builders make a profit only out of their activities of buying the products of independent craftsmen and selling them, in an assembled form, at a price higher than what they paid to these trades. No surplus value arises in this case, since capital is entirely dissociated from the production process. This indeed is the line of argument defended by Boratav, in his discussion with Tekeli in a seminar on petty production (see Akat et al. eds. 1978). This is also the essence of an entire body of literature on petty commodity production (see, inter alia, Stretton, 1981).

Appealing though it is in many respects, the argument above does not hold true for SHB. Despite its apparent backwardness, the capital involved in SHB cannot be viewed as an archaic form of merchant capital operating solely in the sphere of exchange. The capital valorising itself in SHB has definitely penetrated into the sphere of production but, as I hope to make clear in what follows, this penetration is partial and sporadic. Proceeding along this line, the profits reaped by speculative builders cannot be seen only as merchants' profits but have a double source, one originating from the exploitation of labourers -i.e. surplus value- and other from their activities as merchants. Only when we see the capital operating in SHB as a combination of both functions can we come to a complete understanding of its nature. What is of crucial importance here is the argument that, in contrast to the operation of merchant capital, surplus value arises in housing production and this generates part of speculative builders' profits. To argue that surplus value arises out of speculative builders' activities is just another way of saying that SHB is a capitalist form of production.

Now viewing the process of production from labourers' point of view, it is certainly true that they take part in a production process instigated by an agent other than themselves. They, then, become incorporated into a process masterminded and directed by speculative builders. Hence, the separation of conception and execution functions, a crucially important aspect of the capitalist labour process. Although actual producers do own some of the means of production they use (namely, some simple hand tools) they are deprived of the power to direct these means to different uses and, more importantly, to set them in motion. In other words, the production of use-values cannot start without the intervention of non-labourer (speculative builder) who reconstructs the

whole process in his mind in advance. The actual producers are, therefore, not entirely in control of the objective conditions of their work. The independence of labourers, on which the merchant capital thesis is based, has been undermined in a very crucial sense.

However, despite the fact that labourers (more correctly, gang leaders) have lost their independence in the sense discussed in the preceding paragraph, they do have a considerable degree of control over their conditions of work. Gangs, it may be recalled from the discussion of the production process, have a certain degree of autonomy on issues relating to the exact division of labour and form of cooperation within the gang, hiring and firing of casual gangers and even a limited degree of say on the tempo of work. Despite this autonomy, however, they have lost their independence in the sense defined above: they no longer have the power to set the means of production in motion. They are only in partial command over their objective conditions of labour but still linked to these conditions through their craft skills. Formulated conversely, this means that capital's control over the labour process is not complete since workers continue to perform their trades in ways that are determined to a large extent by themselves. Inasmuch as workers remain connected to the means of production through their craft skills, subordination of capital over labour is only partial. This is the form of production which, after a lengthy discussion in chapter 2, I defined as manufacture, a primitive form of capitalism in which capital has not been able to penetrate into the labour process to such an extent as to completely destroy the craft skills of workers.

This, I must stress, is a conclusion of utmost importance not only for answering the basic question of chapters 3 and 4, but also for understanding the responses of builders in the face of the crisis which hit the sector in the late 1970s. In the first place, the implications arising out of the claim that SHB represents an example of manufacture must be clarified. Owing to the sporadic and partial nature of capital's control over labour, an essential feature of manufacture, capital subordinates labour only formally. The distinction between formal and real subsumption and the consequent concepts of absolute and relative surplus value is not one having solely a theoretical significance, but provides valuable insights into the actual inner workings of the sector. The fact that speculative builders' control over the labour process is only formal sets limits to the ways in which they can introduce modifications to the labour process and increase the mass of surplus value they appropriate. Since the extraction of absolute surplus value, as opposed to relative value, is the norm, builders face a number of limitations arising out of the nature of the labour process in their attempts to transform the value of labour power through increases in productivity and consequent reductions in necessary labour time. The only way they can achieve this is to force labourers to work longer or

through the enlargement of scale which is critical to formal subordination.

The above reconstruction of SHB as a form of production corresponding to an early stage of capitalist development, as a form into which capitalism has only partially penetrated, is bound to remain incomplete unless it is argued, after Ball (1983a; chp. 1), that the capital involved in speculative housebuilding is necessarily a combination of both merchant and industrial capital. This is just another way of saying that speculative builders play a dual role: they are both merchants involved in buying cheaper in order to sell dearer and industrialists extracting surplus value from their labourers. This distinction between the merchant and industrial roles of a speculative builder is conceptual but proves to be an important one in terms of understanding the mode of operation of the capital involved in housebuilding. However, in the specific case of SHB, in which speculative builders' access to development gains is restricted by reason of their weak position against landowners, their roles as merchants are rather obscured. To which extent one role of speculative builder dominates over the other is a question to which no a priori answer can be given. This is, therefore, not a structural question but a conjunctural one requiring a detailed analysis of the economic environment in which builders carry out their operations.

Before closing this chapter, I must re-emphasise the importance of a factor which I think has played a crucial role in the institutionalisation of a poorly-developed capitalism in SHB: the existence of a semi-proletarianised and docile labourforce (11). The capital involved in SHB has never been compelled to "wrestle" (Marx, 1970; p.367) with labour showing signs of indiscipline and insubordination, an indication of capital's partial and sporadic control over the labour process. On the contrary, the existence of partially dispossessed labourers retaining close ties with the countryside has enabled the consolidation of cruder forms of exploitation. Capital has consequently robbed the labourer not only of the surplus value, but also of an enormous part of his wages too. SHB has reduced partially dispossessed labourers to labour power without any of the benefits associated with fully socialised wage labour. The type of capitalism that has institutionalised in SHB is, therefore, a capitalism drawing its workforce from among the ranks of semi-proletarianised workers; a capitalism which prevents the technical transformation of the labour process beyond a certain point due to the nature and degree of capital's penetration; a capitalism which perpetuates the production of absolute surplus value and thus leads to cruder forms of exploitation; a capitalism which confines both capital and labour to a primitive state; a capitalism in which the mass of surplus value may only be increased by forcing labourers to work

longer, rather than transforming the value of labour power (after Mueller, 1981; p. 31).

The task now facing me is to explain in an historical perspective the origins and institutionalisation of this form of production under the conditions of Turkey from the 1950s to the late 1970s. Before doing this the theoretical underpinnings of the historical analysis must be elaborated in a chapter in which I introduce the concepts of import-substituting industrialisation and populism as concepts of key importance in studying the political economy of Turkey.

CHAPTER V DEBATE ON IMPORT-SUBSTITUTING INDUSTRIALISATION AND POPULISM

5.1. INTRODUCTION

In this chapter I concentrate upon the concepts of import-substituting industrialisation (hereafter ISI) and populism. I start with a brief account of the birth of these concepts and summarize the ways in which both have appeared in social research. I then focus on ISI as a set of economic policies pursued by a large number of underdeveloped countries in the post-war world. This paves the way to a discussion of the form of politics, state and class alliances accompanying these economic forms. This debate has some implications for the relationship between forms of capital accumulation and the form of the state and other political structures.

In formulating the argument advanced in this chapter I have tried to make best use of the growing literature that combines history, sociology and political economy. The Latin American literature on the periodisation of "blocked development" and on different phases of incorporation into the world economy has been of considerable help in those sections of the chapter where ISI is analyzed as a mode of integration into the world economy and as a mode of capital accumulation. The basic approach in the chapter is a refined version of the "world systems approach" attempting to formulate the relationship between the external and internal context. One may also discern the traces of the regulation school in my attempts to conceptualise ISI as a mode of economic regulation and capital accumulation. The argument also owes a lot to the debates on the articulation of modes of production within a given social formation. With regard to the analysis of populism and nationalism I have made extensive use of the debates on Latin American populism and the bureaucratic- authoritarian state. Furthermore, I have borrowed considerably from debates on Turkish populism intensified in Turkey following the 1980 military takeover. It should be noted that the argument here signifies a shift of emphasis from static to historical analysis and is a prologue to the chapter that follows where I discuss the Turkish experience with ISI and populism and the part played by speculative housebuilding in this context.

The analysis developed here is a mixture of deductions from theory and observations on ISI countries. The remarks below refer only to a

general pattern, delineating the broad characteristics of ISI and populist-nationalist ideology. To the extent that it is an abstraction some cases in reality do not coincide with this general pattern. To attribute to this abstract pattern any degree of universality or to view as an element of periodisation would be an oversimplification of reality. One could argue that the experiences with ISI and populism of individual countries will exhibit great variations depending on :

- (a) the conditions of the world economy when each country launches its ISI policies;
- (b) the speed with which pre-capitalist modes of production are dissolved and the ways in which they articulate with the capitalist mode of production;
- (c) relative powers of social classes;
- (d) economic policies pursued by each country; and
- (e) circumstances, both external and internal, under which accumulation possibilities under ISI are exhausted.

At the end of the chapter I refer to a number of characteristics peculiar to Turkey which make its experience with ISI quite different from the ones in Latin American countries.

5.2. BIRTH OF IMPORT SUBSTITUTION AS A DEVELOPMENT STRATEGY

The emergence of import substitution as a development strategy can be traced back to the years that immediately followed the Second War. It was the United Nations Economic Commission for Latin America (ECLA) and the economists, mostly from the relatively advanced part of the underdeveloped world, who had gathered around ECLA, who first laid the theoretical grounds which would later form the basis of development efforts in many underdeveloped countries. In a thesis that would in the early seventies find its clearest formulation in Emmanuel's theory of unequal exchange, Prebisch and Singer, two leading figures of ECLA, argued that the terms of trade (the ratio of export prices to import prices) had been moving against the Latin American countries since the late 19th century. Though at first sight their thesis may seem to be merely a new approach to the long-discussed issue of the benefits from international trade, limited to a critique of famous neo-classical theory of comparative advantage, it had far reaching implications as to the planning of development efforts in underdeveloped countries.

A comparative study by Prebisch and Singer on the income elasticities of demand for imports in Latin America and advanced countries revealed that the items the former countries imported had an income elasticity of greater than one, suggesting that such countries would have to spend growing portions of their incomes on goods they imported from industrialised countries (mostly manufactures). The same sort of reasoning held that the income elasticity of demand for goods that the Latin American countries exported (foodstuffs and raw materials) would be smaller than one, so that countries importing such items would spend increasingly smaller proportions of their incomes on these goods. "This imbalance in the income elasticities of imports in the centre and the periphery would mean a long-run decline in the terms of trade and hence a reduced capacity on the part of the Latin American nations to import from the industrial West" (Roxborough, 1979; pp.28-9).

Singer and Prebisch thus came to the conclusion that trade relations with the developed countries had resulted in the transfer of values created in Latin American countries to the former countries. Therefore, specialisation of Latin American countries in the production and export of foodstuffs and raw materials, as was prescribed by the neo-classical theory, would in the long-run be detrimental to them. Thus, Singer (1964) asserted that international trade in no way eradicated income differentials among the countries, but on the contrary, enhanced them.

The world economy studied by ECLA economists was one into which underdeveloped regions were integrated as the exporters of foodstuffs and raw materials. Trade was the basic mechanism ensuring the unity of such a world system. So the challenge by ECLA on a theoretical plane to the disadvantages of international trade did represent, on a wider perspective, a challenge to the way in which underdeveloped countries had been a part of the world economy. In support of their thesis that international trade had been disadvantageous for, and retarded the development of, Latin American countries, ECLA economists maintained that "... whenever this pattern of outward-oriented development was interrupted by war or economic depression, there was a spurt of industrial development in Latin America. These spurts came to an end as soon as the economic ties between centre and periphery were reestablished" (Roxborough, 1979; p.29). The policy proposed by ECLA on the basis of these observations was to follow an almost autarkic development path by dismantling the links with the industrialised countries (1). This meant the adoption by Latin American countries of a deliberate policy of import-substitution as they had done during the years of war or economic depression. ISI thus represented the willingness to industrialise on the part of the newly independent countries of the post-war world. It was also an expression of the challenge by these countries to the former world economy where they

had taken part as the exporters of labour-intensive goods and raw materials and importers of manufactured items.

5.3. IMPORT-SUBSTITUTING INDUSTRIALISATION AS A FORM OF INTEGRATION INTO THE WORLD ECONOMY

Import-substituting industrialisation appears first and foremost as a development strategy pursued by a large number of underdeveloped countries in the post-war period. When seen as a strategy of development, ISI means the production within the country itself of previously imported goods. Used in this sense, it refers to a set of economic policies ensuring the unity of the entire national economy around the domestic market, protected by high tariff barriers. Those sectors where local production is substituted for imports thus become the most dynamic sectors of the economy. Seen from this perspective, ISI is a peculiar form of economic regulation with a corresponding model of capital accumulation. It should, however, be noted here that it might be misleading to define ISI simply as a model of accumulation and a set of economic measures aiming at the development of a relatively backward economy.

First of all, such a conceptualisation of ISI neglects the forms of political action that underlie such an economic regulation and limits it merely to the economic level. As I hope to make clear below, behind this strategy of development are particular political structures and forms of class alliances. Without implying a simple cause-effect relationship between what is designated as the "economic" and the "political", or assigning a pre-determined form of the latter to the former, it could be asserted that ISI, even when seen in its most rudimentary form as a mode of economic regulation, is possible only under a certain set of class alliances and form of politics, in that it excludes some particular class alliances and calls for or, to say the least, allows the development of others.

Some authors, especially some marxists, drawing on the claim that the ISI strategy could be pursued only under a given political structure and that this structure exhibits a discernible uniformity among the countries, have studied through the rather loose concept of "populism" the political and ideological elements they have observed alongside the policies of import substitution. "Populism" has thus become in the hands of some marxists a concept that delineates the "superstructure" of ISI. The use by these marxists of the concept of populism is a sequel to their efforts to construct a relationship between what they call political and economic structures (2).

Going one step further, one could argue that even seeing ISI as a combination of a particular mode of accumulation and political/ideological elements would not exhaust all there is to say about it, since behind such political and ideological structures is a specific world economy that made them possible. Therefore, ISI should be defined, with the addition of this third element, as the combination of:

- a particular form of incorporation of the national economy into the world economy;
- a particular model of accumulation and economic regulation; and,
- a particular political/ideological structure.

At the level of economic management industrial sectors of underdeveloped countries pursuing the ISI strategy are characterised by a policy of protection from international competition through high tariffs. This leads to an economic structure in which local manufacturers produce previously imported goods for the domestic market, isolated from the rest of the world through deliberate customs policies. This aspect of ISI has been conceptualised by many under such different names as "autarkic development", "self-sufficient growth" and "inward-oriented growth". Furthermore, one might argue that ISI fits well into the ideological aspirations of ex-colonies in the post-war world, which were undergoing a process of becoming nation-states. Such aspirations found their clearest expression in the so-called nationalist-socialist movements observed in a large number of underdeveloped countries in the 1950s. The period of 1950s in the newly independent countries of Africa and Far East resembles in many respects the 1930s in Latin American countries in that both periods witnessed the rise of nationalist ideologies with strong populist connotations. The parallels are striking. In both set of countries these were the periods when the backward semi-feudal economic structures were breaking up and giving way to a new social differentiation along capitalist lines. The ruling elites did not find it difficult to channel anti-oligarchical sentiments in the case of Latin American countries and anti-colonial sentiments in the case of African countries into a nationalist-developmental ideology. This ideology, with its rhetoric rejecting the division of the society along class lines, was the basic mechanism ensuring the unity and harmony of a social system rapidly escaping the pre-capitalist mould. Nationalism and developmentalism appeared in these countries as the "grand project" (see section 4.5 below) with the help of which projects of individual classes were castrated. There is a strong connection between nationalism-populism and the concept of development or social and economic growth. As noted by Nairn (1982; p.431) in connection with nationalism, only in the context of "development" has the concept of nationhood acquired its systematic and abstract meaning.

What I emphasise here is the connection between ISI and nationalist-populist movements on the one hand and, the ways in which developmentalist rhetoric managed to penetrate into left thinking in underdeveloped countries, on the other. The developmentalist-populist ideology in underdeveloped countries "... rejected in rhetoric both socialism and capitalism and advocated a third route to development which was unique to each nation" (Malloy, 1977; P.11) and thus concretized their aspirations to develop through the national bourgeoisie. Within this ideological discourse ISI became the symbol of dismantling the links with the world economy. Economic structures accompanying the ISI strategy came to be identified with an independent development path outside the world economy and any deviation from this strategy was fiercely challenged by the left on the grounds that such a move would represent a "turn back" to the world economy (3). As is repeatedly stressed throughout this chapter ISI represented not a break from the world economy but, on the contrary, a new and particular form of integration into the world economy, meeting the requirements not only of local ruling elites but also of international capital.

What are the elements peculiar to this form of integration into the world economy ? Considered from the point of view of foreign trade, one of the most significant elements of any form of world economic integration, ISI is accompanied not by an important change in the volume of trade, but by a sharp shift in the composition of imports into the country. Furthermore, "neither in theory nor in practice does ISI exclude foreign direct investment in manufactures or prevent such direct investment from enjoying the same protection as domestic capital... It necessitates the importing of technology, producers' goods, and frequently primary and intermediary inputs"(Keyder, 1987a; p.151). ISI does in no way imply an attempt to dismantle the incorporation of the domestic economy into world markets. ISI, then, does not decrease or hinder world economic integration, either from the point of view of openness to foreign capital, or in terms of its impacts on the volume of trade. In this sense, it is merely a new mode of articulation of national economies into the world economy.

The post-war period in advanced capitalist countries is characterised by a model of capital accumulation known as "intensive accumulation". In contrast to "extensive accumulation" which characterised the development of capitalism in the 19th and early 20th century, intensive accumulation refers to a mode of capital accumulation in which the technical and social organisation of work is profoundly modified and productivity growth is ensured by the introduction of semi-automatic assembly-line techniques (De Vroey, 1984). It also refers to a case where the consumption patterns of the wage-earning classes are radically changed. Reproduction of labour-power now operates without the intervention of pre-capitalist spheres or goods produced in such

spheres, but predominantly through large-scale consumption of capitalist commodities (Aglietta, 1979; pp. 68-72).

From an international point of view, the post-war period is characterised by the internationalisation of productive capital (Dunford and Perrons, 1983; p.245). Capitalism, since its early days, has always exhibited a tendency towards internationalisation as it has tended to expand beyond its national boundaries. In the early days this expansion took the form of internationalisation of commodity capital. In this period underdeveloped regions were incorporated into the world economy through commodity movements on a world-wide scale. The driving force in this process was merchant capital. As merchant capital, by its very nature, is solely interested in the circulation of commodities, this articulation did not always bring about significant structural changes in underdeveloped countries in that it did not involve the penetration of capital into the sphere of production. The post-war period can also be contrasted to the early 20th century when the penetration of capital took the form of direct investments (Jenkins, 1984a). Such investments aimed to expand the operations of merchant capital in underdeveloped countries. In other words, capital export from the centre to the periphery of the world economy was essentially an extension of trade operations. Construction of railways, for instance, was the basic means of enlarging the volume of marketable output especially in the agricultural sector and others producing raw materials. This represents a world economy in which in the core countries productive capital is dominant and in the periphery, the merchant capital (Mandel, 1978; Chp.10).

After the Second World War the integration of the underdeveloped regions in the world economy has been carried out by the internationalisation of productive capital (Jenkins, 1984b and Corbridge 1986). This form of internationalisation is different from the previous forms in many respects. First of all, internationalisation of productive capital refers to the fact that valorisation of capital now takes place on a world-wide scale, rather than in individual countries. It is an expression of the internationalisation of capital as a "relation of production", not simply as a source of material wealth. Capital has now the ability of directly extracting surplus from labour anywhere in the world it has penetrated into. Such a transformation could have been possible only under the dominance of productive capital within underdeveloped countries themselves. In contrast to merchant capital that is capable of destroying but incapable of transforming the mode of production in which it operates, productive capital presupposes the existence of wage-labour relations, in other words, the separation of workers from their means of livelihood and objective conditions of production. This is a pre-condition for the internationalisation of capital as a relation of production.

In the post-war world the penetration of capitalist relations of production into underdeveloped countries has been realised essentially through the operations of multi-national firms (4) (Jenkins, 1984a). It is, however, very important to stress that any exclusive emphasis on multi-nationals may be quite misleading, for "...the growth of foreign operations by transnational cooperations is not itself the internationalisation of capital, but merely one, albeit a very important, form in which internationalisation is reflected" (Jenkins, 1984a; p.17). Therefore, multi-nationals cannot be the unit of analysis in the study of contemporary capitalism. The internationalisation of capital is a much more significant phenomenon than, for instance, the figures on foreign ownership of capital could reveal. It is also important to note that the internationalisation of capital is not simply a matter of geographical expansion of the operations of capital around the globe, but the expansion of valorisation basis of capital; i.e. capital's ability to extract surplus directly from labour in the production process, instead of appropriating it in the sphere of exchange.

During the post-war period which ended in the late 1960s the underdeveloped countries pursuing the ISI strategy recorded a remarkable industrial development. Here it may be illuminating to look at a number of interpretations of industrialisation that took place in underdeveloped countries. One group of researchers sees this industrialisation as a process directed and controlled entirely by foreign capital, while the other group, focusing on the levels of capital inflows and the extensive use of local funds by multi-nationals, argues that the role of foreign capital in the industrialisation process is negligible. For this school, the industrialisation of the periphery is entirely the work of national bourgeoisie (5). These interpretations are both incorrect in my opinion as they counterpose foreign capital and local bourgeoisie. It is wrong to depict the bourgeoisie in underdeveloped countries as a national bourgeoisie since its operations tend to be strongly linked to foreign capital. On the other hand, it is also equally wrong to see this bourgeoisie as a comprador class, because it has undergone a process of "primary accumulation". In other words, it has been able to accumulate a considerable amount of monetary wealth and to transfer it into the process of production as productive capital. Which sectors of the economy will be left to the operations of local bourgeoisie depends essentially on the form of integration of the country in question into the world economy. In this respect, it is not a structural question, but a conjunctural one.

Before proceeding any further this seems to be the right point to reiterate the basic approach underlying not only this chapter, but also the whole study itself. The approach is a refined version of what is usually referred to as the "world systems approach". In this approach

the dynamics of capitalism on a global level determine the framework, a set of constraints and opportunities, within which local classes interact with each other to determine the trajectory of local development. Radical shifts in the political balance of forces and economic policies coincide with turning points in the world economic and political order. There is considerable room in this approach for the specificities of individual countries, a highly criticised aspect of dependency and world systems approach (6).

5.4. THE POLITICAL ECONOMY OF IMPORT-SUBSTITUTING INDUSTRIALISATION

In an historical context, ISI may be defined as a set of economic policies pursued initially by a limited number of Latin American countries in the 1930s as a response to the Great Depression and then by a large number of underdeveloped countries in the post-war period. Latin American countries were characterized in the period preceding World War I by an outward-oriented growth model or export economy whereby they were integrated into the world economy as exporters of foodstuff and unprocessed raw materials and importers of manufactures. This model was based predominantly on the accumulation of extractive and merchant capital within individual countries. This structure had "... as its correlate a system of oligarchical politics, in which rural elites directly controlled the nation-state and in which other social classes were excluded from power" (Roxborough, 1979;p.107).

The immediate impact on Latin American countries of World War I and the ensuing depression of the 1930s was a massive worsening in the terms of trade brought about by sharp falls in the prices of export items and rises in the prices of import items. The additional impact of heavy devaluations by Latin American countries paved the way for an expansion of industrial production for the domestic market and led, in the long term, to a class differentiation along a new axis. Thus it is the inability on the part of Latin American countries to continue to import from the advanced capitalist countries that undermined the then-existing international division of labour and prepared the conditions of a profitable industrial production for domestic markets in the 1930s. Import substitution efforts of a number of Latin American countries in the 1930s may, therefore, be regarded as a spontaneous reaction to the changing circumstances of the world economy. What was a local response to the crisis of the 1930s turned out in the 1950s to be a global phenomenon. Herein lies the basic difference between the ISI of the 1930s and of the 1950s: the former was a local phenomenon in the face of a world economy experiencing a severe depression while the latter was a global phenomenon in a period when the world economy was rapidly expanding (7). Those countries that pursued, in the 1930s, the

strategies of import substitution at varying degrees were able to complete their infrastructural investments earlier and underwent a faster ISI process compared those that launched such strategies in the 1950s (8). The most important direct result of this difference manifest itself in the speed with which pre-capitalist modes of production were dissolved and capitalist relations penetrated into economic and social life, and in the variations in the formation of local classes.

I have so far dealt with ISI at a very general level and concentrated for the most part on its "external" relations, namely the relations between the world economy and countries pursuing the ISI strategy. I now consider ISI in terms of its "internal" relations, namely as a mode of economic regulation. The very basis of ISI, the substitution of domestic production for previously imported commodities, is achieved in the first place by means of highly restrictive foreign trade policies. The aim is to protect the domestic market from international competition through restrictions on imports and thereby to provide the conditions for a profitable production at home. Measures used to control imports vary in time and from one country to another, but in general extend from the imposition of prohibitions to setting of quotas or to increasing customs duties. Although the most common form of customs restriction is quotas, in practice all the three measures mentioned above are often used in combination (Seyidoglu, 1982; pp.44- 54).

Protectionism is thus the first pre-condition of substitution of domestic production for imports. It should, however, be stressed here that this protectionism is a selective one since it does not necessarily mean that no imports are allowed at all. Industrial development necessitates the importing of technology, intermediate goods and capital goods as inputs to the manufacturing process. While capital goods and inputs are imported almost without any restriction, outputs of industries that develop domestically are protected through quotas or high tariffs and thus face little or no competition from foreign producers. For this reason import substitution is a strategy of selective protection. "The defining feature of ISI is precisely the protection of domestic industry, which develops to produce the very manufactures hitherto imported... As a policy, it implies protection for the sake of building an industrial sector in situ" (Keyder, 1987a; p.151). This underlies the specificity of ISI as a mode of capital accumulation: the existing potential of the domestic market is abandoned to local manufacturers, who face no competition from their foreign counterparts and who can easily import the inputs they require. ISI is, therefore, a strategy of development aiming at the integration of national economy around the domestic market and the industrialisation through a local bourgeoisie protected from its foreign competitors.

On the basis of what has been said so far a number of crucially important deductions may be made as to the part played by the state in ISI. The state controls, by means of quotas and customs duties, the volume and type of items to be imported. Considering the fact that the entire manufacturing process is highly dependent upon the importing of inputs and capital goods, this control on imports is tantamount to a direct power to determine what is to be produced locally. Put in other words, the state in ISI is in a position to determine what is to be produced and how much is to be produced domestically. The policy concerning import quotas is to a large extent determined by the decisions made at a political level as to which sectors are to be developed. In this sense, the development of a large number of sectors is closely tied to the amount of foreign exchange to be allocated by the state. Such an intervention of the state in the sphere of imports leads to the creation of "scarcity rents" (protection rents) (9), since those who are able to obtain foreign exchange secure enormous profit simply by converting the imported inputs into final commodities. Moreover, the pace of development of local industry is directly associated with the amount of foreign exchange available.

The state's ability to control the volume and type of imports which, when viewed from another perspective, means the allocation of scarce economic resources (especially foreign exchange) through political processes, enables it to determine the rate of development in particular branches of the economy. In addition, the state may provide further incentives to domestic production, aiming to increase the profitability or decrease the cost of investment in certain areas, such as tax exemptions, tax rebates and low-cost credit schemes. The politicisation of certain economic allocation mechanisms thus implies that the state can not only determine the sectors in which capital can valorise itself profitably but also control the rate of accumulation in such sectors. Considering the fact that "protection for the sake of building an industrial sector in situ" means at the same time the formation of an industrial bourgeoisie producing for the domestic market, the evolution of the bourgeoisie under ISI appears as a relatively easy process thanks to the part played by the state. Indeed, "the rationale of capital accumulation [under ISI] is to appropriate the protection rents created by the state intervention" (Pamuk, 1984; p.41). As far as the industrial bourgeoisie is concerned, the first defining feature of ISI as a mode of accumulation is the political allocation of scarce economic resources (especially foreign exchange and credits), which has as its effect a competition among a few local manufacturers the outcome of which is determined not by their respective economic powers but, on the contrary, by their power to reach and influence the political decision-making process. ISI is thus characterised at the outset by an exceptional degree of politicisation not only of the economic allocation mechanisms but also of the whole society.

Industrialisation through import substitution proceeds in line with established patterns and therefore may be regarded as a "tightly staged" process (Hirschmann, 1968). It is generally accepted that the import substitution process is one including two distinct stages, each having its own dynamics (Berksoy, 1981): the first one, referred to as the "easy stage" (Carikci, 1983) or random import substitution (Berksoy, 1983), involves the domestic production of standard-technology light consumer goods such as textiles, foodstuff and the like, and later durable consumer goods. The second stage is the expansion of import substitution process into capital goods and intermediate goods used as inputs by such industries. Transition from the first stage to the second one is not an easy one in that it may endanger the fragile balances on which the whole system is based. I turn to this issue later when I discuss the crisis dynamics within ISI.

During the first stage the import-substituting industries usually exhibit striking rates of development. The industrial structure tends to be an oligopolistic one since only a few manufacturers are fortunate enough to obtain imported inputs. As there is no question of competition in the world market, such industries are characterised by inefficient scales of production and inefficient management. The technology employed is usually of a backward nature, production process consisting simply of the assembly of imported inputs. There exist very limited opportunities to adjust or to introduce any modifications to the labour process in line with changing circumstances. Protection allows exceptionally high rates of profit to import substituting enterprises which could in no way hope to compete in the world markets. Therefore, the industries developing under ISI are accustomed to reaping high profits, resultant from the protection rents, and obtaining their inputs at or even below the world market prices, but selling at much higher than world prices.

The very basis of import substitution thus gives rise to the emergence of industries which would otherwise perish in the face of competition from foreign producers. It would thus not be too strong a claim to argue that the import-substituting bourgeoisie is "... much weaker than the bourgeoisie of the previous century" (Keyder, 1987a; p.151). The basic reason for this is the fact that the import-substituting bourgeoisie displays the characteristics of both merchant and industrial capital. If one source of the profits reaped by the import-substituting bourgeoisie is the surplus value produced and appropriated by itself in the process of production, another equally important source of profit is the commercial rents it appropriates by reason of producing high-price goods with low-price inputs.

The sectors where local production first commences are mostly the ones producing light consumer goods which were imported in the previous periods and, therefore, for which a certain level of demand already

exists. In this sense, such a level of demand as would render profitable the production of these goods domestically is taken for granted even at the outset. It should, however, be noted that this demand originated, to a large extent, from a small minority with high levels of income. An overwhelming majority of population had to live in a subsistence economy and to consume the limited range of goods produced in pre-capitalist spheres. Although a level of demand that would render profitable the domestic production of previously imported consumer goods was assured initially, it was obvious that this demand was not so high as to allow the development of large-scale industry in these branches of the economy. Thus, once industrialisation along import substitution lines starts and once the means of production required for the manufacturing process are secured, the second problem facing the import-substituting industries is that of securing the means of realisation. The size of the domestic market, therefore, appears as a potential threat that could have adverse impacts on their evolution.

This is where the second distinguishing feature of ISI lies as a mode of accumulation: the way in which the domestic market is constituted and sustained. Because of the fact that industry is exclusively oriented towards the domestic market, it is of vital importance to find or create a sufficiently large mass of consumers with sufficient discretionary income. This points to the second dimension of economic regulation undertaken by the state. State policies aiming to create and maintain a domestic market have vitally important implications as to the formation of classes and class alliances under ISI. Though it is obvious that such state policies exhibit considerable variations both in time and from one country to another, a number of deductions can be made on the basis of the above-defined characteristics of ISI.

Redistributive state policies in ISI have the dual objective of (a) broadening and, (b) deepening the domestic market. The wage policy, for example, is one serving both ends. In those sectors of the economy where local production is substituted for imports wages of workers exhibit considerable rises in real terms. ISI is invariably characterised, *inter alia*, by rising real wages of the popular masses. This rise, it should be noted, is not uniform among all sectors and is expected to be higher in the leading import-substituting industries than in traditional sectors. Despite such variations it is certainly true that rising real wages are an essential component of demand creation mechanisms under ISI and do in no way pose a threat to capital accumulation. Indeed the import-substituting bourgeoisie are usually willing to tolerate rising real wages up to a certain point as the question of demand is one of the most important built-in crisis tendencies within the whole system. It is, therefore, correct to say that "policies aiming at the expansion of the domestic market are not at variance with capital accumulation" (Pamuk,

1984; p.43). There is actually considerable room within which the state can implement its redistributive policies.

To the increasing real wages as described above one may add the social, or indirect wages provided by the state in the form of expanding public services. If one character of ISI is increasing real wages provided directly by industrialists, another is the growing state expenditures designed to extend public services to popular masses. Such services differ in their contents from one segment of population to another. Among those designed for the working class one may refer to a system of collective bargaining including trade union rights, social security schemes and retirement benefits. Also among such public services for the general public are the collective means of consumption in the urban areas and rapidly growing services in the fields of schooling and health. All these are, in varying degrees, integral components of ISI.

"The process of expanded reproduction of ... [industry under ISI]... could be seen not only as the substitution of domestic production for previously imported commodities, but also as a substitution of the products of a modern capitalist sector for those of various degrees of petty production" (Keyder, 1987a; p.153). This has two closely interrelated consequences with regard to the evolution of the domestic market under ISI. The ISI period in underdeveloped countries is distinguished, in the first place, by the dissolution of pre-capitalist modes of production at varying rates and an ever-increasing penetration of capitalist relations into almost every aspect of social life. This process of dissolution of traditional modes of production in both countryside and urban areas, with its concomitant results of agrarian commercialisation, rural-to-urban migration and the problems it has created in urban and rural areas is well documented (10) and needs no further elaboration here. What I would like to stress in passing are the impacts on the size of the domestic market of increasing domination of capitalism over traditional modes of production and ways of life. The domestic market has expanded during the ISI period as never before in the history of underdeveloped countries. These considerations relate to the penetration at an increasing scale of capitalist relations into the as-yet-unconquered spheres of the economy and everyday life, that is to the broadening of the domestic market.

It should be noted that the capitalist penetration is not simply a matter of geographical expansion of the operations of capital, but has more far reaching consequences as to the size and characteristics of the market. The one I would like to emphasise here is the fact that, with capitalist relations of production penetrating more and more into everyday life, wage-earners become integrated into the ever-expanding capitalist system not only through the process of production, i.e. solely by virtue of being producers, but also through their ways of life. The distinction

here is the one De Vroey (1984) makes between what he calls the "partial" and the "fully-constituted wage relation". Popular masses consume at an increasing rate the commodities produced in the capitalist sector. Reproduction of labour power now operates through consumption of capitalist goods. This consumption calls forth further consumption and hence it becomes easier to manipulate consumption habits and introduce new commodities into the market. This is what I would call the "deepening impact" of increasing capitalist penetration on the domestic market.

Policies pursued by the state under ISI to expand the domestic market have the eventual effect of redistributing the benefits of economic growth to various sections of the population. The state broadens and deepens the domestic market in such a way and rate that the rapidly developing import-substituting industries face no serious problems of demand. This redistributive role of the state is necessary not only for the constitution of a domestic market sufficiently large to support a large-scale industrial development, but also for the continuity of social balances that characterise the ISI. In this sense the success of ISI as a mode of accumulation is contingent upon the success with which the state meets, through its policies of redistribution, the increasing material demands of various social classes. On the other hand, the state's ability to fulfil its redistributive functions is closely tied to the pace of economic growth. It is only through an uninterrupted process of economic growth that the state can achieve its goal of redistributing income. Hence, a sustained economic growth is a *sine qua non* for the success of ISI. I discuss later in the chapter how failure to maintain economic growth or failure on the part of the state to fulfil any of its vitally important functions may trigger certain dormant conflicts of ISI and disturb the fragile class alliances on which it is based.

To the extent that ISI presupposes the distribution, albeit unequally, of the benefits of economic growth to almost every social group, it could be argued that as a mode of accumulation and economic regulation it is entirely different from, for instance, the export-oriented growth model pursued by a number of countries in the far east, notably by South Korea, which is based upon the "super-exploitation" of the working class (11). As is repeatedly emphasised in this chapter, ISI involves a regulation by the state of the mode of accumulation, which not only serves the needs of the industrial bourgeoisie but also responds to the demands of various groups in the society. In this context the resemblance between ISI and the Keynesianism of the post-war period is worth nothing (Berksoy, 1981; Keyder 1984 and 1987a). Both call forth a state intervention in the economy and involve the regulation of the mode of accumulation by the state and the redistribution of income for the sake of constituting and maintaining a domestic market. The

difference between the two lies in the fact that ISI depends entirely on the protection of the domestic sector from international competition.

To continue to draw parallels with post-war Keynesianism, one could argue that the Keynesian policies were formulated as a response to the Great Depression of the 1930s. They aimed to keep under control, in the first place, those built-in dynamics of capitalism that give rise to overproduction crisis via too low a level of effective demand (Arrighi, 1978). The post-war experience of industrialised countries has shown that the Keynesian policies of economic regulation may, in the long run, cause a fall in the rates of profit, a crisis tendency which, one can claim despite the risk of over-simplification, results from too high a level of effective demand (ibid). Policies of import substitution are designed to counteract both of these tendencies. Furthermore, the peripheral state has more room, in terms of class conflicts, within which it can implement its policies of income distribution. But in both cases the state, while implementing its redistributive policies, has to find its way through the dire straits of an extremely fragile class alliance. I turn to this issue below when I discuss the crisis tendencies within ISI. But first class alliances that distinguish ISI must be analyzed to put the argument developed so far into a context.

5.5. POPULISM

ISI defined above as a mode of accumulation owes its peculiarity to two closely related processes. The first comprises changes in the economy. The second process is what might be called the consolidation and expansion of a new form of state, namely the range of functions undertaken by the state and the nature of the relationship between the state and the society, on the one hand, and the political power and the economy, on the other. The following may be suggested as to the state form characteristic of ISI: this state is (a) comprehensive, in that it controls or directly manages a wide range of activities; (b) benevolent, in that it responds to the demands of a multitude of social groups; (c) dynamic, in that it grows at a faster rate than the economy as a whole; (d) bureaucratic, in that its own structures are highly formalised and differentiated; (e) elitist, in that it calls forth the ascendancy of bureaucratic elites as the managers of the economy; (f) penetrating, in that it subordinates various private areas of civil society; (g) populist, in that it mobilises large popular masses; and (h) developmentalist and nationalist in its ideological aspirations (after O'Donnel, 1977; p.54).

It must be clear from the argument advanced so far in relation to economic regulation and the state characterising ISI that this mode of accumulation is based on a multi-class coalition. Only through some kind of consensus among a diverse range of social classes can

industrialisation through import-substitution turn into a success. The defining features and elements of such a broad-based alliance were discussed in the preceding section. The essence of the pluralistic class coalition characterising ISI is the integration of various classes "... into the new societal equation" (Keyder, 1987a; p.160) by offering them "... material gratification in the form of increased wages and salaries, expansion of public employment, expansion of public services etc." (Malloy, 1977; p.14). The basic mechanisms ensuring the unity of this alliance are the growth-oriented and redistributive policies of the state. The state maintains the unity of the whole system by redistributing the fruits of economic growth to various segments of the population. In this sense, the state functions as the unifying element of the society. It should be noted again that only by means of a continuous economic growth can the state successfully implement its policy of income redistribution. Such a rate of economic growth as would enable the state to meet the demands of a variety of classes with diverse economic interests, is of paramount importance for the continuity of the consensus, the ostensible unity of interests characterising the whole system.

The leading force in the constitution of such a broad-based class alliance is the industrial bourgeoisie newly developing under ISI. The process of expanded reproduction of industry under ISI which was seen above as the substitution of domestic production for previously imported goods and as the substitution of the products of a modern capitalist sector for those of varying degrees of petty production may also be viewed, for the purpose of analyzing class balances, as a process in which the basic source of capital accumulation shifts from agriculture or commerce to industry (Eralp, 1981; *passim*). The period of import substitution in underdeveloped countries is one during which industrial capital has subordinated, in varying degrees and in varying forms, the formerly dominant merchant or landed capital. In Latin American countries, for instance, the first import-substitution efforts in the 1930s gave rise to the dominance of industrial capital over the landed oligarchy. In the case of Turkey, the "planned" stage of import substitution in the early 1960s is preceded by the transformation of essentially merchant capital into industrial capital during the initial phase of ISI.

In this process of transformation, the newly developing industrial bourgeoisie seeks allies in the dynamic sections of the population, especially in the working class and urban middle classes. To the extent that both bourgeoisie and the working class are newly emerging classes, not fully cognisant of their interests, their real interests coincide, though only partially (Roxborough, 1979; p.110). The elements of such a coalition between the import-substituting bourgeoisie and the working class are already mentioned. The one which needs to be emphasised here

is the presence of some form of collective bargaining system whereby the workers can organise into trade unions and bargain for their demands. The mechanisms of incorporation especially of urban middle classes into the "societal equation" are in a more mediated and indirect fashion, with less immediate success compared to that of the working class (12).

To summarise, ISI is based upon a broad coalition among many social classes under the leadership of industrial bourgeoisie. In its efforts to assert its economic dominance the bourgeoisie seeks to mobilise those social classes with which it can enter into an alliance. Underlying such a broad-based coalition is the compatibility of the interests of the classes forming the coalition. Insofar as each class satisfies its material demands, there will be no reason for any of them to challenge the class balances in force. ISI, therefore, depends on the mobilisation and inclusion in the political power of various social classes under the dominance of industrial bourgeoisie and their inclusion in the "societal equation" through redistributive policies of the state. This class alliance characterising ISI is, however, an extremely brittle one in that it encompasses social classes whose long-term interests, despite a short-term overlap, are inevitably in conflict. "Populism" is precisely the ideology of this extremely fragile class alliance, expressing the common interests of various classes.

As noted by Laclau (1977; p. 143) "populism is a concept both elusive and recurrent. Few terms have been so widely used in contemporary political analysis, although few have been defined with less precision". It has been used in social sciences in very different meanings to refer to very diverse, and sometimes conflicting, phenomena. In some conceptions, it points to a trait common to political phenomena as disparate as Maoism, Nazism, Peronism, Nasserism, socialist-nationalist movements in the Third World or Russian Narodnichestvo. Canovan (1981), for instance, proposes a scheme whereby she makes a distinction between seven types of populism (ibid; p.13): farmers' populism; peasants' populism; intellectual agrarian socialism; populist dictatorship; populist democracy; reactionary populism; and politicians' populism. For her the elements common to all forms of populism are an appeal to the 'people' and anti-elitism.

Laclau (1977) discerns four different approaches to an interpretation of populism : the first views populism as the typical expression of a determinate social class (e.g. Latin American populism seen as the political and ideological expression either of a petty bourgeoisie or of a national bourgeoisie seeking to mobilise the popular masses for a confrontation with the local oligarchies). For the second approach populism is devoid of content and should, therefore, be eliminated from the vocabulary of the social sciences. A third conception restricts the

term populism to the characteristics of an ideology, not a movement. For the functionalist approach, populism is an aberrant phenomenon produced by the asynchronism of the process of transition from traditional to industrial society.

In the case of Latin American studies, populism has been linked with the import-substituting industrialisation in such a way that it is seen as a concept delineating the "superstructure" of the latter. Laclau rejects this view on grounds that populism is not the necessary superstructure of any political or economic process. Populist phenomena can present themselves in a variety of contexts. Furthermore, it cannot be reduced to the world view of a determinate social class. For Laclau, populism is not an ideology as such. "Popular traditions do not constitute consistent and organised discourses but merely elements which can only exist in articulation with class discourses" (Laclau, 1977; p.167). This is the reason why the most divergent political movements with different social bases can appeal to the same ideological symbols containing populist connotations. According to Laclau, conditions necessary for the emergence of populist phenomena are "... a particularly serious crisis of the power bloc which results in a fraction of it seeking to establish its hegemony through mass mobilisation and a crisis of transformism" (ibid; p.177).

On the other hand, Mouzelis (1986; p.89ff) argues that both definitions of populism are too general to be of any use and do not enable one to pinpoint the difference between populism and the ideologies of a large number of communist parties all over the world. His suggestion is to view populism "...in relation to processes leading to the broadening of political participation in ... countries characterised by early parliamentarism and late industrialisation", namely as "a mode of vertical inclusion/incorporation of the lower classes into the political arena..." (ibid; p.91).

Turning back to the connection between ISI and populism, it could be argued that a class alliance of the kind characterising ISI necessitates the existence of a strong ideology capable of penetrating into and distorting particular class projects and thus obfuscating the conflicts among the classes. Put in other words, such a broad-based coalition can turn into a permanent one only under an ideology concealing the real interests of the individual classes within the coalition or, more properly, one that subordinates particular class projects to a "grand project" on which there is consensus. Under the circumstances peculiar to ISI in Latin American countries and Turkey this "grand project" appeared as a strong developmentalist-nationalist ideology (13). This explains the reason why the populist regimes in Latin America have appealed without exception to nationalist- developmentalist ideological symbols. Developmentalism is thus the basic rhetoric of populism

around which various classes are united. Populism is the ideology cementing this fragile class alliance and expressing the common interests of the various classes through developmentalism. In this study I use the concept of populism in the sense defined above, basically to refer to the varieties of the class alliance distinguishing ISI.

Two conclusion of utmost importance may be drawn from the above analysis. First is the position of the classes forming the populist alliance vis-a-vis the state. Continuity of the mode of accumulation and multi-class coalition peculiar to ISI necessitates the autonomy of the state vis-a-vis the social classes within the coalition. The term "autonomy" as used here implies a state capable of pursuing its policies independently from the interests of individual classes. Remembering the fact that the state's role within the mode of accumulation is not confined solely to the regulation of the economy, but at the same time penetrates deep into private spheres and daily life, the autonomy of the state should not be interpreted as one of a passive instrumentality but, on the contrary, as an effective factor shaping both the internal and external environment within which the accumulation can proceed smoothly. This autonomy of the state finds its best expression in the benevolent image of the state among the citizens. Additionally, the existence of the state as an autonomous factor is required not only for the continuity of inter-class balances, but also for resolving the potential conflicts among the various factions of the bourgeoisie. As was noted above, ISI is defined, inter alia, by the state-controlled allocation of scarce economic resources. The state undertakes a vital regulatory role in the economy in that it determines the areas in which capital can accumulate. Only a state independent of the short-term interests of the industrial bourgeoisie can guarantee the smooth functioning of the mode of accumulation in the long run.

Secondly, to the extent that the real interests of the classes coalescing to form the populist alliance can only partially coincide, it could well be argued that populism can only be a transitional political form since one could expect bourgeois hegemony to be established and the populist elements of the alliance to be dropped away (Roxborough, 1979; p.110). Put in other words, ISI contains such strong built-in conflicts that the social coalition which sustains the ISI strategy could easily be broken up once the antagonistic situation intensifies. The conditions under which the populist elements can be dropped away depend, to a large extent, on the success of the mode of accumulation and the success with which the state can respond to the demands of a multitude of social classes. Therefore, the analysis of the circumstances under which the dormant conflict implicit in the alliance can be triggered is inextricably linked to an analysis of the crisis dynamics within ISI.

5.6. CRISIS TENDENCIES

A recurrent theme throughout this chapter has been to show that ISI necessitates the drawing of a large number of hitherto excluded social actors into the political arena. In doing so, populism significantly expands the scope for political conflict. Insofar as the social coalition is made up of the classes with antagonistic real interests the whole system "...contain(s) from the outset an implicit dysfunctionality which would manifest itself as soon as difficulties were encountered in the reproduction of the economic system" (Keyder, 1987a; p.150). One of the basic functions of the state within the entire social and economic system is to ensure that capital accumulation proceeds without significant problems and to secure the favourable external conditions for such accumulation. It was asserted earlier in the chapter while pointing to the resemblances between post-war Keynesianism and the policies of import substitution that the peripheral state has considerably larger room compared to that of an industrialised country in implementing its policies of income redistribution. This stems, on the one hand, from the fact that the classes in peripheral countries are newly developing ones only partially cognisant of their real interests and therefore only partially capable of developing sophisticated class attitudes and, on the other, from the very logic of capital accumulation under ISI.

The profits reaped by the industrial bourgeoisie under ISI have a duality of sources. One obvious source of profit is the surplus value produced by the direct worker in the production process. However, a substantial part of these profits originates because of producing for a domestic market protected from international competition. This gives rise, as explained previously, to oligopolistic rents or, put strongly, protection rents. The policy of protection enables manufacturers to realise high rates of profit they could not hope to attain if they faced competition from foreign producers. It is, therefore, highly unlikely that they will respond negatively to a temporary fall in their rates of profit, which may be brought about by state's redistributive policies. It is essentially because of these protection rents that the peripheral state enjoys a relatively large space of manoeuvre while pursuing its policies of income redistribution. For the manufacturers are willing to give up part of their profits for the sake of maintaining the material conditions of production.

This analysis may be further deepened through a reference to the dual nature of wages in a capitalist society. For an individual capitalist wages are an element of cost. For the capitalist class as a whole, however, they are an element of effective demand. If the capitalists are to continue production process, they must secure a certain rate of

profit. If, on the other hand, the commodities produced are to be sold on the market, there must be consumers with sufficient disposable income willing to purchase them. The wages, therefore, must be not so high as to cause a fall in the rate of profit, but not so low as to cause over-production. Too high a level of wages may lead to a fall in the rate of profit ("falling rate of profit crisis") and too low a level of wages may lead to a situation where the goods remain unsold ("overproduction" or "realisation crisis"). The policies of import substitution are designed to counteract both of these tendencies through the role the state undertakes in economic regulation. Redistributive state policies ensure the constitution of a domestic market sufficiently large to absorb what is produced and institutionalisation of demand creation mechanisms, while the policy of protection allows manufacturers to realise higher-than-normal rates of profit.

It would, therefore, not be too strong a claim to argue that the state is well capable of responding to the material demands of various classes mobilised through populist policies. There exists, however, a potential conflict in this context that may threaten the delicate balances on which the whole system is based. The system is equipped with the means whereby such demands can be met without disturbing the fragile class balances insofar as they are confined to wages only. If, on the other hand, the workers' movement becomes more political and starts to question the working practices, the labour process itself, an impasse may arise for industrialists. The import-substituting industrialists, who are highly tolerant in their response to labour demands concerning higher wages, are quite rigid in cases where it is the labour process itself that is questioned since they usually work with an imported technology and are therefore unable to introduce any modifications necessitated by rising labour demands. ISI is thus a strategy which does not "... allow much choice or variation at the level of technology" (Keyder, 1987a; p.166). The system's flexibility in responding to labour demands for higher wages is in sharp contradiction with the technological rigidity. The more political and militant the labour movement becomes, the more difficult it is for the import-substituting industrialists to respond to workers' demands and thus to maintain the class balances characterising the system.

Evoking Hirschman's (1968) well-known conception of ISI as a "tightly-staged" process, one may refer to a similar conflict that may arise within the industrial class itself during the different stages of ISI. As was discussed above, import substitution usually starts with the domestic production of light consumer goods and at later stages spreads towards consumer durables. During this process, an important portion of inputs are imported. This is what I referred to above as the "easy phase" of ISI. Transition to a higher stage where the inputs and intermediary goods are produced locally may prove more difficult than

transition from the production of light manufactures to consumer durables. Leaving aside the technological problems involved in such a transition, attempts to substitute domestic production for previously imported inputs may threaten the balances among the industrialists. A fraction of the industrial class developed essentially during the early stages of ISI would not agree to the local production of inputs and intermediary goods since locally produced inputs are destined to be of lower quality and more expensive than imports. Such a conflict between the older and younger generations of the import-substituting bourgeoisie usually centres around the issues concerning the exchange rates and import quotas.

I explained above that anything that may cause a fall or, even a slowdown, in the rate of economic growth will have its direct repercussion on the class alliances. Therefore, even a minor dysfunctionality in the reproduction of the economic system may lead to a serious political crisis, capable of bringing the ISI strategy to an end. Roxborough (1979), citing rigid import requirements, market size and the composition of demand as the main problems associated with ISI, states that:

"Most attempts at industrialisation via the substitution of imports led to increasing balance of payment problems, increasing foreign penetration of the economy, increasing unemployment, widening rather than narrowing income differentials, greater vulnerability of the economy to cyclical movements, a continuing dependency on the export of a limited range of raw materials or agricultural products, and limited and fluctuating industrial growth" (ibid; p.35).

To these one may add the problem of inflation as an intrinsic characteristic of ISI. The problem of meeting an increasing range of material demands with scarce economic resources manifests itself most directly in chronic inflation.

In practice, however, the crisis of ISI strategy has been brought about by what appears on the surface as balance of payment problems, all other crisis dynamics playing secondary roles in the formation of crisis. In other words, the "dormant conflicts" of ISI have been triggered by acute foreign exchange problems, originating from the inner logic of the mode of accumulation itself. A problem-free implementation of ISI strategy requires that inputs and capital goods be secured through importation, so that production for the domestic market can proceed smoothly. Herein lies the most fundamental inner conflict of ISI. Continuation of production for the domestic market is entirely dependent upon the capacity of importing inputs and investment goods. Import capacity, on the other hand, is a direct function of availability of foreign exchange. The only way the economy can produce foreign

exchange is through exports. But the ISI strategy, by its very definition, is not export-oriented and even penalises exports.

Pamuk (1984), drawing on the above, argues that foreign exchange is the scarcest economic resource in ISI and that the state assumes a highly critical role by allocating foreign exchange not through the market but through political mechanisms. Keyder (1984 and 1987a) goes one step further and claims that there is a direct relationship between the volume of imports and the volume of domestic industrial production. "The ceiling on the rate of industrialisation", he contends, "(is) determined by not only the classical crisis tendencies of a capitalist economy, but also by the importing capacity" (Keyder, 1987a; p.165). This question of foreign exchange constraints, arising mostly in the higher stages of ISI, is one that may give rise to the collapse of the economic system and the class alliances maintaining it.

In section 5.4 above I referred to import quotas, tax rebates and low-cost credit schemes as the policies pursued by the state for achieving the desired allocation of the economic resources, and deliberately left unmentioned one of such policies, namely exchange rate policy, essentially to underline its importance in the context of its wider impacts on the exporting capacity of the economic system. Exchange rate policy functions in a rather concealed fashion and has far-reaching impacts on the economy as a whole. The first thing to be noted in this context is the fact that the exchange rate policy is far more effective in achieving the desired objectives than any other means in that it gives the state a tool with which it can determine the amount of the local currency that the importers will pay for the goods they purchase and the exporters will receive for the goods they sell. For instance, an undervalued exchange rate would encourage manufacturers to export their products since they would be receiving more local currency than they would have under a market rate for the foreign exchange they earn through selling their products on foreign markets. The policies of import substitution, however, dictate the opposite case. In other words, the exchange rate of the local currency against foreign currencies is kept artificially higher than would be the case under market conditions so that it becomes easier to make import. Therefore, an overvalued exchange rate makes imports cheaper and this offsets the effects of import quotas. This accounts for the reliance of ISI on import quotas rather than tariffs. Thanks to overvaluation, importers pay less than the market rate for the foreign exchange they are privileged to use. In this sense, overvalued exchange rate policy serves to subsidise importers and penalise exports and thus contributes to the maintenance of industrial profit rates.

A few comments may be made in this context to point out the implications of an overvalued exchange rate policy on the balance

between industry and agriculture. Such a policy inevitably discourages and even penalises exports. Considering the fact that under ISI export items of the underdeveloped countries were still the ones that had developed in the pre-ISI period in response to European demand (basically agricultural products and raw materials) the impacts of overvalued exchange rate policy are most heavily felt on agriculture producing the sole export items within the economy. Overvaluation of the exchange rate serves as a means of value transfer from the export-oriented-sections of the agricultural sector to the industrial sector.

Turning back to the argument advanced by Keyder (1984 and 1987a) (namely, that the ceiling on the rate of industrialisation is set by the availability of foreign exchange) one could assert that the foreign exchange constraints originate from the very rationale of the ISI strategy. The industrial sector has to use up, to finance its imports, the foreign exchange earned by the agricultural sector, the only sector within the economy that can produce export items. On the other hand, the overvalued exchange rate policy, which is designed to facilitate imports, penalises export-oriented agricultural producers. Put differently, import-substituting industries require the foreign exchange earned by a sector inevitably victimised by ISI policies.

In the case of Latin American countries, the exhaustion in the early sixties of ISI led to the so-called "Brazilian model" of "bureaucratic-authoritarian state" (O'Donnel, 1977 and 1978). As Malloy (1977) notes, the crisis of ISI "... took place against the backdrop of an accumulated legitimation of nationalism and developmentalism, and societies characterised by high rates of political mobilisation" (ibid; p.16). The new "model" is characterised by a more repressive state, exclusionary politics and accumulation predominantly of export-oriented industrial capital.

5.7. CONCLUSION

The analysis above has revealed that ISI and accompanying populist policies require that a large number of social agents with diverging interests be mobilised and included, directly or indirectly, in the political equation. The actual forms of this "inclusion" vary, of course, from one country to another but invariably comprise rises in the welfare of the agents. The obvious question that the foregoing analysis poses is which social group, if any, suffers as a result of the economic regulation characterising ISI.

It must be noted that as long as there is a satisfactory growth rate, for most of the social groups an absolute decline in fortunes is not likely to

occur. Any such decline can take place only in relative terms. The relatively unfavoured status of a social group means a rapid accumulation potential for others. As was stressed above the period of rapid industrial accumulation that ISI enabled was not made possible through a super-exploitation of the working class. In most Latin American countries, agriculture and in particular export-oriented landlords were victimised under the ISI conditions through transfer mechanisms (direct taxation, internal terms of trade, exchange rate policy) and provided the industrialisation process with a means of primary accumulation. Thus in the case of Latin American countries, a relatively strong industrial bourgeoisie emerged in the 1930s and early 1940s and, having completed its process of primary accumulation, subordinated pre-capitalist modes of production at an ever increasing scale.

This is where Turkey differs significantly from Latin American countries and wherein the uniqueness of Turkish experience with ISI lies. In particular, (a) the absence of a large-scale landowning class; and (b) the expulsion during and after the first World War of Christian minorities, the only group within the Ottoman Empire with accumulated wealth, have had crucial impacts on the formation of a bourgeois class in Turkey. These two factors underlie the specificity of the evolution of capitalism in Turkey. This is where the analysis in the next chapter starts.

CHAPTER VI THE DYNAMICS OF SPECULATIVE HOUSEBUILDING

6.1. INTRODUCTION

Having studied in previous chapters the speculative building process in a static perspective and discussed the concepts of import substitution and populism, I focus in this chapter on SHB as a dynamic process. The objective is to account for its emergence, rise and collapse in the context of capitalist development in Turkish society during the three decades between 1950 and 1980. The narrative in the chapter proceeds chronologically. Starting with a relatively lengthy discussion of the early republican period, I then study the central period of inquiry in detail, with reference back to the relations of production in SHB.

The period between the foundation of the Republic in 1923 and the 1985 is divided into nine periods as follows:

- (1) 1923-29, open economy;
- (2) 1930-39, etatism;
- (3) 1940-46, war economy;
- (4) 1947-53, agriculture-based growth;
- (5) 1954-62, early phase of import substitution;
- (6) 1963-70, import substitution through internal resources;
- (7) 1971-77, import substitution through external resources;
- (8) 1978-80, crisis;
- (9) 1981-85, restructuring- authoritarian response to crisis.

Although what follows is mainly on periods 5 to 8 of the above periodization, I study the first four periods as they gave birth to the developments in the main periods studied and the last one as conditioned by the whole history.

The above periodization of the Turkish economy draws heavily on Gulalp (1983), Boratav (1988), Kepenek (1987) and Pamuk (1984). Although no explicit attempt is made to justify the periodization I hope to make clear the distinctive features of periods as the discussion

proceeds. It must, however, be noted at the outset that the criterion underlying the periodization is essentially economic and the periods identified are distinguished from each other by some combination of the changes in:

- (a) the degree and form of capitalist penetration;
- (b) mode of capital accumulation;
- (c) class balances;
- (d) state-economy and -society relations; and/or
- (e) external economic relations.

Recalling the preliminary periodization of the evolution of SHB given in Chapter 3 and without implying any sort of cause-effect relationship, periods 5 to 8 above correspond to what I called the emergence, consolidation, rise and collapse periods of SHB respectively. With this in mind, I study the dynamics of SHB in line with the above periodization. The basic macro economic indicators characterising the early republican period are given in Table 6.1 and those on the 1947-85 period in Table 6.2. Appendix II, Tables 6.1 to 6.11 contain the full set of data for the 1950-85 period. Figures 6.1 and 6.2 contain some of the important data for the period between 1950 and 1985.

6.2. EARLY REPUBLICAN PERIOD, 1923-1950

As I mentioned briefly in Chapter 4, in its classical age the Ottoman Empire was characterised by a very strong state structure and a small bureaucratic class, a group of state functionaries who were recruited from among non-Muslims and the lower strata of the society and who technically became the slaves of the sultan after an education in special schools (1). This group received the agricultural surplus in the form of tax revenues. The power of the ruling elite was predicated upon the absence of a hereditary landed aristocracy. It was the central authority's response to, and attempts to undermine, the emergence of local potentates which determined, to a large extent, the Empire's political transformation in the 18th and 19th centuries (2). Another crucially important characteristic of Ottoman society was the part played by non-Muslims, particularly Greeks and Armenians, in the incorporation of the Empire into the capitalist world economy. These minorities, known as the Levantine population, had flourished in the late 18th and 19th century as a result of the capitulatory regime which allowed ambassadors of European countries to administer commercial affairs and grant privileges and protected status to Christian subjects of the Empire (3). These groups were thus able to engage in commerce without being subject to Ottoman laws. By the mid-19th century a large proportion of the non-Muslim population had emerged as a class of compradors, mediating between peasant producers and foreign capital. They

functioned as intermediaries in the classical peripheral picture, where the Empire was integrated into the world economy as importer of manufactures and exporter of agricultural products (4).

The existence of a non-Muslim class of merchants added ethnic and religious elements to class differentiation in Ottoman society. One aspect of the minority bourgeoisie is of key importance in understanding the nature of the ruling class in both the Empire and the Republic. Despite their crucial economic role, the minorities never identified themselves with the Ottoman state. They opposed the legitimacy of the Ottoman state and rejected it as a field to be conquered politically and utilized for their own interests. Therefore, their economic role did not have its repercussions in the political sphere (5). In addition to the lack of a hereditary aristocracy, this "ideological dislocation" (Keyder, 1987a; p.99) of the commercial classes (i.e. seeing their principal problem in ethnic and religious terms) left the rule of the Ottoman bureaucracy entirely unchallenged. When the so-called Young Turk revolution did finally succeed in 1908 there were basically three classes on the stage: a ruling bureaucratic class, a large class of independent peasants and a commercial class of Christians. However, in the bitter years of the first world war this picture changed dramatically, with the minority Christian bourgeoisie exiting from the stage and leaving the ruling republican class with the task of creating a Muslim bourgeoisie (see Chapter 4).

Before proceeding to the foundation of the Republic, it may prove illuminating to have a brief look at Young Turk thought (6) since it is here that one can find the origins of "revolution from above", the various shades of which still dominate political thinking in Turkey to varying degrees. Faced with the responsibility of power in a crumbling empire, the Young Turks identified themselves with the nation-building mission and set about the task of creating a nation-state out of a multi-nation empire. After abortive attempts at panislamism, they decided upon the Turkish majority as the ethnic basis of the new state and Anatolia as its mainland. Coming from the ranks of the bureaucracy, the Young Turks envisaged a constitutional reform to strengthen the state mechanism against the absolute rule of the sultan and installation of superstructural forms associated with western capitalism. At no time was a structural transformation on the agenda. They represented in a crucial sense almost all the basic features of the Ottoman ruling elite: they were totally isolated from and did not trust the ruled masses, and celebrated the state as the sole agent of change (7). What they did amounted to injecting an ideology of nationalism without providing any framework for participation. They also sought for ways of nurturing an indigenous class of merchants. War time inflation and rationing laid the grounds for profiteering and rapid accumulation of wealth in the hands of Muslim groups favoured by the Young Turks.

When in 1923 the military-bureaucratic elite leading the independence movement against the Allies succeeded in casting the Turkish majority into a nation-state, the composition of the Anatolian population had changed drastically. "Before the war, one out of every five persons living in present-day Turkey was non-Moslem, after the war, only one out of forty persons was non-Moslem" (Keyder, 1987a; p.79). This had far reaching impacts on the evolution of capitalist relations in the years to come. As far as the class equations at the birth of the Republic were concerned this meant that at least 90% of the minority bourgeoisie were no longer on the stage. Coupled with the absence of a large-scale landed interest this implied that the military-bureaucratic elites, the founders of the Republic, were entirely unchallenged and found a large space of manoeuvre to install more or less the same kind of state apparatus that the Turkish population had known for centuries. Then came at a startling pace the reforms of the ruling elite who were now equipped with a more secular and westernized world view than the former generation of Young Turks: abolition of the sultanate and caliphate, adoption of Latin scripts which amounted to the creation of an almost entirely new language and "hat laws" which banned traditional head-dress (8). In most cases the implementation of these reforms reached absurd degrees: in the 1930s, for example, peasants were not allowed to walk on the main streets of Ankara without western clothes.

It is certainly true to argue that the rulers in Turkey have always kept at a distance from the ruled. However, never in Turkish history was this distance as great as in the early Republic. The Republicans were never successful in establishing a popular base: they remained elitists who mistrusted the masses. Herein lay the basic paradox of the Republican rulers: they were obviously devoid of any social base and yet trying to propagate an ideology of nationalism, which calls forth mass mobilisation. Their raw material was a society which had experienced a sudden rupture -with the flight of Christian minorities- in the formation of classes and in which class structure was not conducive to mass mobilisation. What then prevented the implementation of "mobilisation scenario", a scenario staged with a considerable success in Latin America in the 1930s, was the absence of a potentially mobilisable class. The ruling elites disseminated an ideology of mobilisation without even trying to find a client group for themselves. Even at the outset the Republic was destined to be authoritarian. In the 1930s the regime gradually became more oppressive and intolerant of any shade of independent thought. The nationalism of the early republic functioned as an instrument of control, not as a platform of mobilisation (9).

Despite all these changes and all the propaganda of the Republicans to the contrary, the state itself remained an Ottoman state and the ruling elites behaved in the same manner as their Ottoman predecessors. This

continuity becomes even more striking when we consider that the Republicans did not make any attempt to change the country's position within the world economy. This was, to a large extent, due to a clause of the 1923 Lausanne Treaty which stipulated that Turkey had to live under the Ottoman trade regime until 1929 (10). The structures of the economy remained unaltered except that the minorities had been replaced and the positions that became vacant and the properties left behind were now being appropriated by the nascent Muslim bourgeoisie. From an economic point of view the 1920s constituted a period of enrichment, especially for the commercial bourgeoisie (11).

TABLE 6.1. BASIC ECONOMIC INDICATORS, 1923-1953 (%)

	1923-29	1930-39	1940-46	1947-53
A	11.1	6.8	-6.3	8.7
B	8.5	11.6	-5.6	7.3
C	16.2	5.8	-7.2	11.5
D	11.5	15.9	17.9	13.7
E	42.4	40.2	39.7	41.7
F	9.1	10.1	8.2	10.5
G	14.6	7.2	2.5	9.3
H	10.7	7.9	3.6	7.4
I	-3.9	0.7	1.1	1.9
J	3.0	-3.9	34.3	2.3

A: Average annual growth rate of GDP

B: Average annual growth rate of value added in industry
(including construction)

C: Average annual growth rate of value added in agriculture

D: Share of industry in GDP

E: Share of agriculture in GDP

F: Ratio of fixed capital investments to GDP

G: Ratio of imports to GDP

H: Ratio of exports to GDP

I: Ratio of foreign trade balance to GDP

J: Rate of inflation

Sources: Compiled from Hershlag(1968), Singer(1977), Hale(1981), Tezel(1982), Gulalp(1983) and Boratav(1988)

Rapid decline in the prices of agricultural products in world markets during the second half of the 1920s and the depression of 1929 brought an end to that period of Turkish history known as "open economy" (Boratav, 1988; Keyder 1987b). The conditions that paved the way in Latin America for import substitution and populism (see chapter 5) ushered in an era of "etatism" (12). In the 1930s the structure of the Turkish economy changed from a classical peripheral model to one in which the domestic market played a key role. The state's control over the economy grew and the resources were mobilised in favour of the

newly developing commercial classes. Despite a close resemblance, the 1930s in Turkey cannot be seen as an instance of ISI and populist model discussed previously. Owing to the lack of a manufacturing bourgeoisie, the Turkish experience of "etatism" produced an entirely different set of outcomes from those in Latin American countries. The Turkish etatism of the 1930s was an attempt to create the conditions for the future rise of an industrial bourgeoisie. Class differentiation within the society had not as yet reached the degree of complexity required for the successful implementation of ISI policies. Turkey had to wait until the mid-1950s when the conditions were ripe enough to launch the ISI strategy.

In 1931 a quota system was adopted, under which only the materials used as inputs in manufacturing had exemption. A central bank was established to closely monitor foreign exchange transactions. As a result, the share of imports in GDP fell from 14.6% in the 1923-29 period to 7.2% in the 1930-39 period and foreign trade registered a surplus all through the period with the exception of the year 1938 (13). Exports constituted 10.7% and 7.9% of GDP during the 1923-29 and 1930-30 periods respectively (see Table 6.1). Another important feature of the etatist period was the establishment of State Economic Enterprises (SEEs) in such areas as textiles, iron and steel, mining, paper, cement and basic foodstuff, the items that Turkey had been importing until the 1930s. As manufacturers of inputs the SEEs played key roles in the economy in the years to come. Consequently GDP grew at a remarkable rate of 6.8% per annum during the period. The growth rate of industry was even higher, 11.6% on average annually. This rate was considerably higher than the annual growth rate of industry in the 1923-29 period, i.e. 8.5% p.a., which had originated from increasing capacity utilization. Another significant aspect of the period was the movement of internal terms of trade in favour of industrial products. This traditional source of accumulation plus the strict control exercised on imports gave the state an effective tool with which to support the rise of an indigenous industrial class.

In the political sphere the 1930s witnessed the rise of single-party rule (14) and the ideology of nationalism reaching a level far beyond what may have been necessary to secure social cohesion in a society founding its own nation-state. This was also the period in which a state apparatus reminiscent of Italian fascism was installed. The official ideology of the ruling party denied the existence of classes for the sake of achieving uniformity within the society. Furthermore, a labour law inspired by the Italian legislation was passed (15). It was only thanks to permanent martial law and greater repression that the regime was kept intact in the 1930s and the second World War.

The second World War brought an end to the unprecedented growth experienced in the etatist decade. Although Turkey did not take part in

the war, the war economy conducted by the state brought with itself some disastrous results for most social groups. A law enacted in 1940 allowed the bureaucracy to expand the scope of its control over the economy: nearly one million male adults were conscripted, and the act had devastating impacts on agriculture with the confiscation of draught animals for military use. Indeed, agriculture was the most severely hit sector. According to Boratav's (1988; p.69) calculations, the wheat production index declined from 100 in 1939 to 63 in 1945, and the industrial output index dropped to 78 over the same period. Despite a serious slowdown in economic growth, the war years represent a continuity with the preceding period. The state's policy of creating an indigenous bourgeoisie remained unchanged. The war economy manipulated by the bureaucracy laid the ground for a rapid accumulation by the merchant classes. Rationing and wartime inflation (wholesale prices index rose from 100 to 450 between 1939 and 1945; Boratav, 1988; p.69) led to large-scale profiteering and the emergence of black markets. In the face of complaints voiced by sections of the populace, the government adopted a Wealth Levy in 1942 to tax the earnings of merchants. This notorious levy helped the state eradicate the last remains of Christian merchants since 65% of all tax was collected from non-Muslims and foreigners (Yetkin, 1983; pp.203-15 and Hale, 1981; p.71). Christian businessmen were compelled to sell their businesses and real estate to Muslim profiteers at a fraction of their value.

What left its imprint on the 1923-50 period then is the efforts of the ruling elite working for a capitalist transition under its own strict tutelage. The ruling elite undertook the task of creating a Turkish-Muslim bourgeoisie and transforming the social structure while attempting to keep the form of the state intact (16). Turkish economy at the beginning of the post-war period was characterised by the apparent predominance of public sector over private enterprise and the relative weakness of the latter. This is evidenced clearly in the 1950 industrial survey. Public sector enterprises accounted for 66.9% and 78.3% of value added in "large-scale" (17) consumer and investment goods industry respectively (Tuzun, 1977; pp. 9-14). They constituted only 1.25% of the number of all manufacturing establishments and had a share of nearly 50% in manufacturing value added. On the other hand, 67% of all wage-earners in manufacturing industry were employed by the public sector. The weakness of private enterprise is further evidenced by the fact that the number of workers per "large" establishment was barely 40 in the private sector, while the same figure was 738 for the public sector (ibid).

The 1923-50 period was one in which capitalist relations made their way in the society in a very slow and geographically uneven fashion. Out of a total population of some 20 million in 1950, nearly 80% were living in the countryside (see Appendix II, Table 1.1) where independent

peasant farming was dominant. Agriculture still constituted 41% of GDP while the share of manufacturing was as low as 10% (Appendix II, Table 6.1). Self employment or family labour was the norm in agriculture and urban retail trade. Even in manufacturing 37% of the workers were self- or family-employed (Tezel, 1982; p.255). At the outset of the world-wide post-war economic boom Turkey seemed essentially a society of petty producers, in which capitalist relations had only partially developed. The geographical base of capitalist relations was very narrow, confined to industrial areas in and around Istanbul, Marmara and Aegean regions. Class differentiation along capitalist lines was still a subordinate current within the totality of social dynamics.

At the political level, the hallmark of the early Republican period was the ruling elite's project to create an indigenous class of merchants. The ruling bureaucracy was able, thanks to its unchallenged position, to implement policies openly favouring the nascent bourgeoisie: a class of merchants with considerable wealth which had already emerged in the late 1940s. The economic practice of etatism led to a seamless coalition between the bureaucrats and the bourgeoisie-in-formation. The interests of the two groups seemed to coincide in a period when the economic strategy pursued did not require a broad internal market. The political elite and the nascent bourgeoisie joined forces in an economic policy where heavy oppression of the working class and exploitation of agriculture allowed for rapid accumulation. At no time was there a sign of what was to become the general pattern from the 1950s onwards: a broad-based coalition between a wide-range of classes. Nor was there an attempt on the part of the ruling party to search for a mass client group.

All these political equations changed rapidly when Turkey's intentions of becoming part of the "free world" in the bi-polar post-war world were facilitated by a Soviet demand concerning territorial concessions. Thanks to Turkey's geographical position and proximity to the USSR, the US government became convinced of Turkey's need for economic and military aid. In 1947 Turkey was included in the US government's Recovery Programme for Europe. The same year Turkey became a member of the World Bank and International Monetary Fund (Hershlag, 1968; pp.144-50). American experts studying the Turkish economy pointed out the need for an economy without protectionism and a new strategy which implied investment in agriculture and agriculture-based industries rather than inefficient state factories (18). Even before Turkey became a member of NATO in 1952, US funds in the form of grants and military aids provided a relief in the economy. American funds extended to Turkey, in exchange for military dependence and economic liberalism, equalled 3% of GNP annually. These aids enabled imports to increase by 270% above the war-time average (Kepenek, 1984; pp.105-110). All these changes signalled the end of an economic strategy based on internal resources and heralded the

transition to an economic structure depending upon chronic foreign trade deficits. Indeed, the year 1946 was the last in the history of the Republic in which foreign trade transactions registered a surplus. A recurrent theme in Turkish political economy since then has been the ways in which the foreign trade gap was to be financed.

Agriculture took the lion's share in growing imports, with agricultural machinery constituting in 1950 8% of all imports as opposed to the war-time average of 1%. In 1945 the number of operating tractors barely exceeded 1,100. By 1956, the number of tractors had reached 43,700 (Kepenek, 1984; p.107). Between 1946 and 1955 the total area sown grew by 50%, from 9.5 to 14.2 million hectares, while during the same period population growth was only 20% (Hale, 1981; pp.99 and 175). The growth rate attained in agriculture was remarkable. This was due, to a large extent, to the ending of the war and return to the countryside of some one million male adults who were conscripted during the war. In the 1947-53 period, agricultural output increased at an average rate of 11.5% per annum. This was well above the growth rate attained in manufacturing, i.e. 7.3% p.a. (see Table 6.1.).

While the previous periods were the years of accumulation predominantly of commercial capital and to a lesser extent of manufacturing capital, the 1947-53 period was the golden years for agriculture-based capital. It was in these years that considerable wealth was accumulated in agriculture. In a broader perspective, it was the accumulation of commercial capital in the pre-1945 period and of agricultural capital in the early 1950s that paved the way for the development of a domestic manufacturing bourgeoisie. That part of southern Turkey known as Cukurova (Cilicia) sets an important example, as an area where this process of primitive accumulation was most vividly experienced owing to the concentration of land ownership. No other part of Turkey presented such vast opportunities as Cilicia for a rapid accumulation in agriculture. For in no other part of Turkey was the agricultural surplus so great and so concentrated as to provide an easy ground for primitive accumulation. Another distinctive feature of the early post-war period, then, is the dispersion of the loci of accumulation. While in the pre-1950 period accumulation was confined to small areas in and around Istanbul and a few urban centres, cities like Izmir and Adana of the Cilicia region and their hinterlands now emerged as important poles of growth.

These changes paralleled the changes in class configuration. During the war there were signs that the nascent bourgeoisie was complaining about the strict bureaucratic tutelage over the economy and rallying for economic liberalism. US government criticism of the Wealth Levy and the single-party regime and the Turkish government's direct response of allowing multi-party elections (Keyder, 1987a; p.114) came at a time

when almost all the groups in the society had expressed their discontent with economic and political oppression. When the first-ever multi-party elections were held in 1946 (19), liberalism had ceased for the first time in Turkish history to be purely an intellectual stance and was on the agenda as a strong political movement against the statism of the ruling party (20). Amidst extensive allegations of fraud the ruling party won the elections. However, the political climate had changed to such an extent that even the single party of the early republican era, the party which had founded the Republic, was searching for a client group for itself.

The 1950 elections represent a vitally important milestone in Turkish history. The opposition party, voicing the liberalism aspirations of the masses and even supported by the outlawed communist party, had a landslide victory. It was the first time that the populace had been granted the right to express their political opinions freely. The electorate voted against paternalism, control from the centre, reformism from above and the statist tradition of several centuries, and in favour of a party openly advocating a free market economy. Until 1950 politics had been an extension of the administration, the masses passive observers. The masses were now on the stage as actors that had to be taken into consideration in the new political and societal equations. Aspirations for economic liberalism on the part of the bourgeoisie, the demand on the part of the peasantry for an economy free from state control and finally cries for political freedom on the part of the intelligentsia had found their expression in the free market ideology of the opposition party. Although the year 1950 does not represent any significant change in economic terms, it was in this year that the political conditions enabling the transition to a Latin American style populism were laid down. The 1950 elections thus signalled the transition from a capitalism under the aegis of the state to a capitalism firmly based upon market mechanisms.

Accompanying all these changes was a gradual but radical shift in state-economy relations. The 1947-53 period witnessed the withdrawal of the state from the direct production of consumer goods. Instead public spending was increasingly devoted to the provision of infrastructure. The first years of the new government saw the launching of a large number of ambitious public works projects. Such projects served the double end of both facilitating the commodification of agricultural products and enlargement of the scope for accumulation. Consequently, the share of public works and other construction works came in the first half of the 1950s to constitute nearly 80% of all public investments (21) and construction became the most dynamic sector of the economy together with agriculture. Value added in construction grew at a remarkable rate of some 20% per annum on average during the first three years of the decade (Singer, 1977; p.242), bringing its share in

GDP from 3.2% in 1948 to 5.9% in 1954. Despite all these changes in state-economy relations, state economic enterprises continued to provide external economies for private investments through the supply of cheap investment goods and inputs.

This growth strategy based upon agricultural expansion reached its culmination in 1953, the year when the terms of trade for agriculture was at a peak essentially due to the favourable price conjuncture of the Korean War. The benefits of the agriculture-based growth strategy had been enormous for virtually every section of the society. Foreign aid and export receipts had been spent on the purchase of tractors, motor vehicles, construction materials and machinery. In 1954, however, favourable conditions ensuring the viability of an agriculture-based strategy were suddenly reversed. Due to adverse weather conditions and falling prices of agricultural products on world markets, agricultural output decreased by 15% from 1953 to 1954 (Appendix II, Table 6.2.). The agricultural expansion strategy of the early 1950s had rendered the economy extremely vulnerable to the fluctuations of world agricultural prices. With the additional impact of the manufacturing bourgeoisie's dissatisfaction with the economic policies openly favouring agriculture and government's desire to sustain economic growth at any cost, a new strategy was soon on the agenda. The liberal trade regime of the early post-war period was abandoned in 1954 and some of the statist controls on imports were readopted (22). Import restrictions signalled a recourse to the traditional ways of providing manufacturers with sufficient incentive to produce for the domestic market and ensuring high profitability. This new strategy resembled the state control over the economy during the 1930s. But this time the class map of Turkish society was completely different. The extent to which this de facto or random import substitution coincided with the formulated and as-yet-unformulated demands of the existing classes is an issue I deal with in section 6.3 below. But first, the relationship between the state and housing in the early republican period must be studied in order to set the stage for a detailed discussion of the conditions enabling the emergence of speculative housebuilding in the early 1950s.

6.2.1. State and Housing in the Early Republic

The early republican period, especially the period until the end of the war, is distinguished from the following periods in the first place by the low rate of geographical mobility of the population. The vast movement of the masses towards urban centres was not a nation-wide phenomenon before 1950. The rate of population growth was moderate all around the country with only a modest difference between urban and rural areas. It was only Ankara, the new capital of the Republic, that attracted some population and underwent a process of rapid growth of the kind which was to be the norm for urban centres in the years to come. Therefore,

urbanisation and associated problems were at manageable levels and not among the priority issues on the social agenda. Another important aspect of the period is the great degree of involvement of the state in almost every sphere of economic and social life. These two factors coupled with the republicans' strong desire to create a modern capital city from next to nothing, account for much of the history of housing during the early Republic. Although republicans did not attempt as grandiose a scheme as the construction of Brasilia, their ambition to develop Ankara into a modern, westernized capital led them to launch a large-scale planning and urban development project in the early 1930s, and to formulate a number of policies specially designed for Ankara.

As far as housing is concerned, the early republican period may be broken into two, differentiated by a drastic change in the part played by the state in the housing market. The first period, from the foundation of the Republic in 1923 to the mid-1940s, was characterised by direct state involvement in housing provision. There were a number of ambitious projects launched and/or supported by the state to respond to the housing shortage especially in Ankara. Whereas, the second period, extending from the mid-1940s to the early 1950s, can be described as a transitional period in the strict sense, whose basic feature is the state's attempts to withdraw from housing provision and develop a nationwide policy to regulate the functioning of the market.

A central theme in the state's effort in the period between 1923 and the mid-1940s is the attempt to formulate a housing policy exclusively for civil servants living in Ankara. Various laws were enacted in to provide housing for government employees in Ankara. The 1929 Law authorising the government to supply loans to its employees in Ankara up to half of their salaries in order to set up housing cooperatives, the 1928 Law authorising the Ministry of Finance to extend funds for the construction of houses for civil servants in Ankara, the 1929 Law concerning the payment of housing benefits to government employees, the 1937 Law on the allowances to be earmarked from the general budget for houses to be constructed for civil servants and finally the 1944 Housing Law for Government Employees are among the important pieces of legislation passed in this period (see Keles, 1983 for a summary). These laws unmistakably disclose the state's priorities: the support, via low-cost credits, of housing cooperatives set up by the officials employed in government departments. In a period characterised by a strong statist ideology and the absence of a mass market for housing, only the bureaucrats and those employed in the rapidly expanding state sector did constitute the demand for housing. In this sense, the government's policy of supporting housing construction for civil servants is consonant with the main ideological and political preferences of the period.

The first housing cooperative in Turkey was set up in 1934 (Keles, 1982; p.48) by a number of high-level bureaucrats to undertake a development project in a part of Ankara now known as Bahcelievler ("Garden Houses") after the name of the cooperative. Thanks to their proximity to decision making process at both national and local levels, these bureaucrats were able to acquire unzoned land very cheaply and convert it into a zoned area (23). The main style of development in the case of this cooperative and most others during the period was low-rise luxurious garden houses. Such developments as Mebusevleri (1932; literally, housing for the members of parliament), Guvencevler (1937), Sumerbank Evleri (1949) and 19 Mayıs Evleri (1950) are among the important examples in Ankara of the housing projects realised during the etatist period, all supported by the state through cheap long-term credits. In all these examples the basic style of development was low-rise suburban housing. Such housing became not only the dominant type of urban expansion, but also the basic way for the groups favoured by the state to appropriate windfall gains through land development in and outside the planned areas of cities. The housing policy of the state was, and still is, in favour of owner occupation. From the very beginning the state has supported, via credits made available under extremely favourable terms to cooperatives, only the construction of housing for owner occupation. The major exception is a housing scheme in Ankara, known as Saracoglu, in which the state directly undertook the construction of a number of rental housing units for government employees. Today all the neighbourhoods built during the etatist period, with the exception of the last, have been replaced under the enormous pressures, brought about by increasing land values and changing building codes, by high-rise apartment blocks. The very groups that formed the mainstay of the urban housing and real estate market in the 1930s and 1940s, namely upper and middle-rank bureaucrats, became in the later periods the basic beneficiaries of the rapidly expanding housing market through the valorisation of their property in redevelopment.

If the distinctive feature of the period between 1923 and 1945 is the direct involvement of the state in housing provision and, strictly speaking, the absence of a housing policy at the national level, the early post-war period is distinguished by exactly the opposite features. In this period there are numerous signs indicating the transition to what became in the post-war period the basic housing policy of the state: withdrawal of the state from the direct provision of housing and attempts to regulate the market at the national level under a loosely defined legislative framework. The policy formulations of this period were explicitly based on the experiences gathered in the preceding period in Ankara. The first attempt on the part of the state to develop a national housing policy came in 1946 with the establishment of state-funded Real Estate Bank to supply cheap credit to housing cooperatives. This bank remained the chief source of credit until 1958 when the conditions

under which it lent were revised and since then the bank played only a minor role in the housing market. Another development in the market was the authority granted in 1949 to the Social Insurance Agency to extend credits to its members organised into housing cooperatives. In 1954 the terms and conditions of credits were reviewed and the scope of credits was enlarged, to cover up to 90% of the construction costs.

This period, then, is one in which the state made an attempt to expand the operations of housing cooperatives by enabling the establishment of cooperatives by groups other than government employees. Since the 1950s the number of government agencies extending credits to housing has increased, but the basic criterion has remained unaltered: only those organised in cooperatives are eligible for housing credits. As a direct response to the overt support given by the state, the number of housing cooperatives grew from 80 to 1,800 between 1945 and 1960 and the number of their members rose from 5,400 to some 100,000 (Keles, 1982; p.48). The number of dwelling units produced by cooperatives, on the other hand, remained around 25,000 until the end of 1960 (*ibid*).

Another important sign that the state was abandoning its role in the housing market in favour of the private sector was a law passed in 1950 granting tax exemptions to residential buildings. According to this law all the houses were to be exempt from property tax for a period of ten years from the date of construction. As early as 1950 the share of housing in total public sector investments was 3.6% and the public sector accounted for only 5.2% of all housing investments (see Appendix II, Table 6.6). Even in 1950, when low-rise suburban style neighbourhoods supported by the state had already remained in the past, the basic premises of the housing policy of the state had been clear: the state was to abandon the housing market entirely to the private sector and itself was to allocate minimum possible resources to housing provision. The housing sector was to be regulated in such a way as to minimise the necessity of state intervention. Despite all the ambitious policy formulations in the following years, this has been the unofficial, undeclared policy of the state from the 1950s onwards.

One striking characteristic common to both periods is the state's unwillingness to regulate the land market. Even in the previous period when the state was directly involved in housing production, the land aspect of development seems to have been entirely disregarded. This is evident, for instance, in the fact that no support is given to cooperatives for the acquisition of land. At no time has the state made an attempt to consider the housing market together with the land market. Despite some abortive attempts, e.g. 1953 Law No. 6188 enabling housing cooperatives to obtain land through municipalities, the land aspect of housing development has never been part of a serious public policy towards housing.

Alongside cooperatives, another form operating in Turkish cities was individual contract production, the practice of landowners themselves organising the production process. Although there is no data at all on the distribution of housing production between cooperatives and the individual contract form in the early republican era, one could judge from the importance attributed to cooperatives in Ankara that the individual contract form must have played a more important role in other cities. The basic features of this form are explained in Chapter 3. According to Tekeli (1982) this form remained dominant until the late fifties. The conditions that paved the way for the rise of SHB in the mid-fifties (the emergence of a mass housing market, rising demand and the concomitant pressures on the urban property market) also prepared the grounds for the demise of individual contract production.

The shift in the role of the state from the direct provision of housing to a position characterised by apparent passivity must certainly be assessed in the light of the changing state-economy relations discussed in the preceding section. The radical shift taking place in the role of the state in the housing market is consonant with the changes that took place in Turkish society in the early post-war period. The transition from a capitalism characterised by a strict bureaucratic tutelage to a capitalism based upon market relations had its repercussions on the housing market as well. Only when seen in this context can the change in the state's role be properly understood. In a period characterised by the lack of a mass market for housing the government's policy did operate with considerable success. But in the face of massive migratory flows and enormous demand for housing, cooperatives and the individual contract form simply failed to cope with the housing problem. This is the starting point in section 6.3.1 below.

6.3. EARLY PHASE OF IMPORT SUBSTITUTION, 1954-1962

The importance of the decade of the 1950s in Turkish history lies first and foremost in the emergence of a domestic manufacturing bourgeoisie. "Of the present 'captains of industry' in Turkey, most started their businesses or achieved their significant accumulation during the 1950s. There are very few important manufacturing concerns which can trace their history back to the pre-1950 period; and hardly any business dynasties" (Keyder, 1987a; p.137). The major routes leading to the emergence of the industrial bourgeoisie (commercial accumulation of the 1940s and agricultural accumulation of the early 1950s) were discussed in the preceding sections.

The 1950s decade witnessed radical changes in the structure of the Turkish economy. The 1954 measures taken by the government to overcome the difficulties encountered by the agriculture-led economy signalled the transition to import substitution. The first impact of the import restrictions accompanying these measures was a rapid decline in the share of consumption goods in imports from 20% in 1950 to 14.6% in 1955 and 9.6% in 1960 (Appendix II, Table 6.3). These measures opened up markets and assured high profits for manufacturers producing for the domestic market. With a rapidly expanding domestic market, rural-to-urban migration, integration of rural areas into the market, improvements in the conditions of urban classes and peasantry, all manufacturing output could easily find markets and high profits. Import substitution started in areas such as sugar, fertilizers, cement, paper and chemicals, later spreading to industries based on local raw materials, such as building materials, textiles and processed foodstuff (24). First services then industry became important sources of employment after 1954, with the industrial output index (1939=100) growing to 148 in 1952, 211 in 1956 and 271 in 1959 (Hershlag, 1968; p.171). In the beginning it was small-scale manufacturers; after the middle of the decade larger factories began to emerge and the number of workers in plants of more than 10 workers doubled from 163,000 to 324,000 between 1950 and 1960 (Singer, 1976; p.295).

The transformation of Turkish society during the 1950s cannot be properly understood without reference to the changes that took place in the agrarian structure. For the specific qualities of rural-to-urban migration, the constitution of the domestic market and the changes in class structure were conditioned by the agrarian structure and the nature of the peasantry. The changes that took place in agriculture were largely associated with the increasing use of machinery, fertilizers and cultivation of new cash products. Thanks to the reclamation of new areas, the most important characteristic of agricultural land ownership since then has been the abundance of land relative to population. This mechanisation, however, did not bring with itself any significant change in the land holding pattern, and even reinforced the structure of the agricultural sector in its basically petty producer orientation. The paths leading to the consolidation of small-peasant farming are of little significance for the purposes of this study (25), but its consequences are of prime importance for a proper understanding of the political economy of contemporary Turkish society.

The preponderance of small farming units conditioned political alliances. In the face of the fact that some form of multi-party politics had been introduced in 1950, political parties formulated their policies

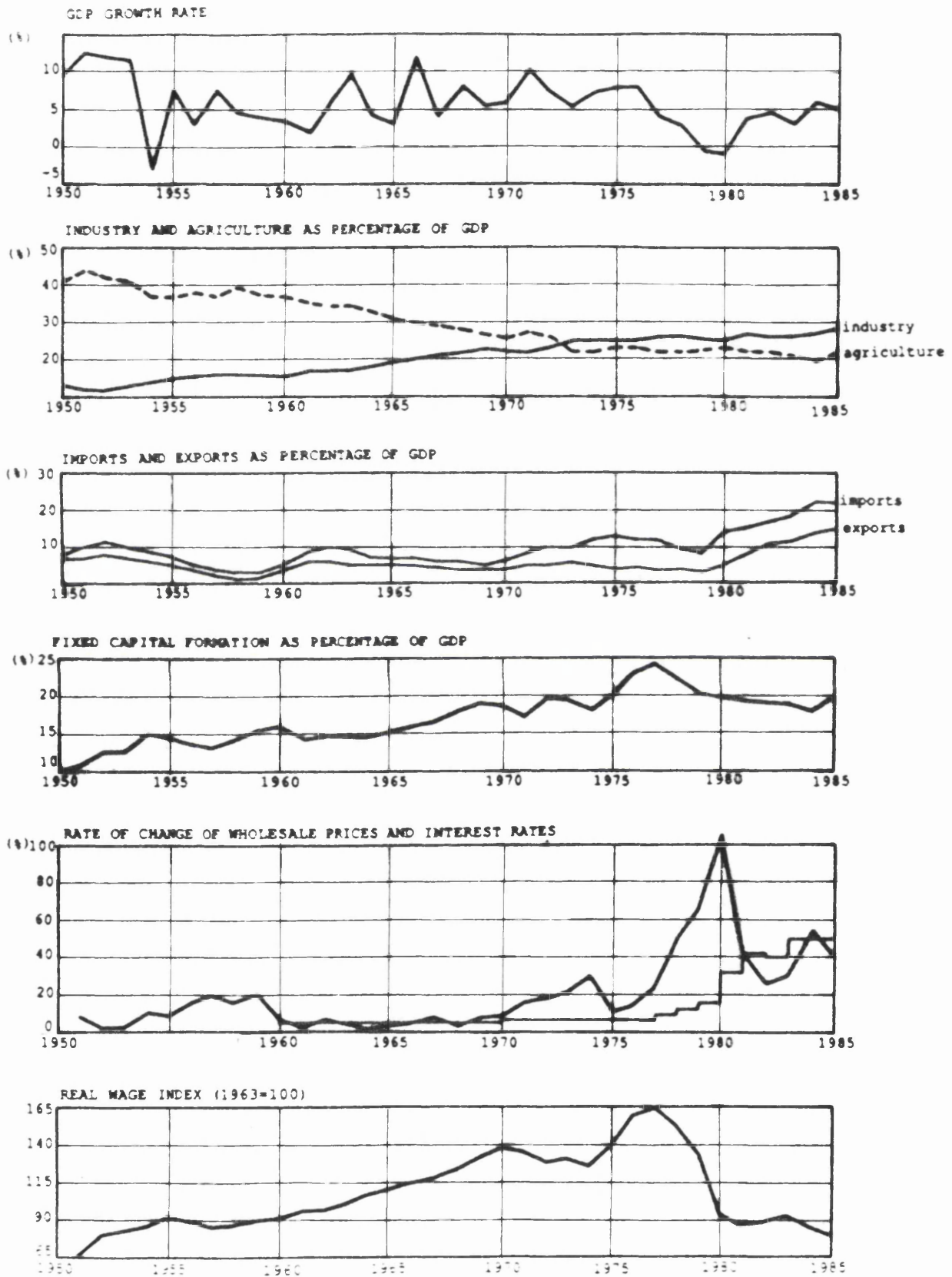


FIGURE 6.1. BASIC INDICATORS, 1950-1985

(for complete data and sources see Appendix II)

in consideration of the peasantry. One impact of this was the agricultural price policy pursued by every government until the late 1970s. The existence of a large peasantry also had its impacts on the way in which the domestic market was constituted and maintained. The policies of import substitution required that agricultural incomes be kept at a high level for the sake of maintaining the market for the industrial sector. Therefore, successive governments sought ways to expand the market not only by increasing urban incomes but also by securing high prices for agricultural products. And finally the existence of small peasantry also conditioned the nature of urban migration and even the structure of urban areas, an issue dealt with briefly in Chapter 1.

In urban areas the policies of import substitution required that some form of consensus be attained with the newly developing urban classes and that they be integrated into the market and new political balances. It must be noted that in the period between 1954 and 1962 import substitution was implemented without a well-defined legal framework and only after the adoption of the new constitution prepared by the military in 1961 was it implemented under a proper legal framework. Meanwhile, the mechanisms whereby the urban classes were incorporated into the class alliances characterising ISI were in their rudimentary form. Despite variations between classes, such inclusionary mechanisms predominantly included growing welfare activities of the state and rising real wages (26). In the early 1950s a collective bargaining system was introduced for the organised segments of the working class and the social insurance system was enlarged (27). What must be stressed in this context is the highly fragmented nature of the working class in Turkey. The first distinction is between organized and unorganized labour, namely between those working in modern import substituting industries and those in small-scale and precarious informal occupations (28). Workers employed in the newly developing industries enjoyed the rights gained through union organisation, social security and retirement benefits, while those working in small industries benefitted from the policies of import substitution only in a general sense, in the form of free health and education services etc. and, in urban areas the provision of collective consumption goods and authorization granted to shanty towns. Concurrently with this differentiation along capitalist lines was the rapid development of the middle classes. The process of modernization under strict bureaucratic tutelage and the period of state control over the economy laid the economic foundations for the rapid development of middle range social groups. The commercial sector grew rapidly, and the ranks of the professionals, state bureaucrats and other middle class groupings were also enlarged. By the late 1940s and early 1950s, the managerial skills obtained in the ranks of the bureaucracy and the capital resources acquired basically through commercial profits enabled a growing number of small entrepreneurs to become engaged in various economic activities (Alexander, 1960; p.359). The burgeoning of private

enterprise under conditions conducive to investment and assuring profits also accelerated the development of a large group of salariat professionals and technocrats employed in the private sector. The rise of these groups was directly associated with the emergence of new business groups engaged in production, commerce, trades and services. With this complex process of differentiation within the society the significance of the bureaucratic elite diminished and the entrepreneurial sector appeared as a new economic force. In this context the new middle classes increasingly adhered to rational values and westernised life styles. It has been argued that the increasing power of the new middle classes has been the key factor in the political change in 1950 (Neyzi, 1973; p.124). Whatever political role one attributes to the middle classes, it is evident that the 1954-62 period offered abundant possibilities for the expansion of middle range social groups.

The process of expanded reproduction of Turkish industry especially during the latter half of the 1950s was a process accompanied by the destruction of previously existing forms of production. The distinctive features of the new model of accumulation -political allocation of scarce economic resources and institutionalization of redistributive schemes-introduced extra-economic factors to the market and openly favoured big manufacturing concerns. Despite this growth in the modern manufacturing sector, however, a basic population of petty producers and services was created around it and vast numbers of small industries remained active and even prospered. This originated, to a large extent, from the fact that the process of expansion of the modern manufacturing sector required principally the securing of the means of production and then the means of realisation, namely markets.

As far as small capital was concerned, two distinct groups of different origins can be identified. The first was directly associated with the economic growth of the late 1950s and early 1960s, and depended on new urban dwellers as workers. The second was traditional small industry catering to local demands in various towns. The first category functioned in those urban markets and fields that were directly associated with, and complementary to, those addressed by large industrialists and owed its existence to rapid transformation of the urban economy. Despite the differences in genesis, there were important similarities. Both depended heavily on the severe exploitation of labourers, who were not covered by social security schemes and minimum wage regulations. Working conditions were primitive and wages a fraction of those in the modern sector. Drawing on these observations, Keyder (1987a; p.176) has argued that "...the success of the modern industrial sector was based in part on the over-exploitation of low-wage workers in small industry who were mostly migrants from the countryside". What this assertion amounts to is that the labourers in small industrial units were definite losers in the new model of

accumulation and small capital itself "...was forced to lose the value it extracted from the workers through the market processes" (ibid).

TABLE 6.2. BASIC ECONOMIC INDICATORS, 1947-1985 (%)

	1947-53	1954-62	1963-70	1971-77	1978-80	1981-85
A	8.7	4.0	6.4	7.2	1.3	3.6
B	7.3	7.6	10.4	10.1	-0.9	5.5
C	11.5	2.1	2.6	4.3	2.8	2.2
D	16.7	5.8	7.8	5.5	4.1	0.9
E	13.7	15.7	20.3	24.5	25.0	26.7
F	41.7	36.9	30.0	23.6	22.0	21.5
G	4.0	5.8	6.4	5.9	6.2	5.9
H	9.3	6.0	6.8	10.9	9.4	17.9
I	7.4	4.2	4.7	4.0	4.4	10.7
J	-1.9	-1.8	-2.1	-6.9	-5.0	-7.2
K	0.8	18.2	31.5	66.7	58.7	76.7
L	86.3	97.4	62.7	43.2	25.0	27.0

A: Average annual growth rate of GDP

B: Average annual growth rate of value added in industry

C: Average annual growth rate of value added in agriculture

D: Average annual growth rate of value added in construction

E: Share of industry in GDP

F: Share of agriculture in GDP

G: Share of construction in GDP

H: Ratio of imports to GDP

I: Ratio of exports to GDP

J: Ratio of foreign trade balance to GDP

Financing of foreign trade gap:

K: Receipts from various items (workers' remittances, tourism, etc.)

L: Net foreign capital inflow (foreign aid, investment, loans etc.)

Variables A to G as percentage at constant prices

H to J as percentage at current prices

K and L as percentage of foreign trade gap

(See Appendix II, Tables 6.1 to 6.3 for complete data)

Sources: Variables A to J, State Institute of Statistics, Statistical Yearbooks, various years, K and L from Pamuk (1983).

The 1950s introduced into Turkish society a mentality of change and geographical mobility on a scale unknown before. The effects of these changes on cultural values was, however, devastating. In a society rapidly escaping the pre-capitalist mould where the state gradually lost its significance as a modernizing agent, the ideology of developmentalism and unbridled market freedom was substituted for traditional values. The state was unable to devise new means of control and, furthermore, the society itself had no tradition of autonomous regulation whereby new mechanisms could be developed to cope with the devastating impacts of change. The vacuum created by the withdrawal of the state from part of its previous domain was filled not

by the evolution of the institutions of civil society, but later by the state extending its control in new forms.

By the end of the decade it became increasingly difficult for the government to maintain its desire to sustain growth at any cost. Although the foreign capital inflow, essentially in the form of aid and investment, equalled 97.4% of the foreign trade gap as an average of the 1954-1962 period (see Table 6.2), the importance of such sources sharply declined towards the final years of the decade. On the other hand, the government continued to launch countless public projects financed through printing money. Inter alia, this fuelled the rise of prices and caused a decline in real wages (see Appendix II, Table 6.9). There were also complaints that the policies of import substitution were implemented in an extremely haphazard fashion. In what was one of the first instances of the direct interventions of international organisations in the Turkish economy, the World Bank and OECD experts urged the government to form a planning board and to impose some restrictions on public spending. The 1958 stabilization package thus enforced also included heavy devaluation of the Turkish currency. Despite such efforts, political tension grew and finally the military intervened in 1960. This was the first of the three military coups that Turkish society had to experience in the next two decades.

The 1960 coup d'etat, though short lived, clearly showed that the society was deprived of the means to cope with a rapid social transformation. In a country where the possibilities of "reformism from below" and autonomous regulation had been castrated, the military appeared as the only agent to impose the adaptations required to cope with the change. The society was to be reminded of this bitter fact twice in the years to come. In effect the 1960 coup did nothing but institutionalize the legal and social framework of ISI. This is where the argument starts in section 6.4 below. It is now to the evolution of the urban economy and the emergence of speculative housebuilding that I must turn.

6.3.1. Speculative Housebuilding: Emergence

The 1950s may be regarded as the years of emergence of the urban phenomenon in Turkey in the strict sense of the word. Until then what could be called urban, both as a social and economic entity, had been restricted to a few coastal towns developed basically during the Empire. Despite some important changes in the overall economic structure and increasing capitalist penetration during the early republic, at the beginning of the post-war period Turkey was predominantly a society of petty producers in which capitalist relations had only partially developed and urban-based activities were still subordinate to

agricultural activities. The decade of the 1950s was the onset of a process of radical change in the urban economy and rapid urban development during which the share of urban population in total rose from 18% in 1950 to 50% in the mid-1980s. In this period Turkey evolved from an agriculture-led society to one in which the driving force was urban activities. Furthermore, not only was the urban economy transformed in line with the general transformation of the society but also, in the realm of housing, previous forms of housing production were replaced by new ones as the mass market for housing gradually grew.

The major changes that took place in, or had a direct impact on, the urban economy were alluded to in the preceding sections. Of these, I must re-emphasise (a) the massive influx of population into urban areas; (b) the changes in the economy that enabled the rapid growth of private enterprise; (c) political change in 1950; (d) changing role of the state, i.e. the withdrawal of the state from part of its previous economic and ideological domain, and finally (e) transition to import substitution, a strategy characterised by the decisive role played by the internal market and an alliance among the major classes. The immediate impact of these changes on the urban economy was an immense demand for housing and serviced urban land. The pressures brought about by the massive demand for housing manifested themselves in soaring land and house prices (Keles, 1982; p;31). Given the apparent incapacity of existing forms of housing production (housebuilding by cooperatives and the individual contract form) the response to the circumstances of the early 1950s was the emergence of shanty towns and speculative housebuilding as new forms serving different urban groups.

The fact that the pressures on the urban land market gave rise to a concomitant rise in prices was a clear indication that the processes governing the market had not as yet developed sufficiently to cope with such a high level of demand. Not all these price increases, it must be stressed, can be attributed solely to rising demand, since part of them were directly associated with land speculation especially in big cities (Tekeli, 1974). It was these changing circumstances within the whole society and in the urban economy that enabled the emergence of SHB as a form of housing production capable of serving a wide range of urban groups and providing the agents involved with some material benefits. It must be noted in this context that the explanations for the emergence of SHB generally centre upon soaring land values and thus inability on the part of individuals to pay the price for it. It is argued that the increases in urban land prices brought about by the rapid urbanisation gradually undermined the capacity of the members of the middle classes to have their houses built on single plots of land and that the legal regulations permitting joint ownership appeared as a solution for such groups, since

it enabled a number of individuals to pool their resources to pay the price of land (Tekeli, 1982; p.71 and Turel, 1987a; p.56).

However, these explanations seem oblivious to the fact that the actual form taken by SHB was affected to a large extent by the transformations which occurred in the production relations of the economy as a whole, changing state-economy and -society relations and class relations. The broad framework of this type of housing production emerged during the mid-1950s and reached its culmination in the 1970s. During this period SHB was influenced from the changing relations within the society and, in turn, it contributed to the evolution of these relations in a very particular way.

Given the apparent preponderance of small-scale enterprises in SHB, the question of the origins of this type of housing production comes down to that of studying the historical conditions that rendered housing an attractive investment for the relatively small amounts of money capital available to the petty bourgeoisie. This question may be re-formulated by viewing it conversely: namely, which conditions prevailing in Turkey during the fifties did prevent large-scale enterprises from investing in housing? Why is it the case that the sphere of housing was abandoned to the operations of small capital? The answer to this question may be given in two steps: first, by exploring the conditions under which large units of capital would choose to invest in housing and second, studying to what extent these conditions were present in Turkey during the 1950s.

It is of course not possible to give a full list of abstract conditions under which large-scale enterprises would choose to invest in housing since these conditions definitely vary from one particular conjuncture to another. However, a number of deductions can be made by way of comparison as capital units with different sizes and of different origins cannot be expected to have the same mode of operation. First of all, it could be said that the larger the size of capital the less inclined it would be to take risks. While small units may be more willing to take risks for higher profitability in the short-run, for large companies safer returns on the initial capital outlay and working capital outweigh such considerations as operational flexibility, rate of turnover etc. This means that larger enterprises may be inclined to sacrifice the speed of their operations for higher profitability. It can also be inferred that the competitive edge for these enterprises resides in long-term, large-scale development projects. A corollary of this is the willingness and capability of large companies to combine their building operations with land speculation since it is essentially in this way that they can assure a high rate of profitability. Another implication is the organisation of demand. Such large-scale projects necessitate that some subsidiary schemes be introduced either in the form of state intervention or credits

and, loans be extended by financial organisations. In this sense a housing market dominated by large-scale development companies requires the existence of a sophisticated financial market as a complementary. Although the actual configuration of what may be designated as the minimal conditions for the involvement in housing provision of large-scale enterprises exhibit obvious variations both geographically and historically, the fact that their operations are inherently in favour of large-scale, long-term development projects and that they require the existence of a well-developed financial system is a most important conclusion one can refer to in this context. These minimum conditions are indeed sufficient for me to take the argument developed so far into a new step.

A number of historically specific circumstances combined in Turkey during the 1950s to render housing investments an attractive field of accumulation for the petty bourgeoisie, with just the opposite impacts for other social groups. In other words, the conditions under which large-scale enterprises could have profitably invested in housing during the 1950s were definitely absent. Any form of housing production led by large units of building capital was destined to fail even at the outset since it was impossible for such a form to have produced sufficient number of houses for the mass market under adequate conditions and in such a way as to secure profitability for the agents involved basically because of the fragmented nature of urban land ownership and the lack of any degree of sophistication of the financial market.

The fragmentation of the urban land market and the land-use control system accompanying it were discussed in Chapters 3 and 4, and need no further elaboration. On the other hand, the exceptionally small and undifferentiated nature of the financial system stands as an important factor both accounting for the lack of any institutionalized sources of finance for housing and encouraging the flow of private savings into the real estate market. In its broad lines, the hallmark of the financial system has been the overwhelming dominance of banks over other institutions. Banks account for more than 90% of total credits outstanding (see Akguc, 1989). Institutions such as savings and loan institutions or building societies do not exist at all. Furthermore, banks have traditionally been under tight state control. Interest rates on both credits and deposit accounts have been fixed by governments. During the three decades between 1950 and 1980 governments encouraged the flow of funds into priority sectors through a system of preferential interest rates. Housing has never been one of such sectors. Commercial banks have been prohibited by law from extending long-term mortgages for housing. No bank other than the state-funded Real Estate Bank has been allowed to extend credits for house purchases. Consequently, the share of credits in housing investments and the share of housing in bank credits have been very low (see Figure 6.2 and Appendix II, Table 6.8).

To the likely causes of the lack of concentration of capital in the housebuilding industry one must add the easy accumulation possibilities offered by the policies of import substitution for the relatively large units of capital especially in the manufacturing sector. Thanks to the state's policy of protection, all manufacturing output was assured markets and high profits. It is therefore very likely that there was no willingness on the part of big industrial and commercial concerns to invest in housing. For the new model of accumulation provided them with easier accumulation possibilities in manufacturing industry than would have been the case in housebuilding.

By contrast, the conditions prevailing in the urban property market in the early 1950s facilitated the flow of small capital into housing. The fragmentation of urban land meant that individuals with small amounts of capital could enter the market and the lack of finance capital to orchestrate the flow of funds into housebuilding implied that the process had to be self-financing. The latter factor had a dual impact not only on the emergence of SHB but also on its evolution in the years to come. On the side of housebuilders, the absence of credit facilities meant that they had to rely on the resources to be which they could assemble themselves. On the other hand, for the prospective buyers, it meant that they did not have any outlet to protect their savings in the face of high inflation rates. This is an issue that will come to the fore repeatedly as the discussion proceeds. I argue later that in Turkey, where rising real wages were the norm for the majority of social groups, given the absence of a well-developed financial system, the urban real estate market has functioned as an investment for a wide range of groups and that it has become a major redistributive arena.

The actual form of SHB was shaped in line with the requirements of small capital. In response to the needs of small capital that came to dominate it, SHB gradually evolved into a form offering some important advantages for the members of the petty bourgeoisie as both users and organisers of production. SHB offered the members of the middle classes as users the possibility of investing and, in the long run, obtaining windfall gains on their savings and, as instigators and organisers of production, the possibility of a lucrative investment on their small amounts of money capital. The importance of these two factors becomes more evident when one considers that the majority of the urban middle classes were suffering from the lack of an institutionalized inclusionary mechanism (such as collective bargaining for the working class and support prices for the peasantry) and deprived of the means of improving their welfare. For during the period studied here there were hardly any alternatives open to these groups whereby they could have capitalized their savings as profitably as they did in housing and land dealing.

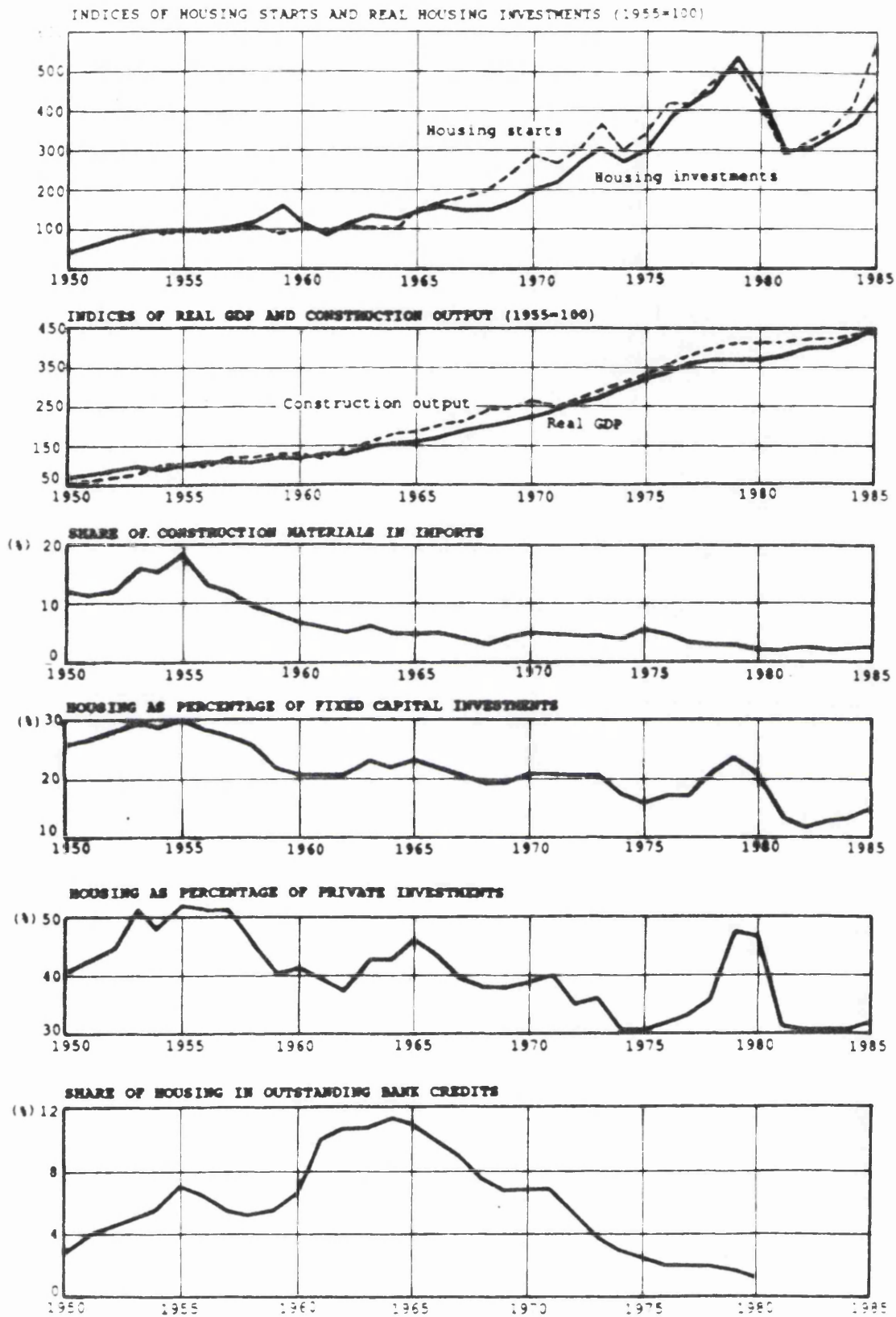


FIGURE 6.2. HOUSING AND CONSTRUCTION RELATED INDICATORS 1950-1985
 (for complete data and sources see Appendix II)

Given the advantages it provided for the agents involved, SHB developed in such a way as to minimise the potential conflicts and to maximise the benefits they received. Innovations such as the payment of land price in kind and the pre-sale of units were indeed the mechanisms of adjustment of a relatively weak building capital to a land market in which ownership was fragmented and to a residential market in which there was a brisk demand for housing. These mechanisms assured that the system was beneficial, at least at the outset, to the major parties involved. To the extent that there was a sufficient level of activity to keep the agents satisfied and that their potential conflicts were thus kept at such a level as not to endanger the functioning of SHB, there was nothing to complain about on the part of the parties. In this sense, SHB reflected a balance of interests from which each party found something to gain. This balance and consensus drawing on it were to further develop in the years to come and account for the consolidation and triumph of SHB over other forms. The external factors prevailing in the 1950s also exerted positive impacts on this balance. Among these factors were high level of demand for housing and urban land, the conditions that rendered housebuilding unattractive for large capital, the absence of a well-developed financial market which, in effect, facilitated the inflow of small capital with low opportunity cost into housing and land prices which were high enough to convince landowners to release land for development but not so high as to endanger the profitability of housing for a particular type of capital.

As the foregoing makes clear, the exact configuration of SHB as it emerged in the 1950s was influenced from the characteristics and interests of the agents involved. Of these agents, the rise of the speculative builder is an issue that has received very little attention. As noted by Tekeli (1982) the first speculative builders came directly from the ranks of building trades. It also seems likely that some contract builders too were engaged in speculative building in the face of the massive demand for housing. As for the landowners in the mid-1950s it could be argued that this group comprised predominantly the beneficiaries of land and housing policies pursued in the statist period, i.e. upper and middle rung bureaucrats. SHB must also have been considerably influenced from the characteristics of the labour force. The semi-proletarianised nature of building work force offered abundant possibilities for speculative builders. Builders had in their hands an almost endless pool of very docile labour from which they could draw their workers at an extremely cheap rate. SHB took full advantage of this.

The ascendance of SHB as a new form of housing production exhibited considerable geographical variations. The evidence available clearly suggests that three big cities (Istanbul, Ankara and Izmir) set the pace

and direction of change for the country. In different towns and regions a wide divergence in the dates of changes in housing provision must have occurred. In general, however, the initial developments took place in three big cities, spreading later to smaller settlements. As can be seen in Appendix II, Table 3.5, multi-unit houses became the dominant form of production in these three big cities as early as the mid-1950s while in medium-sized cities SHB asserted its dominance over other forms in the early 1960s.

An important factor is the intervention of the state in the market to permit joint ownership on land and built structures (see Chapter 1). The immediate impact of these regulations on the urban economy was a further fragmentation of land ownership and a rapid increase in construction activities. However, these regulations contained no explicit provision on the use and management of the built environment. It was only in 1965 when the Condominium Act was passed that the housing market had an overall regulatory legislation having considerable impacts on the exchange, use and management of the built structures. Why the state intervened in this particular way is a question that must be analyzed in connection with the radical changes that took place in Turkish society in the decade of the 1950s. The first explanatory factor is the withdrawal of the state from part of its previous domain and its willingness to take on a new attitude characterised by investments in infrastructure, direct provision of consumption goods and social welfare. Given the massive demand for housing, the already existing fragmentation of land ownership and the apparent incapacity of the bourgeoisie to invest profitably in housing, the state may have been forced to pass legislation enabling the inflow of small capital into housebuilding.

As a summary of the origins of SHB it is argued that this form emerged at a time when massive migratory flows into urban areas, coupled with rising real wages of the majority of social groups gave rise to a mass market for housing in which the previously existing forms were definitely incapable of producing sufficient number of houses under adequate conditions. The fragmentation of urban land ownership, the absence of a well-developed capital market and the attractiveness of manufacturing industry for the bourgeoisie, rendered housing extremely unattractive for large capital units. On the other hand, the members of the petty bourgeoisie constituted the only group with some, albeit small, amounts of money capital to invest in housing. Once small capital started to flow into housing, the actual form of SHB was shaped over time in line with the requirements and interests of the agents involved. In short, then, speculative builders filled a vacuum that other groups and the state were not in a position to fill.

As can be seen, the conditions enabling the emergence of SHB as a new form of housing provision capable of serving a wide range of groups are directly associated with the import substituting industrialization strategy. Despite the apparent preponderance of small capital units in housebuilding, SHB played a very important role in capital formation since in the 1950s housing constituted nearly 25% of all investments. Furthermore, almost half the private investments were in housing (see Appendix II, Table 6.6). In addition to its role in capital formation, SHB also played a significant political role by serving to maintain political cohesion especially in the 1960s and 1970s. These are among the issues I discuss in the pages that follow.

6.4. INWARD-ORIENTED GROWTH, 1963-1977

6.4.1. Import Substitution through Internal Resources, 1963-1970

What the 1960 military coup did was, in effect, to lay the foundations of import substitution with its social policy, political balances and administrative mechanism. The previous phase of ISI had been carried out without a proper social-administrative framework and in a haphazard fashion. This time the economic policy of protection was complete with its social, administrative and redistributive policies. Furthermore, the emerging nexus of social and political balances was certainly the result of a process of social negotiation. Import substitution in its new form drawn up by the military functioned in the following two decades with considerable success and without any major changes. This new mode of economic and political regulation accorded with the aspirations of most social classes. The new constitution prepared by the military expressed this consensus, social contract between classes (29). This overlap of interests allowed the installation of a fairly stable state form and the continuation of parliamentary regime.

One of the most important dimensions of the new regime stemmed from the rights granted to workers' associations (Isikli, 1987). A mode of unionization and collective bargaining along the lines of negotiation which had been established in Western countries after centuries of struggles, was now handed out to workers as exigencies required for a smooth functioning of the new model of accumulation. The working class itself played no role at all in the 1960 transformation. These rights granted to a relatively underdeveloped working class in a country where the class conflict proper to capitalism was still premature helped to maintain the social cohesion so much needed for ISI but, relegated the working class to a passive position without any impact on the designation of policy (30).

It was not only the organized working class which obtained the privilege of bargaining. Other social groups were also included in the process of social negotiation, although the mechanisms whereby they were integrated into this process were more indirect and the results less successful compared to the working class. Among the mechanism of inclusion devised for the middle classes was the enlargement of the social security system. Such rights as retirement benefits, free health services etc. were now extended to ever-growing numbers of government employees and even to the self-employed. Furthermore, the 1961 constitution instituted a number of checks whereby social groups organized into some form of association had recourse to powerful constitutional courts which had the authority to reverse parliamentary decisions (Hale, 1981; p.117) and could thereby block the functioning of decision-making process at both central and local levels. The administrative system was, in short, an extremely inefficient one open to the demands of various social groups. Despite all such mechanisms, however, the fact still remained: the processes whereby the urban middle classes became part of the new social equations were indirect and had little immediate success.

Such a system led to the extreme politicisation of the society. By leaving the decision making process open to political competition, this system contributed to the clientelistic nature of electoral politics (Ozbudun, 1981). Coupled with the political parties' inability to challenge the famous republican rhetoric of classless society and their failure to develop class-based projects, the multi-party system came to be based, at the grass-roots level, on clientelistic networks of distribution. Politics thus turned into a game in which votes were exchanged for short-term benefits. Electoral strategies were formulated in terms of distributing material incentives to generate popular support, rather than appeals to long-term programmes. It was at the level of local government that the adverse impacts of this kind of politics were most heavily felt. Municipalities found themselves trapped between the constraints imposed by a highly centralised state structure and the pressures generated by the clientelistic nature of politics. This nature of politics further weakened municipalities' ability to control and direct urban development. It became difficult for municipalities to resist pressures for higher density and to implement durable building codes.

Another result of this system was the institutionalization of a particular pattern of income distribution and the constitution of an extensive domestic market (31). Thanks to the successfully implemented policies of redistribution, the size of the internal market never set obstacles to the industrialisation strategy pursued. On the contrary, an ever-growing and deepening internal market continued to provide further incentives for the inward-oriented growth model. The most clearly observable impact of populist policies of redistribution was on real wages which

registered substantial increases until the late 1970s (see Figure 6.1 and Appendix II, Table 6.9) (32). Consequently, Turkey appeared in the 1970s to be a high-wage country where the social security system was far more advanced than in countries of similar income levels and even comparable to industrialised countries. For example, in 1977 the average daily wage in Turkey was merely 5.2% lower than in Greece while per capita income in Greece was two and a half times the Turkish level. Similarly, in France where per capita income was six times higher than the Turkish level, the average daily wage was only 84% higher than wages in Turkey. In 1974 Turkish manufacturing wages were three times the level of wages in South Korea, a country of comparable income level with an entirely different development strategy (33).

With regard to the management of the economy the most important aspect of the 1963-1970 period was the establishment of the state planning organisation (SPO). The SPO prepared five-year development plans where the general guidelines concerning investment priorities were laid down (34). These plans not only determined the areas where public money was to be spent, but also directed private investments to the so-called "productive" sectors. Thanks to a complex system of incentives, consisting mainly of soft loans, preferential interest rates, tax rebates and customs exemptions, the SPO was able to implement the policy of directing private investments to those sectors considered productive. Consequently, an economic structure fully complying with the ISI model was installed. The economic policy of the public sector basically consisted of investing in production of intermediate goods such as iron & steel, petroleum, chemicals and building materials. In this period state economic enterprises provided important external economies by producing heavily subsidized inputs for manufacturing industry. Private investments were increasingly devoted to the production of consumption goods serving the domestic market. Consumer durables took the lead. In this sense, the 1963-1970 period signified the transition to the second stage of import substitution where durable consumer goods replaced basic consumption items.

During the 1963-1970 period GDP grew on average at a remarkable rate of 6.4% per annum. The share of agriculture in GDP declined steadily while that of industry exhibited a secular upward trend (see Table 6.2, Figure 6.1 and Appendix II, relevant tables). All through the period, the foreign trade gap averaged only 2.1% of GDP and was financed through foreign aids, credits and a new source of foreign exchange whose importance was to increase in the years to come, i.e. remittances of workers abroad (35). Thus, a pattern of industrial expansion requiring a relatively small import bill and financed essentially through local savings was institutionalized.

6.4.2. Import Substitution through External Resources, 1971-1977

Of the limits defining the range within which ISI could proceed, historical and political conditions of the 1960s seemed to solve the problem of market expansion. The basic problems that the Turkish economy faced originated from foreign exchange constraints. In the late 1960s there were the first signs that the easy stage of ISI was coming to an end and that the accumulation possibilities under import substitution were being exhausted. The economic structure which was highly dependent upon external sources of foreign exchange had to be replaced with one producing its own foreign exchange. As early as 1968 OECD and IMF emphasised that exports had to be encouraged in order to overcome potential foreign exchange problems (Gulalp, 1983; p.62). The third five-year development plan, prepared at the end of the decade when the world-wide post-war boom was coming to an end, proposed a number of measures geared towards promoting exports. These measures included a substantial devaluation of the Turkish currency. However, transition to a higher stage of ISI proved to be difficult because the entire social structure had to undergo a radical transformation. The growing tension and the deadlock of the parliamentary system gave way once again in 1971 to another military coup. Despite a brief attempt by the military to enforce decisions of the kind that implied transition to a new model of accumulation, it soon became evident that the inter-class relations were not ready for such a transformation. Turkey thus chose to postpone the impacts of forthcoming crisis through palliative measures. The immediate social and economic dimensions of the crisis in 1970 were nowhere near the serious proportions they would reach later in the decade.

The 1971 coup was short lived. In one year and a half the military withdrew and free elections were held in 1973. The 1970 stabilization package and the ensuing military intervention may be regarded as an attempt to lay the foundations of an outward-oriented growth model and to change the class alliances accordingly (36). The success of industrialization throughout the 1960s had accelerated the differentiation within social classes and the 1971 regime revealed the fragility of the class alliances on which ISI was based.

In urban areas the absorption of rural migrants was proving difficult, resulting in a vast concentration of marginally employed and politically volatile groups in shanty towns (37). Trade unions had grown stronger and more political in their demands, thus exhausting easy opportunities of high profits for industrialists. An economic as well as political rift was formed between organized labour and numerous groups employed by small capital or within the marginal sector. This rift paralleled conflicts within the bourgeoisie, between the first and second generation import substituting industrialists. One faction of the bourgeoisie

producing durable consumer goods demanded that the internal market be expanded through rising real wages. Another faction originally tied to agriculture and textiles sought to find export outlets. For them, as well as for small capital, wage increases constituted the basic problem. The intrabourgeois conflict was exacerbated as the foreign exchange constraints began to surface.

The economic measures of the 1971 regime in effect strengthened the position of the entire bourgeoisie vis-a-vis the labour movement. As the military intervention came to an end, economic domination of large industrial capital was consolidated. Three policies of the military revealed the long-term economic project of the bourgeoisie: first, bank credits were expanded, providing cheap money to business and at the same time contributing to an inflationary atmosphere (Appendix II, Tables 6.8 and 6.9). Second, strikes were banned. This gave rise to a sharp decline in real wages between 1971 and 1973 (Figure 6.1). Third, base prices for agricultural products increased at a rate lower than those for industrial goods. In effect, the initial years of the 1971-77 period were a period of transformation for the industrial bourgeoisie, when new concentrations of capital organized in holding companies appeared on the scene.

The politicians that came to power after the 1973 elections were reluctant to implement an economic package that might be unsuccessful and politically disastrous. They simply attempted a series of palliative measures designed to postpone the crisis by granting short leases on life to the economy. In the first few years of the decade workers' remittances provided breathing space for the economy. During the entire period agriculture continued to provide the bulk of exports, with manufacturing exports reaching only one-fifth of the total in 1973 (Kepenek, 1987; p.218). Although the proportion of intermediate and capital goods in total output rose, the manufacturing sector on the whole was characterized by low efficiency and high costs, a factor which contributed to the escalation of conflict between the first and second generation industrialists as the latter found themselves obliged to use low-quality inputs produced domestically at prices several times above the world market levels.

The rise in oil prices during the mid-1970s, which increased the cost of oil and petroleum products as a fraction of total import costs from 8% in 1972 to 20% in 1976 (ibid), exacerbated the chronically crisis-prone situation (38). Starting from the mid-1970s foreign exchange problems were solved by resorting to short-term credits from the booming Eurodollar market at a very high interest rate (Schick and Tonak, 1987). At a time when the world economy was experiencing a severe depression the Turkish economy grew at rate of 6 to 7% per annum. This was thanks to a series of palliative measures which increased

importing capacity at the cost of simply postponing the moment of decision. The crisis finally hit in the late 1970s against the backdrop of a highly politicized society. When it was no longer possible to postpone the crisis what was on the agenda was the complete restructuring of the economy and the whole network of social relations. The crisis and restructuring is the subject matter of section 6.5 below.

6.4.3. Speculative Housebuilding: Consolidation and Rise

The decade of the 1960s was one in which the forces acting upon urban development in the preceding period gained further momentum and relationships established in the mid-1950s were consolidated. The first of the three sets of such forces was described in the preceding pages. The massive influx of population into urban centres continued at an accelerated pace (39). Coupled with local governments' inability to control urban development and the rigidity of the town planning system, such flows brought with them enormous pressures for housing and serviced urban land. With the additional impact of the clientelistic nature of local politics, town plans contributed to the haphazard pattern of urban growth and enlarged the social basis of the land market. Cities expanded at such a pace and in such an uncontrolled manner on to virgin land that the factors influencing the price of a land in or around the city became subject to short-run variations. Inter alia, this contributed to the emergence of a highly speculative land market in which "the escalation of land prices ...[was]... purely a function of time" (Oncu, 1988; p.39).

The second set of forces influencing the urban economy is connected with the state's role. The view that first became apparent in the mid-1950s that regarded housing as an unproductive sector was more clearly expressed in development plans and accompanied by an attempt to reduce investment in housing (40). The share of credits in housing investments dropped from 16.7% in 1962 to 2.6% in 1967 (Appendix II, Table 6.8). In neither of these plans is there an explicit intention on the part of the state to intervene in or to regulate the functioning of the housing market. Nor has there ever been an attempt to encourage the flow of funds, public or private, into housing. The housing sector was abandoned to the operations of small capital that came to dominate it in the 1950s, an attitude that has led some to describe housing as the "foster child" of the state (Danielson and Keles, 1985).

The most important development in the 1963-1971 period was the adoption in 1965 of the Condominium Law. Although the joint ownership on land and structures institutionalised by the law had long been in effect through amendments made to some laws (see Chapter 1), the new law signalled the recognition by the state of a form of housing

production maturing into the dominant one. The Condominium Law did hardly introduce a new element into the market: it simply accelerated the institutionalization of SHB. The law also contained important provisions on the use and management of the built environment, an issue dealt with in section 3.6.

The third set of factors had its origins in wider economic relations. The economic processes at work during the entire 1963-80 period reinforced the existing relations within SHB. The most important factor is the cheap credit policy pursued by the state to support the ISI model and its impacts on households' savings and the flow of funds into housing. The state's policy of encouraging investments in productive sectors necessitated low interest rates. Excepting a few years interest rates were below the increases in prices (Figure 6.1). In an environment where real wages continually grew and where financial markets were poorly developed, negative real interest rates led households to search for alternatives whereby they could protect the value of their savings. It was under these circumstances that land and house purchases emerged as a viable investment alternative. Inflation which appeared to be a built-in tendency of ISI from the early 1970s onwards encouraged the holding of land and housing as an investment asset. The importance of housing as an investment asset was even acknowledged in development plans. The 1968-1972 plan for instance emphasized the need to support the development of a capital market with which to direct households' savings from land and housing to more productive investments (41).

It was in the early 1960s that SHB evolved into the mature form discussed at length in chapter 3. The relations between the agents were stabilized and a balance was attained. To the extent that the social groups joining in the SHB process had diverging interests, SHB contained at the outset a disfunctionality since each group tried, with the modes of action available to itself at a given time, to pull this balance in directions dictated by its own interests. In this sense such a balance was possible only if each agent found something to gain from its existence. Thanks to the benefits they received, the agents within SHB prevented their conflicts from resolving into a stalemate and came together to form a coherent structure, a consensus within the urban economy. The fact that all the groups had some interest in joining the coalition to preserve this achieved model of production gave a material base to the class alliance around SHB. This balance, and the consensus drawing on it, reflected the relative powers of the agents.

The way in which the tensions between the agents joining a class alliance are balanced is of prime importance for understanding the forces ensuring its viability. In the face of the fact that it is, at least in the case of SHB, the benefits received by the agents that enabled some form of coalition, the question of how a consensus is reached comes

down to a study of how much and in which ways each agent benefits from this particular coalition. Seen through the landowners' eyes, for instance, SHB is a form offering them the opportunity of getting high and, more often than not, windfall gains on their small properties. If judiciously chosen, land can yield enormous profits through locational advantages. In any case, however, its resale value or the rate at which it is exchanged for flats keeps up with inflation. The fact that SHB is a form based on the development of single plots rather than the simultaneous development of a multitude of plots increases landowners' bargaining power vis-a-vis builders. Moreover, since the land price is paid in kind, the landowner receives in exchange for releasing land a number of highly liquid assets -dwelling units- whose value is not eroded away by inflation over time. In short, SHB provides landowners with the opportunity of obtaining considerable profits on their small properties, probably with higher returns than would be the case if another system based on larger units of building capital were in force.

For speculative builders SHB is a form enabling them to run the entire production with an extremely small amount of money capital. Although it is difficult to comment on the level of profitability of their activities, it is highly likely that such an amount of capital would not have yielded the same rate of profit had it been invested in another sphere. Though being in a weak position against landowners, builders have the ability to transfer to labourers the disadvantages they encounter in their relationship with landowners. They thus take full advantage of an almost endless pool of very docile labourers. From next to nothing, in short, builders do obtain considerable gains through SHB.

For prospective buyers, SHB filled the gap created by the absence of credit mechanism in the market. The houses built under SHB were of course not cheap and remained inaccessible for the majority of the population. Despite this, however, the conditions under which houses were offered to sale were adequate for a large section of the middle classes whose real incomes were continuously growing. It was this that made SHB a form capable of serving the mass market. Being an outlet for households' savings, the importance of housing as an investment asset encouraged the purchase of further units by those who already owned houses in the built stock. Even if the increases in the value of houses were not actually appropriated through resale, the increasing value of their property created welfare effects for households.

As noted by Harvey (1985; p.150), "there is no way a class alliance can act that does not unduly favour or burden one faction or class rather than another". This generalization holds true for SHB as well. It was argued previously that most of the burdens associated with SHB are off-loaded onto building labourers comprising the unorganised and semi-proletarian segments of the labouring class. Despite their subordinate

position, there are a number of ways in which the building labourers too can be claimed to benefit from SHB. Evidence examined in chapter 4 indicated that most of the construction workers do not see their jobs in the industry as permanent. To the extent that workers' intention is to secure a temporary job, SHB fits well to their requirements. Offering a foothold in the city for newcomers or an additional seasonal job for agricultural workers, a job in construction is tailor made for the geographically mobile sections of the population.

To the above list of participants in SHB, viewed as an alliance across a diverse range of social groups, we can add a number of other groups which have vested interests in SHB. The speculative boom of the late 1960s and the 1970s did not lead to a process of concentration of capital in housebuilding. It was achieved without destroying the small-capital-oriented structure of the sector. It reinforced, however, a polarization between housing and non-housing sectors of the construction industry. A small number of large contracting companies, usually subsidiaries of modern conglomerates that emerged in the postwar period, preferred to concentrate on state-financed public works projects, without any intention of involvement in housing. On the other hand, the expansion of middle-class housing supported a vast market for building materials. The manufacture and commerce of home fittings, ranging from central heating equipment to ceramic tiles, kitchen furnishings, etc. as well as the more conventional durable goods, emerged as an attractive area of investment for local capital. It is interesting to note that most of the giant holding companies have branches operating in construction-related industries. The housing industry dominated by small-scale firms has supported a highly oligopolistic building materials industry comprising modern enterprises linked to international capital through license and know-how agreements (42).

The alliance over the middle-class residential boom had two more members, both having vested interests in SHB: the central state and local governments. The processes whereby both became parties to the consensus generated over SHB were implied in the preceding sections. The "tolerance" shown by the state to SHB, which seemed to solve the housing problem for the middle classes without necessitating any direct state intervention, is worth re-emphasizing here. As for local governments it must be pointed out that, despite the heavy constraints imposed on them by the strong etatist tradition of centuries, they have not been passive observers of the chaotic urban growth of the postwar period. The implementation of urban plans, issue of construction permits, enforcement of building regulations, provision of infrastructure all have been used by the local state as a very important resource to generate popular support among the client groups in local politics.

While viewing SHB as a broad-based coalition across a diverse range of

groups within the urban economy, an important issue to take note of is its inherent instability. There are two sets of disruptive forces acting upon the alliance: both internal divisions and external pressures make it hard to hold the coalition together. The continuity of the alliance is contingent upon the degree to which the agents benefit from its existence. In much the same way as the economic growth is a *sine qua non* for the populist alliance of ISI, a lively market is required for the viability of the coalition over SHB. Insofar as there is a sufficient level of activity and demand to keep the agents satisfied, the alliance is not in danger. However, whenever there is a slump in the industry it becomes very difficult to maintain the consensus of interest upon which the coalition is based. It is, of course, not only the internal conflicts that may cause a disruption in the alliance. External pressures, too, may operate to disrupt the balance of power in favour of a particular group.

When the consensus over SHB was established in the 1960s, not only did the external forces operate to reinforce it, but also the internal conflicts were solved in a way that complied with agents' interests. During the 1960s the price of land and the conditions under which it was released were adequate for both landowners and builders. In Ankara, for instance, builders offered 15 to 25 per cent of the units they built to landowners depending on the location of the plot. Thus, builders and landowners came to an agreement, without causing any major problem, on a price for land that was high enough to convince landowners to release land, but not so high as to endanger the profitability of housebuilding for speculative builders. Under these conditions, SHB (and the "formal" land market) became a major redistributive arena in the urban economy, a mechanism whereby the middle classes were able to improve their welfare. Alongside squatter housing, the alliance over SHB became one of the most important pillars of import substitution and populist alliance in urban areas. It functioned as an important device that served to maintain political cohesion.

The fragility of the coalition soon became evident when in the early 1970s some of the conditions influencing the urban economy began to change. These changing circumstances brought with them enormous pressures on the urban property market with which in the end it failed to cope. A number of particular conditions combined in the 1970s (a) to disrupt the balance of power within SHB in favour of landowners and (b) to transform the conditions of profitability and initial capital outlay for builders. These conditions also gave way to an exceptionally high level of demand for housing and urban land which enabled, on the one hand, landowners to claim increasing prices for land and, on the other, builders to operate profitably, though the parameters of profitability had radically changed. Builders' reaction to changed circumstances, which was constrained by their ability to transform the economic environment within which they operated, did nothing but accelerate the demise of

SHB and gradually undermined the very factors which had laid the foundations for their success. It became increasingly difficult to cater for the diverse interests making up SHB and the success story of speculative housing came to an abrupt end.

The changes in the external conditions of SHB originated from a variety of factors which, in combination, led to a drastic increase in demand. Two factors played the key role in instigating these changes: remittances transferred by workers abroad and chronic inflation. The former was a direct consequence of the 1970 devaluation. Remittances per worker abroad rose to more than 1,000 dollars by 1972 and to almost 2,000 dollars in 1973 (Keyder, 1987a; p.187). These remittances helped governments remove the pressures on foreign trade balance and provided breathing space for the economy. Furthermore, workers' remittances and the commodities they brought back from abroad served to diffuse the new consumption pattern to even small towns and villages. A less tangible but equally important element in the great westward migration of Turkish workers was the dynamism they added to the urban property market: it is known that an important portion of their remittances was spent on house and land purchases (43). In a study covering 320 returning emigrants, Toepfer (1985; p.88, Table 3.6) found that of the total investments made by returnees, 42% were in housing and 17% in purchasing building sites in urban areas. This was one of the multitude of factors which contributed to the emergence of an extremely lively property market in the 1970s.

Another element fuelling the demand for housing in a number of ways was chronic inflation which emerged in the early 1970s as an inevitable side effect of import substitution (44). Excepting a brief period in the late 1950s, industrialisation efforts in the postwar era had been achieved without causing any significant rises in prices. Both general price level and building materials prices had been kept under control despite some sharp ups and downs in the latter (Appendix II, Tables 6.9 and 6.10). Persistent inflation was an entirely new element for the housing market. Inflation influenced the housing market in a double way: through its impacts both on intending buyers and on builders. The most visible impact of inflation was the growing importance of housing as an investment asset. In the absence of a viable alternative to protect the value of savings, the urban property market attracted a large number of purchasers whose basic motive was to benefit from increasing prices. Coupled with the dynamism added to the market by the remittances transferred from abroad, the growth of speculative demand led to a drastic increase in overall effective demand. The urban property market of the 1970s thus came to be characterised by an exceptionally brisk demand.

A less easily discernible, though more destructive, impact of inflation was via speculative builders. From their point of view, inflation meant soaring costs. This originated to a large extent from sharp increases in building materials prices especially in the latter half of the decade. Since most builders operated through suppliers' credits, rises in building materials prices were not accompanied by a rise in cash requirements for builders. However, suppliers' credits became increasingly expensive with interest rates thereon running 10 to 20% above inflation. This added to the uncertainty of profitability which was inherent in builders' operations.

The impacts of inflation on SHB were not restricted to rising costs only. It also influenced the mode of operation of builders by transforming the parameters of profit making. In addition to the classical elements setting the limits to the profitability of builders' operations, the speed with which the construction process was completed and the timing of flat sales emerged, under permanent inflation, as significant elements defining profitability. Inflation gave rise to considerable differences between the selling prices of units sold during and after construction. Furthermore, fixed prices were charged for the units pre-sold and installments paid by purchasers lost their value in time, thus the money capital obtained through the act of pre-sale was subject to constant devaluation. It became possible for those builders who were able to finish construction quickly and postpone the sale of units as much as possible, to obtain greater sums of profit. The profitability of builders' operations thus came to depend in part on whether and how long they could hold off selling the entire set of flats: the optimum strategy for builders turned into one of selling the units as late as possible, while an optimum purchaser's strategy required that the price be agreed upon and payments start at an early stage of production. Inflation therefore led to a situation where builders' interests conflicted with those of would-be owners. It also created pressures on builders to speed up the turnover time of capital. Inflation thus increased the cash requirements of builders in an indirect way since selling as few units as possible while construction was under way became the most profitable strategy.

The worst for builders was, however, the rises in land prices. Landowners, who demanded nearly 15 to 20% of flats in the 1960s started to claim growing shares for releasing land. In some parts of Ankara, for instance, the ratio of flats offered to landowners reached 50% in the mid-1970s. The fact that land "prices" rose so fast in such a short span of time is a phenomenon that needs explanation. Inflationary pressures and massive demand for housing and land, of course, played a key role in price increases. To the list of potential factors that led to rocketing land prices one can also add the speculative pressures on the property market, ineffectiveness of local governments and the fragmented nature of urban land ownership. These factors certainly

played a considerable role in fuelling land prices. However, the main culprit must be sought in conditions internal, not external, to SHB. A system which depended on the construction of a single block on a clearly defined piece of land and in which the powers of landowners far outweighed those of builders even at the time when they first met each other (see discussion in chp. 3), was destined, in the face of the external pressures described above, to lead to a situation where landowners could push the price of land up to a logical maximum.

It was not only the land prices that increased very rapidly in the mid-1970s. House prices too kept rocketing. In the face of the fact that both land and house prices registered enormous increases, a question must be asked: how much did each party benefit from increasing prices? In other words, how were the increases in prices shared between two agents? A correct answer to this question requires detailed statistical data about the changes in prices. Data on the movement of prices in the urban property market are extremely limited and far from being reliable (45). Despite the lack of data, it can be argued that it was landowners who took the lion's share in the speculative boom of the 1970s. This can easily be seen if we compare the typical land acquisition process under SHB with one in which builders obtain land in advance and against cash. In this case, any risks and advantages that may arise due to changing market conditions between the start of construction and the sale of units are borne entirely by builders. In the case of SHB, risks are shared by landowners and builders because they make profits -or losses- out of the same asset: flats sold on the market. Permanent inflation disturbed this risk sharing element of SHB.

Put more concretely, inflation rendered the production process, with which landowners had no connection whatsoever, a highly risky one and, on the contrary, the act of sale very profitable. Landowners thus came to a position where they took almost no risk but were able to make full use of the advantages arising due to inflation. In exchange for releasing land, they obtained an asset -dwelling units- whose value at the time of completion would be much greater than its value at the time of start, rather than an asset whose value would shrink over time if not utilized properly -i.e. cash. On the other hand, builders inevitably made their calculations of profitability in terms of the selling prices of flats they retained for themselves less the cost of constructing the whole set of flats. Some of the units they retained were perforce sold during construction. In return, they received a certain amount of downpayment plus installments paid at intervals. The payments made by prospective owners lost their value quickly vis-a-vis inflation. Builders, then, were obliged to run the production process with the aid of an asset whose value over time was rapidly falling.

All these conditions created strong upward pressures in house prices. Intending buyers found themselves required to pay ever-growing amounts as downpayment. In this sense, the mid-1970s can be characterised by a considerable worsening, from purchasers' point of view, in the conditions under which dwelling units were sold. It was the growing tension between landowners and builders, a tension fuelled by inflationary pressures in the economy, that led to enormous rises in house prices. The very factors that laid behind the success of SHB, the consensus across a diverse range of groups, were being gradually undermined as the decade came to a close. However, the demand for housing was so lively and housing was so valuable as an investment asset that these conflicts did not lead to a crisis of production. It was thanks to the conditions of the 1970s that these conflicts remained hidden. The rate of starts even reached a peak in 1979. Builders, however, managed this by responding to these circumstances in a rather peculiar way which did nothing but accelerate the demise of SHB. This is an issue discussed in section 6.5.1 below.

6.5. THE CRISIS AND RESTRUCTURING, 1978-1985

The success of Turkish industrialisation during the 1960s and 1970s was contingent upon favourable external circumstances. The availability of easy loans, growing world markets, increasing opportunities for employment abroad and cheap oil constituted the conditions of Turkey's secular boom. The creation of a broad internal market and protection rents ensuring high profits to industrialists contributed to the success of industrialisation. The support given by an extensive bloc of class fractions to this model of accumulation prepared the grounds in policy terms for its success. All through the 1970s Turkey was able to avoid a local crisis thanks to workers' remittances and short-term borrowing and, through securing the distribution of social surplus in a manner adequate to the needs of capital accumulation. It was the high import dependence of industry and the ensuing difficulty of balancing the external account which finally triggered the crisis.

Difficulties encountered in the repayment of short-term loans received in the mid-1970s soon became a major factor instigating the foreign exchange crisis. Turkey's inability to service its debts initially led to a decline in, and then virtually stopped, the flow of external funds. This was tantamount to a huge reduction in importing capacity. In the 1977-79 period not only was the foreign exchange scarcity at its worst but also governments were reluctant to abandon any of the subsidy schemes which had been successful in promoting industrial accumulation. Such a combination had dire consequences since some manufacturers were unable to obtain inputs to continue production. Capacity utilisation in manufacturing dropped to an all time low of 45% in 1979 (Margulies and Yildizoglu, 1988; p.144). It was the growing difficulty of

reproducing the material means of production and the deepening profit squeeze which transformed the foreign exchange crisis into the crisis of capital.

In the mid-1970s an increasingly militant and organised labour movement became an obstacle to the success of governments' crisis management policies. The number of strikes and days lost to strikes increased rapidly (46). At the same time investment slowed down, with output levels in manufacturing exhibiting a similar trend (47). Through a chain of causation from reduced use of capacity to declining investments, economic growth stopped. Together with falling output and despite sharp falls in real wages, wages increased their share of industrial value added (48). These trends were accompanied by declining growth rates in GDP and sharp rises in prices and inevitably by falling profitability (49).

The crisis hit Turkey at a time when most of the social groups were mobilised and had access to political means whereby they could formulate and compete for their demands. During the two decades when the economy grew at 5% per annum or higher, the reconciliation of social conflicts had not proved difficult. Later, however, when the economy almost came to a halt it became impossible for the state to respond positively to competing demands. Without growth, social pay-offs could not be continued. It was then that politicization began to acquire near civil-war proportions. Political mobilisation, a *sine qua non* for the success of the model of accumulation, had given rise to political tensions which eventually led the bourgeoisie to seek an appropriate solution through political means. The very success of ISI had created social and political tensions with which the system was not well equipped to deal. The broad-based coalition and consensus of ISI thus became an obstacle for capital accumulation and had to be dropped.

In early 1980 the government accepted an austerity package engineered by the IMF (50). The package proposed a radical restructuring through opening up the economy to world markets. The 1980 stabilisation programme represents a milestone in Turkish history. This was indeed the third major austerity programme in the postwar period, the first two having been implemented in 1958 and 1970. All three programmes had a great deal in common (51). They were all designed to deal with problems of similar nature: chronic balance of payments deficits, foreign debt servicing problems, high inflation, falling production and investment. They all proposed similar solutions: devaluation, an end to deficit financing, tight monetary policies etc. More importantly, they were all followed, within a year or two, by military coups. However, the 1980 package differed from its predecessors in that it was an attempt to change the existing mode of accumulation while the previous ones were designed to unblock the bottlenecks encountered in the

process of accumulation. The 1980 measures also called for a radical transformation of social relations and casting of a new balance between classes. The transformation it envisaged had perforce to be one including shocks to industrialists and most of the social groups. This was in part due to the fact that the crisis had been postponed. At a time when similar countries had to submit to radical restructuring of their political economies Turkey had chosen to postpone the moment of decision through palliative measures. This precluded a smoother adjustment which could have taken place under less adverse circumstances, both internally and externally.

The 1980 programme aimed at transforming the economy from an inward-oriented one to an export-oriented one. The measures contained in the programme were designed to allocate resources from import substituting industries to those serving export markets. Domestic demand had, therefore, to be curtailed in order to discourage production for the home market, thus providing the firms with incentive to produce for the world markets. The massive price increases for the products of state economic enterprises, the reduction of support prices for agriculture, the elimination of subsidies on agricultural inputs and tight credit policies were all measures serving this end. The most immediate impact of such policies was on real wages: real wage index (1963=100) dropped from 166.3 in 1977 to 93.5 in 1980 and 79.7 in 1985. Concomitant with these policies was a drastic income redistribution: the share of wages and salaries in national income fell from 35% in 1978 to 20% in 1983 (Boratav, 1988; p.182) (52).

The major problem that the 1980 austerity package faced was that Turkey's political structures and class alliances had been geared to the maintenance and reproduction of a closed economy since the early days of the Republic. The military coup in 1980 attempted to define the political regime within which the new mode of accumulation was to proceed. The military suspended parliament and banned all political parties and workers' organisations. After the coup the state apparatus was used with great effectiveness to fully dismantle the structures and institutions of the previous period. The military regime carried out its task of suppressing radical politics with a heavy hand. A frantic legislative activity succeeded in dismantling the administrative system of a bureaucratic and populist heritage of sixty years. The 1982 constitution laid down the principles of a restricted democracy. Turkey thus entered a path of evolution similar in its broad lines to that of Latin American countries (53).

The 1980 coup institutionalised a new growth model based on the defeat of the working class. In the economic sphere, the repression of the economic demands of popular classes allowed sufficient breathing space for the bourgeoisie. In the short run the programme succeeded in

eliminating the immediate obstacles to the process of accumulation. In the longer term the programme was successful in increasing the volume of exports drastically. Not only did the value of exports quadruple, but also the share of industrial products in exports rose considerably between 1980 and 1985 (54). Although the extent to which the economy has been irreversibly export oriented is far from being clear, it is true beyond any doubt that the Turkish economy underwent a radical process of restructuring in the post-1980 period (55).

During the entire period of import substitution the dominant ideology had remained within the confines of national development and national solidarity. It became evident with the 1980 coup that whatever social contract had emerged was not deep rooted. The 1980s witnessed the painful dismantling of bureaucratic paternalism and imposition of economic liberalism from above. The industrial bourgeoisie thus grasped the promise of ideological hegemony. Economic liberalism was further reinforced after the withdrawal of the military in 1983 when Turkey entered a process of cautious and halting democratization. Today this process is far from being complete and is threatened by the apparent weakness of the social groups mobilising behind the platform of democracy.

6.5.1. Speculative Housebuilding: Collapse

The 1970s witnessed the gradual and yet irreversible elimination of a number of crucially important circumstances which had enabled builders to realise the construction process with a minimal amount of money capital. The profitability of builders' operations was now threatened by the pressures originating from rising land prices and construction costs. Builders were trapped between the constraints set, on the one hand, by rising costs and ever-growing shares claimed by landowners and, on the other, by the exigencies associated with producing for the mass market. Their success in the previous two decades had been based upon their ability to draw a diverse range of groups into the market. Rising house prices and concomitant increases in the size of cash downpayments and installments demanded of would-be owners were about to eliminate the largest clientele group -the fixed income segment- from the middle-class residential market. In the mid-1970s SHB experienced its most glorious days in terms of the rate of production attained but builders were literally at cross-roads: the adverse circumstances were posing a serious threat to their conditions of existence and the very features that made SHB what it was in the 1970s were in danger.

Builders' response to the new circumstances was conditioned by their strength within the SHB coalition and their ability to transform the conditions of production. Whatever course of action they were to take,

the balance of power within SHB had to be questioned and restructured. The first alternative for builders to overcome the bottlenecks they encountered was to lobby for higher densities. This proved to be practically impossible. Almost all the strategic sites in major cities had already undergone a process of redevelopment thanks to relaxation of building codes and overcrowding made it impossible to increase the number of floors and floor-space ratios any further. Furthermore, developable sites in inner cities had largely been completed (56).

Another strategy for speculative builders could have been to seize the ownership of land, to combine their housebuilding operations with land ownership in order to appropriate gains accruing on land. In this case builders would have had the chance to make considerable gains by keeping the plot vacant for some time and developing it at an appropriate time depending on the market conditions. This strategy was, however, impossible since, although the circumstances of the mid-1970s created strong pressures in this direction, most builders lacked the means to obtain title to land in advance and thus to appropriate development gains and land rents in full.

Given the impossibility on the part of builders to gain access to land ownership, the most rational strategy was to reorganise the labour process; namely, to cheapen labour costs through a "colonization" of the labour process. In a bid to increase the mass of surplus they appropriated, builders could have concentrated on the production of relative surplus value by way of introducing advanced techniques and methods of production. A number of factors constrained builders' possible attempt to effect such a change. First of all, the scale of their operations -a single apartment block on a single plot- was too small to introduce advanced technologies. These necessitated larger development schemes than those actually carried out by builders and without them there was no way economies of scale could have been attained. Moreover, an overwhelming majority of builders were financially not in a position to employ advanced technologies even if they had overcome the limitations imposed by the necessity of developing several sites simultaneously. And finally, their ability to introduce a major restructuring of the labour process was further restricted by the fact that they were only in partial command of the conditions under which workers performed their trades. Their limited command over the labour process, the partial penetration of capital into production, did not allow such a radical restructuring (see chapter 4).

Although it is true that builders were not in a position to radically transform the labour process, there were a number of ways in which they could have introduced minor modifications, such as the use of some pre-cast materials and a simple rationalization of on-site production through a more effective labour organisation. This

alternative, too, did not prove viable not only due to the limited degree of builders' command over the labour process but also, thanks to the attractiveness of the strategy they finally adopted, because they were reluctant to implement a strategy whose benefits they could reap only the long term. The strategy that speculative builders chose in the end was designed to take full advantage of the enormous demand that existed for housing in the late 1970s: they produced more and more luxurious houses. In other words, they restricted the output to a more narrowly defined group in the market and produced more expensive houses.

Builders' response can be better understood with reference to a distinction made in previous chapters: the role of builders as industrialists and merchants. It was discussed in chapter 4 that speculative builders necessarily combine the characteristics of both industrial and merchant capital. Which role of the builder dominates over the other, I argued, depends on historically given circumstances. What speculative builders did by restricting the output to more affluent groups in the market amounted to concentrating more on their roles as merchants than industrialists. Instead of searching for ways to increase the mass of surplus through the production of relative surplus value, builders entered a path that enabled them to make considerable speculative gains on the selling prices of the flats they built. This solution perfectly complied with the market conditions: most notably, a massive demand and chronic inflation. This process was accompanied by another in which builders pushed labourers to work harder and longer, i.e. production of absolute surplus value, thus leading to cruder forms of exploitation. Their strategy was certainly not the most effective one in the long term, but one producing the largest gains in the short run. Furthermore, this strategy gave rise to a number of disruptive outcomes concerning the balance of powers within SHB and served to worsen the impacts of the forthcoming crisis.

Before proceeding to the impacts of builders' reactions on SHB as a whole, one last point need to be added. The foregoing argument makes it clear that SHB does not contain within itself the seeds of change that could transform it into a higher level of organisation. SHB cannot by itself evolve into a proper capitalist form (in the sense defined in chapter 2). It can best be described as a "closed circuit" in which the further development of capitalism is impossible and which, when its normal functioning is disturbed, enters a process of irreversible decline. A variety of reasons may be cited in this context. First, the scale of builders' operations and hence the rate of accumulation at the level of single enterprises, is too small to allow a process of concentration-centralization of capital required for such a transformation. Even if individual builders make large profits out of their activities, this is not sufficient for a qualitative transformation of the whole industry. The highest level that builders can reach is to simultaneously develop

several sites at different locations. All they can do is to repeat the same mode of organisation at different locations, namely a process of "horizontal expansion" not concentration. SHB, by its nature, is a form appropriate to operate only in a property market in which land ownership is highly fragmented. All those aspects of SHB that make it a form peculiar to Turkey are those which ensure an overlap between the unit production and the existing unit of ownership on land. Every characteristic of SHB has the aim of ensuring that the competitive edge for the typical productive unit resides in the development of single pieces of land. This was what I had in mind when I argued in chapter 3 that the fragmentation in the urban property market is complemented by the decentralization of production in the housing industry.

Whatever dynamism SHB had was associated with the fact that there lay behind it a property market in which petty land ownership was the norm. Transition to a higher stage of capitalist production required the establishment of a new ownership pattern based on the availability of larger units of land. The dynamics of SHB were not conducive to a process of concentration-centralization in housebuilding which could have brought about the dissolution of the property market. SHB was designed not to destroy petty land ownership but, on the contrary, to take full advantage of it. It was therefore unlikely that the productive units that could form the nucleus of a new form of production could have arise from among the ranks of speculative builders operating in the sector.

Such a transformation, one can conclude, could have been possible only by the "conquest" of the housing industry by another type of capital with a different mode of operation. As I briefly discussed in previous pages, there were a small number of large companies operating in the non-residential sector. There were also some medium-sized companies in the housing industry. The former did not invest in housing at all, while the latter had an entirely different mode of operation. The former group of companies had direct access to finance but housing did not prove attractive enough for them. Starting in the late 1970s these companies operated successfully in foreign markets especially in the Middle East and were awarded many contracts including some large-scale housing projects. Their activities in the home market, however, were restricted to non-residential projects.

A small number of medium-sized companies operating in the housing sector addressed themselves to different target groups than SHB. Their strategy was to obtain large tracts of unzoned land around big cities and open up these areas for development. A supplementary article of the Urban Development Act granted authorization to housing development schemes outside municipal boundaries if the number of units to be built under the project exceeded a certain threshold. These companies thus

aimed at appropriating land rents and development gains in full. Their target group was clearly the well-to-do since they produced very luxurious houses. In this sense they were not even in competition with speculative builders. These examples make it sufficiently clear that large units of capital preferred to invest in housing only if they were in a position to combine housebuilding activities with land ownership and thereby to have full access to land rents and development gains. The competitive edge for such companies evidently resided in the development of relatively large tracts of land. Consequently, they preferred to operate on the urban fringe where land was abundant and cheap, not in inner cities where land was scarce and expensive, and where they did not have the chance to undertake large-scale projects. In the few cases where they produced single apartment blocks in built-up areas, these companies built highly luxurious houses.

Behind the speculative builders' reaction to the changing conditions during the latter half of the 1970s there lay a form of production which lacked the dynamics to transform into one representing a higher stage in capitalist development. Builders' reactions received two immediate responses, which contributed to the further deepening of conflicts. First, house prices kept on rocketing, thus completely excluding the fixed-income groups from the market and rendering flats accessible only for the well-to-do. Second, to the extent that builders concentrated their efforts on making speculative gains and that such gains ceased to be the exception and became the norm, landowners had a claim on such gains. Hence further increases in land prices. There thus arose a situation in which builders' reaction to a particular set of factors simply produced an effect which itself fuelled the original cause. In other words, builders' reaction served to exacerbate the very conditions they were supposed to cure.

By the late 1970s, despite a remarkable rate of production, SHB was far from being the form of production that had attracted various social groups into the property market during the previous two decades. The key to its success was hidden in the consensus it managed to generate across a wide range of classes in the urban economy. Thanks to this consensus, it had turned into a mature form serving the mass market and yet catering for diverse interests. By the late 1970s it had ceased to be the form of housing appropriate for the social groups it initially served. The consensus which had been maintained with considerable success over the two previous decades was almost a thing of the past. The conflict between landowners and speculative builders had reached a level of antagonism threatening to bring production to a halt and creating pressures for a sweeping change in the industry. On the other hand, the very social groups whose inclusion in the property market had been of key importance for the success of SHB were now excluded from the market. It was only thanks to an exceptionally high level of demand

that the sector was able to continue production. But even this demand was under serious threat originating from the crisis of import substitution.

It was the 1980 stabilization package that constituted the final blow to SHB. The package aimed at diverting resources from industries serving the domestic market to export-oriented ones and brought with it huge reductions in real wages, a process which had been in operation since 1978. As far as the home market was concerned, this meant a drastic curtailment in effective demand. The 1980 austerity package thus annihilated the basic factor that had helped speculative builders continue production despite the existence of adverse circumstances. Without a brisk demand, there was no way that SHB could have functioned effectively. What the 1980 measures did, therefore, amounted to unveiling a conflict which had been building up for some time but had remained hidden basically due to lively demand. Had the 1980 programme not brought the sector down, it is very likely that either this conflict would have led to a complete paralysis or the sector would have undergone a process of adjustment. One could even argue that this conflict served to exacerbate the impacts of the crisis and led to an abrupt collapse of SHB, thus precluding any chance for a smoother adjustment.

The impacts of the 1980 programme on the demand for housing were two fold: first, it accelerated the ongoing process of worsening in the living conditions and real wages of the masses. Secondly, it obliterated what can be termed the speculative demand for housing. By encouraging other investment alternatives, it lowered the attractiveness of land and housing as investment assets. The sector's response was dramatic: In 1980, the number of starts fell by 18% relative to the 1979 level and was accompanied by a further decline of 31% the next year. In 1981 the volume of starts barely exceeded half the 1979 level. In two years the total area of housing starts dropped from 27 to 15 million sq m, only slightly above the 1970 figure (see Figure 6.2). Despite huge sums of money injected by the state into the market, the sector showed very weak recovery in the early 1980s. In a few years' time, however, the sector reached a level of production far exceeding that of the 1970s. This originated not from the recovery of SHB, but from the increasing importance of cooperatives generously supported by the state (see Chapter 8). Speculative housebuilding, which had been the dominant form of housing provision in Turkish cities in the postwar period, totally lost its dynamism and turned into a form operating on the verge of extinction. It was restricted to a few undeveloped sites in large cities and some small towns which had somehow managed to escape the frantic speculative boom of the 1960s and 1970s.

6.6. CONCLUSION

This chapter was an attempt to put the evolution of speculative housebuilding into a social, economic and political context, without losing sight of its internal conflicts and dynamics. It was shown that the success story of SHB was contingent upon a variety of favourable external circumstances. The availability of an almost endless pool of docile and cheap labour, an ever growing and deepening internal market and increasing real wages, a massive demand for housing generated by the continuous influx of population from rural to urban areas and the attractiveness of housing and land as investment assets, poorly developed financial markets and even a highly populist policy making process, constituted the conditions underlying the success of middle-class residential boom of the 1960s and 1970s. These factors, it must be stressed once again, were the integral components of import substitution strategy and populist class alliance in varying degrees. The link between SHB and ISI must be re-emphasized, without implying a simple cause-effect relationship between the two: The very conditions enabling the emergence and rise of SHB as a form of housing capable of serving the urban masses are directly associated with the ISI strategy. Furthermore, it is not a simple coincidence that SHB lost its viability at around the same time as ISI. Import substitution provided SHB with more than favourable external circumstances. Without the broad-based coalition of the kind characterising ISI, it is highly dubious that the consensus over SHB could have had the same dynamism it had or even existed at all. What in turn SHB provided for ISI is obvious: it, put most clearly, served as a hinge for the urban middle classes to hold on to -a mechanism of improving their welfare. Either as an investment asset offering protection for the masses or as a component of capital formation, speculative housebuilding offered abundant possibilities for the middle classes. It was, and remained, a middle class "game" and even played some role in the formation of urban middle classes in Turkey. It was essentially in these senses that I argued that SHB constituted one of the most important pillars of ISI in urban areas.

No form of housing that emerged after 1980 has been able to replace SHB and acquire the status of being the dominant form, despite the heavy support provided by the state. None of these forms, it must be noted, has managed to attract as diverse groups as SHB had in its heyday. The alliances, if any, generated over the new forms have nowhere been near to that over SHB. These are some of the issues I take up in the concluding chapter. SHB owed much of its success to the fact that some form of consensus was generated over it whereby each participant found something to gain. It must, however, be stressed as a final word to this chapter that the speculative boom which served as a basis of political consensus among diverse groupings in the urban

economy accentuated the existing cleavages among them in the long term. The very groups that gathered around SHB in line with their short-term benefits found that the price they were to pay in the long run was an overcrowded, poorly serviced physical landscape of concrete blocks into which they were locked. This is one of the topics I deal with in the chapter that follows where I exemplify the development process in a typical middle-class residential area in Ankara.

CHAPTER VII THE CASE OF ANKARA

7.1. INTRODUCTION

To complete the analysis concerning the emergence, rise and demise of speculative housebuilding during the three decades between the early 1950s and the 1980s, I deal in this chapter with the case of Ankara. In an attempt to study some of the dynamics analyzed in previous chapters as they unfold in a particular locality, I provide an in-depth account of the development process in a typical middle-class residential area in Ankara. An attempt is made at retrospectively reconstructing especially the relations between landowners and builders and the conditions under which the former released land for development. It must be noted that the objectives of this exercise are not simply restricted to a study of the relations during or immediately before actual development, but extend to exploring the transactions that took place on land long before development. What follows is a detailed story of a residential area from the early 1930s to the late 1980s and must, therefore, be regarded as an endeavour to understand the functioning of the land market and the ways in which it has conditioned the evolution of the housebuilding industry.

The site chosen for a closer scrutiny is a residential area in Ankara comprising 43 apartment buildings on three blocks of land. The criteria concerning selection of the site and description of the survey carried out are given in Appendix I. The results of the survey are summarised in section 7.3 below. Appendix II, Tables 7.1 to 7.9 contain general information on Ankara. Some photographs taken from the survey site are given at the end of the chapter.

7.2. ANKARA DURING THE REPUBLICAN ERA

Ankara became the capital city of Turkey in 1923 at around the same time as the foundation of the Republic. The decision to move the capital city from Istanbul to Ankara must be seen as part of a larger republican project to break with the imperial past. The republicans' decision to designate Ankara as the new capital and their ambition to make it a modern city had considerable impacts in the years to come not only on the regional distribution of population in the country but also on the small town of Ankara itself. During the first fifteen years of the

Republic a large-scale planning project was launched and implemented, with large sums of money spent and a number of special laws enacted for Ankara (see section 6.2.1). The success of republican ambition to create a modern, westernized city from next to nothing came over time to be equated with the success of the new regime. Despite all these efforts, however, the result was hardly a success.

With the decision to change the capital city, Ankara became a major centre of gravity in the early republican period. Indeed it was the only city to attract migration on a significant scale in the pre-1950 period. The scale and pace of the transformations it went through were devastating in every respect. Ankara, which in the early 1920s was a small provincial town with a population not exceeding 50,000, witnessed transformations of the kind which only a few Turkish cities underwent in later years. The population of Ankara grew in this period in such a rapid fashion that forecasts relating to its future population, even the most pessimistic ones, and thus any effort to control its growth on the basis of such forecasts turned into a futile exercise. Its population more than doubled during the 13-year period between 1927 and 1940 and almost tripled in the decade of the 1950s (Appendix II, Table 7.1). Until the mid-1970s the annual rate of population growth remained well above the national average for urban areas. Only after 1975 did the rate of population growth somewhat slowdown and fall below the urban average. Today, with a population of 2.5 million, it is the second biggest city after Istanbul.

The most tangible result of this dramatic growth was manifest in the failure of various projects designed to control the city's expansion. During this period the population increased so rapidly and the pressures for the expansion of the city in an uncontrolled fashion towards peripheral areas were so great that planning efforts, however ambitious and comprehensive their initial formulation may have been, proved unsuccessful in a short span of time. It must also be added that a highly centralised planning system imposing very rigid and irreversible decisions with no room for decentralised decision-making served to exacerbate the impact of rapid growth and had consequences which were in stark contrast with its intentions. By the early 1950s even the most dedicated republicans admitted the failure of their planning efforts. Since then a number of new plans have been prepared and implemented. However, these plans have hardly left any visible marks on the growth pattern of Ankara. Its expansion was governed not by these plans but, in the case of "unplanned areas", by the processes governing the construction of shanty towns and, in the case of "planned areas", by partial plans and plan amendments which were nothing but overt violations of the larger plan they were supposed to be a part of. Enormous problems, ranging from overcrowding and air pollution to inadequate infrastructure experienced by its inhabitants in their

everyday lives and the simple fact that more than half the population today live in shanty towns are testimony to the failure of the planning story in Ankara. Another direct consequence of this rapid growth is the fact that Ankara has been a laboratory for urban research in Turkey, since almost all the major transformations characterising the post-war urban economy, such as shanty towns and speculative housebuilding first emerged in Ankara (1).

The factor underlying this drastic increase in population was not industrial development on any significant scale, but the growth of functions associated with its role as the capital city. Being the seat of government in a country having a strong tradition of statism determined, more than any other factor, much of Ankara's fate in the republican era. Ankara owes its rise as a major metropolitan centre to the fact that it is the seat of political power. This fact has its imprints on every aspect of daily life in the city and is nowhere better expressed than in statistics on its current socio-economic structure. For instance, a comparison of the figures on the sectoral breakdown of working population in Ankara with those on Turkey (Appendix II, Table 7.2) indicates a concentration of economic activities that may be grouped under the category of the service sector. These figures reveal that Ankara has specialised in activities originating from its role as the capital city. A relatively weak industrial and an over-developed service sector are further emphasised by the fact that only one fourth of all value added produced in the province of Ankara in 1985 originated from agriculture and industry, while the government services, finance, commerce and transportation sectors accounted for more than half the gross domestic product produced in the province of Ankara (2). On the other hand, an examination of the share in total Turkish GDP of value added in the Ankara province shows that the contribution of the entire province to national GDP is around 7% (Appendix II, Table 7.4). Construction, commerce, transportation and government services take the lead in terms of their contribution to national GDP. For instance, nearly 10% of value added in the construction industry in Turkey is produced in Ankara.

These figures unmistakably show that industrial activities in Ankara are restricted to those serving the local population. Indeed, activities other than those that may be directly linked to its role as the capital city are weak and serve only for local markets. Ankara is characterised by the overwhelming dominance of the service sector and the relative weakness of industrial activities serving the national market. A direct corollary of such a socio-economic structure is the high ratio of wage-earners in the total working population. An income distribution study published by the State Planning Organisation in 1973 found out that 76.8% of all households in Ankara were wage-earners, while the same figure was 37% for Turkey as a whole (Appendix II, Table 7.6). The fact that more

than three fourths of all households are wage-earners has led to an income distribution pattern which is slightly more egalitarian than that of Turkey (Appendix II, Table 7.5).

7.2.1. Planning Efforts in Ankara

The story of the planning experiment in Ankara is illustrative in many respects of most planning-related problems faced in third world cities undergoing a process of rapid growth. It sets an excellent example of how planning may eventually turn into an exercise incapable of exerting any significant impact on the growth of a city. The case of Ankara clearly shows that planning is simply one of a large number of forces governing the expansion of a city over space and that in cities like Ankara, it only plays a secondary role compared to the pressures originating from the dynamics of the urban economy. The Ankara example also makes it clear that planning tools developed in response to the particular needs of first world cities are destined to fail in third world cities. Finally, the planning experiment in Ankara sheds light on the vitally important connection between planning and politics. It shows that planning, whatever its initial intentions may be, affects the balance of interests established between classes over space and that the extent of its capabilities is restricted by the space of manoeuvre allowed by such balances. The failure of the planning story in Ankara reveals that planning must be equipped with tools flexible enough to deal adequately with the forces it sets out to control. The failure of the ambitious planning project in Ankara is nowhere better expressed than in the following words of one of the most dedicated republicans, who also chaired the committee set up in the late 1920s to monitor plan implementation: "Republicans succeeded in installing a state apparatus strong enough to implement radical reforms, but not so powerful as to implement a town plan" (Atay, 1969; p.428).

The first concrete sign of the importance attached by the republican regime to Ankara was the adoption in 1925 of a law authorising the municipality to expropriate 400 ha marsh land where now part of the city centre is located (3). In 1926 the Real Estate Credit Bank was established to finance housing development especially in Ankara. This Bank played a significant part in Ankara until 1946, when its activities were enlarged to cover the whole country. There were also a number of laws enacted particularly for Ankara (see section 6.2.1). A special committee was set up under a 1928 law to monitor planning and development activities. This was an independent body with some extraordinary powers and remained in charge of all planning efforts until 1938 when it was reorganised into a unit within the municipality. The committee commissioned Hermann Jansen, a German architect, to prepare a plan for Ankara. The Jansen plan was indeed a modest one and took effect in 1932. Of the developments proposed in the plan, the

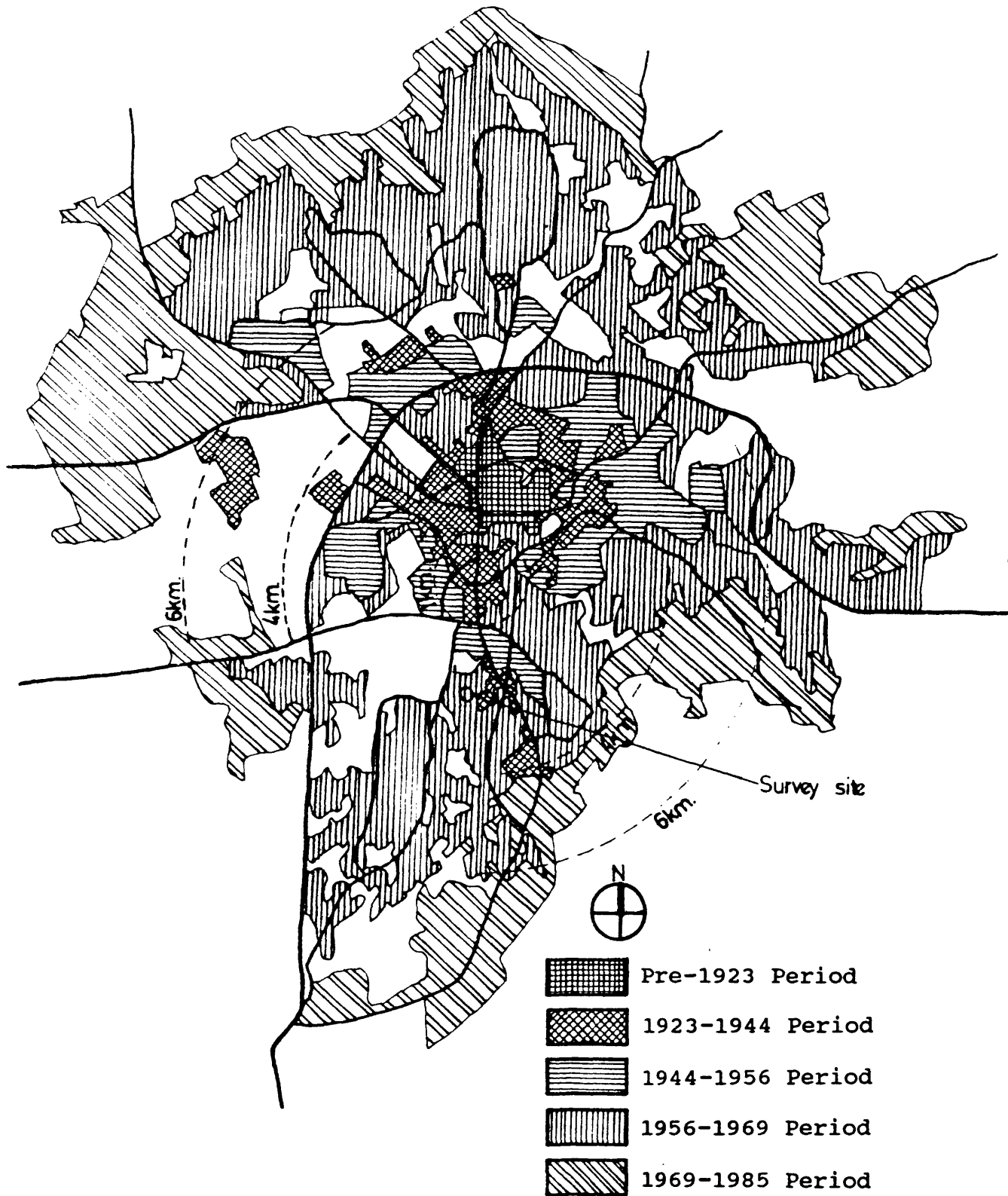


FIGURE 7.1. DEVELOPMENT OF ANKARA DURING THE REPUBLICAN ERA

Source: Tekeli et al eds. (1987) p.96

ones that were realised were a sports complex, a large-scale green area and a housing scheme for bureaucrats, which was undertaken by the first housing cooperative in Turkey.

Jansen's plan had a very short life. Under the enormous pressures it faced, it was revised in 1937. Although the plan was not officially cancelled, the 1939 decision to sack Jansen from the committee marked the end of the plan. The plan had been prepared for a 50-year period and on the assumption that the population would reach 300,000 in the 1980s. In 1955, only half way through the plan period, the population of Ankara exceeded this figure by more than fifty per cent. The rapid growth of population generated pressures of the kind whose impacts were felt not in the short run, but in a longer period. What eventually made the Jansen plan completely inoperative within such a short span of time was the pressures created by the owners of land in areas not covered by the original plan to open up these areas for development. The list given by Senyapili (1985; pp.23-4) of the names of persons who owned what is now the most prestigious part of the city centre shows that the landowners of the period comprised essentially those who occupied the top positions in the military and civilian bureaucracy. These bureaucrats either purchased agricultural land outside the plan boundaries at a very cheap price or, in most cases, were simply given large pieces of land by the Treasury. In 1935 the urban development committee made a decision allowing housing development outside the plan area under some loosely defined conditions. Eventually a 1938 decision enlarged the planned area from 1,500 ha as proposed by the Jansen plan to 16,000 ha. What was striking was the fact that at the time when this decision was made only a small fraction of the original plan area had undergone development. In other words, what lay behind this decision was not the shortage of land with planning permission, since a large portion of the planned area was vacant. The decision led to massive increases in land prices and enlarged the size of the area subject to land speculation. A game was being staged in Ankara in which those who occupied the decision-making positions were themselves the prime beneficiaries of the decisions they made.

The 1938 decision to enlarge the area with planning permission was the first of many decisions of a similar kind to follow in the years to come. The areas not covered by the original plan were planned without a long-term strategy or a wider plan, simply by subdividing large tracts into small developable pieces. This decision relieved the pressures only temporarily. During the second world war period such pressures were at a low tide. But after the war and especially in the 1950s these pressures took the form of demands not only for the opening up of new areas to development but also for increasing density decisions in areas with planning permission. The 1938 decision represented a turning point in the planning history of Ankara. The year 1938 was a milestone in

Ankara's history from another point of view as well. In this year the revenues of the municipality reached a peak. The republican ambition to make Ankara a modern capital gradually faded away since then. Not until the mid-1960s did municipal revenues reach in real terms the 1938 level.

In 1950, out of a total population of some 230,000 in the city, nearly one-fourths were living in what, in the case of Ankara, was an inter-war phenomenon: shanty towns (see Figures 7.1 and 7.2). Peasants, who in the 1930s were not allowed to walk on main streets without western clothes, had occupied the capital with little or no change in their traditional life styles. It was obvious that the republican dream of building a modern city had failed. No longer was the success of Ankara equated with the success of the regime. For the republican elite the new urban structure was not as modern as they perceived themselves to be.

The most important aspect of the urban economy in the 1950s, in addition to the emergence of new forms of housing, was what could be termed the expansion of the social base of the urban property market. While in previous periods access to urban land was restricted to a few bureaucrats, a diverse range of social groups were now on the stage to take their share of the growing urban land market. In the period before 1950 there was no differentiation between decision-makers and pressure groups. Politics was a closed process in which decisions were made and implemented by a small bureaucratic elite without any mechanism of check. After 1950, with the introduction of the multi-party system political parties sought allies in order to gain popular support, and political decision-making became open to external pressures. As the power of the bureaucratic elite was gradually undermined, the changing configuration of interest groups led to enormous pressures on the urban land market. In short, the 1950s brought a number of new actors to the stage and politicians who were eager to exchange anything for votes.

The impacts of these changes soon became visible in Ankara. In 1951 and 1952 two decisions were made whereby the number of floors permitted in the planned area was increased for most of the city. These decisions were made at a time when a large proportion of building lots in planned area were vacant. On grounds that the Jansen plan had lost its applicability, a competition was held in 1954 to obtain a new plan for Ankara. The plan known as the Yucel-Uybadin plan took effect in 1957. The plan, prepared for a 20-year period and a population of 750,000 in the 1980s, opened up an additional area of 11,000 ha for development. The Yucel-Uybadin plan was indeed a short-sighted one failing to grasp the important changes that were taking place in the spatial structure of the city (4).

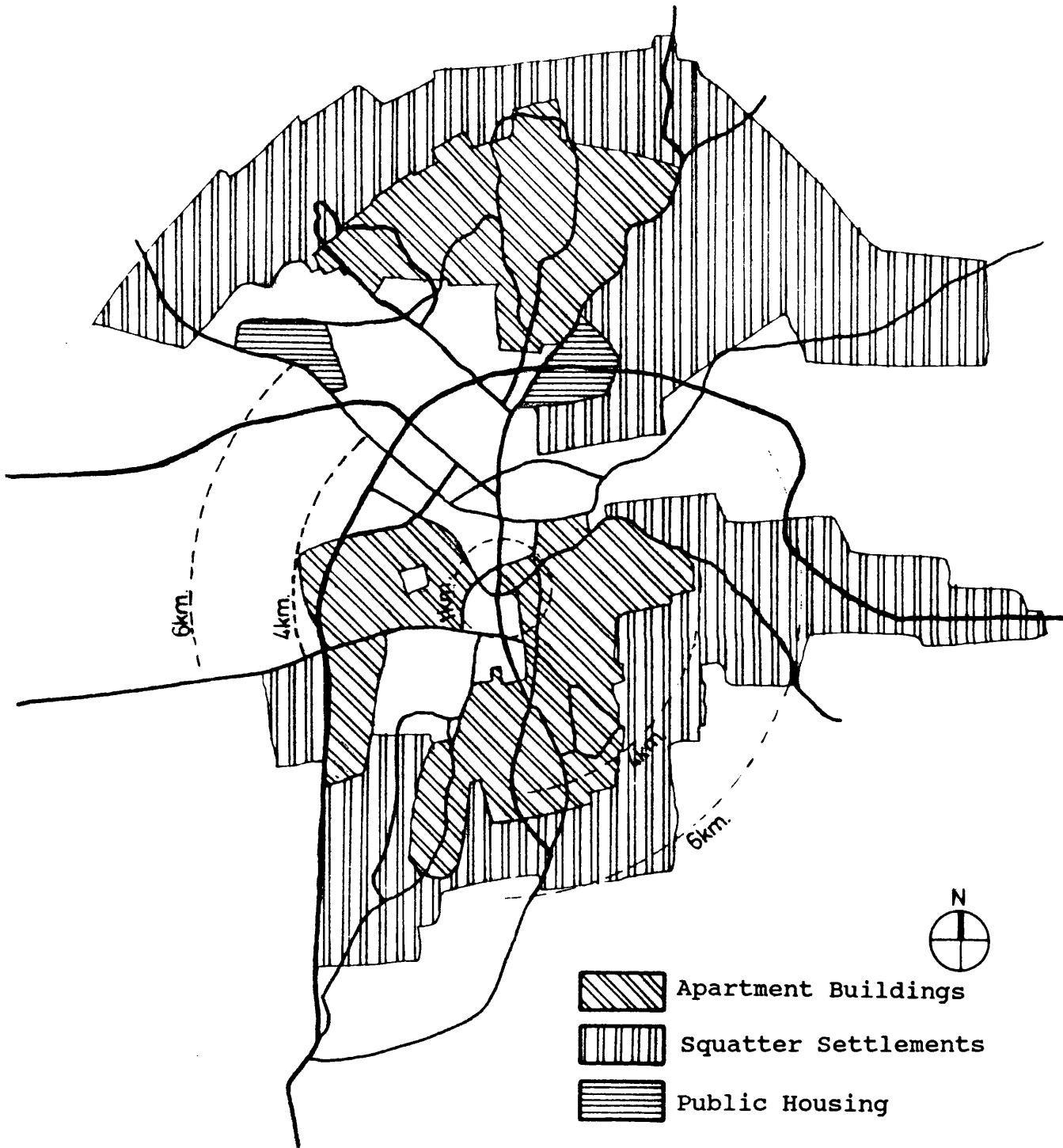


FIGURE 7.2. HOUSING AREAS IN ANKARA

Source: Tekeli et al eds. (1987) p.109

must be emphasised that, like the previous decisions, the 1968 decision to increase development rights in planned areas did not originate from the shortage of land with planning permission. It was taken as a response to the pressures generated upon local politicians. Altaban et al (1980) note that according to the density decisions in the 1957 plan, some 750,000 people were to live in the planned part of the city. With the 1968 decision this figure rose to 2 million. Despite this, however, in the early 1970s only 610,000 people did actually live in apartment blocks in planned areas. A large proportion of building lots in areas where building codes were applicable were vacant even some years after the 1968 decision.

Relaxation of building codes induced a redevelopment process in built-up areas. Either low-rise buildings which were nowhere near completing their economic lives were pulled down to be replaced by high-rise apartment buildings or, in buildings which were adequate structurally, additional floors were built onto the existing ones. We shall see examples of both cases in the site chosen for survey. This redevelopment process started in the early 1970s as a process peculiar to Ankara and later spread to other cities. This practice of replacing low-rise buildings with high-rise ones led to the emergence of an extremely dense residential pattern and contributed to a decline in environmental standards. A study made in 1973 by the Metropolitan Planning Bureau (cited in Cakan and Okcuoglu, 1977; p.47) found out that in 1970 service area per person (including open spaces, educational facilities and other non-residential, non-commercial uses) in the Ayranci quarter of the city, of which the field survey site is a part, was as low as 1.32 sq m as opposed to a standard level of 16.30 sq m. This figure fell to 0.40 sq m in some parts of the city. Today Ankara is a city with a number of serious environmental problems: overcrowding, air pollution, lack of open spaces and parking lots, insufficient infrastructure etc. As the table below shows, in some parts of the city net densities proposed in the plan increased on average by three times between 1957 and 1968 and reached 600 persons per hectare even in the late 1970s. The table is also evidence of the ineffectiveness of planning efforts even in the so-called planned areas.

Before proceeding to the description of the field survey a few words are necessary about the housebuilding industry in Ankara. Appendix II, Tables 7.7 to 7.9 contain data on the building industry in Ankara for the 1955-1985 period. The tables show that speculative housebuilding asserted its dominance over other forms earlier than the rest of the country. In the 1950s multi-unit buildings accounted for 80% of all construction permits issued in the city. In this period the share of cooperatives was around 10%. This must be regarded as an evidence to the previously-discussed claim that the major transformations

TABLE 7.1 NET DENSITIES IN SOME RESIDENTIAL AREAS IN ANKARA (persons per hectare)

Residential Area	Density proposed in the 1957 plan	Density proposed by the 1968 decision	Actual density measured in 1977
Emek	378	1,124	632
Gazi Osmanpasa	390	1,123	469
Cebeci	447	1,122	650
Cankaya	321	1,070	477
Maltepe	426	1,064	529
Y. Ayranci	473	1,051	634
Aydinlikevler	160	962	410
Bahcelievler	69	915	317
Kucukesat	304	894	586
Mebusevleri	148	888	225
Etlik	245	737	532
Kecioren	100	665	277
Yenimahalle	358	537	379

Source: Cakan and Okcuoglu (1977; p.46)

characterising the post-war urban economy first took place in Ankara. The share of apartment blocks in housing rose in the 1960s to 90%, while that of cooperatives fluctuated around an average of 10.7% during the same period. All through the period of study the ratio of construction permits issued in Ankara to those in Turkey as a whole was around 10%, but dropped to 5% in the late 1970s. During the 1970s the rate of housing starts remained at around 1.5 million sq m per annum with a sharp fall in 1974. It is also interesting to note that the rate of production reached a peak in 1977, two years before the national peak, and continued to decline until 1982. A comparison of Tables 7.9 and 3.4 in Appendix II shows that the average apartment block in Ankara is significantly larger than the national average. The impacts of decisions to increase density may be also followed in Table 7.9. The number of dwelling units per apartment building rose from 6.5 in the 1960s to 13 in the late 1970s.

7.3. FIELD SURVEY

The survey described in the pages that follow is an attempt at reconstructing the history of what now is a fully-developed residential area in Ankara. With the objective of finding out typical cases whereby the dynamics studied in previous chapters may be exemplified, I provide an in-depth account of a residential area from the early 1930s to the late 1980s. With a study of transactions that took place on land before development, I also make an attempt at exploring how the dynamics

arising out of the functioning of the land market at a given locality have conditioned the ways in which the development process has been organised. The criteria governing the selection of the site and details of the survey are given in Appendix I.

7.3.1. Survey Area

The survey site is part of a middle-class residential area known as A. Ayranci in the south of Ankara (see Figure 7.1. for the approximate location of the site in the city). The site covers a total of 43 building lots on three "blocks" of land (6). The site and its immediate surrounding are shown in Figure 7.3. Of the blocks seen in the figure, the ones studied in detail are blocks 2685, 2800 and 2803. It is these 43 parcels and the buildings thereon, to be referred to through the numbers indicated on plots, that I deal with in the following pages. Block 2685 comprises 12 parcels, while blocks 2800 and 2803 comprise 13 and 18 parcels respectively. The net size of the survey site is 3.7788 hectares, excluding streets between blocks.

The site is essentially a residential one. Non-residential uses in the area are restricted to a few commercial units serving the daily needs of the inhabitants. These are small shops like grocers, greengrocers, butchers etc. on ground floors of buildings (see photo 4 as an example of commercial units on ground floor). There are 41 shops at present in the area, concentrated mainly on the street between blocks 2803-2802 and 2685-2684. The street on the east of Figure 7.3 is the high street of the Ayranci area on which public transport operates and where various commercial activities serving the area are located. The Ayranci quarter is an area mostly inhabited by middle and upper income groups in Ankara. According to a study made by the Metropolitan Planning Bureau in the early 1970s (cited in Turel, 1987b) where the spatial segregation of income groups in the city is examined, Ankara is divided into six income zones and the Ayranci area is one of those in the second group from the top. In another study conducted by the Directorate-General of Electricity, Gas and Bus Operations of the Municipality, in which the 1980 income level is measured via some proxy variables (such as the number of cars per 1,000 inhabitants), the Ayranci area is in the third category with 60.16 private cars per 1,000 inhabitants (cited in Turel, 1987b).

The site is one of those areas that were opened up for development through the 1938 decision enlarging the area with planning permission from 1,500 ha to 16,000 ha. The actual plan for the site was prepared in two stages. A plan was prepared in 1942 for the area covering block 2685, and then the plan for the rest was drawn up in 1944. The 1957 plan acknowledged the residential character of the area and proposed a



FIGURE 7.3. SURVEY SITE

net density of 450 persons per hectare. This plan permitted the construction of three-floor buildings in the area. Neither in plans of 1942 and 1944 nor in the 1957 plan were specific floor-space ratios fixed for the site. Rather, building activities were conducted in line with the general rules laid down in building regulations. According to these rules, the exact position of a building to be erected on a plot is determined with reference to distances between the building and plot boundaries. The minimum distance between the building and the front line of the parcel should be 5 m, all other distances between the building and parcel boundaries being at least 3 m with a maximum depth of 22 m for the building. Therefore, building densities in the area exhibit considerable variations from one plot to another depending on the dimensions of the plot. The highest floor-space ratio is for the building on plot 2803/8. This plot has a size of 1,119 sq m, while the building thereon has a total floor area of 3,941 sq m. Floor-space ratio in this case is as high as 3.52. The built-up space on parcel 2803/8, in other words, is three and a half times larger than the size of the plot.

There are two types of plots in the area, those which still have the sizes proposed in the 1942 and 1944 plans and those which have been subdivided since then (see buildings in photo 1 as an example of the latter type and photo 3 for the former). The parcels of the former type have an average size of 1,040 sq m, with a frontage of 26 m and a depth of 40 m. According to the building regulations described above, the building to be erected on a typical plot will have the dimensions of 20 x 22 m. Plot coverage ratio will be 0.423 and floor-space ratio 2.11 if a five-floor apartment building is constructed. Since the building codes in force do not allow the construction of buildings having a depth of more than 22 m, those parcels in which the frontage is wide and the depth is narrow (i.e. those having a square-like shape rather than a rectangle) are more appropriate for the construction of larger buildings. For instance, the plot mentioned above in which the floor-space ratio is the highest (2803/8) has dimensions of 34 x 33 m. The building on this plot has a width of 28 m (34 m minus 3 m each on both sides) and a depth of 22 m. This yields a plot coverage ratio of 0.55 ($28 \times 22 / 34 \times 33$). This is considerably larger than the typical example given above.

What this argument amounts to is that in cases where no specific floor-space ratios are fixed there is a tendency under the current regulations for building densities to vary considerably from one plot to another depending on the shape of the plot. There is also another factor influencing development rights on a single plot: slope. In the survey area there is a steep downward slope in west-east direction. According to building regulations, the number of floors is counted from the front street. Buildings on west sides of blocks gain additional building space below the street level thanks to the slope. The building seen on the left-hand side of photograph 5 (2803/26) has its entrance on the street in the

west and is 7 floors when viewed from the east. The impact of the slope in increasing building densities may be clarified with reference to plot 2803/8. The building on this plot is a five-floor one when viewed from the front street in the west, but is seven-floor building from the east. In other words, the slope has allowed in this case the construction of two extra floors below the street level. If this building were on a flat piece of land, total building area would be $28 \times 22 \times 5 = 3,080$ sq m and floor-space ratio would be equal to $3,080 / 1,119 = 2.75$. However, the actual floor area of the building in question is 3,941 sq m. An additional building space of 860 sq m has been obtained because of the slope. Consequently, floor space ratio has risen to 3.52. (See also photo 3 for the impact of slope in increasing building densities).

The plots of the second category have been obtained through subdividing the former ones into two. The size of such plots is half the former and can easily be discerned in Figure 7.3. Building regulations permit the construction of semi-detached buildings on such parcels. The act of subdividing the original parcels is done by the municipality upon owners' demand. There are also cases when landowners apply to the municipality for just the opposite procedure: consolidating two adjoining parcels. The examples of both cases from the site are given in the following section. There are essentially two motives behind land subdivisions. First, there are problems associated with the ownership of parcels with planning permission. A brief look at Figure 3.3 where the plan for the site and the original ownership pattern are shown, may clarify these problems. During the planning stage when tracts of land without planning permission are converted into small developable pieces, there arise cases where a developable parcel is apportioned between two or even more landowners. Although the principle in this conversion is to make sure that every single parcel is under single ownership, there are cases when a number of initial landowners become owners of a single parcel. In pieces of land which are under multiple ownership, actual development becomes extremely difficult since it is rarely the case that the landowners can come to an agreement. They either apply to municipality for land subdivision or apply to a court for the sale of the parcel to eliminate multiple ownership. The latter is a preferential sale transaction in which any of the landowners is entitled to buy the rest of the land from other landowner(s) on a preferential basis. This is a transaction which I called "forced sale" whose examples were observed in the area. The second reason underlying land subdivisions is a simple one: the belief on the part of owners that smaller pieces might be sold more easily on the market.

Only 8 out of 43 buildings in the survey area have not used development rights in full. These are buildings which were built before 1968. The 1957 plan permitted in the area construction of buildings with three floors. The maximum building height increased to four floors in 1961

and to five floors in 1968. At the time when real estate registers were examined in summer 1990 two apartment buildings were under construction and, therefore, no occupancy permit had yet been issued. Of these two buildings, one was completed in April 1991 (2800/16), while construction work was still under way on the other plot (2803/15). There are currently 753 flats and 41 shops in the survey area. The number of dwelling units will reach 765 when the building on plot 2803/15 is completed. Assuming four persons per household, this corresponds to a population of 3,060 living in the survey site. This means a net density of some 810 persons per hectare. Considering the fact that the 1957 plan proposed a net density of 450 persons per hectare for the area, this figure is sufficient on its own to show how pressures for higher densities have been effective in Ankara (see Appendix II, Table 7.10 for the number of floors and units and dates of issue of construction and occupancy permits for buildings in the area).

The survey site contains within itself buildings constructed under a diverse range of relations characterising various development processes which are at work in Turkish cities. In the first place there are buildings produced by cooperatives (five buildings; 2685/4, 10, 11, 13 and 2800/7). There is also one building produced under the individual contract form (2800/6). This is a two-floor building built in 1961 and at present it is the only building in the area owned by a single person. Considering, however, that six of the existing apartment houses in the survey area (2685/12; 2800/16, 20; 2803/15, 18 and 19) have replaced the former low-rise ones under single ownership, it can be inferred that the part played by the individual contract form in the development of the site was greater than its share at present. There are two apartment buildings in the survey area built under relations which can be referred to as institutional contract form, a process not very common in Turkish cities. One of these two buildings (2685/14) was built by a bank via contract for use as lodging for its staff, while the other (2803/1) was commissioned by another bank in the mid-1950s as a lottery prize for its customers, a practice which was very common among banks in the 1950s and 1960s to attract customers. Although their production processes have some elements in common, the former building is under the ownership of the bank while the latter is under joint ownership. Together, these 8 buildings (5 built by cooperatives, 1 individual contract and 2 institutional contract) constitute the entire set of buildings produced under relations other than speculative building. The remaining 35 buildings have been built under the relations associated with speculative housebuilding, although there are some minor differences in the ways in which the actual development process has been organised. When I study the development process in section 7.3.3 below, I concentrate upon these 35 buildings only. In the section that follows, however, my main concern is the transactions on land before development and therefore I deal with all 43 plots in the area.

7.3.2. Transactions on Land Before Development

The site chosen for survey is one of the first in Turkey where a new real estate registry system (known as cadastre) was used. The new system, comprising detailed information on property boundaries and the quantity and ownership of real estate replaced the former one in the 1930s. Furthermore, every transaction on land, the date of the transaction and the name of the parties involved are carefully recorded. Although not open to the public, real estate registers provide researchers with an excellent source to study the processes whereby urban land changes hands over a relatively long period of time. This is precisely the purpose of the exercise described below. This exercise also attempts to find clues as to the extent of fragmentation of urban land ownership and the historical processes leading to such a pattern of ownership. This is an intermediate step serving the wider objective of highlighting the interactions between the land market and the development process in a given locality.

The transactions that took place on land between the early 1930s and summer 1990 are graphically shown in Figures 7.4 to 7.6 separately for each block. The legend for the figures is given on page 228. In the figures, transactions that lead to a change of ownership on land are categorised into four: sale, inheritance, donation and forced sale. The former three are self-evident and need no explanation. The transaction I refer to as forced sale is a preferential sale transaction to eliminate multiple ownership. There are also two more transactions that do not result in a change of ownership, but a change in the number and size of units of ownership: land subdivision and consolidation.

The process delineated in Figures 7.4 to 7.6 is not only a process of fragmentation of ownership, but also a process of transformation of the form of ownership: transition from horizontal to vertical ownership on land. This is a process that starts with relatively large tracts of land and ends up in the ownership of dwelling units in high-rise, multi-unit buildings. The starting point in this transformation of ownership is pieces of land without planning permission (to be referred to hereafter as "cadastral plots"). Such pieces of land are shown in figures on top of pages. The survey site is part of a larger area covered by 12 cadastral plots. These plots, having irregular shapes and dimensions because of the lack of planning, extend over a total area of 9.6 ha. An examination of the distribution of land among these 12 plots reveals a highly uneven distribution and the existence of a process of concentration-fragmentation even in the 1930s. The average size of these 12 plots is approximately 8,000 sq m. It is interesting to note that only 2 plots are larger than the average (plots 18 and 119, which are 17,062 sq m and 32,352 sq m respectively). Another important finding in connection with the pattern of ownership in the 1930s is the relative insignificance

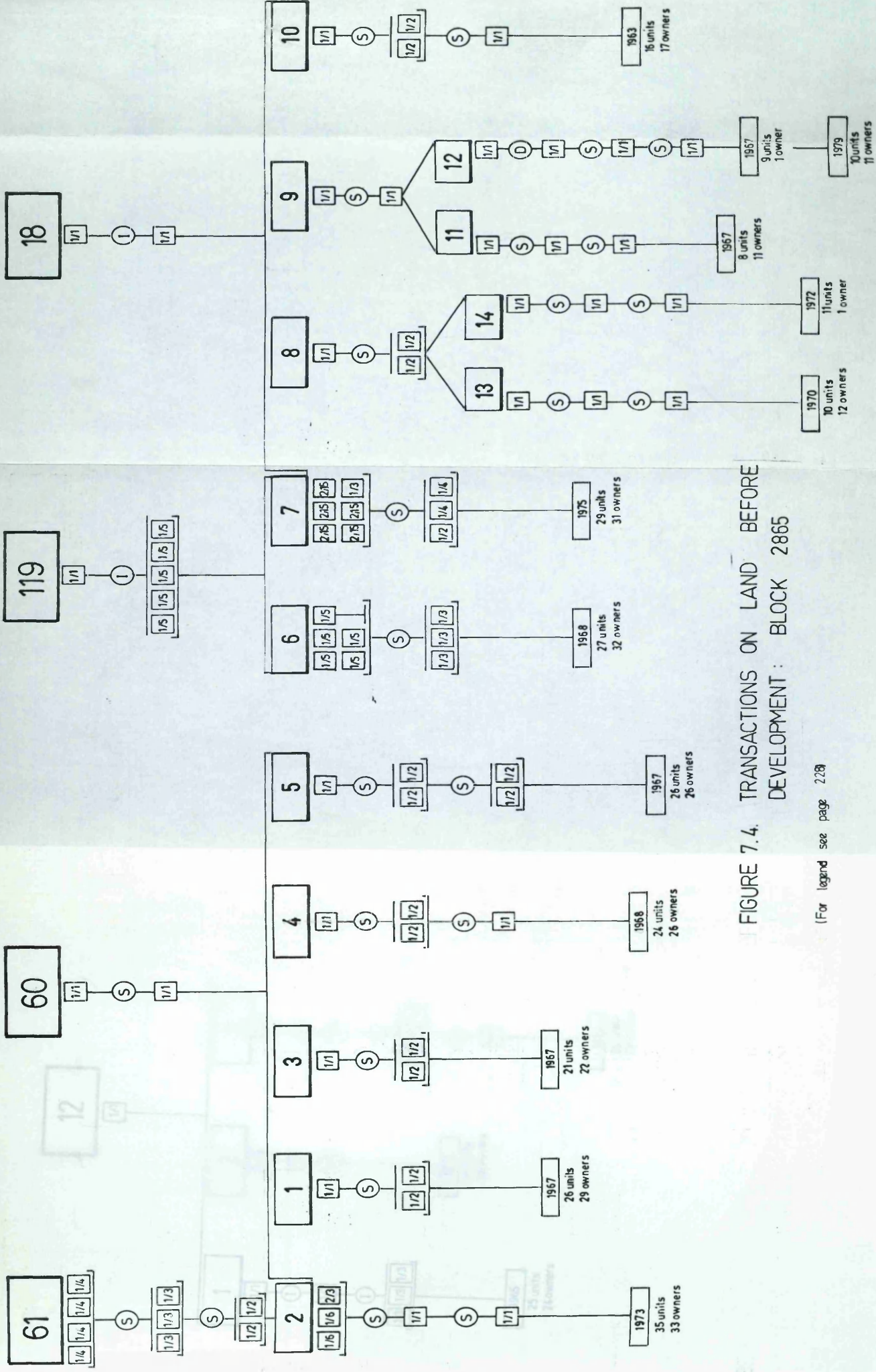
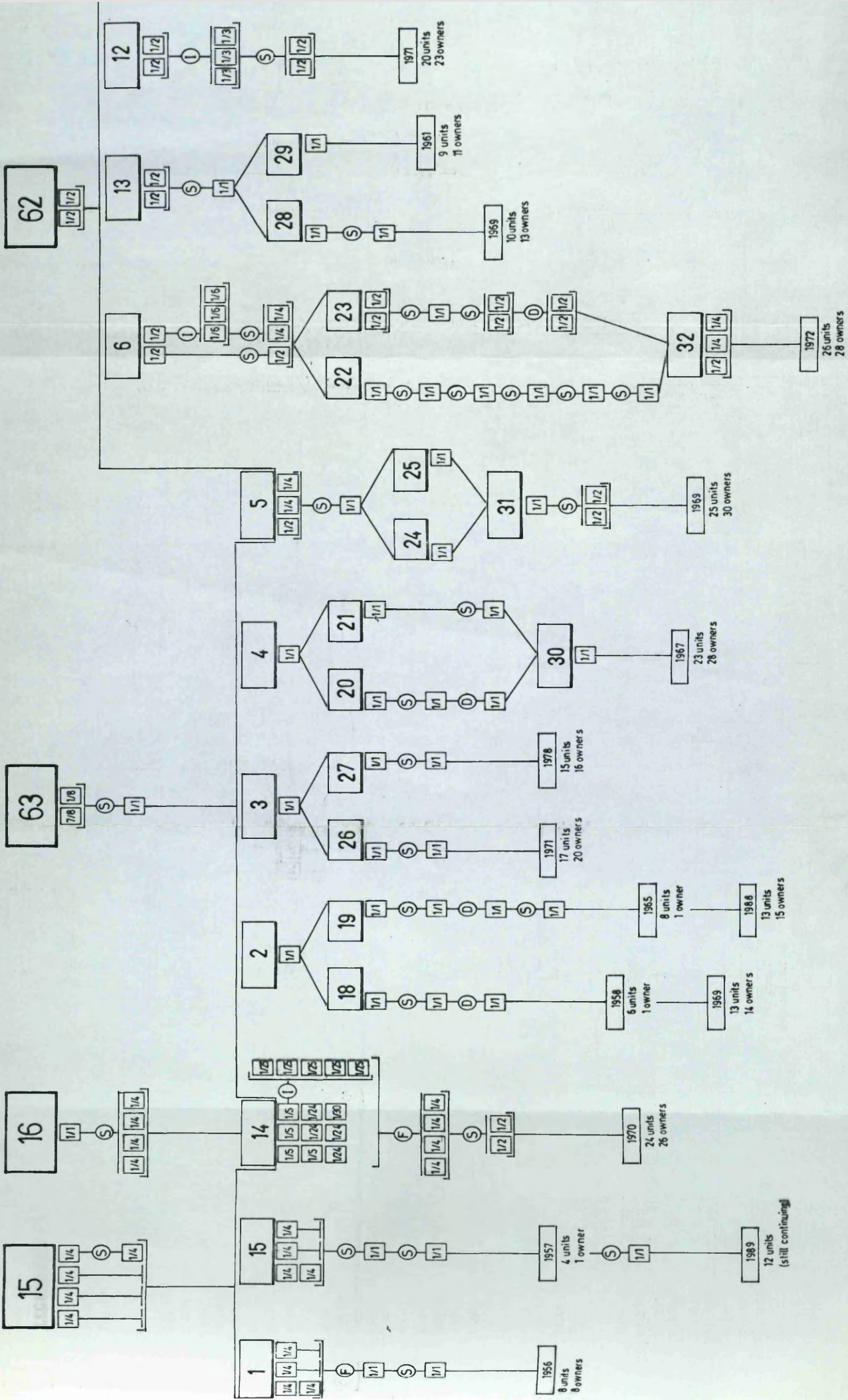


FIGURE 7.4. TRANSACTIONS ON LAND BEFORE DEVELOPMENT: BLOCK 2865

(For legend see page 228)



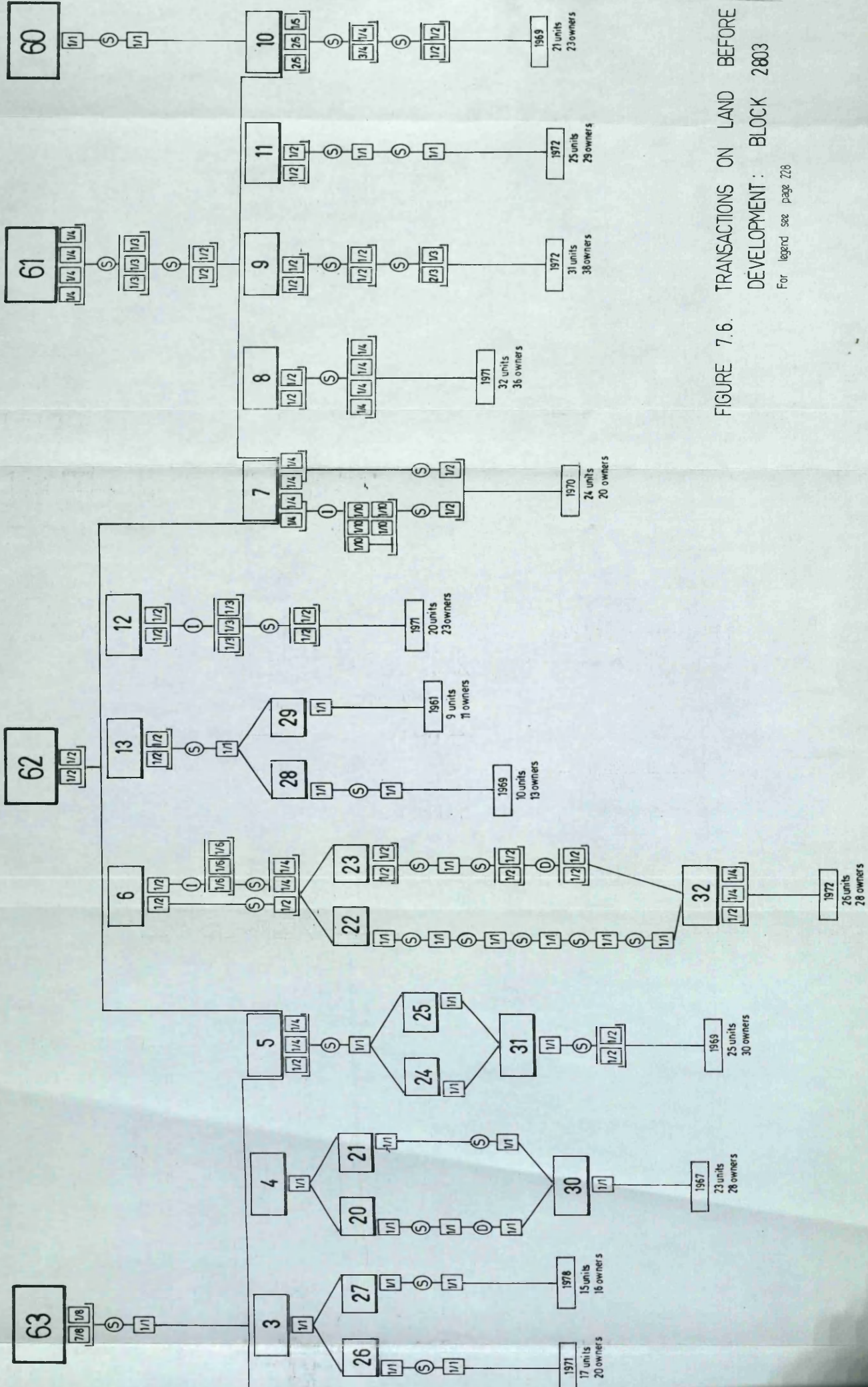
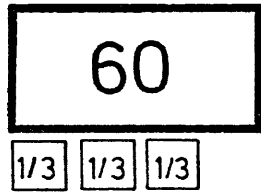


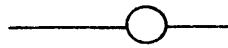
FIGURE 7.6. TRANSACTIONS ON LAND BEFORE DEVELOPMENT: BLOCK 2803

For legend see page 228

LEGEND FOR FIGURES 7.4. TO 7.6

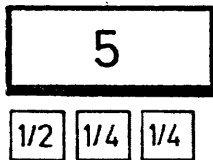


Piece of land without
planning permission
("cadastral plot")
Number of persons holding
title to land and their shares



Transactions

- Ⓢ Sale
- Ⓡ Inheritance
- Ⓣ Donation
- ⓕ Forced Sale



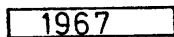
A piece of land with
planning permission
Number of persons holding
title to land and their shares



Subdivision of land by municipality
upon owners' demand



Consolidation of land by municipality
upon owners' demand



Date of issue of construction permit

27 units

Number of units in the building
(flats + shops)

30 owners

Number of persons owning the units

of multiple ownership. Of the 12 cadastral plots under consideration, 7 were under the ownership of single persons. Of the rest, plots 14 and 15 were owned by the same persons. In each of the remaining four plots, the persons who held title to land were the members of the same family. This seems to suggest that the division of existing units of land through inheritance has long been at work as a major factor contributing to the fragmentation of ownership on land.

An important moment in the history of the land market illustrated in figures is the planning stage. As was stressed on several occasions before, planning is an act of conversion of what I called "cadastral plots" (large tracts of land without planning permission) into small developable pieces, i.e. "parcels". This is not simply a physical conversion of large pieces of irregular size and shape into small ones, but at the same time refers to the imposition of a new ownership pattern. The former pattern of ownership is translated into a new one in which the basic unit of ownership is a single parcel. In this conversion the owners of former cadastral plots become the owners of a number of parcels proportionate to the size of their land. While doing this conversion the municipality is entitled to appropriate up to 25% of all land gratuitously for public services. This ratio, however, remained around 15% for the survey site.

Depending on the exact size and location of their cadastral plots, the initial landowners receive a mixture of two types of parcels: those on which they have full ownership and those in which they hold a share together with other landowners. To give some examples from the site, the owner of cadastral plot 119, the largest one in the site, became the full owner of 26 parcels and had shares in 5 parcels, although only 2 of these 31 parcels were in the survey area. In block 2685, parcels 1, 3, 4 and 5 became the property of the owner of cadastral plot 60, while parcel 2 was shared between the owners of plots 60 and 61 (see Figure 7.4).

Once the conversion of large tracts into small developable pieces is complete, the latter become the basic unit of ownership on which most transactions are conducted. What planning does, then, is to increase the number and reduce the size of ownership units on land. Planning thus contributes, not only by dividing land into many small pieces but also by transmitting ownership-related problems on cadastral plots to a larger number of parcels, to the emergence of a land market in which ownership is highly fragmented. If, for instance, a person's property is transferred by way of inheritance to a number of heirs, his/her shares in parcels, too, are subject to fragmentation through inheritance. In other words, each transaction conducted on the basis of cadastral plots reiterates itself in the relevant parcels. There are numerous examples of

such cases in the survey area. Take for example cadastral plot 14 (Figure 7.5). This was a plot initially owned by four brothers who probably obtained it through inheritance. One of these four brothers sold his share in 1944 to another person. So the parcels devised by planning (parcels 2800/8 and 9) were owned by three brothers and the other person who had previously purchased part of the cadastral plot. This probably led to a disagreement among the owners over the course of action to be taken in connection with the plot and parcels 2800/8 and 9 were subject in 1954 to forced sale. Parcels originating from cadastral plot 119 (Figure 7.4) are other examples of the cases in which ownership fragmentation on cadastral plots repeats itself on parcels.

Parcel 2803/14 (Figure 7.6) sets an excellent example of the cases where planning contributes to ownership fragmentation through apportioning land among a multitude of initial landowners. According to plan decisions, this parcel was apportioned between the owners of cadastral plots 15, 16 and 63. With 4 landowners each from cadastral plots 15 and 16 plus 1 person from plot 63, this meant that parcel 2803/14 was under the ownership of 9 persons after planning. When one of the shares was divided into five through inheritance, the number of persons holding title to this piece of land rose to 13. This obviously made it impossible for landowners to come to an agreement over the future of the parcel and it was finally subject to sale through court decision. It also seems from the figures that the practice of selling land through court decision (transaction "F" in the figures) has the capability of offsetting the adverse impacts of land fragmentation through inheritance and other factors.

Another transaction which has the impact of increasing the number and reducing the size of saleable units is land subdivisions. I classified above the motives behind such subdivisions into two: those that result from multiple ownership and thus failure on the part of the parties involved to reach an agreement over the future of the parcel and those made to facilitate the sale of land on the market. The number of persons holding title to land before subdivisions may serve as an index indicating the motive behind land subdivision. In cases when land is owned by more than one person it is the former and in cases when there is only one landowner it is the latter motive that lies behind such subdivisions. Such cases can easily be discerned in figures. A total of 10 subdivisions were made in the survey area (6 in block 2803 and 2 each in blocks 2685 and 2800). Of these 10 subdivisions, 6 were made when land was under single ownership. 4 out of these 6 cases were made by the same person (owner of cadastral plot 63; see Figure 7.6). 3 out of the 10 parcels obtained through subdivisions were later consolidated into their original state and thus the number of parcels in these blocks rose from 36 as proposed in the plan to 43. Whatever motive lies behind land subdivisions, it is true that subdivision is yet

another factor contributing to the fragmentation of land ownership in urban areas.

All these transactions outlined above tend to conceal a general pattern of development. Once cadastral units on land are converted through planning into small parcels, the dominant tendency for the initial owners of land is to sell the parcels under their control to different persons at different times. Even if they dispose of such parcels at the same time, they usually sell them to different persons. Therefore, the basic pattern is the development of each parcel not by the initial landowners themselves, but by different persons who obtain it later. The land market thus functions in such a way as to attract a large number of intending buyers. This pattern was, however, not the dominant tendency until the mid-1950s but was reinforced thereafter probably due to the increasing prices of urban property. Some examples from the site may help to better understand this basic pattern of development. For instance, the owners of cadastral plot 61 received, when the plan was prepared in 1944, three parcels in full (parcels 2803/8, 9 and 11) and had shares in 2 parcels in the same block (2803/7 and 10) (see Figure 7.6). The same year these three parcels and their shares in 2803/7 and 10 were sold to three persons, two of whom purchased the other's share in 1954. Until 1954, then, all the transactions were conducted on the basis of the entire set of parcels apportioned to cadastral plot 61 through planning decisions. These two persons sold all three parcels under their control in 1966. What is interesting is to see that these parcels were sold at or around the same time, but to different persons: parcel 2803/11 was purchased by a single person, while parcels 2803/8 and 11 were sold to 4 and 2 persons respectively.

This practice of trading land until the mid-1950s as the entire set of parcels apportioned by plan decisions to a particular cadastral plot and later as single parcels represents the general form which land sales tend to take over time. The distinction between the block sale and partial sale of parcels under the control of owner(s) of a cadastral plot was, however, not total even in the 1960s and the two practices coexisted side by side for long time, although the latter practice gradually became the dominant tendency. Cadastral plot 60 sets a good example of the cases in which landowners simultaneously become involved in both types of land sales. The owner of this cadastral plot sold all four parcels under his control (2685/1, 3, 4 and 5; see Figure 7.4) in May 1966. The latter three parcels were purchased by two persons while the first one was sold to another individual. The two persons who bought parcels 2685/3, 4 and 5 disposed of the latter two within a year and remained in the former as landowners until the time of development.

Figures 7.4 to 7.6 lack a time dimension. Figure 7.7 has the aim of showing the distribution of land sales in the survey area by years. Those

transactions which are not governed by market processes, i.e. donation and inheritance, are not included in the figure. Four distinct phases, separated from each other by years in which no sale transaction took place, can easily be discerned in the evolution of the land market: the early 1940s, the early 1950s, the early 1960s and the mid-1960s. It is interesting to see that the years of highest level of activity in the land market either overlap with or precede important planning decisions influencing the development of the survey site and Ankara. The market gained an additional momentum and land sales reached a peak in or immediately before the years when critical planning decisions were taken. The 1942 and 1944 plans for the site, the 1957 plan for Ankara the preliminary studies on which started in the early 1950s and the 1961 and 1968 decisions increasing the maximum building height permitted in planned areas to 4 and 5 respectively, had their direct repercussions on the land market. In this sense, the figure sheds light on the crucially important link between planning decisions and the functioning of the land market.

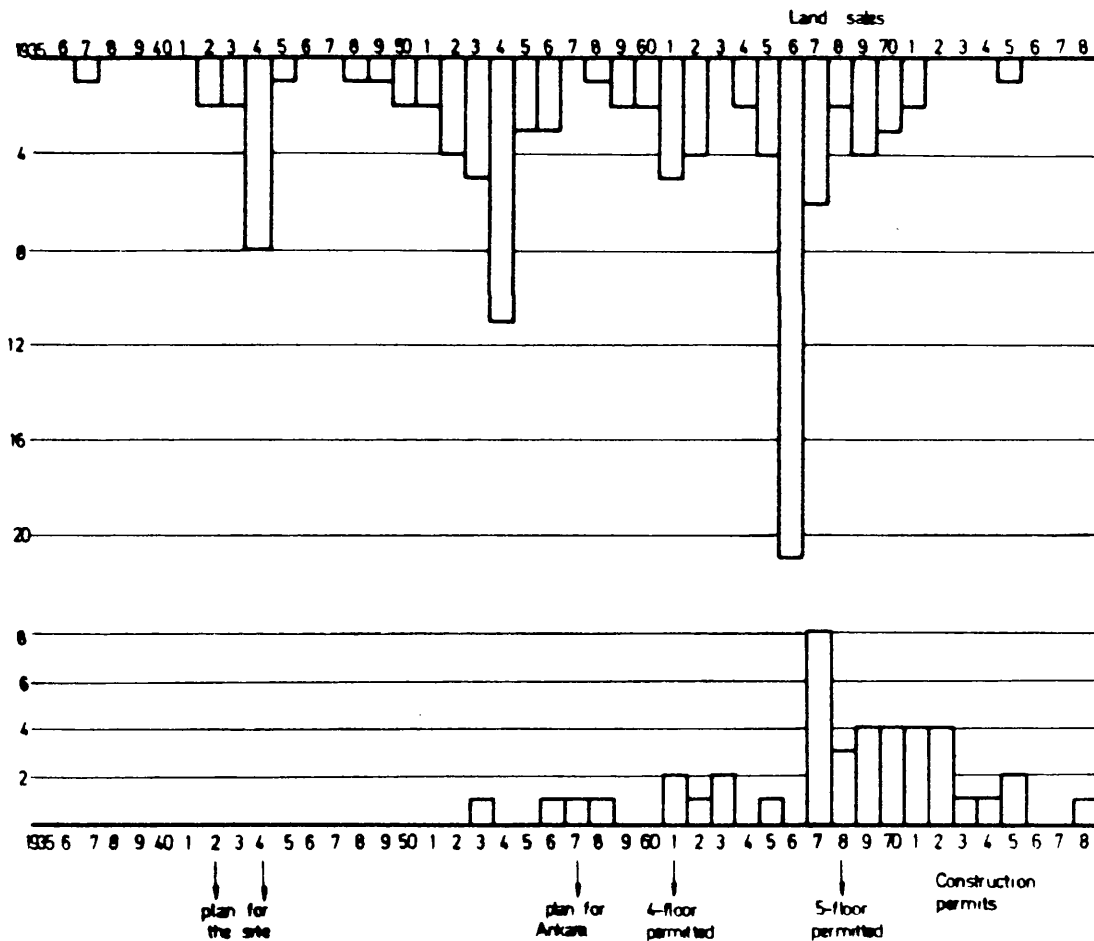


FIGURE 7.7. LAND SALES AND CONSTRUCTION PERMITS IN THE SURVEY AREA BY YEARS

Concurrently with the above-mentioned process of fall in the size of tradeable units was a considerable increase in the speed with which land changed hands. As the number of sale transactions rose, the average period of time in which a person held title to a particular piece of land became shorter. A total of 104 land sales were made in the survey area between the 1930s and the late 1980s. This means that each parcel changed hands on average 2.4 times through sales during this fifty-year period. A few cases in which land was sold together with the structure thereon are not included in this figure. This average value is far from accurately reflecting the degree of activity in the land market, since block sales whereby a multitude of parcels under the control of owners of former cadastral plots are traded are regarded as a single sale transaction. Of these 104 sales, only 16 were made in the pre-1950 period. The number of land sales in the survey area increased to 33 in the 1950s and to 50 in the 1960s.

This growing level of activity in the land market had an immediate impact on the period of time in which land was kept in possession by landowners. The average period during which a person remained the owner of a particular piece of land exhibited sharp variations from one decade to another and tended to shorten as the dynamism of the urban property market grew. A person who became in the 1940s the owner of a parcel in the survey area held title to that piece of land for 13 years and 9 months. In other words, a person who obtained a parcel in the 1940s through any of the four transactions studied in Figures 7.4 to 7.6 (i.e. sale, forced sale, inheritance and donation) disposed of it on average within 13 years and 9 months. In the 1950s, this figure dropped to 7 years and 8 months. The land market reached the highest level of activity in the decade of the 1960s, with a person acquiring a piece of land in the 1960s disposing of it within 2 years and 4 months of the date of acquisition. This figure is sufficient to show the dynamism that the land market attained in the 1960s. This was an extremely lively land market in which a particular piece of land changed hands approximately every two years. This figure also proves that urban land in the 1960s was a very liquid asset and an attractive investment whose benefits were reaped even in the short run.

Drawing on the above, we are now in a position to reach a fairly complete account of the land market lying behind speculative housebuilding. This is a very lively market in which many transactions take place in a short span of time. To summarize, the land market studied above is one (a) in which the size of units traded falls; (b) in which land changes hands at an increasing pace and the average period during which land is kept in possession shortens; (c) which enables a large number of people to become landowners; (d) in which there are only a few examples of what may be called large-scale speculation, i.e. the same person(s) being involved in the purchase of a multitude of

parcels in a bid to develop them simultaneously or at different times (7); (e) in which landowners who own a multitude of parcels tend to dispose of their properties one by one and at different times; (f) in which large-scale landownership is gradually replaced by petty ownership; and (g) which is highly sensitive to planning decisions. What now needs to be done is to study the interactions between such a land market and speculative building. This is a task I take up in the section that follows.

7.3.3. The Development Process

The survey site underwent a very rapid development process. In early 1965 there were only 8 buildings and construction work was under way on two parcels. More than three fourths of the parcels were vacant. The 1968 decision increasing the maximum building height in planned areas from 4 to 5 floors represented a turning point in the history of the area. By early 1973, only 5 years after the 1968 decision, the development of the area had largely been completed and only 5 parcels were vacant. This decision provided both landowners and speculative builders with a common ground where their interests coincided, convincing the former to release land for development and enabling the latter to conduct their operations profitably. An indication of the fact that the site witnessed an extremely rapid development process is the remarkably high rate of construction work that started without receiving a proper permit. Of the 43 buildings that now exist in the area, 9 did not receive the construction permit required to start on-site work. Construction permits were issued later retrospectively. 3 of the existing buildings did not comply either with building regulations or with the drawings submitted to the municipality during application for a permit. These buildings paid some heavy fines and were freed from being demolished thanks to amnesties proclaimed in later years.

The construction boom of the late sixties in the survey area was indeed heralded by the boom in the land market in the mid-1960s. This relationship between the land market and the residential market can be seen in Figure 7.7 where the distribution of land sales and construction permits in the survey area by years is shown. The figure reveals that the boom in residential construction was preceded by an extraordinary increase in the number of land sales. An index that may better illuminate the relationship between the land market and the development process is the period of time between the last sale of land before development and the date of start of the construction work, which roughly corresponds to the date of issue of construction permit. This index can also shed light on the division of landownership and housebuilding roles. In Appendix II, Table 7.11 the buildings in the area are classified according to the relations under which they were built, and the period of time between the last sale of land and the date

of construction permit is shown for each parcel. Excepting parcel 2800/1 on which no sale transaction took place but which was transferred once through inheritance (see also Figure 7.5), the remaining 42 parcels were held in possession by their last owners for an average period of 4 years and 7 months. This period, however, exhibits striking variations from one block to another. The shortest is in block 2685, merely 1.5 years. This period is 3 years and 7 months for block 2803 and 9 years and 2 months for block 2800.

This period of time during which the owners of a particular piece of land were convinced to release it for development also exhibited variations depending on the form of production under which houses were built. In the case of the 5 buildings produced by cooperatives, this period was only 9.8 months. In other words, cooperatives purchased land approximately 10 months in advance of the issue of a construction permit. In the case of 7 buildings built through the individual contract form, 6 of which have now been replaced by high-rise apartment buildings through speculative housebuilding, this period was 38.4 months. Excluding these 12 buildings plus the two built through the institutional contract form, the remaining 28 plots were kept in possession by their owners for an average period of 5 years and 8 months before being released for development. In the case of speculative building, then, landowners tended to keep land in their possession for longer period than was the case with other forms of production.

This average period of 5 years and 8 months in which landowners held title to land before releasing it for development by speculative builders is indeed not too long a period of time especially when we consider that some of the parcels in the survey site were kept in possession by their owners for exceptionally long periods. Parcel 2800/2, for example, remained under the ownership of a single person for 386 months before eventually being released for development in 1976. These instances of landowners holding off development on their plots for such long periods were, however, an exception rather than a rule. Only in two of the 43 cases examined here did the owners of land in the 1930s or their heirs still hold title to land at the time of development. Plot 2800/1 changed hands only once, through inheritance, while plot 2800/9 was subject to a forced sale in 1954 whereby three brothers purchased the 1/4 share which their fourth brother had sold previously. In general, the norm was to enter the land market for short periods and to make land available for development in not-too-long a period of time. In 11 of the 28 cases explained in the preceding paragraph, land was held in possession for periods shorter than one year and a half before development. This suggests that there was enough incentive to enter the land market for short periods and that there were a large number of people who were interested in land dealing solely for the purpose of

making it available to speculative builders and thus exchanging their ownership on land for a number of flats in the structure to be built.

These findings point to a clear division as far as speculative building is concerned between the roles of housebuilding and landownership, although it is not as sharp as the one suggested in the idealised picture of SHB given in Chapter 3. Despite the fact that the relationship between the building capital and landed property described previously constitutes the general pattern and holds true for the overwhelming majority of the cases examined, there are cases which do not conform to this general pattern. Findings in the site indicate that there are indeed three variants of SHB distinguished from each other depending on how and to what extent speculative builders combine their housebuilding activities with landownership. First there is the typical SHB process in which building capital is completely isolated from and has no connection whatsoever with landed property. They both enter the production process as separate entities and share the gains in accordance with their respective powers. Of the total 35 buildings produced in the survey area under the relations which I refer to as speculative building, 29 were built in this way. At the other end of the spectrum, there are cases in which speculative builders have full command over the piece of land on which they undertake construction. 4 out of the 35 buildings were built in this way. No information is available at all as to extent of this practice in Turkish cities. However, the fact that 2 of these 4 buildings were built by the same builders seems to suggest that this practice may not be as widespread as the findings in the survey area indicate and that it may be peculiar to a limited number of builders who have access to means whereby they can take hold of the ownership on land. As an intermediate case, there are speculative builders who are in partial command of land. In what I believe is an instance of speculative builders' attempt to overcome the barriers set by landownership, builders buy in advance the piece of land they plan to build a house on together with someone else who is not involved in housebuilding. To give an example from the site, the builder who undertook construction work on plot 2803/9 owned two thirds of the plot and shared the final product with the other landowner accordingly. This was also the case with plot 2685/7 where the builder who built the apartment house held title to half the plot. These three variant forms of SHB are referred to as SHB (1), (2) and (3) respectively in Table 7.11 of Appendix II.

It is worth stressing that the division between these three forms of SHB is not total and that speculative builders move, in line with the means available to themselves, from one form to another. For instance, the builders who built apartment houses on two parcels they fully owned (parcels 2685/6 and 2803/8) also built a third one on parcel 2685/7 to half of which they held title at the time of development. The builders who undertook the construction of the building on plot 2685/1 through

the typical SHB process also built another apartment block on plot 2803/10 which was under their full ownership. It must be noted in passing that the builders in both of the above cases were operating as family companies and in the first example three and in the second two brothers were in charge of construction work. The findings also make it clear that speculative builders tend to move not only between the variant forms of SHB, but also from one form of production to another. One of the speculative builders in the survey area, for instance, undertook construction work for a cooperative on plot 2685/10 and built another apartment house on plot 2803/29 owned by his sister, yet another example of the importance of family ties in SHB. The results attained through a study of 43 parcels are, however, not sufficient to make any sound generalisations about the extent of shifts between various forms of housing production and, possibly, between residential and non-residential construction.

Another important aspect of the survey is the opportunity it provides to observe the change in time of the percentage of flats offered to landowners in compensation for their ownership on land. The last column of Table 7.11 in Appendix II summarizes relevant findings. Although the results are hardly comparable, since landowners are offered not only a number of dwelling units in the apartment block built but also some of the ground floor shops and, at an increasing scale after 1980, varying amounts of cash, it is clear from the table that the ratio of flats offered to landowners displayed a secular upward trend all through the 1970s. Starting from the level of 30% in the mid-1960s, this ratio reached 50% and even higher in the latter half of the 1980s.

On six of the plots in the area buildings which had been built in the 1950s and early 1960s and which, therefore, did not fully use the rights granted by changing building codes were demolished and replaced by high-rise apartment blocks. This process of replacing low-rise buildings with high-rise ones was, as far as Ankara is concerned, a direct result of the famous 1968 decision. In the late 1970s it spread to other cities where building regulations were gradually relaxed. The plots that underwent a redevelopment process are indicated in Appendix II, Table 7.11 with two entries, one for the initial building and the other for the second building. This process had an enormous impact on building densities in the area. This impact may be clarified with reference to some of the plots that underwent this process. The first building on plot 2803/19, for instance, was built in 1965 and comprised 8 flats, with a total building area of 889 sq m and a floor-space ratio of 1.74. This building, though nowhere near completing its economic life, was pulled down in 1988 and a new one was constructed. The second building was a five-floor one with 13 flats, a total building space of 1,619 sq m and a floor space ratio of 3.16. In other words, the second building which exercised the rights granted by building regulations in full was twice as

large as the former one. It is important to note that all the six buildings which were replaced by high-rise ones were built through the individual contract form and, therefore, under the ownership of single persons. In the survey area there is also an example of an unusual redevelopment process whereby a fifth floor was added to a four-floor building under joint ownership. The building on plot 2800/1 (seen in Photo 4) was a four-floor one when built in 1965, with 12 flats and 9 shops. In 1983 an additional floor was built and 4 more dwelling units were obtained. In this case, the total building space rose from 2,270 to 2,800 sq m and the floor-space ratio from 2.00 to 2.47.

As I stressed in preceding pages, the above-described process is not only a process of transition from large- to small-scale ownership on land but also a process of transformation of the form of ownership. In this process the construction of apartment blocks represents the final stage. With the construction of apartment blocks, ownership on land is converted into joint ownership in the multi-unit structure built. Although individual flat owners still hold a notional share on land, their ownership is expressed basically in terms of the flats they own. Since a single unit may be under the ownership of more than one person, the number of flat owners usually exceeds the number of units. In the case examined here, for instance, a total of 794 units (including dwelling units and shops) are under the ownership of 850 different persons. Put differently, the survey site, which in the 1930s was part of a larger area of some 9 ha owned by 20 landowners, is now under the ownership of 850 different persons. Expressed in terms of land ownership, this means that each house owner holds title to a piece of land which is barely 45 sq m. The fact that ownership is fragmented to such an extreme extent has created enormous problems associated with the use, management and future redevelopment of the built environment. In a chain of problems extending from the management of a single apartment building to that of a block and the urban built environment in general, this ownership pattern has contributed significantly to the emergence of a genre of urban dwellers who are primarily interested in what happens inside their buildings and parcels, but are not willing to participate in the solution of general urban issues.

7.4. CONCLUSION

This chapter was an attempt at understanding the functioning of the urban land market and exemplifying the typical development process associated with speculative housebuilding. The method of inquiry adopted for this purpose was to study both issues at the level of a metropolitan centre and a middle-class residential area comprising 43 buildings on 3 blocks of land. While studying these issues I had the opportunity to comment on a large number of diverse questions extending from the development process on a single plot to the

relationship between planning and the urban land market. Also among the issues discussed were the processes whereby urban land changed hands, the extent of ownership fragmentation on urban land, the relations between building capital and landed property and redevelopment processes.

It must be emphasized that the site chosen for the survey offered the possibility of studying in a thorough way the dynamics discussed in previous chapters, since it comprised many examples not only of the processes characterising the urban property market but also of a diverse range of building processes which seemed to be at work in Turkish cities. The extent to which the site is representative of the functioning of the land market and the development processes characterising SHB is a question that needs to be tested by further studies. The limited knowledge produced so far in relation to the so-called formal land market (Altaban et al 1980; Tekeli, 1987; Oncu, 1988) seems to suggest that the results attained here reflect the general pattern of the evolution of the land market in most Turkish cities. There is in any case, however, need for further studies that examine these processes as they unfold in particular cities and historical epochs. On the other hand, those results of the survey that concern the development process must be treated with some caution. This is a consequence of the fact that studies on development processes are far more limited in number than those on the land market. Questions such as different forms of relationship between building capital and landed property in the case of SHB, the extent of these forms and the relations between speculative housebuilding and building to contract in particular and between residential and non-residential construction in general, need to be studied in the context of particular conjunctures before any generalisations can be made.

Before closing this chapter I would like to make a few more comments on the quality of the urban environment that has resulted. Today the urban environment in Ankara is characterised by the existence of some serious problems. Inability to impose long-lasting building regulations has created enormous pressures on the urban infrastructure which in most cases was designed only for a fraction of the population it now serves. An extremely dense settlement pattern has had its imprint on various aspects of everyday life. The lack of open spaces and sufficient parking space for cars is among the many results of this process. Due to the increases in the number of private cars especially after the mid-1980s, the only parts of parcels that could serve as open spaces, front and back gardens, were converted into parking lots. An example of this may be seen in Photograph 1, which was taken on a Sunday morning. Overcrowding and air pollution are also among the other problems to the emergence of which SHB has largely contributed. An instance of this extremely dense settlement pattern may be seen in Photograph 5 in

which the distance between high-rise buildings is even less than 6 m. The physical results of the Ankara example, I finally would like to add, partially reflect the predominance of landowners in speculative housebuilding.



Photo 1- Buildings on plots 2685/10, 12 and 11
(left to right)



Photo 2- View towards south from corner of plot 2800/9



Photo 3- Building on plot 2800/9



Photo 4- Building on plot 2800/1
(An example of commercial units on ground floor)



Photo 5- View towards north from between plots 2803/26 and 19



Photo 6- Building on plot 2803/9

CHAPTER VIII CONCLUDING REMARKS

The method of inquiry adopted in this study has been one proceeding from a timeless, static analysis to a dynamic analysis of a particular form of housing production. In that part of the study devoted to the analysis of speculative housebuilding in a timeless perspective an attempt was made at identifying the agents involved in the production and delivery of the housing product and their interests, an exercise which enabled me to figure out the potential conflicts and areas of agreement between the agents. The interest in such an exercise was a result of the belief that the viability and smooth functioning of a form of housing production bringing together social groups with conflicting interests required, *inter alia*, that they reach some form of agreement, a common ground that helps them transcend their conflicts. Such an agreement is possible, I argued, if all the agents involved found something to gain from the normal operation of that form. Whether such partnership between the agents can be established and to what extent each party benefits from or suffers as a result of its functioning depend on the particular conjunctures within which the form in question operates. In that part of the study where SHB was analyzed in a dynamic perspective, it was placed into an historical context without losing sight of its internal conflicts. It was discussed that the normal functioning of SHB under the particular circumstances of the 1960s and 1970s produced strong tendencies for the agents to form a coalition around their short-term benefits. This method has the merit of going beyond the famous dichotomy between the so-called "internal" and "external" forces and not assigning any of them some sort of primacy over the other. SHB is thus conceptualised as a form of production containing within itself the seeds of change and eventually destruction, rather than as a form which lacks any dynamism of its own, changing in the direction dictated by the forces external to it.

An apparent weakness of this study is the fact that it aims to reconstruct a form of housing production which in the early 1990s is about to exit from the stage, as it operated two decades ago. Since no comprehensive

account is available of SHB as it existed in the 1970s with which one can make comparisons, that part of the research where SHB was dealt with in a timeless perspective was inevitably confined to surviving examples of SHB. This seems to considerably impair the degree to which the results obtained can be generalised. Another factor restricting the applicability of the results is the fact that the study has for the most part concentrated on the specific case of Ankara. The exact configuration of the dynamics studied herein may certainly exhibit variations from one city to another. How the trends detected herein manifest themselves in particular cities and localities, whether the functioning of the land market varies in different cities depending on their specific characteristics, the exact nature of the relations between different forms of housing and between residential and non-residential sectors need to be studied in connection with particular epoches and cities before sound generalisations can be made. Although I have avoided presenting the results as general tendencies valid for all historical epoches and cities, the common trends, as well as the differences, I have noticed might serve as a basis for detecting the possibilities of making generalisations about the subject.

One of the major themes of this study has been to show that the specific characteristics of speculative housebuilding in Turkey need to be explained in the context of a number of intertwined processes. The first has its origins in the wider economic and political relations. Rapid industrialisation and urbanisation under the policies of import substitution delineate the broad framework within which speculative housebuilding operated. In this context, I must re-emphasise the following which, in varying degrees, had direct or indirect impacts on the evolution of the post-war urban economy: (a) massive migratory flows unleashed by ISI which devastated traditional values in a society which was incapable of replacing them with the new ones; (b) a mode of accumulation characterised by the accumulation predominantly of domestic market-oriented capital; the emergence and evolution of the industrial bourgeoisie which appeared as a relatively painless process under the aegis of the state; (c) an ever-growing and deepening domestic market and increasing real wages for most social groups thanks to institutionalisation of redistributive mechanisms; (d) differentiation of social classes along capitalist lines, the emergence and consolidation of a multi-class coalition led by the manufacturing bourgeoisie and the

subordinate position of the working class in this coalition; (e) a very strong tradition of statism and reformism from above in a society with no tradition of autonomous regulation; (f) the inability of the industrial bourgeoisie to assert its ideological dominance; and (g) the populist nature of politics at both central and local levels and political parties' appeal to distributive schemes rather than long-term projects and sophisticated class attitudes to generate popular support. All these conditions were integral components of postwar era and, when combined with the incapacity of the existing forms, generated strong pressures for the emergence of new forms of housing.

Labour relations constitute the second basic process underlying the dynamics of speculative housebuilding. The actual form of SHB is indeed designed to take full advantage of a semi-proletarianised, partially dispossessed labourers retaining close ties with their place of origin in the countryside. The existence of an almost endless pool of extremely docile, non-unionised workers is among the most important factors enabling speculative builders to conduct their operations profitably. Employment practices in the industry not only maximize the exploitation of labourers, but also reinforce the highly hierarchical nature of the work force by accentuating the existing cleavages between the core and casual members of gangs. The factors that give building capital an exceptionally strong position vis-a-vis labourers and make it possible for the former to keep wages at a very low level must be sought in the peculiar characteristics of agrarian structure in Turkey, the processes whereby it is dissolved and the ways in which migrants are incorporated into urban work force. It can safely be argued that the characteristics of building work force played a significant part in the institutionalisation of a poorly developed form of capitalism in housebuilding. It can even be asserted that SHB could not have evolved into this particular form and small capital could never have gained an initial footing in the housebuilding industry, had such a labour force not existed.

The relations of production in SHB can be described as a juxtaposition of two sharply opposed, and yet closely interrelated, pictures. On one side, in that part of the relations of production characterised by direct employment what exists in reality is poor working conditions, low

wages, the lack of any social security schemes and a strict control exercised by gang leaders on casual gang members. On the other side, in that part of SHB where subcontracting is the norm (namely, the relations between speculative builders and gangs), the relations are very flexible and characterised by a limited degree of control on gang leaders. The core members of gangs, in other words, enjoy a considerable degree of privilege and a certain degree of say on the exact performance of on-site works, although they have lost their autonomy in the crucial sense discussed in Chapter 4. This represents a case which contrasts with the classical examples of capitalist penetration. In Europe, for instance, the penetration of capitalism into construction was predicated upon the destruction of the privileges enjoyed by workers under feudal guilds and simple commodity production (Ball, 1981). Instead capitalism in the Turkish housebuilding industry developed in such a way as to incorporate these privileges, that is, artisanal work practices, into the mode of operation of small capital, rather than replacing them with industrial forms of production. The type of capital that came to dominate SHB took full advantage of the existing division between a small number of highly skilled core labourers and a large number of unskilled casual labourers. The mode of operation of capital in SHB continually reproduced this division. The relations of production in SHB must be seen as an instance of the cases in which a weak building capital, unable to completely conquer the production process and thereby destroy the privileges of skilled labourers, adopt employment practices that maximize the exploitation of a cheap, passive, almost endless pool of building labour. On these grounds I argued in Chapter 4 that the type of capitalism that came to institutionalise in SHB is a primitive one that leads to cruder forms of exploitation. The implications of such a capitalism are the partial and sporadic nature of capital's command over labour, the production of absolute surplus value and the inability on the part of building capital to completely penetrate into the labour process so as to reorganise it in line with its requirements.

The third set of factors underlying the specific characteristics of SHB must be sought in the unique relationship between building capital and landed property. A recurrent theme in this study has been the attempt to unravel the exact pattern of ownership in the urban land market, to define the historical processes leading to such a pattern and to show the

links between the land market and the housebuilding industry. The results pointed out a land market in which ownership is highly fragmented and the speed with which land changes hands is very high. This pattern of ownership is further reinforced by a number of factors, most notably by planning decisions which have the impact of increasing the number and reducing the size of tradeable units on land. The origins of this distinctive relationship between building capital and landed property (namely exchanging part of the flats in the structure to be built for ownership of land) must be explained in the light of the apparent inability of building capital to combine its housebuilding operations with landownership. In other words, the development process peculiar to SHB may be seen as a process whereby a weak building capital, unable to take hold of the ownership of land, adapts itself to a land market in which petty landownership is the norm. From the point of view of building capital, the practice of exchanging some flats for land represents the only feasible alternative to obtain a piece of land and to convince landowners to release land, an involuntary coalition it has to accept willy-nilly to conduct its operations. The continuity of this compulsory coalition between a weak, poorly developed building capital and petty landownership was, on the other hand, predicated upon an uninterrupted growth whereby both agents could be kept satisfied and be convinced to maintain the coalition.

The three-decade story of SHB, then, is the story of the inability of building capital, on the one hand, to completely penetrate into the labour process in an attempt to revolutionise it in line with its requirements and, on the other, to overcome the barriers set by a land market dominated by petty landownership. These two elements account for much of the history of SHB between the mid-fifties and the late seventies, shed light on the factors restricting the further development of capitalist relations in the sector and explain why speculative builders showed the particular response discussed in Chapter 6 to the changing circumstances of the mid-1970s rather than any other response. It must be noted that these adverse elements were contained in SHB even at the outset. How, one can ask, is it the case that speculative builders managed, despite these adverse elements, to pool such large amounts of resources and made SHB the dominant form of housing for more than two decades?

It was thanks to a number of historically specific circumstances which combined in the 1960s and 1970s that these built-in conflicts of SHB remained hidden. These favourable circumstances not only helped to veil these conflicts but also made it possible for a diverse range of social groups with conflicting real interests to come together to form an alliance around their short-term benefits. These circumstances guaranteed an overlap between the interests of the social groups involved, as well as enabling a smooth, uninterrupted growth in the sector so that each agent was able to satisfy its short-term benefits. This is where the success story of SHB lies: the fact that it has been able to generate a broad-based consensus, a coalition, among a diverse range of urban groups. This was a coalition in which every participant found something to gain in the short term. The long-run costs of the residential boom based on this alliance have, however, been enormous: a built environment with a very low use-value, a concrete jungle into which the very groups that once gathered around SHB are locked.

Another important issue dealt with in the study has been to show how the emergence and rise of SHB was connected with the rise of the middle classes. Its success has been a function of its ability to attract the middle classes into the urban property market. One can even draw a striking parallel between the rise of SHB and the changing position of the middle strata in the alliances defining the class map of Turkish society in the post-war era. While in the 1950s the position of the middle classes in the populist alliance was precarious and adequately defined, they increasingly became after 1960 part of this alliance, with a more clearly defined position and institutionalised mechanisms of incorporation which guaranteed their welfare under import substitution. It is not a simple coincidence that the rapid development of the middle strata in the 1950s overlapped with what I called the expansion of the social basis of the urban land market and later the emergence of a particular form of housing serving for these groups. Drawing on the foregoing, one can even argue that SHB played a significant part in the formation of Turkish middle classes. As an important element of capital formation and as a lucrative investment alternative, SHB and the so-called formal land market had considerable impacts on the emergence and rise of both traditional and modern segments of the middle classes.

It was on these grounds that I argued in Chapter 6 that the consensus over SHB was a crucial element of the wider political consensus of the 1960s and 1970s and that it became one of the major pillars of ISI in urban areas.

The alliance over SHB, it must be stressed, was not the only urban-based alliance one could associate with import substitution in Turkey. Shanty town development, too, was based upon a coalition which in effect served to maintain the delicate political balances characterising ISI. Both shanty towns and SHB played considerable parts in the incorporation of large social groups into the political equations defining the post-war era in Turkey. Both had significant impacts in promoting the growth of particular social groups. Both set examples, on their own, of how the social relations generated in a particular process of housing production can come into existence as an essential way of promoting class structure. In much the same way as a proper definition of the urban poor in contemporary Turkish society cannot be made without reference to shanty towns, an adequate definition of the middle strata, too, should include apartment blocks, the output of the SHB process, as a social environment. These two types of housing must be seen, in short not only as the concrete appearance of the distinct dynamics shaping the urbanisation process but also as the products of the broad-based coalitions defining part of the post-war urban scenery in Turkey.

Another important aspect of the pre-1980 period was the unwillingness on the part of the state to assume any critical role in the housing market. This was one of the major factors confining capitalist development in the sector to a primitive state. The attitude of the state was, however, subject to a radical change in the early 1980s. The state attempted at gradually removing the barriers to the further development of capitalist relations in the sector. While before 1980 housing was a sphere where, with few exceptions, only small capital could operate profitably, the state took in the 1980s a number of policy measures which further deepened the crisis of SHB, as well as providing the pre-conditions for a profitable operation of larger capital units. Two housing laws were enacted in 1981 and 1984. The National Housing Fund Administration established under these laws was equipped with some important powers and financial means. While the first law

provided for the allocation of 5% of the expenditures budget to the Fund, the second one devised new financial sources extending from taxes imposed on such items as cigarettes and spirits to obligatory payments for travels abroad. Consequently, the Fund Administration turned into an organisation with extraordinary financial powers, capable of instigating important changes in the sector. Furthermore, the conditions under which credits were extended by the Administration and the criteria regarding the eligibility for credits were considerably liberalised. By July 1988 credits had been extended for some 592,000 dwelling units and out of these 228,000 had been completed (Turel, 1990). The most visible impact of such efforts was a considerable rise in the share of credits in housing investments. In 1985, for example, credits constituted 28.5% of all housing investments (Appendix II, Table 6.8) and cooperatives, the main beneficiaries of these cheap credits, accounted for 29% of housing starts (Appendix II, Table 3.3). However, these credits were made available in such an arbitrary and unselective way that the Fund Administration was soon unable to cope with the increasing demand for credits. Eventually in 1988 it stopped considering new applications. No strict guidelines were followed in the distribution of funds and it is known that a large portion of fund resources were used for purposes other than its initial aims. A recent World Bank report, for instance, stressed that one thirds of the credits extended by the Administration had been used in the construction of summer houses along the Aegean coast (Ongan, Harrington and Marzin, 1991). Another important development of the 1980s was the increasing ease with which land was made available by the state for large-scale housing projects. A number of large construction companies were involved in purchasing land outside plan boundaries, obtaining plan permission and building houses for clients some of whom had access to credits. The houses built by such companies were, however, very luxurious and not accessible for the groups served by SHB.

The increasing state intervention in the housing industry after 1980 had a very clear objective: to eliminate speculative builders operating in the sector and prepare the grounds for the installation of new forms based on larger productive units. Today the housing industry in Turkey is apparently in a process of transition. The state policies designed to attract big capital have so far been only partially successful. Large construction companies, now freed from the barriers set by

landownership thanks state's role, have tended to produce houses only for the well-to-do. On the other hand, although they have lost their dynamism and are in a process of irreversible decline, speculative builders still continue their operations in some redevelopment sites in major cities. An unusual kind of planning devised by the government in the mid-1980s whereby a gentrification process is encouraged in squatter settlements where land prices are high, seems to offer abundant opportunities for speculative builders in the near future. It can safely be argued that the policies enforced in the 1980s were far from bringing about a consensus among diverse groups in the urban setting. New forms of housing capable of catering for the social groups once served by speculative housebuilding have yet to emerge.

The analysis presented in the thesis may, in the first place, be contrasted with what can be referred to as teleological approaches to capitalist development, namely unilinear and evolutionist conceptions of historical change in which any form of production inevitably gives way, usually being dissolved under the pressure of external forces, to a form representing a "higher" stage in capitalist development. In such conceptions of historical change an omnipresent and undifferentiated capitalist rationality dominates everything to such an extent that everything which is non-capitalist melts into capitalism. The teleology inherent in such conceptions is self-evident in that the transition to a pure form of capitalism is unavoidable and the persistence of pre-capitalist forms is explained solely through the functions they perform for the dominant capitalism.

By contrast, the argument developed in this study must be seen as an instance of a non-teleological marxism in which there is no room for an irreversible transition from pre-capitalist to capitalist forms. The argument I have developed in the thesis allows a considerable space for an analysis of the dynamism arising out of the actual interactions of social agents involved in a particular form. The analysis advanced in chapters 2 to 4, termed the static analysis, showed that SHB represents an instance of "manufacture", a poorly developed form of capitalism in which capital has only partially penetrated into the production process. The only meaning that manufacture can have in a teleological approach is as an intermediary stage on the linear path leading from feudalism to a proper capitalism. In chapter 6 where I studied SHB in a historical perspective the results of my enquiry into the nature of class alliances around SHB made it clear that such a simple transition was obviously not the case as far as speculative housebuilding in Turkey was concerned. The class alliances around SHB, in other words, did not allow a transformation of SHB along capitalist lines. Consequently, it collapsed without giving way to a form closer to a proper capitalism. In this sense, SHB represents an example of what can be called "blocked development", cases in which the forces internal to the functioning of a particular form of production set obstacles to its own development, to the transformation of productive forces and productive relations.

The remarks made above in connection with the "static" and "dynamic" parts of the study highlight what I believe is one of its most important methodological fundamentals. These two constitute complementary and closely interrelated, and yet methodologically separable parts of the same analysis. In the static analysis, the social groups involved in a particular urban development process were studied in terms of their timeless interests, potential conflicts and areas of agreement. All these elements introduced in the static analysis were re-worked out in the historical analysis, where I also obtained the chance to bring to the

agenda such questions as class alliances, the forces that generate the birth and demise of SHB and the actual workings of the seeds of destruction, the dormant conflicts, inherent within SHB. In addition to studying the actual forms of conflicts and consensus between the social groups involved in the SHB process, the historical analysis introduced the concepts of import substituting industrialisation and populism as the particular regime of accumulation and regulation within which the particular form studied in the static analysis existed. In other words then, the concepts of ISI and populism delineated the wider conditions of existence peculiar to a specific country (Turkey) for a certain period of time (1950 to 1980) of a particular form of housing production. This implies that the theoretical models developed in chapters 2 and 5 are separable from each other. The model developed in chapter 2 in connection with the timeless analysis of SHB claims to be applicable to the analysis of those cases where there is incomplete capitalist penetration, while the model summarised in chapter 5 simply delineates one of a large number of regimes of accumulation, an exercise which was necessitated by the very fact that the study examined the Turkish case in the post-war period. The theoretical model built in chapter 2 could thus be applicable in the context of other regimes of accumulation. The material presented in the study in connection with the static and historical analysis is complementary in that the latter depends on the former, and yet separable methodologically since they draw upon different theoretical frameworks.

An interesting exercise would be to apply the theoretical tools developed here to a study of Turkish housebuilding in the last decade. In the decade of the 1980s Turkish society underwent a number of radical transformations and import substitution as a regime of regulation was replaced by an export-oriented model. An area of research that could provide important insights into the theoretical model developed herein would be to study this new period in terms of the interactions, conflicts and agreements of the new agents which appeared on the stage as a result of this new regime of accumulation. Such an exercise would serve the double function of both re-examining the theoretical framework developed in this study and revealing the process of adaptation which surviving speculative builders had to undergo in order to be able to continue their operations in an entirely different environment, as well as uncovering the dynamics newly emerging forms of housing production had in the 1980s.

Another important field of research, I think, might be to apply this framework to a study of non-residential sector. Such an exercise could also help one find out the exact nature of the relations between housing and non-housing sectors of the construction industry. The 1980s also witnessed a radical restructuring of the relations between the two

sectors of the construction industry. For in the 1980s some large-scale construction companies, which in the previous periods were primarily interested in state contracts for large public works projects, started to invest in housing, a phenomenon which was not common at all in the pre-1980 period.

This study showed, inter alia, that the development of capitalism in a particular branch does not necessarily follow an irreversible linear path and that the class alliances established at a certain moment around particular interests may act as a barrier to the further development of capitalism. Parallels may thus be drawn between the form of capitalist penetration into housebuilding in Turkey and the form of development of capitalist relations especially in agriculture and manufacturing branches in parts of the underdeveloped and even the developed world. For it is known that pre-capitalist forms of labour organisation and work practices continue to persist and even prosper in the face of ascending capitalist relations in society at large. Another important field of questioning could be that of studying housing industries with similar or, at least, comparable conditions. I finally argue that the analysis advanced in the study not only provides some important insights into the development of capitalist relations in a particular branch in a particular country at a particular period of time, but also offers a basis for making comparisons with a large number of cases similar or dissimilar to the one examined here.

APPENDIX I

A NOTE ON DATA SOURCES AND FIELD SURVEY

The basic source of data on the housing industry is construction and occupancy permits issued by municipalities for the construction activities in their localities. Construction permits are issued separately for each project, while occupancy permits are issued not for the entire project but for each constituent part of these projects, i.e. in the case of residential development separately for each dwelling unit within the apartment building. Among the documents required for the issue of a construction permit are a copy of the title deed, a power of attorney confirming landowner's consent to construction on his/her land, certificate of registration with the Social Insurance Agency (SIA) and structural, mechanical and architectural drawings. Since an application for a construction permit requires the availability of land and drawings, it may be presumed to roughly correspond to "starts". There are, however, cases when the issue of a permit is not necessarily followed by the start of on-site work. Furthermore, there is the legal requirement of filing a fresh application in the event of failure to receive occupancy permit within four years of the date of issue of construction permit. Therefore, construction permits inevitably include some double counting. While it is the landowner or builder who files an application for construction permits, it is the owner of each unit who makes an application for occupancy permits. Although the legal meaning of the issue of an occupancy permit is to confirm that the units built are appropriate for occupation, it is known that they are in most cases issued long after actual completion. In this sense they do not correspond to "completions" as there is a considerable time lag between the actual completion and the issue of occupancy permits.

Both permits contain information on the following: (a) size of the plot; (b) total building area and area of each floor; (c) number of units and size of each unit; (d) date of application; (e) estimated cost of building; (f) structural characteristics of the building; (g) information on the utilities available. These data are then published by the State Institute of Statistics (SIS) in Construction Statistics according to the following criteria: (1) by the intended use of building (e.g. commercial, residential, industrial, cultural etc.); (2) by the type of commissioning agency (state, cooperatives, private); (3) by regions (individual cities, geographical regions and cities lumped together according to population); (4) by the type of building (reinforced concrete, timber

etc.); (5) for housing, by the number of units ("houses" containing one or two units and "apartment buildings" with three or more units).

In this study the data compiled from construction permits are used as a measure of the activity in the housing industry. The distinction between "starts" and "completions" and the question as to which better reflects the volume of housing activity is a controversial issue. The choice between the two depends on the objective of the study. The use of occupancy permits can make sense only in studies on housing demand, while starts is a reliable index for those who study the changes in the flow of funds into housing investments. (See Balamir, 1982 for a convincing argument on the use of construction permits in housing research in the case of Turkey).

Statistics on economic and social variables are generally reliable. However, the reliability of data falls as one goes back in time. Data on the period before 1950 are not very reliable. Especially GNP series for the period preceding 1948 have been calculated a posteriori on the basis of some highly dubious assumptions. Statistical Yearbooks published by the SIS biennially are the most important collection of statistical data. The SIS also publishes population census results, foreign trade statistics, manufacturing industry and agriculture survey results. Another important source is five-year development plans which contain some important data calculated by the State Planning Organisation (SPO). Especially the first plan contain some important data on the decade of the 1950s. Investment figures are published by the SPO in development plans. There are also other agencies publishing data in their respective fields. Furthermore, Tezel (1982) is a very important source of data about the 1923-50 period, while Hershlag (1963) and Singer (1977) contain some valuable statistical data on the 1945-69 period. For the post-1960 period, Kepenek (1987) is the best source available.

Of all the statistical data used in this study, only the employment figures are known to be unreliable. This stems from the fact that there are three different organisations providing conflicting information on employment: (1) SIS publishes employment figures depending on population censuses conducted at five-year intervals. These figures are biased since they are based upon the information provided by individuals, provide no information at all on seasonal employment and figures are calculated on a de facto basis; (2) SIA publishes the number and salaries of insured workers. By definition it excludes those that are not covered by the security schemes; (3) SPO calculates employment figures for use in macro-economic planning. Their figures are generally lower than those published by the SIS, but higher than the SIA ones.

These figures are treated by international organisations as official figures.

Two different field surveys were conducted under the study. The first one aimed to document the typical development process on a single plot of land. With this aim a plot was chosen and builders, gang members and workers were interviewed. The site was observed in regular intervals from the start of construction work in early 1988 until the time when flats were ready for occupation in September 1989. Furthermore, during this period other agents such as architect, building materials suppliers with whom the builder contacted were also interviewed. Interviews were also made with a number of other builders operating in other parts of Ankara in order to find out how typical was the site chosen for observation. But the systemic observation of a construction from the start to completion remained confined to the above-mentioned site. The builder in question furnished detailed information on monetary transactions during the construction process. The results are given in Table 2.1 and Figure 3.4. No strict guidelines were followed during interviews and interviewees were not asked a fixed set of questions. Instead they were allowed to speak freely on matters which they believed were important for themselves. Alongside the topics discussed in Chapter 3, interviews were centred around the issue of identifying the changes that took place in the building process in the decade of the 1980s.

The second survey, the results of which are given in Chapter 7, aimed to exemplify the development process on a larger scale. The site chosen for this aim covered three blocks of land with a total of 43 plots in a fully-developed middle-class residential area in Ankara, known as Ayranci district. At the time when the survey was conducted in June-September 1990 construction work was under way on two of the plots to replace the formerly existing low-rise buildings. The remaining 41 apartment buildings comprised 744 dwelling units and 40 shops on ground floors. These figures will reach 765 and 41 respectively with the completion of on-going works. The criteria governing the selection of the field survey site may be summarised as follows:

(a) On grounds that a research conducted on a given number of apartment buildings at different locations in a city cannot yield reliable results because of the specificities of each location that might have diverging impacts on the relations scrutinized in detail, the survey was conducted in the same part of Ankara. The results obtained would thus be generalizable at least for the whole site;

(b) The site must comprise sufficient number of buildings so that the results could be meaningful;

(c) The site must comprise buildings developed at different periods so that the changes through time may be studied;

(d) The site must be mainly a residential area, i.e. must not include any uses that might influence land values and put one of the agents in a more advantageous position vis-a-vis others; and

(e) In terms of general household characteristics, the inhabitants of the site must reflect the characteristics associated with SHB (middle-class households who have purchased their dwellings through their own savings).

The survey was not restricted solely to the actual development process. With the objective of finding out what kind of transactions had taken place on land before development and tracing such transactions as far back as possible in time, land registers dating from the early 1930s were examined. It was not possible to obtain information for previous periods. Although land registers for the pre-1930 period did actually exist, it was almost impossible to find a particular site in these registers since they did not have an index. The figures given in Chapter 7 show the transactions taking place on land during the 60-year period between the early 1930s and September 1990 when the survey was carried out. The list of landowners who held title to land before development was compared with real estate registers where the transactions taking place in connection with the built structures were kept, in order to see if any of the initial landowners or their heirs were among the present-day flat owners in the buildings erected on their plots. Those who still occupied such flats were interviewed to find out under which conditions they had released land. Furthermore, as part of the survey original plans prepared in the mid-1940s and tables regarding the distribution of parcels with planning permission among the initial landowners, were obtained from the Municipality. Maps for the years 1947 and 1959 and aerial photographs taken in the 1960s were examined to see how much development had taken place in this period. Finally the archives of the Municipality of Cankaya were examined to study the construction and occupancy permits issued for the buildings in the field survey site. This also gave an opportunity to find out the builders' name who had undertaken the construction work. Of these builders, only a few were actually found and interviewed. In cases when it was not possible to contact either the builder or the initial landowner, those who had been living in buildings for long time were interviewed to gather information about the development process on that particular plot.

The examples given on page 93 as to the rural origins of trades in the Ankara area cover only two trades. Given below is a full list of trades in Ankara and their places of origin:

- Carpenters: Central Anatolia (Ankara- Kizilcahamam and Bolu-Gerede)
- Bricklayers: Black Sea region (Ordu, Sinop)
- Formworkers: A small town in Black Sea Region (Ordu- Aybasti)
- Ironworkers: Central Anatolia (Sivas, Kirsehir)
- Plasterers: Black Sea region and Central Anatolia (Corum)
- Tilers: Eastern Anatolia (Erzurum- Ispir and Gumushane)
- Concreteworkers: Central Anatolia
- Stoneworkers: Eastern Anatolia (Gumushane- Torul)
- Electrical workers: Central Anatolia (Yozgat)
- Glaziers: Central Anatolia (Sivas- Divrik) and Eastern Anatolia (Erzincan- Ilic, Kemaliye)
- Plumbers: Central Anatolia (Corum, Ankara, Kirsehir)
- Whitewashers: Central Anatolia (Kayseri, Corum)

Two speculative builders interviewed in connection with the field survey described in the study provided important clues as to the workings of speculative housebuilding. Their experiences in the industry are given below:

Builder I:

- S. S. (Interviewed on 11.5.1989)

The builder who undertook the construction work studied in detail in chapter 3 (building on block 2796, plot 6). 38 years old. Born in Eastern Black Sea region (Trabzon- Of). He has been in housebuilding since he was 18. He learned the trade from his father who started to work in the housing industry in the mid-1950s as a gang leader. Although he has been engaged in housebuilding for almost 20 years, he undertook his first building project in 1981. Between 1969, the year when he finished the high school and started to work with his father, and 1981, he underwent what he now calls an "apprenticeship period" under the supervision of his father. During this period he helped his father organise on-site works, obtain permission from the municipality and contact suppliers of building materials and gang leaders working for themselves. In this period he also established a wide network of personal contacts, which helped him considerably with his career in the industry. Between 1981 and 1989 he undertook six housing projects on his own account. In this period he also continued to help his father. In the meantime, for instance, he has been dealing with the supervision of a project undertaken by his father in another part of Ankara. Both S. S. and his father worked in almost every quarter of Ankara. Although building apartment blocks in what S. S. calls the "prosperous areas" of

Ankara is more profitable, to find vacant plots is proving more and more difficult in such areas. His aim for the future is to set up a construction company registered with the chamber of industry and thus to be eligible to take part in contracts for public works.

Builder II:

H. E. (Interview made on 12.9.1990)

The builder who built the apartment block on 2803/9 in the survey site. 48 years old. Graduated in 1965 from the Istanbul Technical University, Department of Architecture. Worked as a free-lance architect between 1965 and 1971. In this period he also invested in real estate, buying some land in Ankara. The building on plot 2803/9 was his second construction project (1972). Initially he worked in cooperation with another architect friend of his. When asked how he had started working as a builder, he mentioned his frustration with his profession and his "adventerous" personality which made him say "why not?" whenever he started doing something new. Between 1971 and 1990 he undertook nearly one building every other year. In this period he did the design work only for one or two of the houses he built. He usually prefers to work in prestigious areas of Ankara. He believes that his being an architect is not an advantage for himself, because he says that what he does has little to do with architecture. He recalls only one instance to the contrary, a case in which his architectural background convinced a landowner who had been unwilling to release land. His son is a second year student in the hotel management department of a university. He said that he would like his son to continue his business and had pressed his son in this way. His plan for the future is to build a hotel along the South West coast which he plans to operate with his son.

Some extracts from interviews with builders:

H.E.

- "What we did in the 1980s was to produce more and more luxurious houses. To be frank, we hardly cared about the quality in the 1970s, because we knew for sure that whatever we built would be sold. Now the buyers have been very selective. They examine the houses very carefully before they decide to buy."

- "No, as an architect I am not happy at all with the houses I build. This is one of the reasons why I don't design any more. But I can give you my personal guarantee about the quality of the houses I build"

- "In the 1970s almost every one having some knowledge about and some contacts in the trade had the chance to undertake construction. You didn't need any money. Now, having contacts in the industry is not

sufficient to be successful, you need a substantial amount of money to carry out a project like that".

- "In the 1970s you would hardly distinguish a gang leader from any ordinary worker. Whereas most them have now their own private cars and houses. What is more, in the 1970s they had the ambition to set up their own businesses and work as builders. Now, they don't even care. All they can think of now is to make more money".

S.S.

- "They (referring to the workers on the site) don't care about trade unions or being insured. All they want from me is a kind of job security, to know that they will be here tomorrow working for me".

- "I come to the construction site only for one hour a day just to make sure that everything is okay. My workers know much better than me what to do and how to do it. When they finish their work they ask me to come and have a look. I do so not to really check the work they have done but to perform what is nothing less than a formality. They feel proud when I say to them 'well done'".

- "I can see no future for myself in this business. Housebuilding is dead as far as people like me are concerned. What I want to do is to set up a proper company (i.e. one registered with the chamber of industry) and to participate in public tenders".

- "We did what we did without any support from the government. We could have done much better if they had backed us".

APPENDIX II SUPPLEMENTARY STATISTICS

APPENDIX II, TABLE 1.1.

POPULATION TRENDS, TURKEY, 1927-1985

Years	A	B	C	D	E
1927	13,648,000	-	2,223,000	16.28	-
1935	16,158,000	2.11	2,721,000	16.84	2.53
1940	17,821,000	1.96	3,216,000	18.05	3.34
1945	18,790,000	1.06	3,466,000	18.44	1.50
1950	20,947,000	2.17	3,924,000	18.73	2.48
1955	24,065,000	2.77	5,425,000	22.54	6.48
1960	27,755,000	2.85	7,200,000	25.94	5.66
1965	31,391,000	2.46	9,343,000	29.76	5.21
1970	35,605,000	2.52	12,724,000	35.74	6.18
1975	40,347,000	2.50	16,707,000	41.41	5.44
1980	44,736,000	2.06	20,330,000	45.44	3.92
1985	51,421,000	2.78	25,880,000	50.33	4.95

A: Total population

B: Average annual growth rate of population between census years (%)

C: Urban population

D: Share of urban in total population

E: Average annual growth rate of urban population (%)

Source: State Institute of Statistics, Statistical Yearbooks, various years.

APPENDIX II, TABLE 3.1.

BUILDING AND HOUSING CONSTRUCTION IN TURKEY, 1955-1985
 (Construction permits issued by municipalities)

Years	A	B	C	D	E
1955	6,898,029	5,317,556	1,580,473	77.1	58,497
1956	6,478,936	4,729,169	1,749,767	73.0	53,402
1957	6,940,309	5,059,847	1,880,462	72.9	52,615
1958	7,669,676	5,885,981	1,783,695	76.7	53,389
1959	6,545,684	4,828,101	1,717,583	73.7	51,091
1960	6,602,118	5,037,326	1,564,792	76.3	56,227
1961	6,681,065	5,205,683	1,475,382	77.9	52,760
1962	7,848,488	6,180,439	1,668,049	78.7	58,748
1963	7,718,609	5,902,673	1,815,936	76.5	57,286
1964	8,499,935	6,080,458	2,419,477	71.5	60,822
1965	10,906,701	7,997,023	2,909,678	73.3	80,461
1966	12,559,450	9,014,953	3,544,497	71.8	91,151
1967	12,728,297	9,633,811	3,094,486	75.7	99,373
1968	14,380,593	10,557,361	3,823,232	73.4	110,263
1969	17,158,679	12,931,802	4,226,877	75.6	132,066
1970	19,741,753	15,257,346	4,484,407	77.3	154,825
1971	16,909,510	14,094,542	2,814,968	83.4	150,357
1972	19,230,934	15,918,627	3,312,307	82.8	165,983
1973	24,494,968	19,302,115	5,192,853	78.1	194,981
1974	20,347,550	15,872,482	4,475,068	78.0	161,047
1975	23,337,452	18,195,973	5,141,479	78.0	181,685
1976	29,618,659	22,394,707	7,223,952	75.6	224,584
1977	28,972,560	22,312,145	6,660,415	77.0	216,128
1978	32,237,307	25,155,247	7,082,060	78.0	237,097
1979	34,080,006	27,380,484	6,699,522	80.3	252,846
1980	28,422,401	22,380,958	6,041,443	78.7	203,989
1981	19,884,344	15,457,564	4,426,780	77.7	144,394
1982	21,728,271	17,334,180	4,394,091	79.8	160,078
1983	25,554,984	18,971,107	6,583,877	74.2	169,037
1984	28,887,793	22,146,716	6,741,077	76.7	189,496
1985	37,251,360	29,794,484	7,456,876	80.0	259,187

A: Total building (sq.m)

B: Total housing (sq.m)

C: Non-residential construction (sq.m)

D: Share of housing in total building (%)

E: Number of dwelling units

Source: State Institute of Statistics, Statistical Yearbooks and Construction Statistics, various years.
 (For definitions see text and Appendix I).

APPENDIX II, TABLE 3.2.

HOUSING CONSTRUCTION IN TURKEY, 1955-1985

Years	A	B	C	D	E
1955	5,317,556	1,446,123	27.2	3,871,433	72.8
1956	4,729,169	1,151,100	24.3	3,578,069	75.7
1957	5,059,847	1,540,346	30.4	3,519,501	69.6
1958	5,885,981	2,143,046	36.4	3,742,935	63.6
1959	4,828,101	1,591,265	32.9	3,236,836	67.1
1960	5,037,326	1,861,227	36.9	3,176,099	63.1
1961	5,205,683	2,322,762	44.6	2,882,921	55.4
1962	6,180,439	3,255,757	52.7	2,924,682	47.3
1963	5,902,673	2,980,094	50.5	2,922,579	49.5
1964	6,080,458	2,975,783	48.9	3,104,675	51.1
1965	7,997,023	4,306,553	53.8	3,690,470	46.2
1966	9,014,953	5,043,209	55.9	3,971,744	44.1
1967	9,633,811	5,518,073	57.3	4,115,738	42.7
1968	10,557,361	6,245,186	59.1	4,312,175	40.9
1969	12,931,802	8,503,968	65.7	4,427,834	34.3
1970	15,257,346	10,866,833	71.2	4,390,513	28.8
1971	14,094,542	9,355,743	66.4	4,738,799	33.6
1972	15,918,627	10,964,373	68.9	4,954,254	31.1
1973	19,302,115	13,875,176	71.9	5,426,939	28.1
1974	15,872,482	11,231,056	70.7	4,641,426	29.3
1975	18,195,973	13,025,446	71.6	5,170,527	28.4
1976	22,394,707	17,005,545	75.9	5,389,162	24.1
1977	22,312,145	17,232,598	77.2	5,079,547	22.8
1978	25,155,247	18,457,461	73.4	6,697,786	26.6
1979	27,380,484	20,116,331	73.5	7,264,153	26.5
1980	22,380,958	16,529,380	73.8	5,851,578	26.2
1981	15,457,564	10,444,279	67.6	5,013,285	32.4
1982	17,334,180	12,961,726	74.8	4,372,454	25.2
1983	18,971,107	14,353,155	75.6	4,617,952	24.4
1984	22,146,716	17,083,513	77.1	5,063,203	22.9
1985	29,794,484	24,640,404	82.7	5,154,080	17.3

A: Total housing (sq.m)

B: Apartment blocks (sq.m)

C: Share of apartment blocks in total housing (%)

D: "Houses" (sq.m)

E: Share of "houses" in total housing (%)

Source: State Institute of Statistics, Statistical Yearbooks and Construction Statistics, various years.

(For definitions see text and Appendix I).

APPENDIX II, TABLE 3.3.

HOUSEBUILDING BY COOPERATIVES, 1958-1985

Years	A	B	C	D
1958	5,885,981	234,930	4.0	1,837
1959	4,828,101	270,321	5.6	2,323
1960	5,037,326	393,502	7.8	3,718
1961	5,205,683	386,840	7.4	3,524
1962	6,180,439	448,025	7.2	3,756
1963	5,902,673	331,413	5.6	2,148
1964	6,080,458	156,301	2.6	1,478
1965	7,997,023	272,179	3.4	2,795
1966	9,014,953	380,810	4.2	3,570
1967	9,633,811	430,575	4.4	4,172
1968	10,557,361	477,550	4.5	4,564
1969	12,931,802	908,146	7.0	8,277
1970	15,257,346	1,306,967	8.6	11,654
1971	14,094,542	1,541,656	10.9	14,561
1972	15,918,627	1,553,663	9.8	14,277
1973	19,302,115	2,763,070	14.3	25,507
1974	15,872,482	1,523,908	9.6	13,966
1975	18,195,973	1,547,145	8.5	14,005
1976	22,394,707	1,763,405	7.9	16,643
1977	22,312,145	2,797,131	12.5	25,142
1978	25,155,247	2,939,924	11.7	26,049
1979	27,380,484	3,554,824	13.0	31,437
1980	22,380,958	3,529,879	15.8	31,538
1981	15,457,564	2,937,468	19.0	26,904
1982	17,334,180	5,268,990	30.8	48,518
1983	18,971,107	4,013,319	21.1	36,841
1984	22,146,716	4,580,148	20.7	38,426
1985	29,794,484	8,658,030	29.0	76,563

A: Total housing (sq.m)

B: Housebuilding by cooperatives (sq.m)

C: Share of cooperatives in total housing (%)

D: Number of dwelling units by cooperatives

Source: State Institute of Statistics, Statistical Yearbooks and Construction Statistics, various years.

APPENDIX II, TABLE 3.4.

AVERAGE SIZE OF APARTMENT BLOCKS, 1955-1985

Years	A	B	C
1955	1,446,123	3,275	441.5
1956	1,151,100	2,387	482.2
1957	1,540,346	2,435	632.6
1958	2,143,046	3,649	587.3
1959	1,591,265	2,845	559.3
1960	1,861,227	3,294	565.0
1961	2,322,762	3,543	655.6
1962	3,255,757	4,476	727.4
1963	2,980,094	4,502	661.9
1964	2,975,783	4,436	670.8
1965	4,306,553	6,146	700.7
1966	5,043,209	7,474	674.7
1967	5,518,073	8,436	654.1
1968	6,245,186	10,396	600.7
1969	8,503,968	12,412	685.1
1970	10,866,833	15,558	698.5
1971	9,355,743	13,484	693.8
1972	10,964,373	15,337	714.9
1973	13,875,176	19,302	718.8
1974	11,231,056	15,877	707.4
1975	13,025,446	18,432	706.7
1976	17,005,545	23,313	729.4
1977	17,232,598	24,720	697.1
1978	18,457,461	25,242	731.2
1979	20,116,331	27,886	721.4
1980	16,529,380	21,901	754.7
1981	10,444,279	14,120	739.7
1982	12,961,726	15,207	852.3
1983	14,353,155	16,280	881.6
1984	17,083,513	19,074	895.6
1985	24,640,404	27,636	891.6

A: Apartment blocks (sq.m)

B: Number of apartment blocks

C: Average size of apartment blocks (sq.m)

Source: State Institute of Statistics, Statistical Yearbooks and Construction Statistics, various years.

APPENDIX II, TABLE 3.5.

HOUSING CONSTRUCTION IN THREE LARGEST CITIES
(ISTANBUL, ANKARA, IZMIR), 1955-1980

Years	A	B	C	D	E	F
1955	1,971,546	37.1	1,446,123	1,108,799	76.7	56.2
1956	1,383,635	29.2	1,151,100	823,591	71.5	59.5
1957	1,439,786	28.4	1,540,346	1,064,814	68.9	73.7
1958	1,827,594	31.0	2,143,046	1,556,138	72.6	85.1
1959	1,213,813	25.1	1,591,265	1,006,485	63.2	82.9
1960	1,500,333	29.8	1,861,227	1,276,399	68.6	85.1
1961	2,043,015	39.2	2,322,762	1,783,143	76.8	87.3
1962	2,852,264	46.1	3,255,757	2,600,585	79.9	91.2
1963	2,477,877	42.0	2,980,094	2,155,199	72.3	87.0
1964	2,298,075	37.8	2,975,783	2,006,572	67.4	87.3
1965	3,252,397	40.6	4,306,553	2,929,895	68.0	90.1
1966	3,372,291	37.4	5,043,209	3,126,780	62.0	92.7
1967	3,358,480	34.9	5,518,073	3,140,588	56.9	93.5
1968	3,898,251	36.9	6,245,186	3,544,472	56.7	90.9
1969	5,095,802	39.4	8,503,968	4,751,064	55.9	93.2
1970	5,823,849	38.2	10,866,833	5,518,331	50.8	94.7
1971	5,106,822	36.2	9,355,743	4,681,142	50.0	91.2
1972	5,240,565	32.9	10,964,373	4,780,019	43.6	91.2
1973	5,700,229	29.5	13,875,176	5,278,871	38.0	92.6
1974	4,956,507	31.2	11,231,056	4,618,057	41.1	93.2
1975	5,180,908	28.5	13,025,446	4,741,169	36.4	91.5
1976	6,006,451	26.8	17,005,545	5,585,319	32.8	93.0
1977	6,103,288	27.3	17,232,598	5,768,399	33.4	94.5
1978	5,560,145	22.1	18,457,461	5,021,893	27.2	90.3
1979	5,204,834	19.0	20,116,331	4,775,430	23.7	91.7
1980	3,998,049	17.8	16,529,380	3,674,190	22.2	92.0

A: Housing construction in three big cities (sq.m)

B: Share of three big cities in total housing construction (%)

C: Apartment blocks, Turkey (sq.m)

D: Apartment blocks, three big cities (sq.m)

E: Share of three big cities in apartment blocks built (%)

F: Share of apartment blocks in housing construction in three big cities (%)

Source: Construction Statistics and Statistical Yearbooks, various years.

APPENDIX II, TABLE 4.1.

NUMBER OF INSURED WORKERS AND DAILY WAGES: TOTAL
AND CONSTRUCTION SECTOR, 1955-1985

Years	A	B	C	D	E	F
1955	533,216	7	100	148,408	8	100
1956	543,554	8	114	131,203	9	115
1957	577,630	9	128	125,907	10	125
1958	611,703	10	151	128,259	11	143
1959	618,775	13	184	126,947	14	175
1960	620,909	14	201	116,464	15	192
1961	688,819	15	217	135,099	17	210
1962	680,125	16	229	131,866	17	212
1963	710,820	18	249	145,626	19	233
1964	765,317	19	271	150,155	20	245
1965	895,802	21	301	175,429	23	294
1966	991,510	23	328	199,652	23	285
1967	1,069,387	26	360	210,621	27	339
1968	1,206,175	28	393	248,120	29	363
1969	1,261,856	32	447	268,083	32	402
1970	1,313,500	35	492	282,782	34	421
1971	1,404,816	39	548	275,889	38	478
1972	1,525,012	44	611	305,276	42	521
1973	1,649,079	54	758	329,145	48	601
1974	1,799,998	68	951	367,354	64	806
1975	1,823,338	85	1,191	397,840	77	964
1976	2,017,875	115	1,606	447,782	107	1,336
1977	2,191,251	146	2,041	487,111	126	1,582
1978	2,206,056	208	2,896	499,461	189	2,360
1979	2,152,411	294	4,099	453,636	270	3,379
1980	2,204,807	427	5,946	479,899	357	4,463
1981	2,228,439	544	7,574	475,771	502	6,273
1982	2,264,788	691	9,624	465,808	637	7,969
1983	2,327,245	944	13,152	458,192	862	10,779
1984	2,439,016	1,307	18,203	464,436	1,212	15,150
1985	2,607,865	2,260	31,476	563,889	1,897	23,712

A: Total number of insured workers

B: Daily wages for insured workers (TL/day)

C: Wage index for insured workers

D: Number of insured workers in the construction sector

E: Daily wages for insured construction workers (TL/day)

F: Wage index for insured construction workers

Source: State Institute of Statistics, Statistical Yearbooks,
various years.

APPENDIX II, TABLE 4.2.

AGE STRUCTURE OF MALE WORKERS IN CONSTRUCTION
AND MANUFACTURING, 1985

Age Group	MANUFACTURING		CONSTRUCTION	
	Number	%	Number	%
12-14	67,510	3.6	9,849	1.3
15-19	284,458	15.3	99,339	13.3
20-24	241,657	13.0	115,414	15.5
25-29	349,903	18.9	139,433	18.7
30-34	298,935	16.1	108,700	14.6
35-39	233,467	12.6	83,375	11.2
40-44	145,627	7.0	60,073	8.1
45-49	95,392	5.1	47,604	6.4
50+	136,172	7.3	80,062	10.8
Total	1,853,121	100.0	743,849	100.0

Source: State Institute of Statistics, 1985 Population
Census Results

APPENDIX II, TABLE 4.3.

OCCUPATIONAL DISTRIBUTION OF HOUSEHOLD HEADS BY
HOUSING TYPE IN ANKARA (Percentage distribution)

Occupational Group	Formal Housing	Squatter Housing
* Top administrative, managerial occupations.....	6.3	-
* Professionals, teachers.....	17.8	-
* Army officers, technicians.....	6.9	-
* Secondary administrative positions, policemen.....	13.7	7.1
* Shopkeepers, agents.....	7.0	9.0
* Clerical, secretarial occupations.....	15.8	12.3
* Retired, rentiers.....	7.9	1.6
* Skilled workers.....	4.9	13.9
* Semi-skilled workers, handicrafts.....	4.6	5.5
* Drivers, conductors.....	4.0	6.5
* Personal services.....	2.4	14.9
* Agriculture and mining.....	0.3	2.6
* Informal sector occupations.....	1.5	17.2
* Unemployed.....	1.6	6.2
* Housewives, students.....	5.3	3.2

Source: Turel (1979), p.250

For explanations see note 10 to Chapter IV.

APPENDIX II, TABLE 6.1.
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS, 1949-1985

Years	A	B	C	D	E	F	G
1949	35.21	-5.0	40.3	13.1	1.31	3.7	11.1
1950	38.51	9.4	40.8	13.1	1.51	3.9	14.8
1951	43.44	12.8	43.4	11.9	1.87	4.3	24.3
1952	48.62	11.9	42.4	11.8	2.12	4.4	13.1
1953	54.09	11.2	41.4	12.6	2.54	4.7	20.0
1954	52.48	-3.0	36.7	14.2	3.01	5.9	21.8
1955	56.64	7.9	37.3	14.6	3.12	5.6	2.4
1956	58.43	3.2	37.9	15.5	3.21	5.5	1.4
1957	62.99	7.8	37.4	15.9	3.84	6.1	19.5
1958	65.84	4.5	39.1	16.1	3.88	5.9	1.1
1959	68.52	4.1	37.5	15.9	4.09	6.0	5.4
1960	70.87	3.4	37.2	15.5	4.18	5.9	2.1
1961	72.29	2.0	34.8	17.1	3.79	5.3	-9.4
1962	76.75	6.2	34.5	16.7	4.58	5.9	20.9
1963	84.19	9.7	34.6	17.0	5.02	5.9	9.5
1964	87.62	4.1	33.1	18.2	5.56	6.3	10.7
1965	90.37	3.1	31.0	19.4	5.74	6.4	3.4
1966	101.20	12.0	30.7	20.0	6.53	6.5	13.7
1967	105.46	4.2	29.4	20.7	6.72	6.4	2.9
1968	112.49	6.7	27.9	21.6	7.45	6.6	10.9
1969	118.59	5.4	27.2	23.4	7.67	6.5	2.9
1970	125.42	5.8	26.5	22.6	8.30	6.7	8.2
1971	138.18	10.2	27.5	22.6	7.95	5.9	-4.3
1972	148.48	7.4	25.7	23.4	8.52	5.9	7.2
1973	156.46	5.4	22.2	25.1	9.15	6.1	7.3
1974	168.01	7.4	22.6	24.9	9.71	5.9	6.2
1975	181.38	8.0	22.8	24.9	10.53	5.9	8.4
1976	195.75	7.9	22.8	25.0	11.40	5.9	8.3
1977	203.36	3.9	21.6	25.7	12.04	6.0	5.6
1978	209.18	2.9	21.6	25.8	12.54	6.1	4.1
1979	208.34	-0.4	22.4	24.8	13.07	6.3	4.2
1980	206.87	-0.7	22.9	24.3	13.17	6.5	0.8
1981	214.67	3.8	21.8	26.8	13.21	6.2	0.3
1982	224.54	4.6	22.1	25.6	13.27	5.9	0.5
1983	231.86	3.3	21.4	26.4	13.36	5.7	0.6
1984	245.52	5.9	20.1	27.1	13.64	5.5	0.6
1985	258.17	4.9	20.5	27.4	14.04	5.4	2.8

A: Gross domestic product at constant 1968 prices (TL billion)

B: Growth rate of gross domestic product (%)

C: Share of agriculture in gross domestic product (%)

D: Share of industry in gross domestic product (%)

E: Value added in construction at constant 1968 prices (TL billion)

F: Share of construction in gross domestic product (%)

G: Growth rate of construction value added at constant prices (%)

Source: State Institute of Statistics, Statistical Yearbooks,
national accounts, various years.

APPENDIX II, TABLE 6.2.

FOREIGN TRADE TRANSACTIONS, 1949-1985

Years	A	B	C	D	E
1949	0.8	9.0	0.7	7.6	-1.4
1950	0.8	8.2	0.7	7.6	-0.6
1951	1.1	9.7	0.9	7.5	-2.2
1952	1.5	11.6	1.0	7.6	-4.0
1953	1.4	9.5	1.1	7.1	-2.4
1954	1.3	8.4	0.9	5.9	-2.5
1955	1.3	7.3	0.9	4.6	-2.7
1956	1.1	5.2	0.8	3.9	-1.3
1957	1.1	3.8	1.0	3.3	-0.5
1958	0.9	2.5	0.7	2.0	-0.5
1959	1.3	3.0	1.0	2.2	-0.8
1960	2.2	4.7	1.7	3.7	-1.0
1961	4.6	9.2	3.1	6.3	-2.9
1962	5.6	9.7	3.4	5.9	-3.8
1963	6.2	9.3	3.3	4.9	-4.4
1964	4.9	6.8	3.7	5.2	-1.6
1965	5.2	6.8	4.2	5.4	-1.4
1966	6.5	7.1	4.4	4.8	-2.3
1967	6.2	6.1	4.7	4.6	-1.5
1968	6.9	6.2	4.5	4.0	-2.2
1969	6.8	5.4	4.8	3.9	-1.5
1970	9.6	6.5	6.4	4.3	-2.1
1971	16.5	8.5	9.1	4.7	-3.8
1972	21.5	8.9	11.9	4.9	-4.1
1973	29.1	9.4	18.0	5.8	-3.6
1974	52.3	12.2	21.2	5.0	-7.2
1975	69.0	12.9	20.1	3.7	-9.2
1976	82.9	12.3	30.1	4.5	-7.8
1977	104.9	12.0	31.3	3.6	-8.4
1978	113.3	8.8	55.3	4.3	-4.5
1979	178.5	8.1	75.7	3.4	-4.7
1980	613.3	13.8	221.5	5.0	-8.8
1981	1,002.3	15.3	530.7	8.1	-7.2
1982	1,461.4	16.7	937.3	10.7	-6.0
1983	2,127.1	18.4	1,298.4	11.2	-7.2
1984	4,034.9	22.0	2,608.3	14.2	-7.8
1985	5,994.7	21.5	4,152.9	14.9	-6.6

A: Value of imports (TL billion)

B: Ratio of imports to gross domestic product (%)

C: Value of exports (TL billion)

D: Ratio of exports to gross domestic product (%)

E: Ratio of foreign trade gap to gross domestic product (%)

Source: State Institute of Statistics, Statistical Yearbooks, various years.

APPENDIX II, TABLE 6.3.

COMPOSITION OF IMPORTS, 1949-1985

Years	A	B	C	D	E
1949	42.3	20.4	37.3	94.2	11.6
1950	46.0	20.6	33.4	94.7	11.8
1951	43.0	24.8	32.2	118.9	10.6
1952	50.5	22.1	27.4	186.7	12.0
1953	52.0	19.8	28.2	238.2	16.0
1954	53.0	19.6	27.4	209.6	15.6
1955	54.3	14.6	31.1	251.8	18.1
1956	58.2	11.1	30.7	155.2	13.6
1957	43.5	12.3	44.2	133.6	12.0
1958	43.3	12.2	44.5	75.5	8.6
1959	45.6	10.2	44.2	101.0	7.7
1960	52.1	9.6	38.3	160.4	7.3
1961	44.8	9.9	45.3	262.1	5.7
1962	45.0	7.2	47.8	267.3	4.8
1963	45.8	5.4	48.8	376.7	6.0
1964	45.7	4.9	49.4	231.8	4.7
1965	42.2	4.3	53.5	260.2	5.0
1966	47.5	5.0	47.5	358.8	5.5
1967	47.2	4.9	47.9	276.0	4.4
1968	48.0	4.8	47.2	240.5	3.4
1969	43.8	6.8	49.4	332.5	4.7
1970	47.1	5.0	47.9	585.0	6.1
1971	43.7	5.0	51.3	1,000.0	5.8
1972	50.1	4.7	45.2	1,209.1	5.6
1973	47.5	4.1	48.4	1,650.2	5.6
1974	33.6	4.0	62.4	2,764.0	5.3
1975	41.4	4.3	54.3	4,249.4	6.1
1976	43.7	3.0	53.3	3,888.5	4.7
1977	38.9	3.1	58.0	3,741.8	3.6
1978	34.6	2.9	62.5	3,372.1	3.0
1979	31.5	1.9	66.6	5,710.1	3.0
1980	20.6	2.2	77.2	11,737.3	2.0
1981	24.9	2.0	73.1	18,956.9	1.9
1982	26.4	2.0	71.6	34,752.8	2.4
1983	25.1	2.7	72.2	46,049.5	2.1
1984	24.8	4.6	70.6	94,291.4	2.3
1985	23.2	8.0	68.8	148,245.3	2.5

A: Share of investment goods in imports (%)

B: Share of consumption goods in imports (%)

C: Share of raw materials in imports (%)

D: Value of construction materials imported (TL million)

E: Share of construction materials in total imports (%)

Source: State Institute of Statistics, Statistical Yearbooks, various years.

APPENDIX II, TABLE 6.4.

FIXED CAPITAL FORMATION, 1950-1985

Years	A	B	C	D	E
1950	911	9.4	60.9	39.1	3.7
1951	1,119	10.3	61.0	39.0	4.0
1952	1,714	12.8	61.7	38.3	4.9
1953	1,935	12.4	56.0	44.0	5.4
1954	2,339	14.7	57.5	42.5	6.2
1955	2,734	14.3	57.6	42.4	6.1
1956	2,954	13.4	53.3	46.7	6.3
1957	3,869	13.2	51.3	48.7	6.4
1958	4,900	14.0	57.2	42.8	6.0
1959	6,987	16.0	51.1	48.9	7.8
1960	7,606	16.3	50.0	50.0	8.1
1961	7,034	14.2	52.0	48.0	6.8
1962	8,408	14.6	52.9	47.1	6.9
1963	9,686	14.5	50.5	49.5	7.2
1964	10,270	14.4	47.6	52.4	7.5
1965	11,509	15.0	47.0	53.0	7.9
1966	14,718	16.1	47.0	53.0	8.5
1967	16,900	16.6	46.8	53.2	8.8
1968	20,300	18.0	44.8	55.2	9.9
1969	23,600	18.9	45.8	54.2	10.2
1970	27,300	18.5	47.3	52.7	9.7
1971	32,200	16.7	49.7	50.3	8.4
1972	46,900	19.5	57.4	42.6	8.3
1973	59,300	19.2	57.7	42.3	8.1
1974	76,100	17.8	54.0	46.0	8.2
1975	107,900	20.1	50.1	49.9	10.0
1976	153,700	22.8	51.4	48.6	11.1
1977	210,800	24.1	48.9	51.1	12.3
1978	279,600	21.7	51.3	48.7	10.6
1979	449,300	20.4	47.6	52.4	10.7
1980	863,600	19.5	43.9	56.1	10.9
1981	1,241,400	18.9	38.2	61.8	11.7
1982	1,646,900	18.8	39.0	61.0	11.5
1983	2,180,800	18.9	39.7	60.3	11.4
1984	3,369,900	18.3	40.0	60.0	11.0
1985	5,441,500	19.6	42.9	57.1	11.2

A: Gross investments in current prices (TL million)

B: Share of gross investments in GDP (%)

C: Share of private sector in total investments (%)

D: Share of public sector in total investments (%)

E: Share of public sector investments in GDP (%)

Sources:

- 1950-62 figures from TOBB (1957, 1958 and 1966) and Kazgan, G. (1965)
- 1963-80 figures State Planning Organisation (SPO)
Five-Year Development Plans
- 1981-85 figures unpublished data provided by SPO.

APPENDIX II, TABLE 6.5.

CAPITAL FORMATION IN HOUSING, 1950-1985

Years	A	B	C	D	E
1950	238	0.243	979	0.252	2.4
1951	326	0.213	1,530	0.268	2.8
1952	485	0.230	2,109	0.275	3.6
1953	569	0.247	2,304	0.288	3.6
1954	669	0.269	2,487	0.303	4.2
1955	837	0.335	2,498	0.337	4.4
1956	839	0.353	2,377	0.377	3.8
1957	1,048	0.403	2,600	0.465	3.6
1958	1,284	0.410	3,132	0.531	3.7
1959	1,558	0.389	4,005	0.637	3.6
1960	1,590	0.539	2,950	0.658	3.4
1961	1,463	0.646	2,265	0.685	2.9
1962	1,715	0.571	3,003	0.750	3.0
1963	2,295	0.642	3,575	0.793	3.4
1964	2,290	0.685	3,343	0.814	3.2
1965	2,700	0.736	3,668	0.849	3.5
1966	3,300	0.819	4,029	0.903	3.6
1967	3,500	0.933	3,751	0.962	4.3
1968	3,900	1.000	3,900	1.000	3.5
1969	4,600	1.107	4,155	1.053	3.7
1970	5,800	1.161	4,996	1.178	3.9
1971	7,000	1.289	5,431	1.394	3.6
1972	9,900	1.472	6,725	1.622	4.1
1973	12,800	1.651	7,753	1.980	4.1
1974	13,200	1.981	6,663	2.542	3.1
1975	17,800	2.388	7,454	2.954	3.3
1976	26,800	2.779	9,644	3.448	4.0
1977	37,200	3.568	10,426	4.292	4.2
1978	60,600	5.215	11,620	6.170	4.7
1979	107,900	8.124	13,281	10.557	4.9
1980	186,100	16.541	11,250	21.427	4.2
1981	165,000	22.043	7,485	30.528	2.5
1982	211,100	27.464	7,686	38.902	2.4
1983	282,900	33.500	8,445	49.811	2.4
1984	461,200	50.180	9,191	74.604	2.5
1985	814,300	73.638	11,058	107.640	2.9

A: Housing investments at current prices (TL million)

B: GNP deflator for construction

C: Housing investments at constant 1968 prices (TL million)

D: GNP deflator

E: Share of housing investments in GDP (%)

Sources: Same as Table 6.4.

APPENDIX II, TABLE 6.6.

HOUSING INVESTMENTS, 1950-1985

Years	A	B	C	D
1950	26.1	94.8	40.6	3.6
1951	27.2	95.6	42.6	1.5
1952	28.3	97.3	44.6	1.0
1953	29.4	97.9	51.4	1.8
1954	28.6	96.3	47.9	1.5
1955	30.6	98.4	52.3	1.2
1956	28.4	95.6	51.2	2.4
1957	27.1	97.6	51.6	1.3
1958	26.2	98.4	45.2	0.7
1959	22.3	97.3	40.4	1.1
1960	20.9	98.6	41.2	0.6
1961	20.8	96.9	39.4	1.3
1962	20.4	95.7	37.1	1.7
1963	23.7	94.3	42.9	2.0
1964	22.3	91.3	42.9	3.7
1965	23.5	92.6	46.3	3.3
1966	22.4	90.0	43.5	3.8
1967	20.7	88.6	39.2	4.4
1968	19.2	89.7	38.5	3.6
1969	19.5	89.1	38.0	3.9
1970	21.1	87.9	39.5	4.9
1971	21.7	91.4	40.0	3.7
1972	21.1	94.9	34.9	2.5
1973	21.6	96.9	36.3	1.6
1974	17.3	95.4	30.7	1.7
1975	16.5	92.1	30.3	2.6
1976	17.4	93.7	31.8	2.3
1977	17.6	93.3	33.7	2.3
1978	21.7	93.7	39.6	2.8
1979	24.0	93.7	47.3	2.9
1980	21.5	94.7	46.5	2.0
1981	13.3	89.6	31.1	2.2
1982	12.8	92.5	30.4	1.6
1983	13.0	92.8	30.3	1.5
1984	13.7	90.0	30.8	2.3
1985	15.0	91.4	31.9	2.2

A: Share of housing in total investments (%)

B: Share of private sector in housing investments (%)

C: Share of housing in private sector investments (%)

D: Share of housing in public sector investments (%)

Source: Same as Table 6.4.

APPENDIX II, TABLE 6.7.

INDICES OF GROSS DOMESTIC PRODUCT, CONSTRUCTION OUTPUT,
HOUSING STARTS AND HOUSING INVESTMENTS, 1950-1985 (1955=100)

Years	A	B	C	D
1950	68.0	47.5	-	39.2
1951	76.7	59.1	-	61.3
1952	85.8	66.8	-	84.4
1953	95.5	80.1	-	92.2
1954	92.6	97.6	97.0	99.5
1955	100.0	100.0	100.0	100.0
1956	103.1	101.4	88.9	95.1
1957	111.2	121.5	95.2	104.1
1958	116.2	122.5	110.7	125.3
1959	121.0	129.1	90.8	160.3
1960	125.1	131.8	94.7	118.1
1961	127.6	119.4	97.9	90.6
1962	135.5	144.4	116.2	120.6
1963	148.6	158.2	111.0	143.1
1964	154.7	175.2	114.3	133.8
1965	159.5	181.1	150.4	146.8
1966	178.7	205.9	169.5	161.3
1967	186.2	211.9	181.2	150.3
1968	198.6	235.0	198.5	156.1
1969	209.4	241.8	243.2	166.3
1970	221.5	261.8	286.9	199.9
1971	243.9	250.6	265.1	217.3
1972	262.1	268.7	299.4	269.2
1973	276.2	288.4	363.0	310.3
1974	296.6	306.2	298.5	266.7
1975	320.2	332.0	342.2	298.3
1976	345.6	359.5	421.2	386.0
1977	359.0	379.7	419.6	417.3
1978	369.3	395.5	473.1	465.1
1979	367.8	412.0	514.9	531.6
1980	365.2	415.3	420.9	450.3
1981	379.0	416.5	290.7	299.6
1982	396.4	418.6	326.0	307.6
1983	409.3	421.1	356.8	338.1
1984	433.4	430.2	416.5	367.9
1985	455.8	442.7	560.3	443.6

A: Index of GDP at constant 1968 prices

B: Index of construction output at constant 1968 prices

C: Index of housing starts (sq. m)

D: Index of housing investments at constant 1968 prices

Sources: See previous tables

APPENDIX II, TABLE 6.8.
BANK CREDITS AND HOUSING INVESTMENTS, 1949-1985

Years	A	B	C	D	E	F	G
1949	1.0	-	32	-	3.1	-	-
1950	1.3	0.2	40	8	3.1	3.5	3.3
1951	1.7	0.5	68	28	3.9	5.9	8.6
1952	2.6	0.8	118	50	4.5	5.9	10.3
1953	3.4	0.8	171	53	5.0	6.6	9.3
1954	4.3	0.9	233	62	5.4	7.1	9.3
1955	5.0	0.7	346	113	6.9	15.0	13.5
1956	5.8	0.8	382	36	6.5	4.4	4.3
1957	7.8	1.9	434	52	5.2	2.7	5.0
1958	8.7	8.6	462	28	5.3	3.2	2.2
1959	9.5	7.7	532	70	5.6	9.1	4.5
1960	9.5	1.4	633	101	6.6	69.6	6.3
1961*	8.3*	-	844	211	10.1	-	14.4
1962	10.3	2.0	1,131	287	10.9	14.1	16.7
1963	11.9	1.5	1,294	163	10.9	10.7	7.1
1964	13.4	1.6	1,528	234	11.3	14.9	10.2
1965	15.1	1.7	1,658	130	11.0	8.0	4.8
1966	17.7	2.5	1,768	110	10.0	4.3	3.3
1967	20.6	3.0	1,858	90	9.0	3.0	2.6
1968	24.9	4.3	1,901	43	7.6	1.0	1.1
1969	30.2	5.3	2,030	129	6.7	2.4	2.8
1970	33.8	3.6	2,342	312	6.9	8.6	5.4
1971	42.8	8.6	2,926	584	6.8	6.8	8.3
1972	59.1	16.3	3,220	294	5.4	1.8	3.0
1973	78.1	19.0	2,872	-	3.7	-	-
1974	101.1	22.9	3,086	214	3.0	0.9	1.6
1975	143.6	42.6	3,410	324	2.4	0.8	1.8
1976	191.6	48.0	3,927	517	2.0	1.1	1.9
1977	240.1	48.5	4,701	774	1.9	1.6	2.1
1978	306.7	66.6	6,000	1,299	1.9	1.9	2.1
1979	462.9	156.2	7,850	1,850	1.7	1.2	1.7
1980	855.1	392.2	11,156	3,306	1.3	0.8	1.8
1981	1,483.6	628.5	20,396	9,240	1.4	1.5	5.6
1982	2,048.9	565.3	34,800	14,404	1.7	2.5	6.8
1983	2,739.3	690.4	68,800	34,000	2.5	4.9	12.0
1984	3,589.0	849.7	154,300	85,500	4.3	10.1	18.5
1985	6,180.4	2,591.4	386,300	232,000	6.3	8.9	28.5

* Since April 1961, on the basis of Law 154, balance transfers and changes in classification effected in a nominal fall in the outstanding credits.

A: Outstanding bank credits (excluding Central Bank credits; TL billion)

B: Net bank credits (excluding Central Bank credits; TL billion)

C: Outstanding housing credits (TL million)

D: Net housing credits (TL million)

E: Share of housing in outstanding bank credits (%)

F: Share of housing in net bank credits (%)

G: Share of credits in housing investments (%)

Sources: - 1949-65 data from Hershlag (1968; p.333)

- 1966-71 data from Keles (1982; p.28)

- 1972-85 data from Akguc (1989; p.248)

APPENDIX II, TABLE 6.9.

PRICES, WAGES AND INTEREST RATES, 1949-1985

Years	A	B	C	D	E	F	G
1949	38.8	-	-	-	-	-	-
1950	33.6	-11.1	-	-	-	-	-
1951	35.7	6.2	23.1	64.7	-	-	-
1952	36.4	2.0	28.8	79.1	22.2	-	-
1953	37.1	1.9	30.7	82.7	4.5	-	-
1954	40.6	9.4	34.7	85.5	3.4	-	-
1955	43.9	8.6	40.1	91.3	6.8	-	-
1956	51.3	15.9	45.9	89.5	-2.0	-	-
1957	60.9	19.2	51.3	84.2	-5.9	-	-
1958	70.1	14.9	60.7	86.6	2.8	-	-
1959	83.4	20.0	74.0	88.7	2.4	-	-
1960	88.2	5.7	80.7	91.5	3.1	6.5	5.0
1961	90.8	2.9	87.1	95.9	4.8	6.5	5.0
1962	96.0	5.7	92.0	95.8	-0.0	6.5	5.0
1963	100.0	4.2	100.0	100.0	4.4	6.5	5.0
1964	101.2	1.2	108.9	107.6	7.6	6.5	5.0
1965	109.4	3.1	120.8	110.4	2.6	6.5	5.0
1966	114.7	4.8	131.4	114.5	3.7	6.5	5.0
1967	123.4	7.6	144.4	117.0	2.2	6.5	5.0
1968	127.3	3.2	157.6	123.8	5.8	6.5	5.0
1969	136.5	7.2	179.5	131.5	6.2	6.5	5.0
1970	145.7	6.7	197.3	135.4	3.0	9.0	6.0
1971	168.9	15.9	219.7	130.1	-3.9	9.0	6.0
1972	199.3	18.0	245.1	123.0	-5.4	9.0	6.0
1973	240.1	20.5	303.9	126.6	2.9	7.0	6.0
1974	311.8	29.9	381.3	122.3	-3.4	9.0	6.0
1975	343.2	10.1	477.9	139.2	13.8	9.0	6.0
1976	396.6	15.5	644.1	162.4	16.7	9.0	6.0
1977	492.1	24.1	818.6	166.3	2.4	9.0	6.0
1978	750.8	52.6	1,161.6	154.7	-7.0	12.0	9.0
1979	1,230.7	63.9	1,644.2	133.6	-13.6	20.0	12.0
1980	2,550.6	107.2	2,385.2	93.5	-30.0	33.0	15.0
1981	3,488.4	36.8	3,038.2	87.1	-6.8	50.0	32.0
1982	4,369.2	25.2	3,860.5	88.3	1.4	50.0	42.0
1983	5,708.0	30.6	5,275.8	92.4	4.6	45.0	40.0
1984	8,677.5	52.0	7,301.7	84.1	-9.0	50.0	50.0
1985	12,144.7	40.0	9,678.8	79.7	-5.2	50.0	50.0

A: Wholesale price index (1963=100)

B: Rate of change of wholesale price index (%)

C: Average wage index for insured workers (1963=100)

D: Real wage index (1963=100)

E: Rate of change of real wage index (%)

F: Annual interest rate on 2-year deposit accounts (%)

G: Annual interest rate on 1-year deposit accounts (%)

Sources: Wholesale price index, 1949-59 data from Hershlag (1968; p.334); Interest rates from Kepenek (1987; pp.538-9). Other data from Statistical Yearbooks, various years.

APPENDIX II, TABLE 6.10.

CEMENT PRODUCTION AND BUILDING MATERIALS PRICES, 1949-1985

Years	A	B	C	D	E
1949	-	31.3	-	37.8	-
1950	-	27.5	-12.2	33.6	-11.1
1951	-	28.2	2.8	35.7	6.2
1952	-	34.3	21.6	36.4	2.0
1953	-	35.1	2.2	37.1	1.9
1954	-	38.9	10.9	40.6	9.4
1955	816	42.7	9.8	43.9	8.6
1956	975	55.7	30.3	51.3	15.9
1957	1,261	53.4	-4.3	60.9	19.2
1958	1,516	76.3	42.8	70.1	14.9
1959	1,724	97.7	28.0	83.4	20.0
1960	2,038	101.5	3.9	88.2	5.7
1961	2,036	95.4	-6.0	90.8	2.9
1962	2,322	96.9	1.6	96.0	5.7
1963	2,689	100.0	3.1	100.0	4.2
1964	2,936	103.4	3.4	101.2	1.2
1965	2,238	109.9	6.3	109.4	3.1
1966	2,854	121.9	10.9	114.7	4.8
1967	4,236	127.9	4.9	123.4	7.6
1968	4,733	131.7	3.0	127.3	3.2
1969	5,795	140.1	6.4	136.5	7.2
1970	6,373	151.3	8.0	145.7	6.7
1971	7,552	166.1	9.8	168.9	15.9
1972	8,424	187.4	12.8	199.3	18.0
1973	8,946	208.0	11.0	240.1	20.5
1974	8,939	252.6	21.4	311.8	29.9
1975	10,855	274.7	8.7	343.2	10.1
1976	12,342	383.4	39.6	396.6	15.5
1977	13,832	642.0	67.4	492.1	24.1
1978	15,344	963.4	50.0	750.8	52.6
1979	13,784	1,675.8	73.9	1,230.7	63.9
1980	12,875	3,157.4	90.4	2,550.6	107.2
1981	15,043	3,699.5	17.2	3,488.4	36.8
1982	15,778	4,801.5	29.8	4,369.2	25.2
1983	13,595	7,037.1	46.6	5,708.0	30.6
1984	15,738	10,781.9	53.2	8,677.5	52.0
1985	17,581	16,585.2	53.8	12,144.7	40.0

A: Cement production (in '000 tons)

B: Building materials price index (1963=100)

C: Rate of change of building materials price index (%)

D: Wholesale price index (1963=100)

E: Rate of change of wholesale price index (%)

Sources: Price indices, 1949-59 data from Hershlag (1968; p.334)

. Other data from Statistical Yearbooks, various years.

**APPENDIX II, TABLE 7.1.
POPULATION TRENDS, TURKEY AND ANKARA, 1927-1985**

Years	A	B	C	D	E	F
1927	13,648,000	-	-	74,553	-	3.35
1935	16,158,000	2.11	2.53	122,720	6.23	4.51
1940	17,821,000	1.96	3.34	157,242	4.96	4.89
1945	18,790,000	1.06	1.50	226,712	7.31	6.54
1950	20,947,000	2.17	2.48	228,536	4.83	7.35
1955	24,065,000	2.77	6.48	451,241	8.94	8.32
1960	27,755,000	2.85	5.66	650,067	6.89	9.03
1965	31,391,000	2.46	5.21	905,660	6.63	9.69
1970	35,605,000	2.52	6.18	1,236,152	6.22	9.71
1975	40,347,000	2.50	5.44	1,701,004	6.38	10.18
1980	44,736,000	2.06	3.92	1,877,755	1.96	9.24
1985	51,421,000	2.78	4.95	2,251,533	3.63	8.69

A: Total population, Turkey

B: Average annual growth rate of population, Turkey (%)

C: Average annual growth rate of urban population, Turkey (%)

D: Population of Ankara

E: Average annual growth rate of population, Ankara (%)

F: Share of Ankara in urban population (%)

Source: State Institute of Statistics, Statistical Yearbooks, various years.

**APPENDIX II, TABLE 7.2.
SECTORAL DISTRIBUTION OF WORKING POPULATION,
TURKEY AND ANKARA, 1980**

Sectors	TURKEY		ANKARA	
	Number	%	Number	%
-Agriculture	11,104,501	59.9	4,423	1.0
-Mining	132,186	0.7	477	0.1
-Manufacturing	1,975,596	10.6	72,225	15.9
-Construction	765,072	4.1	29,168	6.4
-Retail & wholesale trade	1,084,378	5.8	56,659	12.5
-Communications	531,278	2.9	26,464	5.8
-Finance, insurance	294,373	1.6	41,758	9.2
-Community & social services	2,425,201	13.1	212,311	46.7
-Not adequately defined	209,737	1.1	10,986	2.4
TOTAL	18,522,322	100.0	454,471	100.0

Source: State Institute of Statistics, Social and Economic Characteristics of Population, 1980 Census Results.

APPENDIX II, TABLE 7.3.
PERCENTAGE BREAKDOWN OF GDP BY SECTORS FOR THE PROVINCE
OF ANKARA
(at constant 1979 producers' prices)

Sectors	1979	1981	1983	1985
-Agriculture	9.74	11.03	9.05	9.11
-Manufacturing	13.96	12.51	13.31	15.29
-Other industry	2.82	3.09	2.91	3.07
-Construction	7.13	6.99	6.40	5.69
-Commerce	15.15	14.89	15.94	16.01
-Transportation	10.87	10.46	10.64	10.60
-Finance	2.43	2.36	2.16	2.19
-Income from housing stock	6.45	6.66	6.48	6.09
-Income of self-employed	8.63	8.39	8.13	8.26
-Government services	22.82	23.62	24.98	23.69
TOTAL	100.00	100.00	100.00	100.00

Source: Istanbul Chamber of Commerce (1987) p.227

APPENDIX II, TABLE 7.4.
VALUE ADDED BY SECTORS IN THE PROVINCE OF ANKARA AS
PERCENTAGE OF TOTAL VALUE ADDED BY SECTORS IN TURKEY
(%) (at current producers' prices)

Sectors	1979	1981	1983	1985
-Agriculture	3.25	3.80	3.08	3.29
-Manufacturing	4.69	4.17	4.08	4.62
-Construction	10.52	10.72	10.20	9.86
-Commerce	7.61	7.62	7.69	7.68
-Transportation	8.40	8.48	8.65	8.71
-Finance	6.80	6.61	6.23	6.66
-Income from housing stock	10.98	11.06	10.71	10.89
-Income of self-employed	12.04	11.96	11.22	11.68
-Government services	14.92	14.91	14.90	14.95
-Gross domestic product	7.33	7.08	6.83	6.94

Source: Istanbul Chamber of Commerce (1987) p.102

**APPENDIX II, TABLE 7.5.
INCOME DISTRIBUTION IN ANKARA AND TURKEY
BY INCOME GROUPS, 1973**

Income groups (TL)	ANKARA		TURKEY	
	% of households	% of income	% of households	% of income
0 - 10,000	9.3	2.4	30.0	6.9
10,000 - 15,000	23.9	9.9	20.0	10.1
15,000 - 25,000	30.2	19.0	22.5	17.9
25,000 - 50,000	23.6	27.6	18.1	25.4
50,000 - 100,000	8.7	19.0	6.8	18.6
100,000 -200,000	3.4	13.9	1.9	10.8
200,000 +	0.9	8.2	0.7	10.3
	100.0	100.0	100.0	100.0

Source: State Planning Organisation (1973) Income Distribution

**APPENDIX II, TABLE 7.6.
INCOME DISTRIBUTION IN ANKARA AND TURKEY
BY SOCIAL STATUS, 1973**

	ANKARA		TURKEY	
	% of households	% of income	% of households	% of income
Wage-earners	76.8	66.7	37.0	31.9
Self employed	5.7	19.7	10.7	35.2
Petty producers	17.5	13.6	52.3	32.9

Source: State Planning Organisation (1973) Income Distribution.

APPENDIX II, TABLE 7.7.
BUILDING AND HOUSING CONSTRUCTION IN ANKARA, 1955-1985
 (Construction permits)

Years	A	B	C	D	E
1955	638,442	549,170	89,272	86.0	3,529
1956	737,367	546,051	191,316	74.0	3,749
1957	975,158	695,886	279,272	71.4	4,808
1958	1,038,715	810,998	227,717	78.1	5,653
1959	710,861	380,260	330,601	53.5	2,908
1960	709,247	522,071	187,176	73.6	4,161
1961	837,946	737,397	100,549	88.0	5,512
1962	1,164,345	1,070,604	93,741	91.9	8,030
1963	1,046,946	758,393	288,553	72.4	5,206
1964	1,234,694	719,363	515,331	58.3	5,394
1965	1,707,596	1,214,304	493,292	71.1	9,961
1966	1,466,316	1,142,251	324,065	77.9	8,973
1967	1,081,605	913,318	168,287	84.4	7,442
1968	1,310,280	999,962	310,318	76.3	8,352
1969	1,887,714	1,552,210	335,504	82.2	12,220
1970	1,909,948	1,575,117	334,831	82.5	13,094
1971	1,663,180	1,452,251	210,929	87.3	12,558
1972	1,780,030	1,574,053	205,977	88.4	13,527
1973	1,969,414	1,793,372	176,042	91.0	15,847
1974	1,230,005	907,723	322,282	73.8	7,714
1975	1,257,956	916,040	341,916	72.8	7,925
1976	1,659,700	1,326,046	333,654	82.0	11,534
1977	2,064,094	1,676,001	388,093	81.2	14,195
1978	1,763,854	1,404,243	362,611	79.6	11,655
1979	1,421,424	1,235,068	186,356	86.9	10,210
1980	1,407,047	1,036,377	370,667	73.6	8,655
1981	1,188,235	849,787	338,448	71.5	7,514
1982	2,256,636	1,800,441	456,195	79.8	16,330
1983	2,516,623	1,815,106	701,517	72.1	14,452
1984	2,384,122	1,707,872	676,250	71.6	14,354
1985	2,892,286	2,385,077	507,209	82.5	19,126

A: Total building (sq. m.)
 B: Total housing (sq. m.)
 C: Non-residential construction (sq. m.)
 D: Share of housing in total building (%)
 E: Number of dwelling units

Source: State Institute of Statistics, Statistical Yearbooks and Construction Statistics, various years.

APPENDIX II, TABLE 7.8.
HOUSING CONSTRUCTION IN ANKARA, 1955-1985
 (Construction permits)

Years	A	B	C	D	E	F
1955	549,170	258,255	47.0	290,915	53.0	-
1956	546,051	290,820	53.2	255,231	46.8	-
1957	695,886	499,052	71.7	196,834	28.3	-
1958	810,998	691,050	85.2	119,948	14.8	11.5
1959	380,260	317,362	83.4	62,898	16.6	16.5
1960	522,071	500,769	95.9	21,302	4.1	15.9
1961	737,397	703,993	95.4	33,404	4.6	18.1
1962	1,070,004	1,048,338	97.9	22,266	2.1	16.2
1963	758,393	628,338	82.8	130,055	17.2	20.7
1964	719,363	698,774	97.1	20,589	2.9	7.5
1965	1,214,304	1,184,221	97.5	30,083	2.5	3.4
1966	1,142,251	1,133,143	99.2	9,108	0.8	6.9
1967	913,318	907,614	99.4	5,704	0.6	3.6
1968	999,962	994,471	99.4	5,491	0.6	4.8
1969	1,552,210	1,546,913	99.6	5,297	0.4	10.1
1970	1,575,117	1,573,249	99.9	1,868	0.1	17.9
1971	1,452,251	1,448,341	99.7	3,910	0.3	13.5
1972	1,574,053	1,569,506	99.7	4,547	0.3	8.4
1973	1,793,372	1,737,084	96.9	56,288	3.1	34.4
1974	907,723	905,721	99.8	2,452	0.2	21.5
1975	916,040	896,092	97.8	19,948	2.2	3.7
1976	1,326,046	1,312,736	99.0	13,310	1.0	4.1
1977	1,676,001	1,652,455	98.6	23,546	3.4	11.5
1978	1,404,243	1,333,852	95.0	70,391	5.0	11.0
1979	1,235,068	1,232,613	99.8	2,455	0.2	12.9
1980	1,036,377	1,034,050	99.8	2,327	0.2	7.9
1981	849,787	774,219	91.1	75,568	8.9	20.1
1982	1,800,441	1,669,308	92.7	131,133	7.3	49.2
1983	1,815,106	1,614,416	88.9	190,690	11.1	22.2
1984	1,707,872	1,522,851	89.1	185,021	10.9	31.6
1985	2,385,077	2,070,619	86.8	314,458	13.2	22.3

A: Total housing (sq.m.)

B: Apartment blocks (sq.m.)

C: Share of apartment blocks in total housing (%)

D: "Houses" (sq.m.)

E: Share of "houses" in total housing (%)

F: Share of cooperatives in total housing (%)

Source: State Institute of Statistics, Statistical Yearbooks
 and Construction Statistics, various years.

APPENDIX II, TABLE 7.9.
AVERAGE SIZE OF APARTMENT BLOCKS, ANKARA, 1955-1985

Years	A	B	C	D	E
1955	258,255	341	757.3	2,480	7.3
1956	290,820	330	881.3	2,712	8.2
1957	499,052	473	1,055.1	4,082	8.6
1958	691,050	846	816.8	5,214	6.2
1959	317,362	418	759.3	2,645	6.3
1960	500,769	622	805.1	4,072	6.5
1961	703,993	644	1,093.1	5,380	6.3
1962	1,048,338	799	1,312.1	7,964	10.0
1963	628,338	481	1,306.3	4,507	9.4
1964	698,774	575	1,215.2	5,257	9.1
1965	1,184,221	962	1,231.0	9,357	9.7
1966	1,133,143	973	1,164.6	8,895	9.1
1967	907,614	876	1,036.1	7,386	8.4
1968	994,471	911	1,091.6	8,260	9.1
1969	1,546,913	1,512	1,023.1	11,632	7.7
1970	1,573,249	1,060	1,484.2	13,083	12.3
1971	1,448,341	946	1,531.0	12,367	13.1
1972	1,569,506	992	1,582.1	13,479	13.6
1973	1,737,084	1,146	1,515.8	15,389	13.4
1974	905,721	558	1,623.1	7,643	13.7
1975	896,092	579	1,547.6	7,699	13.3
1976	1,312,736	808	1,624.7	11,423	14.1
1977	1,652,455	961	1,719.5	13,959	14.5
1978	1,333,852	836	1,595.5	11,305	13.5
1979	1,232,613	728	1,693.1	10,176	14.0
1980	1,034,050	631	1,638.7	8,633	13.7
1981	774,219	479	1,847.8	6,921	14.4
1982	1,669,308	901	1,852.7	15,149	16.8
1983	1,614,416	984	1,640.6	12,822	13.0
1984	1,522,851	906	1,680.8	12,489	13.8
1985	2,070,619	1,263	1,639.4	17,138	13.6

A: Apartment blocks (sq.m.)

B: Number of apartment blocks

C: Average size of apartment blocks (sq.m.)

D: Number of dwelling units in apartment blocks

E: Average number of dwelling units per building

Source: State Institute of Statistics, Statistical Yearbooks
and Construction Statistics, various years.

**APPENDIX II, TABLE 7.10.
INFORMATION ON BUILDINGS IN THE SURVEY AREA**

Block/parcel	Number of floors	Number of units	Date of issue of	
			Construction	Occupancy Permit
2685/1	5	19 flats + 7 shops	1. 3.1967	31.12.1970
2685/2	5	29 flats + 6 shops	22. 3.1973	15. 8.1975
2685/3	5	21 flats	29. 7.1967	24. 9.1968
2685/4	5	24 flats	10. 5.1968	26. 2.1970
2685/5	5	26 flats	26. 4.1967	10. 6.1968
2685/6	5	27 flats	23. 7.1968	31. 1.1970
2685/7	5	28 flats + 1 shop	10.12.1975	14. 7.1977
2685/13	5	10 flats	13. 1.1970	25.12 1971
2685/14	5	9 flats + 2 shops	28. 9.1972	9. 6.1978
2685/11	4	8 flats	6. 9.1967	21. 2.1969
2685/12	5	10 flats	10. 1.1979	31. 8.1981
2685/10	4	16 flats	9. 4.1963	24. 8.1966
2800/1	4	12 flats + 9 shops	5. 6.1965	7. 8.1967
	5	4 additional flats	18. 3.1983	6. 4.1984
2800/2	5	23 flats	27. 2.1976	19. 8.1977
2800/3	5	26 flats	6. 6.1969	20. 2.1971
2800/16	5	9 flats + 1 shop	13. 6.1989	-
2800/17	4	9 flats	25. 3.1968	21. 3.1969
2800/20	5	10 flats + 2 shops	21. 3.1986	14. 8.1987
2800/19	5	11 flats	6. 1.1969	22. 1.1970
2800/6	2	2 flats	3. 5.1961	16. 7.1962
2800/7	4	12 flats	21. 6.1963	18. 5.1967
2800/8	5	20 flats	14. 9.1967	13.12.1968
2800/9	5	25 flats + 2 shops	31. 1.1974	4.12.1975
2800/10	5	19 flats	7. 4.1972	27. 7.1973
2800/11	5	18 flats	14. 7.1970	29. 7.1972
2803/1	4	8 flats	3. 8.1956	3. 8.1957
2803/18	5	13 flats	8. 8.1969	6.12.1972
2803/19	5	13 flats	13. 9.1988	7. 6.1990
2803/26	5	14 flats + 3 shops	8. 6.1971	4.11.1972
2803/27	5	12 flats + 3 shops	16. 3.1978	1.10.1980
2803/30	5	23 flats	3. 3.1967	6.10.1968
2803/31	5	25 flats	12. 5.1969	25. 6.1971
2803/32	5	26 flats	13. 9.1972	25. 3.1977
2803/7	5	24 flats	15. 4.1970	13. 5.1970
2803/8	5	32 flats	10. 9.1971	14. 8.1973
2803/9	5	29 flats + 2 shops	9. 8.1972	18. 5.1974
2803/10	5	19 flats + 3 shops	29. 8.1969	16. 1.1971
2803/11	5	25 flats	18. 8.1972	22.11.1973
2803/12	5	20 flats	8. 4.1971	20.10.1973
2803/28	5	10 flats	17. 5.1969	23. 2.1971
2803/29	4	9 flats	22. 9.1961	12. 2.1963
2803/14	5	24 flats	16. 6.1970	16. 2.1972
2803/15	5	12 flats	18.12.1989	-

Total: 765 flats + 41 shops

Population: 765 X 4 = 3,060 persons

Net density: 3,060 / 3.7788 = 809.8 persons per hectare

Source: Field survey and archives of the Municipality of Cankaya

APPENDIX II, TABLE 7.11.

CLASSIFICATION OF BUILDINGS IN THE SURVEY AREA BY FORM OF PRODUCTION, DATES OF CONSTRUCTION PERMIT AND LAST SALE OF LAND AND NUMBER OF UNITS OFFERED TO LANDOWNERS

A	B	C	D	E	F	G
2685/1	5.1966	1.1967	8	SHB (1)	19F + 7S	6F + 1S (31.6%)
2685/2	12.1966	3.1973	75	SHB (1)	29F + 6S	12F + 3S (41.3%)
2685/3	5.1966	7.1967	14	SHB (1)	21F	7F (33.3%)
2685/4	8.1967	5.1968	9	COOP.	24F	N.A.
2685/5	2.1967	4.1967	2	SHB (1)	26F	9F (34.6%)
2685/6	3.1966	7.1968	28	SHB (2)	27F	N.A.
2685/7	9.1975	12.1975	3	SHB (3)	28F + 1S	N.A.
2685/13	3.1969	1.1970	10	COOP.	10F	N.A.
2685/14	3.1969	9.1972	42	INS.CONT.	9F + 2S	N.A.
2685/11	9.1966	9.1967	12	COOP.	8F	N.A.
2685/12	11.1967	8.1967	3	IND.CONT.	4F	N.A.
	-	1.1979	-	SHB (1)	10F	5F (50%)
2685/10	10.1962	4.1963	6	COOP.	16F	N.A.
2800/1	NO SALE	6.1965	-	SHB (1)	12F + 9S	3F + 3S (33.3%)
2800/2	9.1943	2.1976	389	SHB (1)	23F	9F (39.1%)
2800/3	11.1950	6.1969	223	SHB (1)	26F	8F (30.8%)
2800/16	4.1954	3.1962	95	IND.CONT.	4F	N.A.
	-	6.1989	-	SHB (1)	9F + 1S	4F + 1S + CASH (44.4%)
2800/17	6.1966	3.1968	21	SHB (1)	9F	3F (33.3%)
2800/20	4.1952	7.1953	15	IND.CONT.	3F	N.A.
	-	3.1986	-	SHB (1)	10F + 2S	4F + 1S + CASH (40%)
2800/19	7.1952	1.1969	198	SHB (1)	11F	4F (36.4%)
2800/6	5.1954	5.1961	84	IND.CONT.	2F	N.A.
2800/7	6.1962	6.1963	12	COOP.	12F	N.A.
2800/8	11.1965	9.1967	22	SHB (1)	20F	6F (30%)
2800/9	3.1954	1.1974	238	SHB (1)	25F + 2S	10F + 1S (40%)
2800/10	6.1970	4.1972	22	SHB (1)	19F	7F (36.8%)
2800/11	3.1970	7.1970	4	SHB (1)	18F	6F (33.3%)
2803/1	9.1954	8.1956	23	INST.CONT.	8F	N.A.
2803/18	3.1957	3.1958	12	IND.CONT.	3F	N.A.
	-	8.1969	-	SHB (1)	13F	4F (30.8%)
2803/19	1.1959	1.1965	72	IND.CONT.	8F	N.A.
	-	9.1988	-	SHB (1)	13F	6F + CASH (46.1%)
2803/26	2.1961	6.1971	116	SHB (1)	14F + 3S	5F + 1S (35.7%)
2803/27	7.1961	3.1978	200	SHB (1)	12F + 3S	5F + 1S (41.7%)
2803/30	7.1965	3.1967	20	SHB (1)	23F	7F (30.4%)
2803/31	3.1969	5.1969	2	SHB (1)	25F	8F (32%)
2803/32	3.1968	9.1972	54	SHB (1)	26F	9F (34.6%)
2803/7	2.1970	4.1970	2	SHB (1)	24F	8F (33.3%)
2803/8	6.1966	9.1971	63	SHB (2)	32F	N.A.
2803/9	12.1971	8.1972	8	SHB (3)	29F + 2S	N.A.
2803/10	5.1969	8.1969	3	SHB (2)	19F + 3S	N.A.

APPENDIX II, TABLE 7.11 (continued)

2803/11	6.1971	8.1972	14	SHB (1)	25F	8F	(32%)
2803/12	5.1967	4.1971	47	SHB (1)	20F	7F	(33.3%)
2803/28	12.1968	5.1969	5	SHB (1)	10F	3F	(33.3%)
2803/29	9.1958	9.1961	36	SHB (2)	9F	N.A.	
2803/14	2.1966	6.1970	52	SHB (1)	24F	8F	(33.3%)
2803/15	11.1953	4.1957	41	IND.CONT.	4F	N.A.	
	-	12.1989	-	SHB (1)	12F	N.I.A.	

A: Block/parcel no

B: Date of last sale of land before development (month/year)

C: Date of issue of construction permit (month/year)

D: Period of time between B and C (months)

E: Form of production

INST.CONT.: Institutional Contract Form

IND.CONT. : Individual Contract Form

COOP. : Cooperatives

SHB (1) : Typical SHB process in which landownership and housebuilding roles are clearly separated

SHB (2) : Cases in which speculative builders are in full command of land

SHB (3) : Cases in which speculative builders are in partial command of land

F: Number units in the structure built

F: Flats

S: Shops

G: Number of units offered to landowner

N.A. : not applicable

N.I.A.: no information is available

(30%) : flats offered to landowner as percentage of total number of flats

Sources: Archives of the Municipality of Cankaya and field survey.

NOTES TO CHAPTER I

(1) The aim of these introductory remarks is to provide the reader with a port of entry into what I presume is a foreign territory and, thereby, to facilitate the formulation of the question. On many occasions I, therefore, try to be as brief as possible and deal only with the immediately observable characteristics of the phenomenon I refer to.

(2) Ayata (1989) provides an excellent comparison of gecekondu and apartment blocks as social environments.

(3) Unless otherwise stated expressly, all the figures used in this study are taken from the Statistical Yearbooks published biennially by the State Institute of Statistics.

(4) There is a very rich literature on various aspects of gecekondu -shanty towns in Turkey. For the ones available in English see Beeley (1986), Eke (1979), Karpat (1976), Payne (1979) and Senyapili (1979). Eke and Payne refer directly to the case of Ankara. Among the ones available in Turkish, Kartal (1983), Keles (1983) and Senyapili (1978 and 1981) are particularly helpful in that they offer an introduction to the issue, as well as providing valuable insights to a number of questions untouched by the above-mentioned sources in English. Senyapili's book (1985) is a comprehensive account of shanty-town development in Ankara.

(5) Ankara, the capital of the new republic, was the city where the housing shortage was most heavily experienced. Istanbul, the imperial capital, had witnessed a decline in population during and after the first World War. Housing was, therefore, not a major problem for the middle classes in Istanbul even in the 1950s. See Tekeli (1973).

(6) This is, of course, not to say that multi-storey apartment blocks were built for the first time in this period. There were a large number of apartment houses built in Istanbul during the late Ottoman period and in Ankara during the early republic. Those built in the post-1950 period are, however, distinct from the previous ones in that they are owned by a multitude of persons, rather than a single person. For an evaluation of apartment houses built in the pre-1950 period see Nalbantoglu (1984) and Yavuz (1984).

(7) When I say this what I have particularly in mind is L. Tekin's excellent novel : "Berci Kristin Cop Masallari" (Garbage Stories), Istanbul, 1985.

(8) Here it may be illuminating to add a few remarks as to the nature of urban studies in Turkey. The first thing to be noted is the fact that the history of urban studies in Turkey is a very short one. Furthermore, the interest of social scientists in urban studies has been partial and random. Those who have systematically dealt with urban problems academically are only town planners. Since town planning is, by its very nature, policy-oriented, the urban research that has evolved is preoccupied with the planning and policy-related aspects of urban problems.

(9) Until the late seventies intellectual spectrum in Turkey was characterised by a strong developmentalist-populist bias. The origins of the penetration of developmentalist-populist ideological elements into the intellectual thinking may be traced back to the early years of the Republic. In Chapter 6 I have an opportunity to

add a few remarks to these observations. See note 3 to Chapter 5. See also Keyder (1987a; Chp.9).

(10) For the debate on housing need-housing gap, see Balamir (1982), Keles (1982) and Tekeli (1982). On the state's housing policy see Kazgan (1965), Geray et al. (1978), Keles (1982 and 1983), SPO (1983) and Danielson and Keles (1985). For the analysis of urban land market and land speculation see Gezim (1976), Ural and Platinel (1976), Sonmez (1980) and Oncu (1988). On the sources of finance of housing investments see Akture (1982) and Korum (1982). For an analysis of the technological problems of the housebuilding industry in Turkey, see SPO (1982), Yonca (1982) and Akal et al. (1983).

(11) One of the exceptions to this statement is Tekeli (1974).

(12) See the exchange between Boratav and Tekeli in Akat et al. eds. (1978; pp. 167-85 passim).

NOTES TO CHAPTER II

(1) See Eckhaus (1955), Higgins (1956) and (1968), Hoselitz (1960), and Lerner (1964) for an exposition of the views that may be grouped under the modernisation school.

(2) Rostow's (1960) five-stage theory of economic growth is the clearest example of such an approach to development.

(3) Following Roxborough (1979) and Blomstorm and Hettne (1984), I treat dependency as a "school" of thought, a notion around which many distinct theories have developed, rather than as a specific and coherent theory.

(4) See Blomstorm and Hettne (1984) for a comprehensive study on the origins of dependency school. See also section 5.1.

(5) For an evaluation of import substituting industrialisation see Chp.4 hereof.

(6) This expression originally belongs to Pierre-Phillippe Rey and is cited in Vercrujse (1984; p.15).

(7) In what follows I shall summarise dependency school by confining myself to the works of Frank (1967 and 1969). The richness and diversity of literature refrains me from giving even a cursory summary of other scholars' views. The basic reason why I restrict myself solely to Frank is my belief that his approach is the best developed one in dependency framework. It should, however, be noted that there have been some recent attempts (Blomstorm and Hettne, 1984) to present Frank as an extreme example of dependency school and to exclude him from this tradition.

(8) The fact that the difference between Baran and Frank is usually disregarded is a source of confusion in the literature. For instance, Taylor (1979) totally equates Baran's approach with that of Frank's. The importance of this distinction lies in the way in which the national processes are incorporated into an understanding of global underdevelopment.

(9) Cf. Mouzelis (1986; p.225): "The emphasis on a world economy is a healthy reaction to the neo-evolutionist, functionalistic tendency of conceptualizing societies as isolated units... On the other hand, theorists like Frank and Wallerstein put so much emphasis on the international context that the relative autonomy of nation-

states is ... neglected altogether. At best, national processes and forces -if considered at all- are portrayed as passive outcomes of world economic processes and contradictions".

(10) In a mode of production the labourer is the direct producer, while the non-labourer is the owner of the means of production who appropriates the surplus product. The means of production comprise (a) object of labour (materials, unfinished product upon which labour acts); and (b) means of labour (tools or more complex machinery by which labour acts).

(11) One of the most common misconceptions in marxism as to the relations of production is to interpret the ownership of the means of production in legal terms. The ownership of the means of production should be interpreted as the real economic control of the means of production, the power to assign them to given uses.

(12) This kind of understanding of the productive forces has formed the basis of technicist interpretations of marxism. This tradition has a long story in marxist thought and has become the "official version" during the Third International period. One of the most recent attempts to develop technicist reading of Marx's thought has been made by Cohen (1978). For him, the productive forces are "the property of objects" rather than a relation between them. He eventually defines the productive forces as follows (Cohen, 1978; pp.28,32 and 55).

A. Means of Production

A1. Instruments of Labour
(Tools, machines, premises
instrumental materials)

A2. Raw materials

A3. Space

B. Labour Power

(the productive faculties
of agents; strength, skill
knowledge, inventiveness, etc.)

(13) Another source of technological determinism in the history of marxist thought has been to accord the primacy to the productive forces. In this line of thought, the forces of production have been seen as "things" whose autonomous changes have initiated social change.

(14) "In Marxist theory, the capitalist mode of production is not simply defined by the existence of commodity relations or the production of commodities on the basis of wage labour. These forms may well develop within the ancient or feudal modes of production ... What is crucial in the concept of capitalist mode of production is that capital should function as an instrument of production of surplus value and its realisation for a class of capitalists. This functioning cannot be determined at the level of the labour process in individual units of production. Whether or not manufacturing is capitalist depends not on the form of organisation of the labour process, but on its articulation with the system of social production as a whole" (Culley, 1977; p. 115).

(15) In the formulation that follows I owe considerably to Ive (1984). Although I did not make explicit reference to this article, I hope my indebtedness will become evident during the course of discussion.

(16) See for instance Strassman (1970) and Moavenzadeh (1976).

(17) For a review and critique of the petty commodity production debate on housing see Gilbert (1986).

(18) For a summary of the views on the role of housing in the reproduction of labour power see Pickvance (1980).

- (19) This summary is taken from Ball (1984; pp. 262-63).
- (20) This debate concerning the peculiarity-backwardness of construction has been one of the most important debates within the BISS. See among others Bonke and Goth (1983), Clarke (1985), Lipietz (1985) and Tuckman (1980).
- (21) Harvey's work has been criticised on grounds that its "emphasis on theorising the totality of social relations (has) in the end tend(ed) to inhibit understanding of specifics" (Saunders, 1986; p.266). See also Ball (1983c).
- (22) For an excellent critique of Cardoso and Short's article (1983), see Ball (1984).
- (23) "The use of (the term) provision rather than production ... is not simply semantic but is meant to signify that production cannot be seen in isolation from the use of the product and the means by which the user obtains it. In other words, the spheres of production, exchange (or non-market allocation in the absence of exchange), and consumption must be considered as a unity" (Ball, 1984; p.264).
- (24) Compare this with the following quotation from Ball (1986b; p.163): "It is not what is looked at that necessarily has to change, but how it is looked at".

NOTES TO CHAPTER III

- (1) This argument was first developed by Tekeli (1982). Balamir (1982), too, though working on a different set of data, has come to the conclusion that the rate of housing production in the seventies exceeded demand.
- (2) There are also apartment houses built by relatively large-scale development companies. However, the share of such companies in total housing construction is negligible, nearly 1% according to Tekeli's (1982) estimates.
- (3) This is the assumption made by Tekeli (1982). This point will gain an added importance later when I discuss the statistical data on SHB.
- (4) There is a fairly rich literature on housing by cooperatives in Turkey. See particularly Keles (1982) and Kent Koop ed. (1982).
- (5) For data sources and definitions see Appendix I.
- (6) The term "condominium" is used here to mean individual ownership of a unit in a multi-unit structure.
- (7) See Lamarche (1976) for an almost classical article on property capital and its impacts on urban development, and Boddy (1981) for a counter argument. For an analysis of the contemporary British situation see Smyth (1985). See also Ball (1981) for the role of property capital in the development of capitalism in housebuilding.
- (8) For a comprehensive account of the contemporary British housebuilding industry see Ball (1983a). See Ball (1980) for a comparison of contracting system and speculative building, and (1978) for an analysis of productivity growth in housebuilding. The BISS proceedings are a valuable source for the on-going debates in this field. See especially report to workshop 3 in the 1980 proceedings (pp. 173-180).

(9) To argue that the "truck" system of the kind illustrated here is a Turkish invention would be totally wrong. I know that there have arisen similar forms of relationship between landed property and building capital in countries like Spain and Greece. The "permuta" system in Spain, for instance, resembles in many respects the truck system characterising SHB in Turkey. What, however, distinguishes the Turkish case from others is the structure of the housebuilding industry that has evolved. Furthermore, the truck system in Turkey is more widespread than those in these countries and has become the basic form of land acquisition by building capital. For the Spanish case see Harding (1980) and for the Greek case see Beldecos (1987).

(10) There are of course exceptions to this statement. One major exception, probably the best known one, is a settlement area to the west of Ankara which mushroomed in the mid-seventies at a speed which was not less than that of squatter settlements. Despite such exceptions, the fact that SHB operates in "planned" urban areas still remains.

(11) See the report and discussion in workshop 3 of the BISS proceedings, V:2.

(12) A number of excellent books have been published recently on the ideology and authoritarian nature of the Turkish state; see especially Koker (1990) and Parla (1989). On the penetration of statist-populist elements into intellectual thinking see Gulalp (1982). It is, however, a pity that only very little has been written on the subject in English; see Keyder (1987a and 1987b), Ozbudun (1981) and Sayar (1977).

(13) On the evolution of central-local government relations in Turkey see Danielson and Keles (1985) and Ortayli and Tekeli (1978).

(14) The system of urban planning and local government I have set out to summarise remained in effect until 1984. A large number of radical changes were then made both in the urban planning system and in central-local government relations. In the new system local governments enjoy more autonomy compared to the period of 1950-1980. Furthermore, the revenues diverted from the national budget to the local level have substantially increased in the post-1984 period.

(15) There is a rich literature on the town planning system and building regulations in Turkey. See particularly Akcura (1982), Gok (1978) and Kiper and Ugurel eds. (1981). On the shortcomings of the pre-1984 planning system and attempts to formulate a new one see the articles collected in Gok ed. (1980).

(16) This ratio has recently been increased to 30%.

(17) For the notion of "floating value" see Ball (1983a; pp.226-8) and also Altaban et al. (1980) for a discussion of floating value concept in the case of Ankara.

(18) In this study I shall try, to the extent possible, not to give current monetary figures on grounds that these figures do not make much sense in a country like Turkey where the annual rate of inflation in the late eighties has been around 50%. To give an idea about the amount of money paid to landowner in cash, the amount agreed upon in November 1987 equals to 15% of the selling price of a unit in August 1989. It must be noted for information that, £ 1 equalled to TL 2,500 in early 1988 and TL 4,600 in mid-1990.

(19) The term "registered" here refers to construction sites where workers are covered by the official insurance schemes, but not necessarily unionized.

(20) These remarks owe considerably to those made by Ball (1983a; Chp.6) in connection with labour-only subcontracting and Damlund et al. (1982) concerning the gang organisation in the Danish construction industry.

NOTES TO CHAPTER IV

(1) As an example of one of the most recent contributions to the issue see the articles collected in Pamuk ed. (1987).

(2) One major exception I must refer to in this context is an article by Tekeli (1987) in which he makes an attempt to systematize the processes whereby urban land changes hands. His conclusions are, however, at too general a level to be of any practical use. There are also a number of case studies dealing with the land speculation in Ankara in the pre-1960 period. See Yavuz (1952 and 1980).

(3) This is simply the extension of the classical dualist formulations as to the urban economies of Third World countries. See, inter alia, Guloksuz, Okyay and Tekeli (1975), Keles (1983) and Danielson and Keles (1985).

(4) The literature on the classical age of the Ottoman Empire is very rich. See, among many others, Inalcik (1973).

(5) There are numerous excellent accounts of the post-classical period and dissolution of the Ottoman Empire. See especially Issawi (1980), McGowan (1982), Pamuk (1988) and Quataert (1981). For an account of the same period from the perspective of the asiatic mode of production, see Keyder (1976).

(6) As an evidence of this I can refer to the two well-known military bureaucrats of the early republican period whose names I came across with in the real estate registers I examined for the purpose of finding out the history of transactions on land in the field survey site in Ankara (see Chp. 7). Both held considerably large quantities of land in and around the site and both had been donated them by the treasury.

(7) A number of remarks must be made in connection with the table. The figures given in the table cover only those pieces of land on which there is no building. The table does not cover public land such as schools, infrastructural facilities, public institutions and military areas. On the other hand, it covers both zoned and unzoned land within municipal boundaries. Villages, having their own land registers, are excluded even if some part of them are within municipal boundaries. In short, then, the table covers all privately owned pieces of land within municipal boundaries. The figures in the table indicate the shares held by each person. For instance, a person with several pieces of land at different places appears as many times as the number of pieces of land s/he owns. So, the column named "persons holding title to land" does show the number of shares, not the actual number of landowners.

(8) There are reasons to argue that the census results do not give the correct number of workers. To give an example: The number of those working in the construction industry was around 447,000 according to the 1975 census result and rose to some 813,000 in 1980, an approximate increase of 80% in five years. Considering that the 1980 results were obtained through sampling, one has to argue that there is either a grave sampling mistake or a change in the definition of the construction industry. SIS sources provide no information on this point. In both cases, however, the reliability of census figures is seriously impaired.

(9) The figure on the rate of unionization in the construction industry is approximate and taken from the Union of Construction Workers.

(10) Turel's (1979) findings are based on an extensive field survey conducted by the Ankara Metropolitan Planning Bureau in 1969 and 1970. The land use survey carried out under this study covered all "formally built structures" (sic). Turel's study depends on a 4% sample selected for social survey.

(11) A similar point is made Ball and Connolly (1987; pp. 163 and 168) when they stress the importance of labour relations as one of the basic processes underlying the dynamic of accumulation in the Mexican construction industry.

NOTES TO CHAPTER V

(1) This prescription resembles in many ways the one advocated by Frank and dependency school in the late sixties. For ECLA's influence on dependency theory see Blomstrom and Hettne (1984; pp.39-44). See also Hoogvelt (1982; pp. 167ff.) for the differences between analyses developed by ECLA and Frank.

(2) See Gulalp (1983, pp.69-85 passim; and 1985, pp. 72-76) and Malloy (1977; passim) for an attempt to periodize the different stages of underdevelopment through the concepts of ISI and populism. For Yalman (1985; pp. 17-43) populism cannot be an effective tool to periodize development. See also Laclau (1977; p.177) for a critique of approaches linking populism with ISI.

(3) One of the greatest mistakes of the left in most underdeveloped countries is that they have not managed to distance themselves from the developmentalist-nationalist ideology of the ISI period. The left has adopted, without questioning, the basic premises of the ISI ideology that aims to unite social classes around a common goal, i.e. development and industrialisation- different than their own goals. For this ideology, industrialisation is sacrosanct, a process whereby an independent development path can be followed and maintained. When we look at the history of Turkish left we see that most of the discussions during the 1960s and early 1970s were centered around this issue. Only during the late 1970s did the left in Turkey begin to search for a new theoretical framework that could help dissociate itself from this ideology. For an influential critique of developmentalist thought in Turkish left, see Gulalp (1983; pp. 87-117) See also Keyder (1987a; Chp.9).

(4) This is not to underestimate the role of commodity exchange, credits and other forms of investment. "The period after World War II has been mainly characterised by the dramatically accelerated internationalisation of productive investment, the developing countries taking around a third of total foreign direct investment. The second half of the 1960s and the whole of the 1970s have, however, shown an increasingly differentiated pattern of internationalisation of capital... There has been a remarkable growth in the internationalisation of other forms of capital like portfolio investments, private and public export credits, bank loans and commodity exports in the form of turn-key projects intended to build up production and reproduction processes in the periphery" (Marcussen and Torp, 1985; p.10).

(5) For a summary of differing views on the third world industrialisation see Corbridge (1986; Chp.4), Hoogvelt (1982; pp. 132 ff and 166-9) and Warren's seminal book (Warren, 1980). Nixon (1981) also provides a useful account of such views.

(6) For the formulation of the "world systems approach" see Wallerstein (1974a and 1979). For a critique of this approach see Brenner (1977), Jenkins (1984a) and Corbridge (1986) and Mouzelis (1986; p.225, n.6).

(7) During the early 1930s Turkey, too, underwent a statist period which was to deepen during the second World War, in which the state undertook some large-scale investments in infrastructure, textiles and basic consumption items. For an assessment of the differences, in the case of Turkey, between the early import substitution efforts and those in the sixties see Gulalp (1983; pp. 25-38 and 51-5) and Keyder (1987a; Chps. 5 and 7). For a general account see Roxborough (1979; pp. 70-5).

(8) Examples of the first group countries are Latin American countries and Turkey. The majority of African countries were relative latecomers, launching their import substitution policies in the 1950s. As a result, Latin American countries exhausted the accumulation possibilities under ISI relatively earlier, in the early sixties. Turkey was, however, able to implement ISI strategy with considerable success until the late seventies thanks to the existence of some exceptional conditions.

(9) The term "rent" is used here essentially in its neo-classical usage to refer to abnormal profits attributable to scarcity.

(10) See for instance Dwyer's classical book on housing problems (Dwyer, 1975).

(11) For an account of the "South Korean model" see Luther (1984) and Corbridge (1986; pp. 177-8).

(12) The analysis of class position of strata which are in some sense intermediate between labour and capital is one of the most intractable issues in contemporary sociology. Such an analysis is further complicated in the case of underdeveloped countries where classes are weak, frequently of recent formation, partially cognisant of their interests and where there are various intermediate groups which do not fall into any of the pre-defined categories. Despite the risk of oversimplification, I refer by the term urban middle classes to three classes:

(a) "White-collar workers" including salaried employees, office workers, civil servants, etc.

(b) "Urban professionals", who occupy managerial positions,

(c) "Petty bourgeoisie" who own small amounts of capital but work it mainly on their own or with the family labour, including the self-employed, shopkeepers, artisans, small entrepreneurs, etc.

Relative sizes of these three groups do certainly vary from one country to another. Whether they will form themselves into distinct classes and whether their political responses will be sufficiently similar to justify treating them as an undifferentiated bloc is a question for which no a priori answer is available. One should also not lose sight of the great degree of heterogeneity which actually exists.

When I say that the mechanisms whereby urban middle classes are incorporated in the "societal equation" are more mediated and indirect compared to those of the working class or peasantry, what I have in my mind is the Turkish case, which I think can be generalised to most of the underdeveloped countries with some reservations. In contrast to the organised segments of the working class, whose bargaining mechanism is institutionalized through some form of collective bargaining system, urban middle classes are not organised into trade unions. In other words, no direct bargaining mechanism is available in the case of urban middle classes and they solely benefit from the fruits of ISI and populism at a general level, i.e. increasing

real wages, expanding public services, means of collective consumption, schooling, health etc. Whereas, classes have power to the extent that they can develop sophisticated attitudes and that their actions can have an effect on policy outcomes (Roxborough, 1979; p.123). Considering the above-mentioned heterogeneity of, and absence of an institutionalized bargaining mechanism for urban middle classes, one could reasonably argue that it is only in exceptional cases that they can develop common political responses that may have a repercussion on the policy-making process. The situation of urban middle classes may also be contrasted to that of the peasantry who, despite the lack of an institutional bargaining mechanism, are in a strong structural position for bargaining. In the case of Turkey, the predominance of small-scale ownership on land has made the taxation of agriculture virtually impossible and governments have been obliged to pursue populist policies towards agriculture through subsidies and support prices. In chapter 6 I discuss the mechanism of integration of each class in the case of Turkey and argue that, in the face of absence of an institutionalized mechanisms of integration, the urban property market has played a significant role for the welfare of urban middle classes.

(13) Nationalism, too, is an elusive and subtle concept. For marxists nationalism is an internally determined necessity associated with the creation of a national economy (a nation state) and a viable bourgeois class. Sociologically nationalism is an ideology used by the ruling class or those who exercise power on their behalf for legitimizing the nation-state. It is an "invitation card" through which "the middle class intelligentsia invites the masses into history" (Nairn, 1982; p.433). It is not necessarily democratic in outlook, but is invariably populist.

NOTES TO CHAPTER VI

(1) See Anderson (1974; pp. 366ff) for a description of this system known as "devshirme".

(2) See note 5 to Chapter 4.

(3) Sousa (1933) is a very detailed study on the capitulatory regime of the Ottoman Empire. See Bagis (1983) for an account of non-muslims in Ottoman trade.

(4) In 1914 agricultural commodities accounted for 45% of Ottoman exports and raw materials 38%. On the other hand, 60% of imports were manufactured commodities and only 7% were raw materials (Margulies and Yildizoglu, 1987; p.286).

(5) Despite their reluctance to play any significant political role, Christian minorities played important roles in the penetration of western life styles and cultural values into Ottoman society, though these values were not deep rooted in the society. As an illustration of the life styles of the Levantine population in the first years of the Republic, see the recently published memoirs of a Levantine of Italian origin (Scagnomillo, 1990) in which the author provides a vivid description of daily life in "Pera" (now known as "Beyoglu", an area of Istanbul largely occupied by minorities).

(6) For an analysis of the Young Turk thought see Mardin (1962).

(7) This vision of the state as a sacrosanct element above the society has appeared in Turkish politics in a variety of ways. Political currents have been preoccupied with seizing the state power, rather than a structural reform. This idea of "revolution from above" is also deeply embedded in elitist-etatist world views of Turkish intelligentsia.

- (8) See Toprak (1987; p.223) for a full list of these reforms.
- (9) Compare this statement with the following from Faller (1974; pp.105-6): "The Kemalist state, despite its populist rhetoric, placed greater emphasis upon secularization than upon popular participation, gave greater attention to increasing national wealth than to its just distribution".
- (10) See Hershlag (1968; pp. 16-27) for the economic implications of the Lausanne Treaty.
- (11) Keyder's book (1981a) on the 1923-29 period is a fairly complete account of the early years of the Republic.
- (12) For a study on government's response to the 1929 crisis see Ilkin and Tekeli (1977). See Boratav (1974 and 1981) for a comprehensive account of the etatist period. Tuncay (1981) is the best study available on the politics of the period.
- (13) Figures quoted are taken from Boratav (1988) and Tezel (1982). Especially the latter is a valuable source of data for the 1923-50 period.
- (14) See Yerasimos (1987) for an account of the single-party administration.
- (15) For an analysis of the 1936 labour legislation, as well as for the history of wage labour and unionization, see Isikli (1987).
- (16) The extent to which the ruling elite of the early Republic may be regarded as a class is of minor significance for the purposes of this study. For example, Keyder (1987a) argues that the bureaucracy of this period is a class with a project of its own for the whole society.
- (17) The 1950 industrial survey covered all industrial undertakings in settlements of 2,000 and more inhabitants. Industrial units in settlements of 500 and 2,000 inhabitants were included through sampling. In the survey, a large-scale industrial enterprise is defined as one in which (a) 10 or more persons are employed, regardless of the engine power used in production; and (b) the engine power used is equal to or greater than 10hp, regardless of the number of persons employed. Such "large" establishments accounted for 3.2% of all manufacturing enterprises and 60% of all manufacturing value added.
- (18) A research team of the World Bank stated: "We do not suggest that Turkey should abandon its goal of industrialization. We suggest rather that the quickest path to that goal is through increased emphasis on agricultural development" (IBRD, 1951, p.76).
- (19) For an analysis of the social and political developments that led to the establishment of multi-party system see Eroglu (1987).
- (20) See Yerasimos (1987) for an account of the conflict between liberalism and etatism.
- (21) According to Krueger's estimates, construction constituted 80.8% and 78.5% of public investments in 1951 and 1955 respectively. On the other hand, the share of construction in total investment was 63.8% and 73.7% respectively for the same years (Krueger, 1974; p.13, Table I-2). As for the share of construction she makes the following comment: "A ... notable feature of the Turkish economy is the very high fraction of total capital formation which originates in construction activities. Only 28.8 per cent of gross capital formation, both public and private, was allocated

to machinery and equipment in 1969. This figure contrasts sharply with percentages in other countries in 1968: Argentina, 45; Chile, 45; Greece, 40; Israel, 41; Italy, 36; Spain, 49; and Taiwan, 53.2" (ibid; p.14).

(22) See Hershlag (1968; pp.178-84) and Krueger (1974; Chp.2) for an evaluation of the 1954 measures.

(23) Ilkin and Tekeli (1984) provide an interesting documentary history of the Bahcelievler cooperative. This part of Ankara is now almost totally converted into high-rise apartment blocks.

(24) An indication of the rapid development in the building materials industry is the sharp decline in the share of building materials in imports from 16% in 1953 to 8.6% in 1958 and 5.7% in 1961. See Appendix II, Table 6.10.

(25) For an analysis of the changes in agrarian structure during the fifties see Hale (1981; pp.94-99), Birtek and Keyder (1975) and Keyder (1983).

(26) For the series on real wages see Figure 6.2 and Appendix II, Table 2.9. See also the series in Tuzun (1977; p.36) and Warren (1977; p.195).

(27) For the evolution of wage labour and unionization in Turkey see Hale (1976) and Isikli (1987).

(28) Referring to the segmented nature of the labour market in Turkey, Keyder (1987a) talks about the existence of a labour aristocracy within the working class whose levels of remuneration and participation in the manufactured goods market are far superior to those of the majority of labourers and those employed in small industry (ibid; pp.160ff).

(29) See Dodd (1969) and Hale (1981; pp.117-8 and 216-7) for an evaluation of the 1961 constitution.

(30) See Keyder (1987a; pp.148ff) for a similar line of argument. See Hale (1976) for the impact on trade union movement of the 1961 constitution.

(31) For an extensive discussion on the income distribution in the pre-1980 period see the articles collected in Ozbudun and Ulsan eds. (1980).

(32) See Boratav (1983) for an argument that links populism to real wage increases.

(33) Comparative wages given above are taken from Keyder (1987a; pp.218-20).

(34) There is a rich literature on the planning experience of Turkey. See most notably Ilkin and Inanc eds. (1967), Durdag (1973) and Fry (1972).

(35) For a general introduction to external migration see Paine (1974) and for its impacts on regional economy see Keles (1985).

(36) There exists a confusion on the left about the treatment of the 1971 coup. At the time of the coup, it was welcomed by the majority of the leftist movements. The argument developed here is borrowed from Gulalp (1983) and Keyder (1987b).

(37) The works of Senyapili (1978 and 1981) are the best accounts available of marginal sector employment.

(38) The oil price increase in 1974 had an important impact on the general structure of foreign trade. In 1977, for example, oil imports reached 80% of export earnings (Arıcanlı, 1990, p.234).

(39) The annual growth rate of urban population was 5.2% and 6.2% in the 1960-65 and 1965-70 periods respectively.

(40) The first five-year development plan covering the 1963-67 period proposed a fall in the share of housing in total fixed investments from 24% in 1963 to 20% in 1967 (see Korum, 1982; p.133).

(41) Calculations made by Korum (1982; *passim*) indicate that the amount of sight and time deposits in banks have constituted in general 10 to 15% of total private savings. Not less than 80% of housing investments, he contends, has been financed directly through private savings, an amount that is equal to one thirds of total savings.

(42) Published data are not sufficient to arrive at a sound conclusion about the structure of the building materials industry. Unpublished data I obtained from the Union of Chambers of Commerce and Industry, which by definition cover all the "formal" sector companies, indicate to a high degree of monopolization. (The data include all members of the Union in 1985. Production figures are known to unreliable but those on capacity and the number of employees are reliable). In the ceramic tiles sector, for instance, more than half the workers (53.5%) are employed in three companies. 4% of the companies employ 64% of all workers. In the paints sector 3 companies realise 40.1% of all production. 7 companies in the sanitary fixtures sector employ 29.9% of all workers and operate on license, patent or know-how agreements. Of the total 192 companies operating in the construction machinery and equipment sector, 12 have concluded patent or license agreements with foreign companies. These companies constitute 6.2% of all the firms in the sector and employ 20% of workers.

(43) See Balamir (1982) for a summary of studies on the savings pattern of workers abroad. He also makes an attempt to find out the amount of workers' remittances flowing into the housing market. However, his assumptions are highly dubious and resulting figures have little practical use.

(44) See Aksoy (1982) for a detailed account of the structural aspects of inflation in Turkey.

(45) A research conducted in 1978 by Altaban et al (1980) may give some idea about the rate of increase in land prices. Their figures were derived from a field survey conducted in some parts of Ankara. They note that in certain parts of Ankara land prices rose almost by 10 times between the early and late 1970s. They also make an attempt to calculate an overall land price index for Ankara which indicates a 100-fold increase from 1953 to 1978 as opposed to a 20-fold increase in wholesale prices. Another data that may give an idea about house prices is construction cost index published by the SIS depending on the permits issued. According to this source, construction cost index increased from 100 to almost 3,400 between 1963 and 1980, while the wholesale price index rose from 100 to 2,500 during the same period.

(46) The number of strikes and days lost grew from 58 to 220 and 325,000 to 7.7 million days respectively between 1976 and 1980 (Margulies and Yildizoglu, 1988; p.145).

(47) The ratio of fixed investments to GDP fell from 24.1% in 1977 to 19.5% in 1980 (see Appendix II, Table 6.4). Similarly, the 1980 output in manufacturing was 10% lower than the 1978 level (Keyder, 1987a; p.192).

(48) The share of wages and salaries in industrial value added rose from 25% in 1972 to 36.9% in 1977 and to 38.7% in 1979 (Boratav, 1988; p.118).

(49) The growth rate of GDP fell from 7.9% in 1976 to 3.9% in 1977, -0.4% in 1979 and -0.7% in 1980. Wholesale price index increased by 52.6%, 63.9% and 107.2% in 1978, 1979 and 1980 respectively (see Appendix II, relevant tables).

(50) See Ramazanoglu (1985) for an account of the 1980 IMF intervention in the Turkish economy.

(51) See Margulies and Yildizoglu (1988) for a comparison of these programmes.

(52) See Boratav (1990) for a detailed study on the relations of distribution in the post-1980 period.

(53) Similarity to the extensively studied bureaucratic-authoritarian state is evident (see O'Donnell 1978). See Gulalp (1983) for an attempt to apply the concept to the Turkish case.

(54) See Senses (1990) for an assessment of the pattern of manufactured export growth in the 1980s. According to his calculations, manufactured exports account for 4/5 of the increase.

(55) There is a very rich literature in English on the post-1980 transformation of Turkish society. See most notably Conway (1987), Senses (1988) and Odekun (1988) for an overview of the post-1980 economic policies. See Akyuz (1990) and Celasun (1990) for accounts of the evolution of financial system and Baysan and Blitzer (1990) for trade policies after 1980. The articles collected in Heper and Evin eds. (1988) give a fairly complete analysis of the role of the army and politics in the period following 1980.

(56) Tekeli (1982) attributes an important role to the depletion of developable sites in the demise of SHB. See also Oncu (1988) for a similar argument.

NOTES TO CHAPTER VII

(1) Consequently there is a fairly rich literature on Ankara. See Akture (1978) and Denel (1984) for the evolution of Ankara in the Ottoman period. Tekeli (1984) is an important account of the impacts of decision to designate Ankara as the capital city on the country-wide spatial organisation. Akcura (1971) and Senyapili are detailed accounts of Ankara during the republican era. See also the articles collected in Tekeli et al (1987).

(2) It must be noted that the figures given in Appendix II, Table 7.3 and 7.4 are for the province of Ankara, while those on working population are for the city only. The share of agriculture and manufacturing industry in GDP must, therefore, be lower for the city of Ankara.

(3) What follows depends on the material compiled from Bademli (1987), Senyapili (1985) and Cakan and Okcuoglu (1977).

(4) See Bademli (1987) for a critique of the Yucel-Uybadin plan.

(5) See Cakan and Okcuoglu (1977) for the report prepared by Nihat Yucel to express his objection to intentions of relaxing building regulations.

(6) The term "block" as used hereafter means a portion of land enclosed by streets and occupied by or intended for buildings.

(7) One major exception to the claim that there has been no large-scale land speculation in the survey area is the owner of cadastral plot 63 (Figure 7.6). This person who initially had 7/8 share in plot 63 purchased the remaining 1/8 share in 1948 and became the full owner of this cadastral plot and thus the parcels distributed to it through planning decisions (2803/2, 3 and 4 and shares in 2803/14 and 5). When he purchased the other half share of 2803/5 in 1955, he became the full owner of four parcels. He subdivided all these four parcels and sold them one by one and at different dates. What is more interesting is to see that he became involved in the purchase of parcels he initially had no share. In 1952 he bought half the shares in 2803/6 and became the full owner of parcel 2803/22 when the former was subdivided into two. He sold this parcel in 1956. In March 1966 he purchased parcels 2800/10 and 11 from the owner of cadastral plot 13 and sold them in June and March 1970 respectively. He thus controlled a total of 7 parcels in the area for varying periods. However, despite his involvement in land dealing he never made an agreement with a builder to have an apartment house built on his plots. This contrasts with the examples I consider below in which the same persons were involved in land dealing only to organise housebuilding on their land.

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