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**ENTREPRENEURS, DEMOCRACY
AND CITIZENSHIP IN TURKEY**

**ZIYA ÖNIS
and
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**ROBERT SCHUMAN CENTRE
FOR ADVANCED STUDIES**



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ABSTRACT

This article examines the relationship between big business and democracy in the context of neo-liberal globalization. The increasing interest displayed by big business in democracy in the Turkish context is explained by a mix of domestic and global influences. It appears that 'democracy' is highly valued by big business because its absence effectively means isolation from global norms in general and from the benefits of full membership of the European Union in particular. On the domestic front, democracy is conceived of as a necessary mechanism to limit arbitrary state intervention and contain redistributive pressures from below as well as threats from other segments of the business community. These findings signify a broadly instrumental view of democracy. The accomplishment of such notions of democracy would certainly represent an improvement over the existing set of arrangements. Yet such an understanding of democracy does not seem to signify an extension of social rights and hence challenge the existing power relations. The objective instead is to create a more stable and predictable environment in which an externally competitive market economy could flourish.

I. INTRODUCTION*

Business leaders and business associations are key political actors in late-industrializing societies. The relationship between business and democracy, itself, has been a source of continued controversy in the comparative literature on democratic transitions and democratic consolidation. The traditional view has been that businessmen are typically interested in stability and whenever considerations relating to stability come into conflict with political pluralism and democratic opening, they tend to swing in the direction of authoritarian solutions. More recent literature has drawn attention, however, to the increasingly progressive or favorable role that "business" or entrepreneurial groups can play in the process of democratic transition and consolidation¹. Our central objective is to explain the apparent paradox, namely the tendency on the part of business interests, notably big business to favor –or at least not reject on an outright basis- authoritarian practices in the past, versus their growing support for liberal democracy and political pluralism in the recent context in many emerging second or third wave democracies.

Motivated by these broader concerns, we shall concentrate on the case of TÜSİAD, a voluntary interest association representing the big business or large conglomerates in Turkey. Turkey, itself, is an interesting case to examine from a comparative standpoint. It is an example of a second wave democracy, where a broadly open polity has existed, albeit with certain interruptions, over a period of four decades and yet the democratic order falls considerably short of being fully consolidated judged by the norms of Western style liberal democracies. The striking pattern in the Turkish context is that the segment of the business community represented by TÜSİAD has become increasingly vocal in recent years in the plea for further democratic opening. Indeed, the Association's

* This paper was presented at the Second Mediterranean Social and Political Research Meeting, Florence, March 21-25, 2001, Mediterranean Programme, Robert Schuman Centre for Advanced Studies, European University Institute.

¹ For evidence on and explanation of the underlying reasons for the conversion of big business into a pro democratization force in the recent period in Latin America and East Asia, see Ernest Bartell and Leigh A. Payne, eds., *Business and Democracy in Latin America* (Pittsburgh and London: University of Pittsburgh Press, 1995); Chung-in Moon, "Beyond Statism: The Political Economy of Growth in South Korea", *International Studies Notes*, Vol. 15, No. 1 (1990). On the inherent ambiguities involving the relationship between business and democracy in the late industrialization contexts, see Eva Bellin, "Contingent Democrats; Industrialists, Labor and Democratization in Late Developing Countries," *World Politics*, Vol. 52 (January 2000), 175-205.

recent publications and the pronouncements of its leaders in public have concentrated almost single-mindedly on legal and constitutional reforms. This represents a sharp contrast with the earlier pattern in the 1970s and the 1980s during which the organization's efforts had focused primarily on issues of economic reforms, largely evading open discussion of issues relating to democratization and constitutional reform in the process. Clearly, a number of challenging questions which are of wider interest from a comparative perspective emerge in this context. How do we explain the striking shift in the preferences of the business community in the direction of participating or even actively leading the pro-democratization coalition? What does big business understand by the term "democracy" and what are the possible limits of such an understanding? How sensitive is the business community to the issue of "social rights" as opposed to "individual" and "civil" rights and how do they approach the issue of citizenship in this context? How do businessmen view the relationship between stability, arguably their fundamental concern, and democratization? Stated somewhat differently, what kind of democratic order do they have in mind or are they striving for?²

II. BUSINESS AND DEMOCRACY IN THE AGE OF NEO-LIBERAL GLOBALIZATION

Neo-liberal globalization as a late twentieth century phenomenon is an inherently contradictory process. Casual observation would suggest that its impact, both in terms of economic growth and prospects for democracy, is unambiguously favorable. Market-driven globalization facilitates economic expansion through rapid development of technology, as well as growth in international trade and capital flows. In the cultural and political arena, authoritarian regimes can no longer isolate themselves and shield their citizens from the unifying influence of global norms and the devastating impact of the information revolution, which, in an unprecedented pace, tears down the national walls and brings the 'better' home. Increasingly, democracy is recognized as the norm and as a necessary counterpart of market-oriented reforms in a wide variety of national settings, previously dominated by authoritarian or semi-authoritarian governments. Following the end of the Cold

² Another interesting question to consider in this context is whether big business in Turkey can play an instrumental role in Turkey's push for full membership of the European Union, rather reminiscent of the role that the business community had performed in the democratization processes of Greece and Spain. On the important role played by business interests in the transition to and consolidation of democracy in Spain, see Robert E. Martinez, *Business and Democracy in Spain* (Westport, Connecticut and London: Praeger, 1993)

War and the more relaxed environment of the post-Cold War order, with the triumph of capitalism as an economic system, powerful actors such as the United States and the European Union have become much more sensitive to the issues of democratization and human rights in different parts of the world. Moving beyond the realm of powerful nation states or supra-national actors, human rights activism has also been encouraged via the proliferation of non-governmental organizations forming the beginnings of a genuinely transnational civil society. As a consequence of these developments, it becomes increasingly difficult to disentangle domestic politics from transnational influences. For the political and business elites in emerging democracies, the costs involved in failure to conform to global norms are considerable. Failure to conform means isolation, insecurity and inability to capitalize on economic benefits such as large-scale investment on the part of transnational capital and membership of supra-national organizations such as the European Union³

A closer investigation reveals, however, that the relationship between neo-liberal globalization and democratization is not as linear and precise as we have indicated so far. Indeed, there exists a number of influences which complicate the relationship. First of all, the process of neo-liberal globalization is extremely uneven in terms of its impact with some nations, as with certain groups or regions within the individual nations themselves, deriving disproportionate advantages from this process. Significant “losers” emerge both in the developed and the developing countries who lack the necessary skills and qualifications which would allow them to capitalize on the material benefits of globalization. With the decline of the redistributive capacities of the nation state and parallel trend involving the decline in the political appeal of the Left, these groups increasingly direct their support to ultra-nationalist or religious fundamentalist political movements. It is not a paradox after all that neo-liberal globalization has been accompanied by the emergence of often authoritarian versions of identity politics, which, in turn, emerged as serious obstacles to democratic consolidation in a wide variety of national contexts. Emergence of micro nationalism and ethnic conflict has also manifested itself as a key destabilizing force jeopardizing the prospects for democracy by fragmenting the nation state.

³ On the positive linkages between globalization and democracy, see Larry Diamond and Marc F. Plattner, eds., *The Global Resurgence of Democracy* (Baltimore and London: The Johns Hopkins University Press, 1993)

Following the work of Linz and Stepan, we may identify two fundamental constraints, which obstruct the path of democratic consolidation in many new or relatively new democratic polities: (a). Widespread income inequalities, often aggravated by neo-liberal reforms, which are usually translated into and find a political expression in terms of authoritarian forms of identity politics and (b). Micro nationalism and ethnic politics aimed at enlarging the boundaries of representation, but at the same time threatening the basic existence and units of the individual nation states, still the sole institutional structure to successfully accommodate democracy⁴.

At a different level of analysis or discourse, commentators approaching the issue from a radical democracy perspective have drawn attention to the absence of choice among genuine alternatives in the type of democracies which emerge in the context of neo-liberal globalization. The terms "low intensity democracy", "illiberal democracy", "the politics of anti-politics" or "the limits of politics" all point towards a common tendency, namely an inherently weak or superficial democratic order, in which recognition or representation do not necessarily imply the presence of a significant capacity to transform the existing set of power relations⁵. We can argue that the type of democratic order which accompanies neo-liberal globalization is an inherently contradictory process. It involves an expansion of certain types of rights notably "individual" or "civil" rights. Citizenship rights are increasingly defined in relation to the norms of the "free market". Consequently, a disproportionate degree of emphasis is placed on the extension and consolidation of "property rights" and "consumer rights". At same time, however, neo-liberal globalization tends to produce a certain type of illiberal democracy by leading to a contraction of other kinds of rights, notably, "social rights", in spite of the increasing demands on the part of different social groups or identities towards greater recognition and representation. Arguably,

⁴ On neo-liberal globalization, inequality and the rise of often authoritarian and destabilizing form of identity politics, see Juan J. Linz and Alfred Stepan, "Toward Consolidated Democracies", *Journal of Democracy*, Vol. 7, No. 2 (1996), 14-33; and for a pessimistic evaluation and emphasis on the negative linkages between globalization and democracy from a radical democracy perspective, see Benjamin Barber, "Can Democracy Survive Globalization?", *Government and Opposition*, Vol. 35, No. 3 (2000), 275-301

⁵ On the "illiberal" or "low intensity" democracy and "the politics of anti politics" or "limits of politics" theses see Fareed Zakaria, "The Rise Illiberal Democracy", *Foreign Affairs*, (November/December 1997), 22-43. For a critical assessment concerning the implications of neo-liberal globalization for "citizenship", particularly with reference to the emerging democratic regimes in Latin America, see Philip Oxhorn "Social Inequality, Civil Society and the Limits of Citizenship in Latin America" in Susan Eckstein and Timothy Wickham-Crawley, eds. *Social Justice: Latin American Past Experiences and Future Prospects* (Work in progress)

the concept of citizenship loses its true meaning in an environment where social rights are increasingly undermined and "rights", in general, are interpreted in a rather narrow fashion as entitlements dictated through the logic of the market. A central conclusion which emerges is that we need to analyze the relationship between business and democracy within the parameters of the broad and at the same time contradictory environment which is emerging in the current era of global neo-liberalism.

Turning to the question of why big business, in particular, wants democratization in the current international context, we may put forward the following set of hypotheses. In general, elites' support for democracy is often based on self-interest and is, therefore, necessarily fragile and conditional ⁶. As Adam Prezowski emphasized, democratization is possible "if there exist institutions that provide a reasonable expectation that interests of major political forces would not be affected highly adversely under democratic competition, given the resources that these forces can muster" ⁷. Elite groups will support democracy only in so far as they feel certain that their interests will be backed after under more democratic conditions. The logical corollary of this proposition is that business wants more democracy because it feels more secure in terms of property rights, legitimacy of its dominant status in society and the weakness of demands for radical redistribution from below in the current international order, compared to the position it occupied two or three decades ago. Furthermore, business elites realize that the economic costs of not conforming to global norms of democracy would be quite considerable, a situation which was clearly not the case during the Cold War order. Hence, if we are to understand the recent shift involving business as an active member of the pro-democratization coalition, self-interest ought to be the proper starting place.

⁶ See in this context George Sorensen, *Democracy and Democratization* (Boulder, San Francisco, Oxford: Westview Press, 1993)

⁷ See Adam Prezowski, "Democracy as a Contingent Outcome of Conflicts" in Jone Elster and Rune Slagstad, eds., *Constitutionalism and Democracy* (Cambridge: Cambridge University Press, 1988) pp. 59-81. Also relevant in this context is David G. Becker, "Beyond Dependency, Development and Democracy in the Era of International Capitalism" in Dankwart A. Rustow and Kenneth Paul Erickson, eds., *Comparative Political Dynamics: Global Research Perspectives* (New York: Harper Collins Publishers, 1991), pp. 98-133

III. THE ORIGINS OF TÜSİAD'S DEMOCRATIZATION DRIVE IN TURKEY: EXTERNAL AND DOMESTIC INFLUENCES

The origins of the Turkish Industrialists' and Businessmen's Association (TÜSİAD) may be traced back to April 1971. Twelve leading Turkish industrialists have played an active and instrumental role in the emergence of the Association. The foundation of TÜSİAD was a landmark in the sense that it represented the first voluntary association of businessmen in Turkey. Previously, the whole of the business community, regardless of size, had been represented exclusively by a single, semi-official organization, namely the Turkish Union of Chambers and Stock Exchanges (TOBB). Furthermore, the foundation of TÜSİAD marked the emergence of the big business as a crucial political actor in the Turkish context in terms of both defending their collective interests against other segments of society, but also for the first time expressing a collective concern about the social, political and economic problems of the country as a whole.

The close relationship between big business and the state in Turkey and evolution of TÜSİAD over the past three decades have been widely discussed and documented⁸. What is significant in the present context is that TÜSİAD itself has undergone a significant transformation since its inception, a process which has been closely shaped and influenced by dramatic changes taking place within the domestic political economy as well as in the international environment. In retrospect, the evolution of TÜSİAD may be usefully decomposed into three distinct stages. The first phase corresponds to the 1970s, as a period during which the dominant import-substitution model of industrialization (ISI) reached a crisis point, a process aggravated further by a series of severe external shocks⁹. Leading industrialists who had benefited from

⁸ On the relationship between big business and the state in Turkey, see Çağlar Keyder, *State and Class in Turkey* (London: Verso, 1987); Ayşe Buğra, *State and Business in Modern Turkey: A Comparative Study* (Albany: State University of New York Press 1994), "Ideological and Political Contradictions of Capitalism in the Late Industrializing Countries", in Michele Cangiani, ed., *The Milano Papers, Essays in Societal Alternatives* (Montréal, New York, London: Black Rose Books, 1997), pp. 97-111; and Metin Heper and E. Fuat Keyman, "Double-Faced State: Political Patronage and the Consolidation of Democracy in Turkey", *Middle Eastern Studies*, Vol. 34, No. 4 (1998), 259-277. On the evolution of TÜSİAD since the early 1980s and its relations with the state and other segments of the business community, see Yeşim Arat "Politics and Big Business: Janus-Faced Link to the State", in Metin Heper, ed., *Strong State and Economic Interest Groups: The post-1980 Turkish Experience* (Berlin, New York: de Gruyter, 1991), pp.134-147 and Tebnem Gülfidan *Big Business and the State in Turkey: The Case of TÜSİAD* (İstanbul: Boğaziçi University Press, 1993).

⁹ On the Turkish ISI experience in the 1960s/1970s see Henri Barkey, *State and Industrialization Crisis in Turkey* (Boulder, CO: Westview Press, 1990)

the ISI model based on protectionism and a large internal market in the past became increasingly concerned with the negative side of ISI manifested by chronic shortages of foreign exchange and pronounced macroeconomic instability. The late 1970s constituted a period of severe economic and political crisis in Turkey and TÜSİAD made its presence felt in the public scene as a key political actor through its widely advertized criticisms of the coalition government in power under the Premiership of Bülent Ecevit, in the midst of a political and economic crisis, during the course of 1979. The collapse of the government, in which the social democratic Republican People's Party (CHP) was the major partner, shortly thereafter helped to create a powerful image of TÜSİAD in public mind, as an organization which was so influential as to push democratically elected governments out of office ¹⁰.

It would be misleading in this context to classify TÜSİAD as an association which pushed actively and explicitly for a bureaucratic authoritarian solution ¹¹. Whilst members of the organization in broad terms were in favor of democracy, in principle, their fundamental concern was stability. Whenever the democratic order came into conflict with political and economic stability, they failed to resist overtly authoritarian solutions ¹².

The 1980s marked the second distinct phase in the evolution of the organization. The 1980s in Turkey represented a radical departure away from the inward oriented industrialization model of the 1970s, towards a more open, export-oriented model of accumulation. The early phase of this transformation occurred under a military government during the 1980-1983 era. Whilst TÜSİAD was quite content with the stable macroeconomic and political environment created under the military rule and the onset of economic reforms, it was also quite apprehensive about the possibility of military rule on a longer-

¹⁰ For an evaluation of the TÜSİAD-Ecevit controversy in the late 1970s, see Arat. For a more recent assessment and TÜSİAD's supportive stand for Ecevit in the context of the 1999 elections, see A. Rezzak Oral and Murat Sabuncu, "20 Yıl Önce 20 Yıl Sonra", *Milliyet Daily*, Dec. 11, 1998.

¹¹ It is possible to argue that O'Donnell's "bureaucratic authoritarian model" also applies to the Turkish case during the period, with the crisis of ISI clearly creating the background to the collapse of the democratic regime. Nonetheless, we ought to emphasize the important point that the military interlude in Turkey was a comparatively short-lived process compared to a number of key Latin American cases such as Brazil, Argentina and Chile. For a comprehensive analysis of the role of the military during the post-1980 era both as an economic interest group and a political actor, see Gerassimos Karabelias, "The Evolution of Civil-Military Relations in Post-war Turkey, 1980-95", *Middle Eastern Studies*, Vol. 35, No. 4 (1999)

¹² On the business/TÜSİAD approach to military government / military rule see Arat.

term basis for two main reasons. First, the potential for arbitrary government, beyond TÜSİAD's own sphere of control, which, by itself, is a major threat to stability and predictability both in political as well as economic terms, appeared to be stronger under a military government than a civilian government. Second, and equally important, was the concern that a period of prolonged military rule would signify isolation from the European Community as well as the international community at large with costly consequences¹³.

Following the return to democracy in November 1983, TÜSİAD continued to occupy significant public space as the decade unfolded. The organization made its appearance felt through its vocal criticisms of the return to populism under Özal government, manifesting itself in terms of rising budget deficits and inflation towards the end of the decade¹⁴. A conflict of interest also emerged during this particular phase between exporters (not necessarily being producers themselves) who grasped the main benefits of the new economic strategy during the 1980s and TÜSİAD which embodied a significant group of inward oriented industrialists. The latter were quite resentful of what they regarded as excessive incentives granted to exporters, penalizing industrial production in the process¹⁵.

Looking back, TÜSİAD's approach during these two early phases was primarily motivated and dictated by economic considerations. This was closely evident in the organization's publications which concentrated almost exclusively on identifying major economic problems and providing appropriate solutions to such problems which would be beneficial not only to big business but also to society at large. A technocratic and economically oriented vision of

¹³ On the reasons for TÜSİAD's reluctance to see a military government in office/power on a longer term basis, see Arat.

¹⁴ On TÜSİAD and its criticisms of the Özal government in late 1980s, see Arat and Gülfidan. On the broad contours and the principal dilemmas of Turkish neo-liberalism in the post-1980 era see Ziya Öniş, "Political Economy of Turkey in the 1980s: Anatomy of Unorthodox Liberalism" in Metin Heper, ed., *Strong State and Economic Interest Groups: The post-1980 Turkish Experience* (Berlin, New York: de Gruyter, 1991) pp. 27-40, and "The Turkish Economy at the Turn of a New Century: Critical and Comparative Perspectives" in Morton Abramowitz, ed., *Turkey's Transformation and American Policy* (New York: The Century Foundation Press, 2000), pp. 95-115.

¹⁵ On the conflict between industrialists and exporters bringing TÜSİAD into conflict with other business organizations such as Turk-trade during the period see Arat; Selim İlkin, "Exporters: Favoured Dependency", in Metin Heper ed., *Strong State and Economic Interest Groups: The post-1980 Turkish Experience* (Berlin, New York: de Gruyter, 1991), pp. 89-98; and Yılmaz Esmer, "Manufacturing Industries: Giants with Hesitant Voices" in Metin Heper, ed., *Strong State and Economic Interest Groups: The post-1980 Turkish Experience* (Berlin, New York: de Gruyter, 1991), pp. 119-134

society, which is in striking parallel especially with the rising neo-right and neo-liberal understanding of the post 1980 period, had been dominant in the reports of the Association in the periods concerned.

The 1990s, the third distinct phase in TÜSİAD's evolution, represented a marked departure from the previous two decades in the sense that an explicit agenda for democratization, involving a series of legal and constitutional reform proposals, became the focal point of the association's activities. This is clearly evident from the organization's publications as well as the public pronouncements of its leaders¹⁶. This is not to suggest that TÜSİAD's interest in economic issues faded into the background. This is clearly not the case. The organization continued to display considerable interest in issues pertaining to the reform of state finances, the implementation of the Customs Union Agreement and other major economic indicators of the day. What is crucial for our purposes is that an explicit democratization agenda occupied a central stage during the course of the 1990s which, in turn, made a sharp contrast with the single-minded interest in economic issues that had characterized the association's approach in the previous stages.

In retrospect, several distinct influences were responsible for the emergence of this apparent paradox. The first major force to underline in this context concerns the radical transformation of the external environment. The collapse of the Soviet model of development, the global spread of democracy, as well as the increasing emphasis placed by the European Union on democracy and human rights as a precondition for full-membership constituted key developments which deeply influenced the perceptions of business leaders. Turkey during the 1990s encountered not a single but effectively double external anchor in this context in the sense that the pressures stemming from globalization per se were merged and strengthened by the pressures originating from the European Union itself. Hence, perhaps the fundamental influence that helped to shape TÜSİAD's vision was the growing belief that the economic benefits of globalization would only be available on a large scale, if and only if democratic norms were fully applied in the political sphere.

On the domestic front, three separate yet interrelated influences may be identified. First TÜSİAD's commitment to democracy reflected a more fundamental concern, namely the question of legitimizing the position of big

¹⁶ During the 1971-1990 period TÜSİAD has published a total of 93 reports all of which were almost exclusively on economic issues. In the post-1990 period, however, a distinct shift towards a democratization agenda would be discerned in TÜSİAD publications. Out of 111 reports in the post-1990 era, 22 are closely related to Association's democratization agenda.

business in society and to create a positive public image. A second key motive underlying TÜSIAD's commitment to democracy involved a project designed to check the power of the state and render the state more transparent and accountable. Although big business had prospered under the direct assistance of the state throughout the Republican era, it managed to attain a significant degree of maturity by the 1990s¹⁷. Big business was now composed of internationally competitive firms, with an increasingly global orientation. Its dependence on the state has been significantly reduced during the process. Hence, what these large entities needed from the state involved the creation of a predictable economic and legal environment as opposed to large favors often distributed on a highly arbitrary and clientelistic basis¹⁸. Finally, TÜSIAD conceived of democracy, a necessary component of which is a curtailment in the redistributive powers of the state, as a means of consolidating its own position against possible threats originating from other segments of society.

IV. TÜSIAD'S VISION OF LIBERAL DEMOCRACY IN RETROSPECT

We have tried to develop a coherent understanding of TÜSIAD's vision of democracy through an examination of some of its key publications, official statements and the pronouncements of the association's leadership in public. Whilst TÜSIAD reports are typically not produced by the organization's own staff, being often commissioned to academics or other professionals in public or private institutions, the choice of critical issues for investigation, the approach adopted and solutions offered in these studies tend to reveal a great deal about TÜSIAD's priorities and its underlying vision of the liberal democratic order.

Our examination of TÜSIAD's "revealed preferences" suggests the presence of four distinct stages in the evolution of the association's democratization agenda during the course of the 1990s. These four distinct

¹⁷ On the "maturity of capital" or "maturity of the 'bourgeoisie'" Çağlar Keyder, *Ulusal Kalkınmacılığın İflası* (Istanbul: Metis, 1995) or Nigel Harris, "New Bourgeoisies?" *Journal of Development Studies*, Vol. 24, No. 2, (1988), 137-149. On the authoritarian elements implicit in the previous era of "national developmentalism" in terms of restrictions placed on "civil" and "human rights" in spite of the presence of a strong emphasis on "social rights", see Immanuel Wallerstein, *After Liberalism* (New York: The New Press, 1995).

¹⁸ On the inherent uncertainty created by arbitrary government intervention and its negative ramifications for the business community see Buğra, *State and Business in Modern Turkey: A Comparative Study*, "Ideological and Political Contradictions of Capitalism in the Late Industrializing Countries", and "Political Sources of Uncertainty in Business Life" in Metin Heper (ed.), *Strong State and Economic Interest Groups: The post-1980 Turkish Experience* (Berlin, New York: de Gruyter, 1991), pp. 151-162.

stages may be delineated as follows: (a) a search for consensus in the early 1990s (b) a focus on the reform of the state and the quality of governance particularly in the mid-1990s (c) the emergence of a radical agenda for democratization in 1997 and its immediate aftermath and finally, (d) a shift back to the earlier emphasis on the reform of the state and quality of governance towards the end of the decade. We may now investigate these four distinct stages in turn.

The 1990s started with TÜSİAD's search for "consensus" in Turkish society. A number of studies as well as a major conference held in the early 1990s expressed the association's desire to reach a consensus with other segments of the Turkish society in tackling the country's major economic problems¹⁹. This search for consensus resulted in a concrete proposal aimed at establishing institutionalized co-operation between representatives of different groups in society namely the Economic and Social Council, a proposal which has subsequently been accepted. The underlying motives for this search for consensus were twofold. First of all, it reflected the desire on the part of big business to consolidate its position in society, but at the same time, to influence the course of policy formation on key issues more directly through a novel extra-parliamentary institution. One can clearly detect a concern with stability as an underlying goal in these efforts to reach a consensus.

Towards the middle of the decade "reform of the state" and "quality of governance" emerged as the central tenets of TÜSİAD's democratization agenda. Heavily influenced by the ideology and rhetoric of neo-liberalism, the New Right and Buchanan style constitutional economics, TÜSİAD's vision of the optimal state involved a significant reduction in the overall weight of the state in economic affairs as a basis for a successfully functioning market economy²⁰. What the organization had in mind was the creation of a small state which would focus on a limited number of key objectives such as the provision of basic infrastructure and services, macroeconomic stability and a legal and regulatory framework necessary for the efficient operation of competitive markets. A great deal of emphasis was placed on the transparency and accountability of this "optimal state". Parallel to this vision of the optimal state

¹⁹ On the search for consensus in the early 1990s, see TÜSİAD, *Sanayileşmede Yönetim ve Toplumsal Uzlaşma* (Istanbul: Türk Sanayicileri ve İşadamları Derneği, 1992), *Ulusal Katılım ve Uzlaşma Sempozyumu* (1992), *İşletme ve Ulusal Düzeyde 'Eşanlı Uzlaşma Modeli'* (1993).

²⁰ See highly publicized report on the "optimal state": TÜSİAD, *Optimal State: Towards a New State Model for the 21st Century* (Istanbul: Türk Sanayicileri ve İşadamları Derneği, 1995).

was TÜSİAD's frequent technocratic emphasis on the quality of governance which essentially involved the transfer of high quality management styles and practices observed in the private sector to the public sector and to the political arena to improve the quality of services provided by the government at large²¹.

TÜSİAD's concern with the "optimal state" was reflected in a number of proposals designed to reform government finances and deal with the problem of chronic budget deficits and high inflation, a perennial problem ever since the late 1970s. The solutions offered appeared to be quite straightforward: privatization of public enterprises, economizing on government expenditures, reform of the social security system (which essentially involved a shift towards market based provision of social insurance) and tax reform. Tax reform, in turn, would be synonymous with a reduction in the tax rate itself- reducing the tax burden on the private sector and on large firms, in particular- whilst broadening the tax base, a policy which would also help to reduce the large underground on informal economy in Turkey²².

Decentralization of public services and the need to increase the powers of local authorities were also emphasised²³. Yet another critical component involved a radical reform of the legal system. Once again the single-minded focus on "quality" was evident in attempts to reform the judicial framework²⁴. A final ingredient, again reflecting a technocratic, institutional engineering approach, focused on the design of a new electoral system which would help to overcome the fragmented party system and the resultant wave of unstable coalition governments²⁵.

The almost single-minded focus on the part of TÜSİAD on various dimensions of state reform were clearly motivated by a desire to achieve a stable and predictable economic, legal and political environment of the state.

²¹ For evidence on growing focus on quality of governance see TÜSİAD, *Toplam Kalite Yönetimi* (1993), *Dünya Çapında bir Performansa Doğru* (1995).

²² On the details of the reform of the state projects in the economic sphere and attempts to accomplish the move towards the optimal state in detail, see TÜSİAD, *1980 Sonrasında Kaynakların Kamu ve Özel Sektör arasında Paylaşımı* (1996), *Türkiye'de Kamu Harcamaları ve Kamu Borçlanması* (1996), *Emekli ve Mutlu: Türk Sosyal Güvenlik Sisteminin Sorunları, Çözüm Önerileri* (1996).

²³ For evidence on growing emphasis on decentralization of government services see TÜSİAD, *Local Government in Turkey: Problems and Solutions* (1996), *Yerel Yönetimler Yasa Taslağı* (1997).

²⁴ On the reform of the legal system see the report on 'optimal state'.

²⁵ On the reform of the electoral system see TÜSİAD, *Seçim Sistemi Tartışması ve İki Turlu Sistem* (1996).

This would be the type of environment in which both businessmen and the public at large would be able to capitalize on the massive material benefits offered by economic globalization, in other words, helping Turkey to “catch the globalization train”²⁶. Also implicit in the vocabulary of the optimal state was a desire on the part of big business to protect itself from arbitrary and discriminatory behavior on the part of the state as well as from the distributional pressures and populist demands stemming from labor, farmers and other segments of society.

The publication of the report entitled “Perspectives on Democratization” published in 1997 reflected a radical departure from the earlier approaches and involved a heavy assault on the established state apparatus in Turkey²⁷. The report outlined a number of dramatic proposals designed to tackle certain inherent weaknesses of the existing democratic order, leading to a fundamental reordering of state-society and state-citizen relationships. The report’s extensive range of proposals ranged from constitutional reform, reform of the party system, the nature of civil-military relations and the language rights of the “Kurdish minority”.

The uproar which the publication of the report created and criticisms from various segments of the public at large also brought into the forefront divisions within the organization itself. In general, whilst the younger generation businessmen were more supportive of the radical democratization agenda, older generation industrialists were much more apprehensive about adopting a critical attitude towards the state on which they had depended so heavily on the past and continued to depend on, if to a lesser extent, during the current era²⁸. Consequently the latter category was highly critical of the content

²⁶ See in this regard the article reflecting views of Feyyaz Berker, one of the ‘founding fathers of TÜSİAD’, “Globleleşen Dünyanın Yolu Avrupa’dan Geçer”, *Liberal Bakış*, Feb. 15, 1998 and the article reflecting the views of then the president of TÜSİAD, Muharrem Kayhan, “Türkiye Demokrasi ile Gelir”, *Hürses Daily*, Feb.25, 1998.

²⁷ See, TÜSİAD, *Türkiye’de Demokratikleşme Perspektifleri* (1997). In fact this was not the only report involved, although it was the most publicized among others including *Dernekler Kanunu Taslağı, Yerel Yönetimler Yasa Taslağı, Memur Yargılaması Hakkında, Ombudsman Kurumu İncelemesi, Siyasal Partiler Yasası and Seçimler, TBMM ve Hükümet Sistemleri* (1997).

²⁸ For evidence on divisions within TÜSİAD itself, which became apparent following the publication of the report on democratization, see “Paket TÜSİAD Genel Kurulu’nu İkiye Böldü”, *Finansal Forum*, Jan. 24, 1997; “Demokrasi TÜSİAD’ı Salladı”, *Milliyet Daily*, Jan. 24, 1997; “Rapor TÜSİAD’ı Böldü”, *Sabah Daily*, Jan. 24, 1997 and “TÜSİAD Raporu Ayrılık Getirecek”, *Ekonomist*, Mar. 16, 1997.

of the report itself as well as attempts to associate the whole of the organization with the reform agenda identified.

The publication of TÜSİAD's "democratization" report occurred at a time when the Customs Union with the EU was already established and the next step in line appeared to be full-membership of the Union. The logic implicit in the report is that there is a need to conform to global norms, not only in the economic sphere, but also in the spheres of civil and human rights if the country were to make progress and establish itself as a global player of significant standing²⁹. Whilst we do not wish to deny that individual members of TÜSİAD are genuinely committed to the principles of liberal democracy, there exists a certain instrumental view of democracy implicit in this scenario. In other words, democracy is conceived as a mechanism for reaching the ultimate goals involving the benefits of full EU membership and economic globalization at large.

Following the criticisms which accompanied the publication of TÜSİAD's report on democratization both from within as well as from outside, from influential circles such as the military, TÜSİAD has tended to underplay its radical agenda towards the end of the decade. A certain U-turn towards the technocratic or the economic approach involving a renewed focus on the reform of the state and quality of governance is evident from the association's most recent publications and activities³⁰. On the basis of these observations and arguments, we may argue that democratization was conceived of as an instrument and not as an ultimate objective in itself by TÜSİAD. Indeed, key public pronouncements of TÜSİAD leadership also testify the view that the association has conceived democracy an instrument for establishing an effective and well-functioning market economy and satisfy the norms of the global market³¹.

²⁹ Importance of the EU norms has been highlighted in the Democratization Report.

³⁰ For evidence of a shift back to quality of governance argument in the late 1990s, see TÜSİAD *Yargılama Düzeninde Kalite* (1998). Also relevant in this context is the 'National Quality Congress' held with great contributions from TÜSİAD, details of which can be found at "Hukuk Sistemi Kalite Kongresi'nin Gündeminde", *Finansal Forum*, Sep. 2, 1998. We should also draw attention to a much recent conference organized at the auspices of TÜSİAD entitled "Towards European Union; Towards Good Governance", Sep. 19, 2000.

³¹ See "'İnsan Hakları ve Demokrasi Ekonominin Önündeki Engel'", *Milliyet Daily*, Feb. 25, 1998; "TÜSİAD İnsan Hakları İstiyor", *Yeni Yüzyıl Daily*, Feb. 25, 1998; and "Demokrasi Ekonomiyi Etkiliyor", *Dünya Daily*, Feb. 25, 1998.

V. TÜSİAD, INTRA-CAPITAL CONFLICTS AND DEMOCRACY

An interesting feature of the Turkish case with regard to business-democracy relationship is the impossibility of talking about a unified and ideologically homogenous business class or "bourgeoisie", a fact which challenges or does not fit into the standard theories about the development and maturity of the bourgeoisie. Certainly one may observe certain divisions and points of contest between different business groups in many national settings. Nonetheless the Turkish context goes far beyond such minor differences or conflicts. Rather, two very distinct groups of business, based on their economic activities, goals and the way they approach the state as well as their life styles and ideological orientations emerged in Turkey especially in the post-1980 period.

Hence a major test of TÜSİAD's democratic credentials came about with the emergence of MÜSİAD, a business association with an Islamist orientation, in the context of the 1990s.³² In retrospect, the rise of MÜSİAD during the decade was closely associated with the challenge of small-scale "Anatolian capital" -the so called "Anatolian tigers"- in novel centers of industrial growth³³. MÜSİAD membership consists of predominantly small and medium scale firms, but also includes a limited number of rather large companies. The organization developed close links with the Islamist Welfare Party (RP) and became increasingly influential during the mid-1990s as the Welfare Party established itself as a major force in Turkish politics, following its electoral surge in the municipal elections of March 1994 and the general elections of December 1995³⁴. Its influence reached a peak during the short lived and the highly controversial coalition government in which the Welfare Party and the right of center True Path Party (DYP) participated as the dominant and the minor partners respectively.

MÜSİAD's fortunes received a massive blow, however, following the collapse of the coalition government in July 1997 and the subsequent closure of

³² MÜSİAD stands for Müstakil Sanayici ve İşadamları Derneği (Independent Industrialists and Businessmen's Association). It was founded in 1990.

³³ On Anatolian tigers and novel centres of industrial growth, see Ahmet Köse and Ahmet Öncü, "Dünya ve Türkiye Ekonomisinde Anadolu İmalat Sanayii: Zenginleşmenin mi Yoksa Yoksullaşmanın mı Eşiğindeyiz", *Toplum ve Bilim*, 77 (Summer 1998), 135-158; Alpay Filiztekin and İnsan Tunalı, "Anatolian Tigers: Are They for Real?", *New Perspectives on Turkey*, 20 (Spring 1999), 77-106 and Ayşe Buğra, "The Claws of the Tigers," *Private View* Vol.4 (Autumn 1997), pp. 50-55.

³⁴ On the rise of the Welfare Party (RP) during the period and the organic MÜSİAD/RP link see Ziya Öniş "The Political Economy of Islamic Resurgence in Turkey: The Rise of the Welfare Party in Perspective", *Third World Quarterly*, Vol. 18, No. 4 (1997), 743-766

the Welfare Party in January 1998. The military, as a major force in Turkish politics and a key component of the established state, exercised a powerful –if indirect– influence in this process³⁵. Following the so called “February 28 process”, the activities of business establishments with close links to MÜSİAD came under the increasing scrutiny of state agencies, resulting in a relative decline of the membership to the organization towards the end of the decade³⁶. Looking back, a number of remarkable contrasts may be identified between the two associations which effectively dominated the business side of political equation³⁷. TÜSİAD is unambiguously a representative of large-scale business in Turkey. The size of its membership is comparatively small, being confined to around 450 large establishments. Furthermore, membership is heavily concentrated in Istanbul and the adjacent cities of the Marmara region, by far the most prosperous parts of the country. Whilst, the membership size is small, its overall impact on the economy is immense. An indication of TÜSİAD’s weight in the Turkish economy is evident from the fact that member companies accounted for 40.9 percent of total value added in manufacturing, construction and banking services based on a survey conducted in 1997.

MÜSİAD, in contrast, enjoys a larger membership. Indeed, its membership size reached a peak of some 3000 establishments during the mid-1990s. Whilst Istanbul is heavily represented, the organization’s membership, in striking contrast to TÜSİAD, is dispersed all over the country. MÜSİAD’s presence is particularly pronounced in the new centers of industrial growth in the inner Anatolia region, representing the economic and political challenge of the rising “Anatolian capital”. The term “Anatolian tigers” largely signified a pattern of growth based on relatively small but externally competitive firms which prospered in the context of the neo-liberal policy regime instituted in the post-1980 era, but surprisingly with little or no help from the state³⁸.

³⁵ On the details of the February 28 Process see Metin Heper and Aylin Güney, “The Military and Consolidation of Democracy: The Recent Turkish Experience”, *Armed Forces and Society*, Vol. 26, No. 4 (Summer 2000).

³⁶ For evidence on the decline of MÜSİAD membership see interview with Ali Bayramoğlu, MÜSİAD Chairman, August 15, 2000.

³⁷ On TÜSİAD versus MÜSİAD, see Ziya Öniş, “The Political Economy of Islamic Resurgence in Turkey: The Rise of the Welfare Party in Perspective”; Ayşe Buğra, “Class, Culture and the State: An Analysis of Interest Representation by Two Turkish Business Associations,” *International Journal of Middle East Studies* Vol. 30 (November 1998), 521-539.

³⁸ On the characteristics and economic performance of Anatolian tigers see Köse and Öncü; Filiztekin and Tunali.

The overall weight of MÜSİAD membership in the Turkish economy is marginal compared to the overall contribution of TÜSİAD membership. Nonetheless, the organization manages to account for nearly 10 percent of GNP and, hence, clearly represented a potential challenge to the interests of the big business community. MÜSİAD, on the economic plane, demanded the allocation of a larger share of government incentives and financial resources towards small and medium scale enterprises. In the political sphere, the association pushed for the enlargement of religious freedoms and in the process, challenged the secular character of the Turkish state. At least well into the 1990s, MÜSİAD, unlike its rival, was not explicitly concerned with issues relating to civil or individual rights. Unlike TÜSİAD which had an explicitly pro-Western orientation, the association during the peak of its influence resorted to a strong anti-Western rhetoric³⁹. Indeed, successful models of East Asian style capitalism constituted a primary reference point. The success of these models was interpreted as a sign that conservative communitarian values, as opposed to the predominantly individualistic ethics of the West could be a significant resource for economic development⁴⁰. Again very much in line with the basic stance of the Welfare Party, MÜSİAD, during the peak of its influence desired a reorientation of Turkey's economic (and political) relations towards the Middle East and Islamic World in general.

This is not the place to enter into a long debate on secularism versus Islam which has deep historical roots in the Turkish modernization process⁴¹. What is important to emphasize is that the intensification of the Islam versus secularism conflict during the 1990s embodied an explicit political economy dimension. Stated somewhat differently, intra-capital conflicts involving different segments of the business community was at the heart of what superficially appeared to be purely a super-structural contest based on culture

³⁹ On MÜSİAD's perspectives on the economic and political order see regular bulletin of the Organization entitled "Bülten", recent issues of which have placed special emphasis on democratization, human rights and extension of religious freedoms. On the economic front, MÜSİAD publishes an annual report on the Turkish economy as well as additional studies on a number of key issues. Special emphasis is placed in these reports on the need to achieve macroeconomic stability and direction of public resources towards small and medium scale enterprises. In fact, it is the latter element which tends to distinguish MÜSİAD sharply from its principal rival TÜSİAD.

⁴⁰ See Erol Yerar, a former chairman of MÜSİAD, on the virtues of East Asian style of capitalism, *21. Yüzyıla Girenken Dünyaya Yeni Bir Bakış* (Istanbul: Müstakil Sanayici ve İşadamları Derneği, 1996)

⁴¹ On the history of secularism versus Islamism in the Turkish modernization project, see Feroz Ahmad, *The Making of Modern Turkey* (New York and London: Routledge, 1993).

and identity. These intra-capital conflicts may also explain the oscillations in TÜSİAD's democratization agenda and some of the ambiguities underlying the association's democratization project itself. Particularly striking in the latter context is the comparatively liberal attitude towards the Kurdish issue and the question of minority rights versus the rather tough stance taken in support of secularism against the Islamist opposition. It is interesting to note, however, that TÜSİAD leadership itself would deny the existence of intra-capital conflicts. When confronted with such questions in public, the typical reaction of the organization's leadership is that the only meaningful distinction one can effectively make between different types of capital is between legitimate versus illegitimate business practices⁴². According to TÜSİAD, a number of key MÜSİAD members have been guilty of illegitimate practices, involving, among other things, illegal fund raising operations as well as widespread tax evasion and participation in the underground economy. Not surprisingly, TÜSİAD has not opposed active repression by state against MÜSİAD in the context of the late 1990s.

We would concur with some of the key points made by TÜSİAD leadership concerning illegitimate practices on the part of certain businesses with an Islamist orientation, in the economic sphere. We would also endorse the proposition that secularism is a precondition for a democratic constitutional order. What is interesting for our purposes is that TÜSİAD needed the state to protect itself against this challenge which, in turn, tended to restrict its own ability to challenge the state and established boundaries of state-citizen relationship. One could go further and argue that TÜSİAD itself has failed to address effectively the type of economic issues, such as the relative neglect of small and medium scale firms as a part of the state, an issue which MÜSİAD in spite of inherent limitations of its democratic vision has effectively drawn attention to.

⁴² TÜSİAD's implicit criticisms of MÜSİAD have been based on the distinction between legitimate versus illegitimate business practices. Underlying these criticisms is the fact that some MÜSİAD members have practiced illegitimate fund raising practices. On this distinction between legitimate versus illegitimate business practices as opposed to different types (and colors!) of capital, see Yücaoglu interview on CNN Turk. Indeed, TÜSİAD approached the issue from the same perspective in 1998, when some of the members of MÜSİAD was arrested because of their illegal practices. See in this regard, "Sermayenin Rengi Olmaz", *Sabah Daily*, Apr. 22, 1998 or "Sermayenin İdeolojisi Olmaz", *Zaman Daily*, Apr. 22, 1998.

VI. BUSINESS AND DEMOCRACY IN THE AGE OF GLOBAL NEO-LIBERALISM: BROADER IMPLICATIONS OF THE TÜSİAD CASE

It is the common experience of late industrializing countries that private business or the entrepreneurial class develops under the close guidance and influence of the state. The state provides a variety of subsidies and incentives for the nascent private sector and protects it through a variety of different mechanisms against external competition. During the early stages of industrialization and capital accumulation, private sector or the “bourgeoisie” is heavily dependent on the state and, hence, the state is very much the dominant partner in the relationship which forms the basis of the national developmentalism project. As private capital matures over time, however, and increasingly takes on the role of a global actor, it becomes progressively less dependent on the state as alternative means of access to finance become available such as participating in strategic alliances with transnational corporations or borrowing directly from banks. As private capital attains a certain level of maturity, it also starts to challenge its dependent status and its subordinate relationship with the state. Consequently, the push for democratization becomes an instrument for restraining the state and accomplishing a fundamental restructuring of the organic relationship between big business and the state, involving a redefinition of the scope and boundaries of state intervention. Stated somewhat differently, as big business establishes itself as a global actor, it demands a new type of state. What is required is a limited state which, nevertheless, is transparent, accountable and establishes the rule of law for all segments of capital and, hence, plays an instrumental role in creating a stable and predictable environment under which private capital may flourish.

A domestic political economy explanation of the push for democratization on the part of big business is incomplete, however, in so far as it fails to take into account the powerful pressures stemming from different dimensions of globalization itself. The experience of TÜSİAD in Turkey clearly provides support for the “maturity of capital” thesis. However, TÜSİAD’s emergence as a major force within the pro-democratization coalition in the 1990s needs to be explained also with reference to the instrumental role that democracy can play in terms of capitalizing on the potential economic benefits of globalization and EU membership. We may argue in hindsight that in the absence of such powerful sources of external stimuli, TÜSİAD’s push for democratization might have taken a much more subdued form and would probably be confined to the more economic component of its reform of the state agenda.

Shifting our attention away from the origins of big business' push for democratization to its actual impact on the course of democratization itself, what seems to emerge points towards a rather paradoxical pattern. On a favorable note, TÜSİAD has perhaps been the most vocal force within civil society and possibly the polity at large in Turkey for pushing in the direction of the extension of civil and human rights as well as the establishment of a transparent and accountable state. The Association's influence has been accentuated by its financial resources and superior organizational and mobilizational capacities compared with other business associations or other groups within civil society. Indeed, TÜSİAD's lead in this respect has been closely followed by other business associations, including MÜSİAD, as well as agencies within the state as they have started to produce their own agendas for democratization towards the end of the decade⁴³.

This rather benign interpretation of TÜSİAD's role as a pro-democratization force needs to be qualified, however, in a number of important respects. One could argue that TÜSİAD has been more forthcoming on democracy than any other institution on Turkey simply because for most dissidents the price of opposition was quite high. TÜSİAD, by virtue of its privileged status with respect to the state, was by definition immune to the possibility of state repression. Indeed, on the negative side of the balance sheet, one could draw attention to certain inherent ambiguities in TÜSİAD's approach to democratization. A striking example of such an ambiguity concerns the relatively liberal attitude adopted towards the issue of the cultural rights of the Kurdish population versus the comparatively tough stance taken on the interpretation of secularism and against the Islamist opposition. At no stage, for instance, did TÜSİAD oppose the closure of the Islamist Welfare Party in January 1998 on the grounds that party closure itself is something which is incompatible with the principles of liberal democracy. Furthermore, one should draw attention to the relatively subdued manner with which TÜSİAD has tried to carry out its democratization agenda following the publication of a rather radical report in 1997. In fact, concrete steps on the direction of accomplishing the democratization agenda such as offering support to dissidents or actively condemning the state for unnecessary acts of repression seem to be absent in the

⁴³ For evidence on the recent push for democratization on the part of other actors following the original impetus provided by TÜSİAD, notably by MÜSİAD, other business associations and agencies within the state, see MÜSİAD, *Anayasa Reformu ve Yönetimin Demokratikleşmesi* (Istanbul: Müstakil Sanayici ve İşadamları Derneği, 2000); TÜGİAD, *2000'li Yıllara Doğru Türkiye'nin Önde Gelen Sorunlarına Yaklaşımlar XII: İnsan Hakları ve Demokratikleşme* (Istanbul: Türkiye Genç İşadamları Derneği, 1995); and TOBB, *Doğu Sorunu: Teşhisler Tespitler* (Ankara: Türkiye Odalar ve Borsalar Birliği, 1995).

post-1997 context. For an external observer, this obviously raises serious question marks concerning TÜSİAD's true democratic credentials.

In retrospect, the ambivalent stance of TÜSİAD with respect to democratization may be explained by the fact that the dependence of big business on the state has not been totally eliminated. Many TÜSİAD members continue to benefit from clientelistic ties, state patronage and protection. A number of TÜSİAD members also have close links with the military which is an important economic actor in the Turkish context. Although their rhetoric suggests that they are interested in a more rational or better-governed state as well as greater privatization, there are numerous instances of TÜSİAD members appealing to various state institutions to defend their particular interests. It would be interesting, for example, to raise the question of how many TÜSİAD members have actually benefited from the socialization of their losses by the state in the context of recent bank failures. Hence, contradictory behavior may be discerned in TÜSİAD's approach to the issue of establishing an accountable state based on even application of laws and equal access to accurate information. A serious problem facing Turkish business in recent years has been the overt attempt by large holding companies to acquire media companies for the explicit purpose of supporting other business ventures, diffusing false information about competitors and putting pressure on political actors to their bidding. This is not exactly the type of behavior that an organization interested in greater transparency ought to endorse. Stated somewhat differently, the charge of illegitimate business ethics or practices often leveled against MÜSİAD may also be directed towards certain TÜSİAD members themselves.

These observations tend to highlight the inherent dilemma that an organization such as TÜSİAD faces. Whilst long-term interests of TÜSİAD members are in the direction of establishing a more accountable state and better governance, concrete steps in this direction are often not welcomed by many individual members given their continued dependence on state resources. This observation also implies that it might be highly misleading to view TÜSİAD as a unitary actor given the wide variations that exist in its membership profile not only in terms of the degree of dependence on the state but also on the basis of other key attributes such as degree of external market orientation and belonging to a younger or older generation category.

The question of EU membership once again becomes a crucial consideration in this context. The prospect of EU membership is undoubtedly a major catalyst in overcoming TÜSİAD's inherent ambiguities. To the extent that TÜSİAD members are keen to proceed on this path they are likely to push the state to democratize itself. Whilst the EU constitutes a powerful external anchor, two important qualifications need to be highlighted. Firstly, on EU

membership, there are certain divisions within TÜSİAD and the Turkish community itself although the degree of disagreement has become much less visible in recent years. Secondly and far more significant is the strength of the signals provided by the EU for the eventual Turkish membership. If for a variety of reasons such signals tend to be subdued or ambiguous, this also creates disincentives for business associations like TÜSİAD to push seriously in the direction of democratic openings.

Perhaps, on a more fundamental note, one of the paradoxes of democratization in the age of global neo-liberalism is that democracy seems to entail an expansion of certain types of individual rights, such as “property rights” and “civil and human rights” and contraction of other types of rights such as “social rights”. This general tendency is also reflected in TÜSİAD’s approach to democratization in the Turkish context. A close inspection suggests that there is little concrete reference to the problem of pronounced income inequality, both interclass and inter regional, which constitutes one of the major ills of the Turkish society⁴⁴. Indeed, there is little room for income redistribution and the provision of social safety nets in TÜSİAD’s vision of the optimal state. This raises the rather profound question of whether it is possible to talk meaningfully about the extension of civil and human rights and recognition of different identities if such recognition does not result in a corresponding capacity for claiming a larger share of public resources or the material benefits available. In other words, we might be observing the emergence of a model of “democracy without citizenship”. In such a model there is no serious threat to the problem to the position of business in society, but at the same time within a significantly compressed public space there is no room for the effective participation of the vast majority of the population either⁴⁵. Perhaps this constitutes the single most important criticism that can be leveled at TÜSİAD style democracy, a criticism which, in turn, has greater

⁴⁴ For evidence on income inequality in Turkey which is indeed one of the highest in the world, see Zehra Kasnakoğlu, “Income Distribution in Turkey: Who Gets What?”, *Private View* 4/5, No:3 (Autumn 1997), pp.56-62; the latest estimate suggest an overall gini coefficient of 0.51 suggesting a high degree of relative income inequality. We need to emphasize that as the article was prepared, we have been informed about a forthcoming TÜSİAD publication which will deal explicitly with the issue of income inequality in Turkey.

⁴⁵ For a useful application of the concept of involving “democracy without citizenship” to Latin America, see Paul Cammack, “Democratization and Citizenship in Latin America”, in Geraint Parry and Michael Moran, eds., *Democracy and Democratization* (London and New York: Routledge, 1994) pp.174-195. Also relevant in this context is Richard Falk, “The Decline of Citizenship in an Era of Globalization”, *Citizenship Studies*, Vol. 4, No. 1 (2000), pp. 5-17.

applicability to the type of democracy which seems to be emerging under global neo-liberalism in general.

VII. CONCLUDING OBSERVATIONS

Democratic vision of the entrepreneurs in Turkey is shaped under the influence of domestic as well as powerful international or global factors. On the international front, while the crystallizing rules and norms of global neo-liberalism necessitate a certain type of democracy in order not to be deprived of the benefits of globalization, the European Union, and economic benefits associated with full membership of this Union, as a second powerful anchor, forces TÜSIAD to actively push for democracy. On the domestic front, to be better able to consolidate its status and power inside the national borders and escape from the authoritarian surveillance of the state, big business wants to restrict the state by the force of (rule of) law and democracy. Nonetheless, democracy, as understood by big business, besides being a tool to restrict the state, should also be instrumental in preventing possible threats to the position of big business in society arising from popular groups or other segments of capital. From a normative standpoint, a favorable outcome of these developments concerns a significant push on the part of big business towards the extension of individual rights, especially in the domains of civil and human rights.

This new understanding of democracy is certainly not specific to the Turkish big business. By contrast, it spreads with a considerable speed as the norms and codes of neo-liberal ideology as well as economic practice spread, by acquiring a truly global status. Therefore, 'democracy', originating from the logic of market and working in accordance with the requirements of the global neo-liberalism, becomes more a matter of procedure to justify, consolidate and regulate the existence and ideology of the market, whilst at the same time resulting in a certain expansion of individual and civil rights. The 'losers' of a market oriented system, or a globalized capital, in this new democracy, will have limited rights or alternatives to stand against, at least within the contours of the nation state, the serious threats, posed by neo-liberal globalization.

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