

NEOLIBERAL TRANSFORMATION OF THE STATE THROUGH THE
ESTABLISHMENT OF INDEPENDENT REGULATORY AGENCIES:
THE CASE OF “TOBACCO AND ALCOHOL MARKET REGULATORY
AUTHORITY” IN TURKEY

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ABSTRACT

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Based upon critical political economy and Marxist theory of the state, this thesis attempts to understand the neoliberal form of the capitalist state in Turkey. While doing this, it puts the establishment of independent regulatory agencies (IRAs) into the framework of the claim of de-politicization and redefined form of the separation of the political and the economic under neoliberalism. It argues that neoliberalism solved its crisis and settled through each financial crisis, as a result of which the state is restructured. Acceleration of the delayed neoliberal transformation in Turkish agriculture through crises provides a ground to this argument. This study focuses on Tobacco and Alcohol Market Regulatory Authority (TAPDK) as an IRA, which enables analysis of neoliberal transformation of both agriculture and the state. Besides; the thesis includes an analysis of the Tobacco Law, which established TAPDK, since it is accepted that law is a significant mediation of the settlement of neoliberal hegemony. Furthermore, the thesis utilizes from in-depth interviews with not only officials from TAPDK, but also previous workers of tobacco and cigarette

producing factories and tobacco farmers in order to find out how the labouring classes experienced the transformation. This contributes to the development of an analysis of the state as an arena of class struggle. Therefore; it is asserted, in this thesis, that TAPDK exemplifies the mediation of capital-labour relations by the state in tobacco sector, and appears as an arena of class struggle, as opposed to the discourse of the purification of economic management from politics.

Keywords: State, Neoliberalism, Independent Regulatory Agencies, Agrarian Transformation, Tobacco and Alcohol Market Regulatory Authority

ÖZ

DEVLETİN BAĞIMSIZ DÜZENLEYİCİ KURUMLARIN KURULMASI
DOLAYIMIYLA NEOLİBERAL DÖNÜŞÜMÜ:
TÜRKİYE’DE “TÜTÜN VE ALKOL PİYASASI DÜZENLEME KURUMU”
ÖRNEĞİ

Şafak-Çubukçu, Öykü

Yüksek Lisans, Siyaset Bilimi ve Kamu Yönetimi Bölümü

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Bu tez, eleştirel ekonomi politik ve Marksist devlet teorisine dayanarak, Türkiye’de kapitalist devletin neoliberal biçimini anlamaya çalışmaktadır. Bunu yaparken, bağımsız düzenleyici kurumların kurulmasını, siyasetsizleştirme iddiası ve siyasi olan ile ekonomik olan arasındaki ayrımın neoliberalizm altında yeniden tanımlanan biçimi çerçevesine oturtmaktadır. Neoliberalizmin, devletin yeniden yapılanmasıyla sonuçlanan her finansal kriz aracılığıyla, kendi krizini çözdüğünü ve yerleştiğini öne sürmektedir. Türkiye tarımında geciken neoliberal dönüşümün krizlerle hızlanması bu iddiaya bir temel kazandırmaktadır. Bu çalışma, hem tarımda hem de devlette neoliberal dönüşümün analizine imkan veren bir bağımsız düzenleyici kurum olarak Tütün ve Alkol Piyasası Düzenleme Kurumu’na odaklanmaktadır. Çalışma, Türkiye’de devletin yeniden yapılanması ve tarımsal sektörün –özellikle tütün

sektörünün- neoliberal dönüşümünün yanı sıra; hukukun neoliberal hegemonyanın yerleşmesinde önemli bir dolayım olduğu kabul edildiğinden, TAPDK'yı kuran Tütün Yasası'nın bir analizini de içermektedir. Ayrıca, TAPDK'dan yetkililerle ve emekçi sınıfların dönüşümü nasıl deneyimlediklerini ortaya çıkarmak için, tütün işleme tesislerinde ve sigara fabrikalarında eskiden çalışmış olan işçilerle ve tütün ekicileriyle yapılan derinlemesine mülakatlardan yararlanmıştır. Bu da devletin bir sınıf mücadelesi alanı olarak analizine katkıda bulunmaktadır. Sonuç olarak, bu tezde, TAPDK'nın, devletin tütün sektöründe emek-sermaye ilişkilerini dolayımını örneklediği ve ekonomi yönetiminin siyasetten arındırılması söylemine karşıt bir biçimde bir sınıf mücadelesi alanı olarak ortaya çıktığı ileri sürülmektedir.

Anahtar Kelimeler: Devlet, Neoliberalizm, Bağımsız Düzenleyici Kurumlar,
Tarımsal Dönüşüm, Tütün ve Alkol Piyasası Düzenleme Kurumu

To the memory of my uncle Cengiz Bıyıklı...

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LIST OF ABBREVIATIONS

AKP	Justice and Development Party (Adalet ve Kalkınma Partisi)
ANAP	Motherland Party (Anavatan Partisi)
ARIP	Agricultural Reform Implementation Project
ASCUs	Agricultural Sales and Cooperatives Unions
BAT	British American Tobacco
BDP	Peace and Democracy Party (Barış ve Demokrasi Partisi)
BSB	Bağımsız Sosyal Bilimciler
CC	Constitutional Court (Anayasa Mahkemesi)
CHP	Republican People's Party (Cumhuriyet Halk Partisi)
ÇAYKUR	General Directorate of Tea Products Enterprises (Çay İşletmeleri Genel Müdürlüğü)
ÇS	Confederation of Farmers Unions (Çiftçi-Sen)
DIS	Direct Income Support
DSP	Democratic Left Party (Demokratik Sol Parti)
DYP	True Path Party (Doğru Yol Partisi)
EU	European Union
ETUC	European Trade Unions Confederation
FP	Virtue Party (Fazilet Partisi)
GATT/WTO	General Agreement on Trade and Tariffs / World Trade Organization
IMF	International Monetary Fund
IRA	Independent Regulatory Agency
ITGA	International Tobacco Growers' Association
IUF	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations
int.X	Interview #X

KWNS	Keynesian Welfare National State
MHP	Nationalist Movement Party (Milliyetçi Hareket Partisi)
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
OIB	Directorate of Privatization Administration (Özelleştirme İdaresi Başkanlığı)
PC	Provisional Clause
PCP	Petty Commodity Production/Producer
PM	Philip Morris
PWC	Post-Washington Consensus
PRX	Parliamentary Record #X
SEEs	State Economic Enterprises
SWPR	Schumpeterian Workfare Post-National Regime
TAPDK	Tobacco and Alcohol Market Regulatory Authority (Tütün ve Alkol Piyasası Düzenleme Kurumu)
TEKEL	General Directorate of Tobacco, Tobacco Products, Salt and Alcohol Enterprises, (Tütün, Tütün Mamulleri, Tuz ve Alkol İşletmeleri Genel Müdürlüğü)
TGNA	Turkish Grand National Assembly
TŞFAŞ	Turkish Sugar Factories Inc. (Türkiye Şeker Fabrikaları Anonim Şirketi)
tta	Tobacco, Tobacco Products, Salt and Alcohol Enterprises Inc., (Tütün, Tütün Mamulleri, Tuz ve Alkol İşletmeleri AŞ)
TÜİK	Turkish Statistical Institution (Türk İstatistik Kurumu)
TÜRK-İŞ	Confederation of Turkish Trade Unions (Türkiye İşçi Sendikaları Konfederasyonu)
URAA	Uruguay Round Agreement on Agriculture
UTAC	Union of Turkish Agricultural Chambers (TZOB)
WB	World Bank

CHAPTER 1

INTRODUCTION

Independent regulatory agencies (IRAs) have been on the agenda in Turkey since the decree law concerning their independence was published in the official gazette of August 17th, 2011. IRAs became dependent upon the Ministries with this decree law.¹ Although this development has been regarded as one destroying the independence of IRAs, this thesis argues that this independence has never been realized and problematizes the so-called independent and autonomous character of IRAs in the period preceding that decree law.

If the Decision making IRAs dependent upon the Ministries they had been associated with is to be regarded as a closing moment for the dominance of IRAs in Turkey, their starting point coincides with the late 1990s when they proliferated in Turkey, despite the fact that the establishment of IRAs dates back to 1981. Thus, whereas the spatial constraint for this thesis is Turkey, the temporal one constitutes the period between late 1990s and 2011. Concerning the specific case this thesis deals with, namely Tobacco and Alcohol Market Regulatory Authority –hereafter TAPDK²-, more clear dates are 2002, as the date of the establishment of TAPDK, and 2011, as the date of the loss of its so-called independence. However, zooming into the period between 2002 and 2011 will be made in three steps. Since this thesis regards the establishment of IRAs in Turkey as a moment of the neoliberal

¹ The decree law numbered 649 eliminates the autonomy of the independent regulatory authorities. In the Article 45 of the decree law, it is stated that “it is envisaged with the article that the Minister can audit every kind of activities and operations of the subordinate, related and associated institutions”. (For the details of the decree law, see the text under http://www.tbmm.gov.tr/develop/owa/khk_sd.onerge_bilgileri?kanunlar_sira_no=94962)

² I am using the abbreviation (TAPDK) of the name of the Authority in Turkish (Tütün ve Alkol Piyasası Düzenleme Kurumu), because it is used as such by the Authority itself in its international documents written in English and also in the reports of international organizations.

transformation of the state (referred to as “the new moment” in the thesis), firstly the broader time interval -from late 1970s to today-, within which neoliberalism has become hegemonic in Turkey will be touched upon. Then, the analysis will zoom into the time interval –from late 1990s to today-, within which IRAs have constituted an important element of the state in Turkey. Lastly, the period between 2002-2011 will be focused upon within the context of TAPDK.

The main point of departure for this thesis is the separation between the economic and the political under capitalism. To the extent that neoliberalism is a form under capitalism; this separation does not extinct, rather takes a new form under neoliberalism. Whereas the liberal-individualist or the new institutionalist accounts of the state take the separation of the political and the economic as an ahistorical one and reduce it to the *clear-cut division* between the state and the market; the Marxist account of the state underlines that this separation is a specific form under capitalism. Thus, conceptualization of the state through making sense of this separation with reference to the emphasis developed by the Marxist account is significant for its own sake, since it provides us with the tool to develop a more viable explanation of the capitalist state. Furthermore, it is significant, to the extent that such institutions of the state as independent regulatory agencies are based upon the new form this separation takes under the new moment of the neoliberal transformation of the state. As the separation takes a new form under the new moment within neoliberalism, the relation between the state and the market are redefined, and the mainstream approaches regard this relation as an external one. On the other hand, a critical reading of the state-market relations, which constitute the appearance of the new form of the separation, enables us to find out how internal the relation between these two spheres is. Therefore, this thesis will follow the course of the separation between economic and political spheres –both in terms of the changing state-market relations at the observable level and its critique with an emphasis upon the underlying relations of this so-called change- throughout its search for explaining the establishment of TAPDK, as one of the IRAs in Turkey. This is because not only of the perspective developed in this thesis, which reads the process through the point of view of political economy that deals with the relation between the political and the economic; but also of the fact that the separation of

these two spheres constitutes the most important legitimization tool for the establishment of IRAs in Turkey, as well as in the whole capitalist world.

Another point of departure that is closely related with the above-mentioned one for the thesis is crisis. There is an overlap between the timing of transformations –however huge or tiny they are- and crises. Besides its attempt to explain TAPDK within the context of the neoliberal transformation of the state in Turkey, this thesis problematizes the periodizations provided for the neoliberal transformation process. It argues that focusing on crises in capitalism contributes to a better grasp of transformations under the capitalist system and a periodization based on crises helps in making sense of the course of the class struggle that brings about those transformations. Thus, rather than the periodizations provided in the literature, which have depended upon phenomenological developments in two different spheres – sometimes in parallel, sometimes in contrast- based upon the dichotomy of the political and the economic; this thesis aims to develop a periodization, which would both depend upon crises and be able to overcome that dichotomy by explaining the internality of the relation between those two spheres.

Basing its arguments upon the concerns listed above, this thesis has its topic as the *neoliberal transformation of the state* through the establishment of *independent regulatory agencies* in Turkey and focuses upon only one of those agencies, namely TAPDK. In order to link the topic with the concerns of the author of this thesis, there are four questions to be answered here: Why does this thesis have the state as its object of inquiry? Why does it regard the neoliberal transformation significant in conceptualizing the state? Why do IRAs need explanation? Why was TAPDK chosen among the plentiful IRAs in Turkey?

Firstly; world has been defined by globalization from the 1980s onwards, and the future of the nation-states have come under discussion in parallel with the emphasis made upon globalization. It has been commonly argued –especially within the literature of the discipline of international relations that has its roots in the establishment of nation-states- that territorial boundaries have been blurred as a result of globalization; although there are those, who argue that nation-states get stronger. Free movement of goods and services, and also realization of different phases of production across the boundaries in the time of globalization contribute to

the argument of blurring –or even disappearing- boundaries. Nation-states are said to be surrendering –though not totally- their so-called national interests, and transferring their authority to levels different than the national one, namely sub-national, regional, supranational and global ones. Although this thesis, too, focuses on the period, within which those debates upon the state are dominant; it aims to pull the conceptualization of the state out of them by problematizing such concepts as territorial boundaries, national interests, state authority or autonomy.

Secondly; while providing an alternative conceptualization of the state, this thesis will utilize from the Marxist literature in order to link the state with the capitalist development. To the extent that neoliberalism is a form under capitalism, the neoliberal state is a form under the capitalist state and the restructuring of the state under this form within the period, upon which this thesis focuses, cannot be explained without grasping the course of neoliberalism.

Thirdly; IRAs are one of the significant elements of the regulatory structure the state has gained under a moment of its neoliberal transformation. Whereas 1980s are characterized by deregulation, 1990s are defined as a period characterized by reregulation, establishment of IRAs being one of the indicators of a reregulating state. The concept of changing role of the state in economy, in terms of regulating the market, is one among those problematized concepts in this thesis, and IRAs constitute an important tool, through which this problematization can be made. Just like the concept of changing role of the state in economy, the concept of independent regulatory agencies, which was based upon the former one, bears at least three questions: To what extent it is meaningful to get stuck in the acceptance of economic-political dichotomy, manifesting itself with the words “role of the state in the economy” in the former and “regulatory” in the latter? To what extent these “arenas of struggle” are acting; does state really play a “role” or do IRAs deserve to be named as “agencies”? And is there a real basis for talking about “change” or “independence”? Thus, it is asserted in this thesis that the establishment of IRAs is a significant development to be analyzed in an attempt for explaining the course of the neoliberal transformation of the state in Turkey in the late 1990s, in terms of its relation with the debate on regulation in that period.

Fourthly; although there are plenty of IRAs in Turkey that is regulating specific markets, TAPDK was chosen among them as a case for this thesis. There are two reasons for this choice. First; establishment of IRAs in the agricultural sector provides clues for how IRAs constitute a moment in the neoliberal transformation of state. Since, that transformation lagged behind other sectors for the agricultural one, as it required two more decades for the neoliberal transformation in agriculture to be realized. Whereas the beginning of the broader transformation of the state dates back to 1980, agricultural IRAs were established after the financial crisis of 2001 in Turkey. The overlap between the reregulation through the establishment of IRAs and the neoliberal transformation of agriculture provides a basis for an alternative periodization, by forming a position against the deregulation-reregulation debate. Thus, grasping the course of the neoliberal transformation of agriculture in Turkey contributes much to a conceptualization of a transforming state. Together with the Sugar Agency, TAPDK is an IRA regulating the market of an agricultural product. The second reason, which explains the preference for TAPDK among these two IRAs in agriculture, is the uniqueness of tobacco. For Turkey; tobacco had been an important item of export revenues until the neoliberal transformation of the state; it had provided employment for a huge amount of people from producers, who cultivate tobacco, to workers, who work in tobacco products and tobacco processing factories; it had been a sign of the culture of those living on Anatolian territory by being associated with the coffee houses, where a tradition of resistance has developed, so much so that a phrase “smoking like a Turk” exists in languages. Policies and regulations concerning the tobacco sector developed in line with the neoliberal transformation have important implications for restructuring of capital, dissolution of labour and even consumption patterns. In the history of tobacco in Turkey, there has always been a special regulatory structure, beginning with Reji under the Ottoman Empire, continuing with TEKEL in the Republican Era, and taking its new form with TAPDK under neoliberal capitalism.³ In parallel with the

³ Both Reji and TEKEL need further analyses in terms of their own transformations in line with the crises of capitalism in the time of their existence. Listing Reji and TEKEL as the predecessors of TAPDK does not include an ignorance of their own dynamical structure transforming by the effect of classes struggle of their own time. The emphasis here is upon the tradition of comprehensive market regulation for tobacco as different from the other agricultural products.

new movements brought about by globalization, concerns for health have an increasing place, as market regulation is mediated –besides other factors- through these concerns. Hence, regulation includes not only the production process or trade of tobacco, but also its consumption, since it is regarded as the only agricultural product that directly harms the health. Deriving from these, it can be argued that tobacco is a unique product that enables analyzing in various dimensions, as it reaches to a wide range of people in society. Understanding the transformation in the regulation of the market of this product helps in understanding the transformation of the state in general, which cannot be regarded in isolation from society. Therefore; it is asserted that if the conceptualization of the state developed in this thesis does not regard the state as externally related with not only market, but also society; tobacco would be a good choice in the search for the internality of those relations.

Deriving from the answers provided above for the four questions concerning the topic of the thesis, the research question for this thesis can be formulated as the following: To what extent is TAPDK significant within the context of the neoliberal transformation in Turkey? The sub-questions, which are related with the main research question, are: How can the neoliberal transformation of the state be understood by looking at the case of TAPDK as an example of the establishment of independent regulatory agencies and what kind of a place does TAPDK have in the neoliberal transformation of the agricultural sector in Turkey –specifically tobacco-? In an attempt to find an answer to the question, this thesis will test the theoretical framework provided by the Marxist state theory in the case of TAPDK, which is regarded by the researcher as a transaction point between the course of the neoliberal restructuring of the state and the impact of neoliberalism upon the tobacco sector. Concerning its research method, this thesis is based upon the review of the literature on the transformation the state has experienced since the late 1970s (New Institutionalist and Marxist accounts of the period), and on the transformation the agricultural sector in Turkey –specifically tobacco- has experienced under neoliberalism (Leftist accounts in a broad sense). Furthermore, the thesis was utilized from primary sources such as the parliamentary records (between 2001 and 2009), legal texts, and reports and publications of both domestic and international organizations (trade unions, chambers, the IMF and the World Bank to name some of

them). Also; twelve in-depth interviews were conducted for the thesis. Six among them were made with high-ranking officials from TAPDK. One is made with a distributor of the MEY Alcoholic Beverages Company, in Ankara. Two were made with tobacco producers in Bafra, Samsun. The last three were made with previous TEKEL workers (one from tobacco processing factory and two from cigarette factories), in Amasya and Samsun. Having defined the research question and the research method, we can turn to the structure of the thesis.

Chapter 2 deals with the establishment of IRAs in Turkey. However, before going into detail of the late 1990s, when IRAs proliferated in Turkey, it will sketch out the neoliberal transformation of the state from the 1980s onwards. For this purpose, it will provide a general theoretical discussion on the neoliberal transformation of the capitalist state. The restructuring of the state through the establishment of IRAs has been legitimized by the approach of the New Public Management, which has its theoretical bases in New Institutionalism and Public Choice, and the approach of Governance. Transition from the Washington Consensus to the so-called Post-Washington Consensus under neoliberal capitalism as a result of the financial crises of 1990s marked that period and provided an environment, within which the approaches of New Public Management and Governance could be utilized as legitimization tools for the establishment of IRAs, thus restructuring of the state. After the theoretical discussion on the neoliberal transformation of the capitalist state and the establishment of independent regulatory agencies as a moment of this transformation process, the chapter will focus on how this transformation has been realized in Turkey. Through the debate on regulation mentioned above, the establishment of IRAs in Turkey will be contextualized within the neoliberal transformation of the state. In the second chapter, a conceptualization of the state will be developed, by putting an emphasis on the concepts of separation -between the political and the economic-, regulation and crisis; and the establishment of IRAs within this context will be made sense of.

Chapter 3 is devoted to the neoliberal transformation of agriculture in Turkey. The crucial point is the delay of that transformation process in agriculture, thus creating a necessity for revising the periodization referred to in the analysis of neoliberal transformation of the state. The IRAs established to regulate the markets

of two agricultural products, sugar and tobacco; provide a tool for linking the periodizations concerning neoliberal transformation of the state and that of the agriculture in Turkey. Since the specific focus is upon the tobacco sector, the chapter will begin with the presentation of a brief history of the sector in Turkey. Then, it will touch upon the neoliberal transformation of agriculture in Turkey and the establishment of IRAs in agriculture, as a part of this transformation process. After that, the chapter will deal with the Petty Commodity Production, which is a common relation of production among tobacco producers, and its transformation under neoliberalism. Lastly, it will provide a discussion on the transformation of the key “actors” of the sector under the new moment. Key actors are defined as the representatives of the state (namely TEKEL and TAPDK), of the capitalist classes (domestic and international owners of the tobacco industry, namely TEKEL and Diageo –for alcoholic beverages- and BAT –for cigarette-, respectively), and of the labouring classes (namely tobacco producers and workers).

Chapter 4 explores TAPDK. Beginning with the Tobacco Law that had established TAPDK, the chapter will search for clues for the effect of the hegemonic language of the new moment. Both its formation process and the Law itself will be dealt with, in order to find out the expectations from TAPDK and also to see how legislation is a process of struggle. After the Tobacco Law, the chapter will focus on the institution and provide the basic information concerning its infrastructure, its missions, duties, objectives, organizational structure and its practices in terms of market regulation. Then, it will analyze the place of TAPDK within the neoliberal transformation of the tobacco sector and of the state in Turkey. These last two sections will link the fourth chapter (on TAPDK) with the third (on agriculture) and the second (on the state) chapters, respectively.

In the last chapter, concluding remarks concerning the neoliberal transformation of the state in Turkey through the establishment of independent regulatory agencies and the neoliberal transformation of the tobacco sector in Turkey through the establishment of TAPDK will be made. Although the concept of independence will later be discussed in the thesis in detail, it should be noted here that the decree law of August 17th, 2011, destroying independence of IRAs did not create a “change”. Independence and autonomy of these institutions, as well as of the

states are phenomenological facts. The separation between the political and the economic makes this appearance of independence and autonomy possible. However, the underlying relation of this appearance is defined by class struggle, within the state and within TAPDK, which both constitute arenas of struggle. Therefore, how the transformations in the coming future will be determined by the course of class struggle.

The effort made for the understanding of the underlying relations, rather than staying confined to what is seen at the observable level, brought about some limitations for the thesis. Later studies about the analysis of the class struggle within the tobacco sector, including field research in a broader sample, would indicate the impact of the transformation more clearly and contribute to the conceptualization of the state and its transformation.

CHAPTER 2

THE NEOLIBERAL TRANSFORMATION OF THE STATE AND THE ESTABLISHMENT OF INDEPENDENT REGULATORY AGENCIES

This chapter aims to analyze the establishment of independent regulatory agencies within the context of the neoliberal transformation of the state. This analysis will firstly try to make sense of the course of the neoliberal transformation of the capitalist state by providing a historical periodization that could be seen as a global framework. Then, the establishment of the establishment of independent regulatory agencies will be discussed as a particularly significant moment of the general transformation underway. The term “moment” was chosen to identify that process since that very process is regarded not as a return from or a phase in the neoliberal transformation, but as a moment, through which the crisis faced in the course of the transformation has been *resolved*. After analyzing the theoretical bases of that moment, how it was experienced in general and specifically in Turkey will be briefly elaborated on. Lastly, the chapter will underline the significance of the moment of the establishment of IRAs in Turkey as a contradictory phenomenon in the process of the consolidation of neoliberal hegemony in Turkey.

2.1. THE NEOLIBERAL TRANSFORMATION OF THE STATE

This part will examine what the state refers to in the period preceding the late 1990s that constitute the conjuncture, within which independent regulatory agencies have been established. As neoliberalism is seen as a form under capitalism, both the state under capitalism in the post-war context and the state under neoliberal capitalism

will be tried to be grasped. Neoliberalism refers roughly to the time period from the late 1970s to today. Therefore, a theoretical discussion on the state within the period between the late 1970s and the late 1990s will be provided. As neoliberalism continues to identify the form of capitalism from the late 1990s onwards, when independent regulatory agencies were established, it is crucial to make sense of the neoliberal form of the capitalist state, before moving to the late 1990s.

2.1.1. State under Post-War Capitalism

It is commonly argued that Marx did not develop an integral theory of the state in his lifetime; however, his analysis of capitalism as a contradictory social relation between capital and labour has paved the way to development of theories of the state by later Marxist thinkers. The Marxist discussions throughout the 20th century have created a rich intellectual-political atmosphere to make sense of the capitalist state in general and the changing forms of it in the fundamental contradiction between capital and labour in particular. It is not possible to discuss all of the Marxist perspectives on the state within the confines of this thesis. Being aware of the danger of falling into convenience of selectivity, the discussion below will try to incorporate some particular Marxist perspectives on the state into the general topic of the thesis, the IRAs.

In this regard, the thesis generally embraces the theoretical framework of Nicos Poulantzas in order to develop a critical discussion on the transformation of the capitalist state in the era of neoliberal globalization. His analysis of the capitalist state is based on the differentiation of types of state, forms of state and forms of regime⁴. What determines the type of state is the dominant mode of production, under which various forms and regimes of the state can be found in accordance with the historical process. This simply means that a state's becoming a liberal or a social democratic one under different conjunctures or time periods does not point to a change in its type. To the extent that capitalism remains to be the dominant mode of production, the state remains under the capitalist type. On this basis, the thesis

⁴ He refers to the definitions made by Marx, Engels, Lenin of 'forms of state' and 'forms of government' within specific types of state, namely despotic, slave, feudal, capitalist. (1978, p.142)

discusses the neoliberal capitalist states as a matter of *transformation* of the state form, not a question on change of the state type. On this basis, the below discussion will firstly analyze the state form as developed in the period between post-Second World War and the late 1970s. This analysis will serve to understanding how neoliberalism transformed the state after the late 1970s. Rather than being a detailed analysis of post-World War II capitalist state, this part will be an introduction for a better understanding of the then emerging neoliberal capitalist state.

An analysis on the post-war state form should be grounded in the specific form of the relation between the market and the state as established in the historical conjuncture in question. This historically constituted relation is a matter of a general discussion on the relationship between the economic and the economic. Under capitalism, unlike under feudal mode of production, the political and the economic spheres appear to be separated from each other. Ellen Meiksins Wood argues that this is because of the historically constituted separation between the moment of coercion and the moment of appropriation in the process of surplus appropriation. As different from feudalism, capitalism creates *formally free and equal* individuals, instead of the serfs, who both produce for and are protected by feudal lords. This formal freedom and equality refers to the fact that surplus appropriation is realized not through the application of extra-economic coercion, but through the mediation of the impersonal imperatives of the market (Wood, 1995; pp. 19-48).

This fundamental question of the separation is of a crucial significance to make sense of the capitalist type of the state as well as the forms of the state historically defined within this type. In this regard, this issue is directly related to our discussion on the neoliberalism that that given a particular form to the capitalist state in the post-1980 period. In fact, the separation of the political and the economic under capitalism stimulated the discussions among the scholars of political economy on the relations between the state and the market. The general tendency, dominant within liberal individualism, statist institutionalism and some versions of Marxism, is to perceive these two as ontologically separate entities. This in turn results in an understanding as if this historically specific separation was natural and a-historical. On this basis, these relations were used as tools of periodizing the shifts between “is”es and “ought to be scenario”s. For the post World War II period, ‘state

intervention into market' becomes the "ought to be model", in contrast to the previous 'free trade/free market' period.

This conception of the "state-market" duality has been widely reproduced in the attempts to make sense of the transformation occurring in the post-1980 period. However, the relation between the state and the market should be conceptualized not as a relation of externality, but as a matter of the form of state's presence in the constitution of the market. This understanding enables one to perceive the historically specific strategies of moving among different forms under capitalism as the expression of crises within capitalism and as the quest for *resolving* these crises. To put it simply, to enable the maintenance of capitalist mode of production, state-market relations take different forms in times of crises. What had led Keynes to theorize "liberal collectivism" –as phrased by Cutler, Williams and Williams- or Beveridge to publish a report on elimination of poverty via income maintenance was the belief that relying only on the market is not enough for the continuation of capitalism (Cutler, Williams and Williams, 1984, pp. 6-19). According to Keynes, the state should *intervene* into the economy because individuals' consumption increases less than the increase in their income, thus creating the need for demand-management, and as they invest based not on rational calculations, but on expectations, thus creating the need for socialization of investment. Both of these should be provided by "limited, controlled and directed state intervention". What is critical in his analysis is that "certain basic conditions of social life have to be ensured" against poverty and economic insecurity, which are *threatening the capitalist order* (Cutler, Williams and Williams, 1984; pp. 19-36). Hence, this particular relation between the state and the market created the base for the welfare state of post-WWII context. This apparently separate relation, expressed in the language of *interventionism*, reminds Poulantzas' emphasis on the existence of the state in the very process of the constitution of the market relations. Within this context, the fundamental matter here is the *mode of state existence* in the very constitution and contradictory reproduction of the capitalist relations of production. Speaking within the context of the capitalist state as constituted in the form of welfare state, this *mode* was defined with reference to the national scale, but within the context of the international order established under the hegemony of the US. In

this regard, this *mode* was materialized in different regimes quite differently in the post-war capitalism.

According to Esping-Andersen (1996), the concept of “social citizenship” of T. H. Marshall constitutes the basis for the welfare state. The emergence of social rights refers to the phenomenon of “de-commodification”, which refers to the decrease in the “market dependence” within the context of the social reproduction of the labour. Moreover, it results in the amelioration of the “social stratification” as the welfare entitlements became recognized as citizenship rights. These two –combined with role of family in terms of reproduction of labour- characterize welfare states. Variations among these led Esping-Andersen to define basically four different welfare regimes. The first one is liberal welfare regime as can be exemplified with the countries like the US, Canada and Australia. This regime is characterized with the low level of de-commodification, means-tested/targeted social benefits in contrast to benefits provided universally as rights, individualism, primacy of market, high social stratification and women participation. The second regime is called as “conservative” welfare regimes as can be found in Austria, France, Germany and Italy. This regime is characterized with moderate level of decommodification, state intervention into market, social rights related with occupational status, less women participation. Being the third one, the “social democratic” welfare regime, like the one in Sweden, is based on the high level of decommodification, state crowding out the market, less stratification, universal solidarity, full employment and women participation. Finally, the fourth regime of welfare state in Esping-Andersen’s analysis can be found in late developing, peripheral economies and called as “Southern European” (Esping-Andersen, 1996, pp. 1-27)

In fact, Esping-Andersen (1996) provides an institutionalist account of welfare state and his categorization of the different regimes is based on such an ontological and epistemological framework. Bob Jessop (2009), who positions himself within Critical Realism and French Regulation School and also as one of the founding figures of Cultural Political Economy, provides another important theoretical framework to make sense of the question of capitalist state under welfare capitalism. His analysis is based on four thematic categories, namely economic policies, social policies, scale and primary means to compensate for market failure.

He makes historical periodization of the capitalist state with reference to these categories. In this regard, for the state form existent in the period between 1945 and late 1970s, he uses the Notion of Keynesian Welfare National State. This form is Keynesian, concerning the distinctive set of economic policies it has, as it aims to achieve “full employment, demand management, provision of infrastructure to support mass production and consumption”. It is defined –often by others as well- as Welfare state, as it has “collective bargaining and state help that generalize norms of mass consumption, and expansion of welfare rights”, as the distinctive set of social policies. The primary scale, if there exists any, he writes, is the National one, as there exists “relative primacy of national scale in economic and social policy-making with local as well as central delivery”. Lastly, the state is “expected to compensate for market failures” mainly (Jessop, 2009; pp. 102-156).

Having mentioned about Jessop’s involvement with regulation school, it should be noted that, according to him, each mode of regulation structurally co-exists and co-evolves with a regime of accumulation. In the examined period; whereas Atlantic Fordism constitutes the regime of accumulation, Keynesian Welfare National State is the mode of regulation that is defined within the Fordist accumulation regime. Although a detailed review of this argument of co-existence and co-evolution will be provided below, it should be added here that these two spheres, namely regimes of accumulation and modes of regulation together constitute a spatio-temporal fix, a term he had borrowed from Harvey (Jessop, 2009; pp. 126-127). Though crises in the spatio-temporal fix can be resolved within the same form, crises of it lead to transformation; and as the regime of accumulation transforms, so does the mode of regulation.

2.1.2. State under Neoliberal Capitalism

Late 1970s are characterized by the crisis of Fordism, thus of Keynesian Welfare National State, requiring a change in the form of state. The form that corresponds to the Post-Fordist regime of accumulation is called by Jessop (2009) as Schumpeterian Workfare Post-National Regime. To the extent that Jessop takes the KWNS as a

mode of regulation, which is “structurally coupled and co-evolved” with Atlantic Fordism as an accumulation regime, he analyzes the transformation from the KWNS to the SWPR in parallel with the transformation of Atlantic Fordism to Post-Fordism because there is also a structural coupling and co-evolution of the SWPR and Post-Fordism. However, this is not a mechanical or an automatic process. What resulted in this transformation is the crisis of the spatio-temporal fix of the KWNS and Atlantic Fordism, creating its responses in terms of the search for a way out of it, thus causing the emergence –through a trial-error mechanism- of a new spatio-temporal fix (Jessop, 2009; pp. 157-219).

Before going into detail of Jessop’s (2009) characterization of the new form of capitalist state under neoliberalism, it is useful to remember Esping-Andersen’s classification of varieties of welfare state experiences (Esping-Andersen, 1996; pp. 14-20). Based on the classification among liberal, conservative, social democratic and Southern European welfare regimes; Esping-Andersen tried to differentiate between the routes these different regimes pursued in the above-mentioned shift as neo-liberal in the first, labour reduction in the second or Scandinavian in the third. Prior and Sykes also differentiate between Nordic, Bismarckian, Southern, Central and Eastern welfare states according to the domination of one of the four types of changes, namely, activation policies, marketization, cost cutting and restructuring, within the context of this shift (Prior and Sykes, 2001). What is common to these institutionalist writers is the emphasis they put on the path dependency of different countries. That is, specificities during this shift are pre-determined by the institutionalist legacies of each welfare regime. Esping-Andersen basically focuses on the “trade-off between equality and employment”. He argues that this trade-off, existent in welfare regimes, remained, but is deepened in the era of competition as welfare is replaced by “workfare”. Those countries that opted for employment suffered from rising inequalities, where those seeking equality ended up with high unemployment. This analysis is useful to the extent that it emphasizes the continuity of this trade-off, which implies the lack of a change in the “type” of the state; however, it is misleading to the extent that it takes this trade-off, which is specific to capitalism, for granted, as “universal” in his terms (Esping-Andersen, 1996; pp. 20-27). So, although Esping-Andersen’s typology enables a categorical observation of

the transformation from welfare to competitiveness, it does not provide us with a complicated approach through which the underlying relations of this transformation can be captured.

That brings us back to Jessop's terminology, within which the formula-like names he gives to Keynesian Welfare National State and Schumpeterian Workfare Post-National Regime refer to ideal types. The neoliberal form of the capitalist state, Schumpeterian Workfare Post-National Regime in Jessop's formulation, is a Schumpeterian one, since it has "emphasis on permanent innovation, flexibility, supply-side interventions to enhance knowledge-based economy, and competitiveness in an open economy", as its distinctive set of economic policies. Its distinctive set of social policies are defined as Workfare, instead of Welfare, because "social policy [is] subordinated to economic policy notion, [and there is] downward pressure on social wage and an attack on welfare rights". Primary scale is now Post-National, as SWPR is characterized by "relativization of scales at the expense of national scale and continuing role of the national state(s)". Concerning the primary means to compensate for market failure, it has Regimes, instead of State, having "increased role of self-organized governance in compensating for failures of both market and state", though at the same time giving state "a bigger role to play in the implementation of metagovernance" (Jessop, 2009; pp. 107, 308). As realization of the shift between "is"es and "ought to be scenario"s is repeated in the neoliberal era, state intervention into market becomes "deviation from the norm" of the post-1970s period, in which the state-market separation once again becomes the ought to be model. Whenever a crisis of the spatio-temporal fix is experienced, state-market relations come under discussion and experience restructuring. Although the term restructuring implies a real change in mainstream approaches to political economy, it refers to transformation within the context of this thesis, as it reads nothing other than a change in type, namely capitalism, as change.

Going back to the details of the characteristics of SWPR, the shift from welfare to workfare should be emphasized. It can be read as a transformation from decommodification to recommodification, though it is somewhat misleading to regard the welfare state as eliminating commodification. In line with the flexibilization of the labour market, active labour market policies are pursued such as

upgrading the skills of the workforce, thus enabling them to work as a way of getting social benefits. Workfare becomes a characteristic feature of SWPR, which is also defined by Jessop as Schumpeterian Competition State. Providing welfare for the citizens is no more the aim of governments, as they are forced by not only the inherent imperative nature of the market as stated by Wood, but also the relativization of scales with opening up of economies to become more competitive (Wood, 1995; pp. 19-48). Above-mentioned re-skilling of labour, for example, characterizes not only the transformation from welfare to workfare but also towards a Schumpeterian competition. According to Schumpeter, “competitiveness depends on developing the individual and collective capacities to engage in permanent innovation”. More importantly, “[t]hese capacities extend beyond the narrow economy to include a wide range of extra-economic factors”. This reflected a shift from the “Fordist class compromise” to a “competitive corporatism” (Jessop, 2009, pp. 217-218). In line with the relativization of scales, competitiveness becomes the most important mediator in the relations among different scales and to the extent that this concept encompasses an area beyond immediate economic relations between and among different scales, it has further implications.

Jessop argues that the changes in the economic discourse, modes of calculation and strategic concepts mediate between the structural changes in the global economy and the transformation of the national state. This is because “discourses provide an interpretative framework to make sense of these structural changes, the crises that often accompany them and appropriate responses thereto” (Jessop, 2009; pp. 137-156). Emphasis upon the concepts like de-industrialization, flexibility, entrepreneurialism, employability, globalization as a new dynamic of capital accumulation, knowledge-based economy or new growth theory reflect such discursive-strategic shifts. When we take the mediating role of the ideological manipulation in the establishment of hegemony into account, the discursive shift from welfare to competitiveness can be read as a part –both an establishing and a resulting part- of the neo-liberal hegemonic process, from a Gramscian perspective. Being the indicator of Jessop’s positioning himself in *cultural* political economy; discursive-strategic shifts constitute an important sphere to be explored, concerning the neoliberal transformation. The victorious discourse on the reasons of and

solutions for the crisis experienced by Atlantic Fordism and KWNS has been obviously the neoliberal discourse and strategic selectivities of state that comes under restructuring have been shaped accordingly. The neoliberal discourse opts for a clear-cut division between political and economic spheres, thus between the state and the market. Market should *once again* be left to its own rational operation and purified from the irrational political decisions. In the core countries, welfare provisions were eliminated, thus the “intervention of the states into markets” was limited. Privatization, deregulation, liberalization of capital flows were the main pillars of this transformation process. The fact that those main pillars were exported, through the mediation of global actors that have declared themselves as the carriers of the neoliberal project, to the underdeveloped countries as well shows the imperialistic character of this project. To the extent that the neoliberal project has a clear expansionist character, it should be read as a hegemonic one.

Williamson (1990) phrased the policy instruments Washington had developed for the Latin American countries as the Washington Consensus. The set of policy reforms Washington –“ both the political Washington of Congress and senior members of the administration and the technocratic Washington of the international financial institutions, the economic agencies of the US government, the Federal Reserve Board, and the think tanks” in his own words- had proposed for Latin America were as in the following: “fiscal discipline; a redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure; tax reform (to lower marginal rates and broaden the tax base); interest rate liberalization; a competitive exchange rate; trade liberalization; liberalization of FDI inflows; privatization; deregulation (in the sense of abolishing barriers to entry and exit); and secure property rights” (Williamson, 1990; pp. 5-20). The so-called Washington Consensus marked the period (roughly 1980s onwards), within which the neoliberal transformation has been realized until the financial crises of late 1990s period, when this Consensus came under discussion, a Post-Washington Consensus discourse was developed, becoming famous after Stiglitz’s (2005) emphasis on it, and a hot debate over regulation was started.

2.2. A NEW MOMENT OF THE NEOLIBERAL TRANSFORMATION: INDEPENDENT REGULATORY AGENCIES

2.2.1 Theoretical Bases of Independent Regulatory Agencies

This section develops a critical discussion on question of how the independent regulatory agencies can be incorporated into a meaningful theoretical framework. It is crucial to understand the mainstream approaches, to which actors of the establishment process refer; in order to develop a critical approach to the process. Within this context, the discussions carried out under the titles of New Public Management and Governance will be analyzed as they constitute the main approaches, which are widely utilized by the actors of the process as legitimating discourses in the process.

2.2.1.1 New public management

New Public Management Approach involves a shift away from public administration and towards the area of management. It transferred not only the techniques but also the values of management to the public sphere. (Akbulut, 2008; p.78) Transfer of these values and restructuring of the state/public sphere accordingly require an analysis of the relationship between global capitalism and the New Public Management Approach. Before turning to the meaning of the NPM for the state in global capitalism, however, its theoretical bases, namely the Public Choice Theory and the New Institutionalism (ibid), will be touched upon.

Public Choice –James Buchanan being the most important representative- is based on the assumptions of methodological individualism and homo-economicus, who tries to maximize his/her self interests. (ibid, p.79) It conceptualizes state on these assumptions and argues that bureaucrats –as being individuals- are also self-seeking entities, seeking rents in the “political marketplace” like other individuals seeking profits in the “economic marketplace”. State, here, is seen as an arena of

exchange. It is accepted that the intervention into market is the reason, not the result of the market failures. “For ‘political allocation’, as opposed to market-based allocation, of scarce resources is said to have the ‘unintended’ result of allowing the self-seeking individuals to escape the invisible hand of the market and to redirect policy proposals for their own advantage, thus imposing ‘social costs’”. Here, paradoxically, what contradicts with ‘social good’ as a whole is again ‘individual rationality’, observed in the ‘rational’ rent-seeking behaviour. (Yalman, 2007; p.393) Then it is assumed, in this approach, that if the constraints of political intervention can be removed, economic growth will be achieved. However, when the problem in rent-seeking behaviour is the unintended consequences of rational self-seeking behaviour, the same thing is proposed as a solution for the individuals in market regardless of the costs of its unintended consequences. The most important problem of the approach, as Yalman puts it, is its depicting the state “as an instrument to be ‘colonised’ in order to pursue individual interests”; since this shifts “the principal social contradiction from being between producing and appropriating classes to one of distribution among the appropriating groups”. (ibid; pp.397-398)

Akbulut (2008) argues that whereas the Public Choice Approach served to the purpose of eliminating welfare state and of justifying the public management structure of global capitalism; the second step, namely the establishment of political-administrative structure of the new accumulation regime, was taken as it was being modelled by the New Institutional perspective –Douglas North being the most important representative. The most significant contribution of New Institutionalism to New Public Management is the argument that the principal-agent model can serve as a tool of costing qualitative transactions and assets in accordance with market/management principles; thus leading to the proliferation of contract relationship to the whole of the political/social relations. (Akbulut, 2008; pp.79-80) Transaction cost, which is defined as the sum of the cost of measuring valuable properties of exchanged things and the cost of putting the agreements in effect, auditing them and protection of rights, is central to this approach. North suggests that institutions are important because only they are able to structure economic change, since they determine, together with technology, the exchange structure that affects transaction costs. (Bayramoğlu, 2005; p.121) Property rights are also important;

because there is a cost of maintaining the property rights system as it involves exclusion of some people not owning these rights, its maintenance again requires institutions. (ibid; pp.122-123) State is regarded as the provider of protection and justice in return for taxes, in North's (1994) conceptualization; here, then, the relation is one of exchange.

Then, what are the basic premises of the NPM that have Public Choice and New Institutionalism as its theoretical roots? If NPM is a departure from the "classic public administration paradigm", an overview of the characteristics of this paradigm can be a good starting point. There are six principles, upon which the organization of the public sector was based in this paradigm; namely, an apolitical public service, hierarchy and rules, permanence and stability, an institutionalized civil service, internal regulation, and equality. (as listed, though not without problems, in Pollitt, van Thiel and Homburg, 2007; p.3) This paradigm was criticized harshly beginning from the late 1970s by the New Right ideology, and in the end attacked –within the context of neoliberal restructuring of state- by NPM reforms including "lean and highly decentralized structures, like semi-autonomous organizations, rather than large, multi-purpose, hierarchical ministries or departments"; "the use of divisional structures in public service resulting in breaking down former unitary bureaucracies as well as [public private partnerships]"; "a widespread emphasis on contracts"; "a much wider than hitherto deployment of markets (or market-type) mechanisms for the delivery of public services"; "more attention for the management of organizations and management skills of public servants –as opposed to policy advice and legal skills", "customer (rather than citizen) orientation", "performance-related systems for recruiting, promoting and paying staff", "increased flexibility in hiring and firing"; "a shift in the focus of management systems and efforts from inputs and processes towards outputs and outcomes", necessitating accountability; and last but not least "a shift towards more measurement and quantification". (ibid, pp.4-5) Pollitt, van Thiel and Homburg (2007) emphasize that variations in the institutional contexts in different countries, within which these reforms are implemented, lead to divergence. Here, however, a general trend is tried to be understood. However, it does not necessarily mean an acceptance of the argument of the NPM that the techniques of management can be applied in the same manner across historically varied countries.

It has been widely accepted and told in all textbooks of the NPM that this approach signifies a clear cut departure from the Weberian notions such as bureaucracy; however, this acceptance is not without its criticisms. Gregory argues that this acceptance results from a lack of knowledge about what Weber himself had written; because, he finds the NPM as “the latest and most significant manifestation of what Weber called the process of ‘rationalization’, the quest for greater calculability and precision in the management of human affairs”. (Gregory, 2007; p.222). Furthermore, Gregory cites Weber who argues that “the decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization... Precision, speed, unambiguity...”. On this basis, Gregory asserts that Weber would not get surprised by the emergence of the NPM. (ibid, p.231) NPM shows a triumph of instrumental rationality over substantive rationality. This is related with the paradox NPM carries in itself. The problem of unintended consequences cannot be solved only by increasing calculability within politics, which involves humans; hence the term “*verstehen*” comes from Weber. Effectiveness can only be increased by being more sensitive to political processes, Gregory argues; but NPM’s very basic claim to be apolitical is in contradiction with this (ibid, p.233).

The claim of being apolitical can be read as the redefinition of the separation between the political and the economic. This separation is now carried into the sphere previously defined as being political. The separation within the public sector between policy-makers and operational agencies, however, gives more leverage to being political to the extent that technicality provides more autonomy. Then, it can be said that accountability, one among the keywords of the public governance approach, remains a rhetorical word to the extent that the technocratic language cannot be spoken by those, to whom the politicians are accountable.

2.2.1.2 Governance

The transformation of the state in the era of neoliberal globalization has been interpreted as the fading away of the borders of the nation-state. If this interpretation

refers to the increasing importance of other levels, namely global/international, supranational (regional) and sub-national (again referred to as regional), it seems a reasonable argument. However, if it refers to the dissolution of the nation-state, it becomes a problematic assertion to defend. Increasing importance of the levels other than nation-state has been conceptualized in various ways. Robinson writes that “the transition from the nation-state to the new transnational capitalism also involves the reorganization of the state in each nation and the rise of truly supranational economic and political institutions that begin to acquire the characteristics of a transnational state”. He suggests that internationalization of capital and civil society involved internationalization of state. (Robinson, 2003; p.42) This transformation was conceptualized by Cammack as the “internationalization of the state apparatuses”. (Cammack, 2005) It finds its expression in Jessop’s terminology as the “internationalization of the policy regimes”; within which key policy regime players begin to include foreign agents and institutions, international competitiveness becomes important, and supranational state formations and international regimes are developed. (Jessop, 2009; p.304)

Internationalization of the policy regimes is one among the “trends in the state” in terms of the “change in its role in capital accumulation and social reproduction”. (ibid, p.293) The other trends in the state within this conceptualization are “denationalization of the state” and “destatization of the political system”. The former include repositioning of some functions of national state in the pan-regional, multi-national or international states or inter-governmental structures and of some other functions in the regional or local level. Here, the role of supranational state systems increases; regional and/or local states gain stronger roles with the increase in international state apparatuses; and connections among local states increase. (ibid, p.297-301) Whereas the former involves “territorial dispersion of the national state's activities (de- and re-territorialisation)”, the latter is related with “redrawing the public-private divide, reallocating tasks, and rearticulating the relationship between organizations and tasks across this divide on whatever territorial scale(s) the state in question acts”. The public-private divide blurs, Jessop argues, and at every scale a “shift from government to governance” has been experienced (ibid, pp.301-302). This point brings the discussion to the concept of governance.

Clarke (2004) provides a definition for both sides of this shift; whereas government is “understood as direct control”, governance refers to “the indirect pursuit of effects through other agents” (Clarke, 2004; p.108). In reference to Rhodes, who emphasizes nation-state’s being “hollowed out” as a result of the upward and downward move of power and authority; Clarke (2004) mentions three modes of coordinating social life, namely hierarchies, markets and networks. According to the model of Rhodes, market relations supersede bureaucratic hierarchies and, in turn, they are being replaced by networks (ibid). Clarke (2004) underlines that; the three are “functionally equivalent”, although the latter one fits into more complex contexts. Here, the model involves normative evaluations concerning its appraisal of networks, exemplified in picturing “self-governing” as a desirable thing and in networks’ constituting the “endpoint of a historical sequence”. However, networks carry the possibility to “substitute private for public regulation”, thus they may limit participation and accountability, according to Clarke (2004). In fact, this can be seen as more than a possibility, since it is a deliberate attempt to eliminate the political influences in the economic sphere. This attempt is mediated by the governance mechanisms, as the decision-making processes in parliament and bureaucracy are de-politicized and turn into “policy areas of the government” (Bayramoğlu, 2005; p.111). Here, the representative democracy becomes invalid not as an unintended consequence, but as a result of this deliberate attempt to thicken the boundary between the politics and the economics. If we remember Burnham (2000), who underlines that “de-politicization is highly political”, Clarke’s (1991) statement, re-evaluated with reference to Jessop (2008), that governance is not the result of a depoliticized process becomes more meaningful. De-politicization or purifying the market from interference of the state involves more contamination of politics, since they require strong discursive support. In his works, Poulantzas had given the password of this puzzle by stating that the state is involved in the very establishment of market. In other words, to the extent that the market is itself something political, it is in need of constitution and does not exist as such in nature.

In rhetoric, governance approach proposes to remove the divide among state-society/market, and for this aim, the concepts like partnership or cooperation are repeatedly encountered. (Bayramoğlu, 2005; p.113) The antagonism between the

state and the society will be resolved, according to this approach, by reforming ruler-ruled/state-society relations, marketizing the operations of structure and the institutions of state, enabling equal participation of market actors and civil society actors in governing (ibid, pp.113-114). Then, the basic premises of the governance approach can be summarized as in the following. The governance approach defends that the autonomization of economy relative to politics should be achieved in order to prevent wrong choices in resource allocation, corruption and wasting of public resources. They conceive the requirements, rules and actors of market as creative and constructive, and on this basis demands public administration be regulated according to the market rules. They also provide prescriptions with regard to the territorial rescaling of the state. The scale of political sovereignty should shift from national to global because governance should be organized not as an international sphere constituted of independent states, but as a global sphere constituted of interdependent states. Accordingly, governance also requires the localization of state power in order to enable easier integration with global capitalism as it contributes to decentralization, and also as it improves democracy by increasing participation and accountability. All in all, the argument goes, the projected aim of development can be achieved not by intervention and planning at national scale, but by governance mechanisms organized at sub-national as well as supra-national scales (ibid, pp.114-115). Bayramoğlu also lists five different meanings attributed to the concept of governance (ibid, p.116). The first is its usage in the development literature with an emphasis on “good governance”; the second is about “public governance” that focuses on the regulation of the functioning and organization of state apparatuses with a new mentality; the third one is “self-governance” that focuses on the idea of self-regulation with an emphasis on civil society organizations and social networks; the fourth is the “corporate governance” that is related with the governing of the market actors; and the last one is the network governance with a reference to cooperation and spontaneous organization in the form of networks.

Hollingsworth, Schmitter and Streeck (1994) edited a book which includes detailed analyses of individual sectors. Here, they discuss the phenomenon of the internationalization of governance itself. Internationalization, in their view, refers to not only “growth of product market and product market competition beyond national

boundaries”, but also internationalization of products, supplier relations-production chains, finance markets, labour markets and the industrial organization. They argue that internationalization of sectoral economies was responded to by international and supranational regime formation (Hollingsworth, Schmitter and Streeck, 1994; pp.288-289). This include –similar to the above-mentioned conclusions- “horizontal interaction among diverse national regimes in an internationalized economy”, “upward delegation of governance from national regimes to an emergent international regime”, and “downward authoritative modification of national regimes by supranational governance” (ibid, pp.290-294); leading the authors to conclude that there is a cross-national convergence concerning governance.

The conceptualization of “trends” by Jessop (2009), however, seems more plausible; because, although Hollingsworth, Schmitter and Streeck (1994) emphasize the divergence among different countries in adopting the concept of governance, resulting from their institutional structure established up to that time, the idea of convergence among these different cases is reminiscent of an understanding of governance as an inevitable end to which all ways will reach. Reading this as a trend will also help in putting the question of the survival of state as a valid scale in its place. Jessop argues that each trend in the neoliberal era is corresponded with a counter-trend. (Jessop, 2009; pp.305-309) “Denationalization of state” is corresponded with an “increased scope for state in inter-scalar articulation”, and “internationalization of policy regimes” is corresponded with “contesting the forms and implementation of international regimes”. Concerning the shift from government to governance, which had been conceptualized by Jessop as “destatization of politics”, the counter-trend is an “increased role for state in meta-governance”. Jessop argues that this shift does not necessarily imply weakening of the state apparatus as a whole or undermining of its capacity to pursue specific projects; on the contrary, the state retains an important role as a result of the very development of non-governmental regimes, “[f]or it is not only an important actor in many individual governance mechanisms, but also retains responsibility for their oversight in the light of the overall balance of class forces and the maintenance of social cohesion” (Jessop, 2002; p.203).

If the categorization provided by Bayramoğlu (2005) is revisited; it can be said that the focus will be on the second meaning of governance. This refers briefly to the restructuring of the state in accordance with the market rationale, underlying relations of which will be discussed below. Hereafter, the relation between NPM and public governance can be discussed. The restructuring of the public sector in line with the principles of governance discussed above was based on the NPM that had created the link with management in 1980s (Bayramoğlu, 2005, p.133). The idea formulized by Osborne and Gaebler in 1992 that the government should act as an entrepreneur is critical in this process, as it refers to competition –reminding us the conceptualization of the shift from KWNS to SWPR by Jessop. The concept of governance was formulated in the 1990s; it was used firstly in the report titled “Sub-Saharan Africa: From Crisis to Sustainable Growth” prepared by the World Bank and, in time, it was adopted by the IMF, OECD and EU (Kayıkçı, 2008; p.169). Public governance includes all the public sector reforms, components of which are privatization, marketization, corporate management, regulation, decentralization and proliferation of independent regulatory agencies (Rhodes, referred to in Bayramoğlu, 2005; p.134). The definitions of public management and public governance is given briefly as “an approach that uses managerial techniques... to increase the value for money achieved by public services” and as working of an organization “with its partners, stakeholders and networks”, respectively (Bovaird and Löffler, 2009; p.6). The difference between the two is put –by the “official textbooks” of the issue- as such: results are measured in terms of outputs in public management. In terms of outcomes in public governance, more importance is given to the decision-making process, in which stakeholders are assumed to participate. However, this assumption of co-existence is one having only a rhetorical sense or refers to an exclusionary one taking place among already advantaged people.

2.2.2 Global Experience under the New Moment

What characterized the late 1990s are the successive financial crises, leading to new turns in the neoliberal restructuring process. The shift from the Washington

Consensus to the Post-Washington Consensus can be seen as a breaking point in the neoliberal transformation because the latter feels the need for correction of market failures by the state intervention. However, in line with neo-liberalism, it focuses “on the question of how to improve the performance of the state and avoid state or government failure”. Therefore, “[a]n interesting symmetry is established by noting that states are important for the effective functioning of markets but also that markets or market-like mechanisms are important for the effective functioning of states.” (Öniş & Şenses, 2003; pp.15-16). In this context, The New Public Management Approach transferred not only the techniques but also the values of management to the public sphere (Akbulut, 2008; p.78). The attempt to turn the states into firms, accordingly, is based upon the legitimization provided by the concept of Governance. Establishment of the independent regulatory agencies within this context can be read as a response to the need for reproduction of the neutral appearance of the state. The technocratic language dominant in these agencies -as an expression of the so-called “de-politicization” process- contributes to the separation between the political and the economic and thus to the neutrality of state and its independence from the class struggle. If we remember Burnham, who states that “de-politicization is highly political” (2000), Clarke’s statement, in reference to Jessop, arguing that; governance is not the result of a depoliticized process (Clarke, 1991) becomes more meaningful. De-politicization or purifying the market from interference of state themselves involves more contamination of politics, since they require strong discursive support.

Because of the fact that the dichotomy between the state and the market constitutes the basis, upon which all of the discussions about the establishment of independent regulatory agencies are based, it should be firstly underlined that this dichotomy is a result of an historical development that is specific to capitalism. If we are to deal with discussions like “less state-more market” or “a little bit more state-still more market”, which summarize the so called Washington Consensus and Post-Washington Consensus respectively, we should grasp that this dichotomy has been reproduced within the context of the establishment of IRAs. The need for more regulation has been the conclusion made as a result of the failures of the first consensus leading to financial crises, and the IRAs have been established to meet this need. However, “what” is regulating “what” constitutes the gist of the discussion;

and the continuing lack of solutions for crises of capitalism shows that these “what”s require a deeper analysis.⁵

2.2.3 The Neoliberal Transformation of the State in Turkey

The crisis of the late 1970s initiated a *transformation* for the capitalist states all around the world. In the core countries, welfare provisions have been eliminated, thus the “intervention of states into markets” has been made limited. Privatization, deregulation, liberalization of capital flows were the main pillars of this transformation process. Being a developing country, Turkey experienced this transformation through a shift in the strategy of industrialization from an import-substitutive one to an export-oriented one. Accordingly, the state was to move away from the market. However, to the extent that this required a restructuring of the redistributive role of the state, its moving away would end in its slipping into the market, because of the fact that they are not in an external relationship.

In 1980, Turkey witnessed two important developments; namely the “January 24th Decisions”, signed by the Minister of Economy of the time, Turgut Özal, who will be the Prime Minister later, and the “September 12th Coup”. Seemingly, the first one belongs to the economic sphere and the second to the political one. However, both of the developments were the cornerstones of the neoliberal transformation of Turkey. Change in the form of the capitalist state in Turkey had to be materialized through a change also in the regime of it, in Poulantzas’ terminology. This change in form was defined as “the counter attack of capital” by Boratav (2010, pp.145-169) or “putting an end to class-based politics” by Yalman (2009, pp.298-340). These two assertions show the importance of the fact that classes struggle finds its expression in the state. For this very reason, the neoliberal hegemony has established itself by overtly disguising the existence of class struggle as well as that of class itself. This

⁵ Analyzing “the state” and “the market” or “the political” and “the economic” does not suffice to provide solutions for the crises of capitalism, of course. The attempt, here, is to point out to the fact that the contradictions leading to crises are inherent in the capitalist system itself. Resolution of these dichotomies would serve to this attempt. However, it is obvious that understanding the capitalist system is one thing; “the point is to change it”, as Marx had written in his theses on Feuerbach (11th thesis).

point on Turkey becomes much clearer within the general framework of Poulantzas, who puts forwards that:

“In capitalism, the direct producers are entirely dispossessed of the object and means of their labour... It is this very structure of capitalist relations of production that makes a commodity of labour power itself and converts surplus labour into surplus-value. As regards the relationship between State and economy, this structure further generates the relative *separation* of the State and the economic sphere (accumulation of capital and production of surplus value) – a separation which underlies the characteristic institutional framework of the capitalist State...” (Poulantzas, 1978; p.18)

The state, according to Poulantzas (1978), is involved in the “constitution and reproduction of the relations of production”. He defines the changes throughout the history of capitalism as “‘transformed forms’ of this separation”. (ibid, p.19) Hence, neoliberalism is one of the forms within which capitalist relations of production has been constituted since the late 1970s. Under this form, the fundamental question of the separation has been redefined. That is, the state is involving in the constitution and reproduction of this new form by taking itself a new form. In this respect, the state becomes an expression of the class struggle, through which new forms are materialized and condensed. Jessop points to the “structural co-existence and co-evolution of the regimes of production and modes of regulation” in his analysis of the shift from a Keynesian Welfare National State towards a Schumpeterian Workfare Post-National Regime. This shift also refers to the co-evolution with the transition from the Atlantic Fordism towards Post-Fordism (Jessop, 2009; pp.102-219). This analysis also shows how internal the relation between the state formation and the class formation is. Classes under capitalist mode of production exist inevitably in contradiction with each other. This contradiction is experienced through the struggles composed of power relations. Through “experience”, as E. P. Thompson (1963) asserts, classes are formed. These experiences in turn are mediated through the state. That is why Poulantzas (1978) defines the state as the “condensation of power relations” (Demirovic, 2007). Having asserted that states and markets are not externally related and that neoliberalism refers to a change in form under capitalism, which co-evolves with a change in the form of the state, we should underline that the shift from the Washington Consensus to the Post-Washington

Consensus is a shift *within* this very form. The historical developments Turkey witnessed in the last three decades would clarify these arguments.

2.2.3.1 The establishment of IRAs in Turkey

Bedirhanoglu and Yalman state that, from the 1990s onwards, “the initial anti-state, market fundamentalist stance would give way to the acknowledgement of the need for state interventions provided that they become ‘market-friendly’” (Bedirhanoglu & Yalman, 2010; p.115). What prepared this call was the continuation of the so-called state tradition, which “perpetuates incentive structures that generalize ‘rent-seeking’ behaviour”, as “political rationality” dominates “economic rationality” (ibid, p.114). For some, “the increasing dependence on hot money flows in the context of capital account liberalization and the macroeconomic instability” pointed to the requirement of institutional supervision and regulation (Öniş & Bayram, 2008, referred to in ibid, p.115). So, the delegitimized political rationality should give way to a more rational rationality through the restructuring of the separation into a new form under regulation. This view was also held by leading international institutions. The stand-by agreement signed with the IMF in December 1999 “entailed important long-term structural and institutional reforms such as the need to regulate the banking system through the setting up of an independent regulatory authority”, clearly reflecting the Post Washington Consensus mentality, as Öniş puts it (Öniş, 2009; pp.6-7). An OECD Report on the regulatory reforms for enhancing market openness in Turkey was published after the 2001 crisis. In this report, it is stated that Turkey’s performance in the neoliberal transformation process was good, however, it should do more to change its “old regulatory structure” (OECD, 2002). Implementation of the regulatory reforms provided “the restructuring of the state in line with the requirements of a globalized market economy”, according to Yalman and Bedirhanoglu (2010), which is associated also with the promise of an accession to the EU. “[I]t implied the internationalization of the Turkish state in the sense of its cooperation in taking responsibility for global accumulation within its borders and its

cooperation in setting the international rules for trade and investment”, in their words (Bedirhanoğlu & Yalman, 2010; p.117).

Öniş states that “the new phase of neo-liberalism in Turkey has been associated with a process of rebuilding state capacity in line with the requirements of a globalized market economy. What we observe, however, is the emergence of a ‘regulatory state’ or a ‘competition state’” (Öniş, 2009; p.27), which is an improvement, according to him. While defining the competition state, Cerny writes that:

“...deregulation must not be seen just as the lifting of old regulations, but as the formulation of new regulatory structures which are designed to cope with, and even anticipate, shifts in competitive advantage. However, these new regulatory structures are often designed to *enforce* global market-rational economic and political behaviour on rigid and inflexible private sector actors as well as on state actors and agencies (to make them) more market-minded in their decisions and structures.” (Cerny, 2000, referred to in Yalman, 2004, pp.19-20)

The dual process referred to by Cerny is recognized in the context of Turkey by Öniş as such: “The new phase of neo-liberal restructuring in the aftermath of the 2001 crisis involved a mixture of *re-regulation* and *de-regulation*.” (Öniş, 2009, p.14). It should be stressed that these processes are not in contradiction with each other. Elements of the re-regulation (for example, “strengthening the position of autonomous regulatory agencies”) clearly show how those of de-regulation (for example, “further liberalization in the economy such as the removal of state monopoly in tobacco production”) are mediated, legitimized and even institutionalized. Thus, it can be rightfully argued that re-regulation is, in fact, the regulation of de-regulation.

According to Öniş, this new phase of neoliberal restructuring “represented a radical point of departure from the earlier phases in terms of improving the regulatory capacities of the Turkish state” (ibid.). Bayramoğlu puts 1999 as a turning point, after which restructuring replaces the elimination strategy, governance model is established and a new model of political power emerges. The stabilization program signed with the IMF in 1999 proposes structural reforms in four areas, namely, agriculture, social security, fiscal discipline and tax administration. According to her, unlike sole privatization, this restructuring is achieved through institutionalization

(Bayramođlu, 2005, pp. 291-3). What the governance model contributes to neoliberal restructuring process is, then, its organizing the process of an institutionalized change through legal protection, which is a fact, observed in the legislative activity Derviş pursues defined with the famous words “15 laws in 15 days”. As it had already been mentioned above, the shift from WC to PWC was one within the neoliberal form and it served to the institutionalization of the neoliberal transformation.

Establishment of IRAs is seen –within the confines of this thesis- as a new moment within neoliberal transformation and as one that refers to the above-mentioned institutionalization process, especially in Turkey. Unlike other experiences in world, Turkish experience of establishment of IRAs overlaps with the new moment. Although there exists some IRAs before the new moment, a sudden increase is seen both in numbers and the roles of IRAs late 1990s onwards. Established in 1981, Capital Market Board is the first IRA in Turkey. Thereafter comes, in 1994, The Higher Board of Radio and Television. In the same year, the Competition Agency was also established. Although the establishment of these IRAs dates back to the period preceding the new moment, most of the IRAs in Turkey have been established between 1999 and 2002. Banking Regulation and Supervision Agency was established in 1999, Telecommunications Agency in 2000, Energy Market Regulatory Agency in 2001, Sugar Agency in 2001, the Tobacco, Tobacco Products and Alcoholic Beverages Market Regulation Agency –which was later renamed as Tobacco and Alcohol Market Regulatory Authority- in 2002, and Public Procurement Agency in 2002.⁶

Within the context of the discussion so far, the thesis will discuss the neoliberal transformation of the tobacco sector in the next chapter. Such an analysis will provide important insights into the neoliberal assault against a particular sector which had hitherto defined with reference to the import-substitution regime. On the basis of this analysis, the Chapter 4 will develop a critical analysis on the institutional transformation of the state’s existence in this sector from TEKEL to TAPDK. This discussion will be based on the “form analysis” as developed throughout this chapter.

⁶ See Sönmez (2004) for a detailed description of the establishment of IRAs in Turkey.

CHAPTER 3

NEOLIBERAL TRANSFORMATION OF AGRICULTURE IN TURKEY

This chapter will deal with the neoliberal transformation of the agricultural sector in Turkey, with a specific focus on the tobacco. Since being the agricultural product, market of which began to be regulated by TAPDK within the context of the neoliberal transformation, tobacco constitutes a significant topic for this thesis. Therefore, how this transformation has been experienced specifically in the tobacco sector needs a separate analysis. After a brief history of the tobacco sector in Turkey, the chapter will examine the neoliberal transformation of the agriculture in general in Turkey. Then, after touching upon the establishment of IRAs in the agricultural sector in Turkey; the chapter will provide a discussion on the concept of Petty Commodity Production and on its transformation, since it constitutes the main relation of production among tobacco farmers. Finally, it will attempt to grasp the transformation the main actors in this sector have experienced under neoliberalism. By defining the actors as the representatives of the state, capital and labour; the chapter will analyze how the process of transformation, which will be discussed throughout the chapter, makes sense within the context of the class struggle.

3.1. A BRIEF HISTORY OF TOBACCO SECTOR IN TURKEY

The phrase “smoking like a Turk” did not appear out of nowhere. Although it has been a phrase used by “outsiders” –Turk, here, referring to not a nationality, but a broader identity-; if we are to look from “inside”, it is still not difficult to find the possible material conditions that had created the bases, upon which this phrase was

built. Before moving into details of the analysis of underlying class relations concerning the tobacco sector; a reservation has to be made here. The legitimization mechanisms of all of the institutional transformations had been established upon tobacco's constituting a comprehensive area, which includes production process, exchange mechanisms, and consumption patterns. Because of that, this comprehensiveness has to be kept in mind at each step, if how the transformation that develops in line with the hegemony is to be understood. Therefore, while attempting to make sense of that phrase, we are to consider the broader framework, which constitutes the background of the figure of "smoking Turk". Mainly two inferences can be derived. He is smoking Turkish tobacco, and he has a distinctive way of smoking. Firstly, oriental tobacco has had a special place among other tobacco types; because of not only its taste, but also the distinctive character of its production process, which is the most torturous one among others. There are three types of tobacco: Oriental, Virginia and Burley. Plants of Virginia and Burley tobaccos are very big, when compared to Oriental tobacco. Production process of oriental tobacco is more labour intensive than other types, because it is harvested manually, whereas the others are suitable for harvesting machines. Secondly, the distinctiveness of the way Turks smoke does not come from being in a state of trance, but from smoking collectively. Coffee houses have been an important element of the culture of those people living on this territory, both in Ottoman Empire and the Republican eras; and they have even created interest among foreign scholars, such as F. Georgeon, who had written on coffee houses in Istanbul in the late Ottoman period (Georgeon, 1999).

Coffee houses have been defined as places, where men (if, for a moment, we neglect the modern version of them, where women are also present, and the latest version of them, where the effect of smoke-free air zone mentality is trying to have itself a place) smoke and get socialized. Although, there are various kinds of coffee houses for various men coming from different class positions; coffee houses have been common among subordinate classes, as a place of coming together, smoking, and constituting indirect mechanisms of resistance. This pattern of tobacco consumption is related with the first point mentioned above. Oriental tobacco has been cultivated in the unproductive and inclined lands, and tobacco production has

been a labour-intensive (or rather intensive labour-intensive) process, which depends upon family labour. Whole family comes together, for approximately 14 hours a day, on poor soil; mostly to provide just their own reproduction. Resistance mechanisms of tobacco producers will be touched upon below; however, observing similar patterns from its production to consumption is not insignificant, to the extent that tobacco has to be grasped in a comprehensive sense.

In the Ottoman Empire, smoking had begun at the end of 16th century. After a century, at the end of 17th century, marketing and consumption of tobacco began to be taxed, although its production remained free. Then, with the regulations in the sector, customs duties were increased and production was taxed as well. Increasing production started tobacco export and import of tobacco was banned in 1861 (Ecevit, 1999; p.25).

Ibrahim Pasha, Governor of Egypt, is considered as the person, who had started tobacco trade and who had a role to play in the consumption of tobacco in the form of cigarette. Rumour has it that he sent tobacco and shisha to soldiers, during the siege of Akka Castle by France; and as the shishas were bombed, soldiers used ball cartridge papers to smoke the tobacco sent (TTA, 2011). The tobacco culture met foreign actors in the Ottoman Empire, in the late 19th century. Ottoman Public Debt Administration, which was established in 1881, gets tobacco revenues, as well. Reji, a French Company, established the Cibali Cigarette Factory in 1884; and also producers had to get certificates from the Reji Administration in order to produce and sell the tobacco they produced only to that Company. Smuggling -also today a significant factor, against which proponents of legal market relations fight- occurs as a result of the high prices brought about by monopolization in the sector.

With the establishment of the Republic, the state gained the authority over purchase, processing, cigarette production for the domestic market and sales of tobacco, monopoly of which had belonged to Reji since 1883. It started support purchases in 1944 and established the tobacco monopoly in 1947. Tobacco production increased between the years 1960 and 1976 from 139 million tonnes to 314 million tonnes. Within this period, tobacco export revenue remained second among total export revenue of Turkey. However, as the terms of trade turned against agricultural sector after 1973, place of tobacco sector in the economy began to

change as well. On the other hand, the state failed in controlling the speedily increasing amount of tobacco cultivation areas. It resulted in a decrease in the quality of tobacco and overproduction. While the private sector was only active in tobacco purchase for the purpose of export; state monopoly was responsible not only for tobacco purchase for the purpose of domestic consumption, but also for support purchases. Besides support purchases and determination of the price, the state also provided tobacco producers with agricultural credits through Ziraat Bank and Agricultural Credit Cooperatives. Moreover, the state supported the supply of basic inputs like fertilizers. Being the institution responsible for state monopoly of tobacco, TEKEL also carried out research and education programs to improve the seed quality and to prevent tobacco diseases. (Ecevit, 1999; pp.25-30)

If the authority and responsibilities mentioned above are taken into consideration, it can be argued that TEKEL's role in the tobacco sector in Turkey had been a comprehensive one throughout its existence. This role has now been transferred to TAPDK (Tobacco and Alcohol Market Regulatory Authority), as TEKEL was dismantled and privatized, within the context of neoliberal transformation of tobacco sector –as a part of that in agriculture in general- in Turkey. This chapter will specifically examine this transformation process.

3.2. NEOLIBERAL TRANSFORMATION OF AGRICULTURE IN TURKEY

As it was discussed in the second chapter, the transformation from Keynesian policies towards neoliberal ones has begun in Turkey, in the 1980s, as well as in the world. However, the agricultural sector has a unique place concerning the historical periodization of this transformation. Neoliberal transformation has begun later in the agricultural sector. There is a lack of overlapping among the neoliberal transformations different sectors of economy -such as industrial, trade, financial and agricultural sectors- experienced. Firstly, the term “lack of overlapping” does not imply that there should be a temporal overlapping among them. The materialization of the neoliberal transformation for different sectors in different periods –which

should not be in sequence, either- depends upon the historical conditions. However, this lack of overlapping needs explanation. Secondly, this lack of overlapping results from the unique characteristics of each sector. Again, this does not mean that they constitute independent spheres from each other. However, since the area of interest for this thesis is the neoliberal transformation of agricultural sector in Turkey, the specific focus will be on the latter. It will attempt to explain the delay in that sector; by revealing the relations between it and the establishment of IRAs. Whereas there is a lack of overlapping between neoliberal transformation in general and that in agricultural sector, there is an existence of overlapping between the transition to the Post-Washington Consensus and neoliberal transformation in agriculture. This reveals not only how the establishment of independent regulatory agencies is interrelated with the neoliberal transformation, but also how that very establishment process refers to a moment within neoliberal capitalism. It should also be stated here that the delay in the neoliberal transformation of agriculture as compared to the neoliberal transformation in general refers to a delay in the condensation of that transformation, rather than its beginning. To the extent that neoliberalism constitutes a whole process that began in 1980 in Turkey, agricultural sector also began to experience it from then on; however, its intensification came two decades later.

The delay in the neoliberal transformation of agriculture stems from the unique character of agriculture. Aydın states that “[s]ince 1980, the implementation of neo-liberal policies in agriculture has been far from smooth” (Aydın, 2010, p.156). It was difficult to implement neoliberal policies during the two decades following 1980; still this period does not refer to one of inertia. Concerning the product, which constitutes the case of this thesis, namely tobacco; the start of neoliberal transformation dates back to 1984. Import of cigarettes was liberalized in 1984, that of tobacco in 1989. Between 1989 and 1992, foreign firms began to establish partnerships with the private sector to produce foreign brands in Turkey. While the amount of imported tobacco used in cigarette production in Turkey was 6.7% in 1989, it increased to 40% in 1999. In the meantime, domestic consumption of filtered cigarettes was increased by 50%, “because of the greater dependence creating characteristics of American cigarettes”. Whereas imports of tobacco increased from 243 million dollars in 1996 to 308 million dollars in 2000; exports decreased from

601 million in 1997 to 395 million in 2000. So, although Turkey's becoming a tobacco importing country had not yet realized, its significance as a tobacco exporting country had already been lost in the period preceding the new moment (Oyan, 2002; pp.67-68).

The new moment, within which IRAs were established, coincides with the acceleration of the neoliberal transformation of agriculture that had begun in 1980. Aydın explains the "slow" character of this transformation by referring to the dilemma between "economic efficiency and political legitimacy". He argues that the implementation of neoliberal policies in agriculture had been the target of transnational agribusiness companies, within the context of a "new food regime"; however, despite their pressure, the governments in Turkey had postponed to meet their demands, since agricultural producers had constituted a significant proportion of voters (Aydın, 2010; p.156). The most important mediation for the relation between economic efficiency and political legitimacy has been the financial crises in the period beginning from 1990s. With each crisis in that period, this relation was redefined, thus enabling the acceleration of the transformation.

As it was discussed above, the factors that contributed to the process of transformation were not shaped in a historical condition driven solely by domestic dynamics of class struggle but rather they could only be grasped within a context of pressures and directions of global capitalism in a financially liberalized world. In this context, the Bretton Woods institutions namely WTO, IMF and World Bank did take important parts in directing this transformation process. In this sense, Aydın (2010) defines WTO, IMF and World Bank as the carriers of the process, to the extent that they constitute an arena, within which transnational agribusiness companies became able to have a say on the direction of the policies. But it should not be missed that Bretton Woods institutions here are not conceptualized as simple tools of capital and but as mediations, through which class struggle expresses itself. This is a conceptually important difference since the fact that conditionality plays a contributory role in penetration of capital into developing economies does not result from a process of simple capturing of these institutions by global capital, rather it expresses the course of class struggle that favours –especially financial and global-capital, instead of labour in general. That is to say that the representatives of the

global capital have made underdeveloped countries dependent upon themselves through conditionalities by the above-mentioned institutions in exchange for debts required in times of crises. (As it was already discussed by World System and Dependency Schools⁷) However, although the process in every underdeveloped country has certain similarities, the process has been shaped by the course of class struggle in each country, that is to say, transformations in individual underdeveloped (also in developed) countries do not have homogeneous characters.

In the case of Turkey, as in the most of the other underdeveloped countries, the architects of the transformation of agricultural policies in 2000s are WTO, IMF and the World Bank, at the broadest level (Bayramoğlu, 2005). World Trade Organization's decisions affected world agricultural trade at the expense of underdeveloped countries. Being a developing country, Turkey was also affected by the process negatively, as she was forced to buy products like sugar, tobacco, wheat and corn from the world market. IMF's effect is very decisive as well in the transformation process. The stabilization program dated 1999 and determined by the letter of intent to IMF emphasizes the agricultural reform. This includes the elimination of agricultural support purchases step by step and replacement of it with the Direct Income Support. This requires the development of a farmer registration system. IMF defined a decrease by 50 percent in the credit subsidies provided by Ziraat Bank and Halk Bank as a precondition in 1999; and they were totally eliminated at the end of 2000. Secondly, the reform requires a speedy realization of the privatizations in the sector. Agricultural Sales Cooperatives were restructured and TŞFAŞ, ÇAYKUR and TEKEL became the institutions that are to be privatized, within the context of this so-called agricultural reform. World Bank participated into the process with its Agricultural Reform Implementation Project in 2001. (Bayramoğlu, 2005, pp. 365-367).

Furthermore, for a proper conceptualization of the concrete developments concerning the tobacco sector from the 1990s onwards in Turkey, firstly, the documents that are regarded as the building blocks of the neoliberal transformation of agriculture in Turkey will be summarized and then an appraisal of these

⁷ For a detailed analysis of these schools, see Alvin Y. So, "Social change and development: modernization, dependency, and world-systems theories", Newbury Park, Calif.: Sage Publications, c1990.

documents will be undertaken in order to answer the question how the pressures or directions coming from the WTO, IMF and World Bank have been internalized. However, it should be kept in mind that the EU membership process, inter alia, has also provided an impetus for Turkey in adopting the requirements of these documents.

3.2.1. “Internationalization of the Policy Regimes”

The so-called process of “Internationalization of the Policy Regimes” is implemented through a set of international agreements and projects, of which Turkey has become a part. A direct investigation of these documents, with a critical assessment provided in the end will be of use to understand the framework of the ongoing process.

3.2.1.1 Uruguay Round Agreement on Agriculture (WTO, 1994)

Members’ long-term objective “is to establish a fair and market-oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection; and through the establishment of strengthened and more operationally effective GATT rules and disciplines”. Under Part IV of the agreement, with Article 6, members committed to reduce domestic support. Here, it is also stated that “government measures of assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries”. In order to improve export competition, members committed to reduce export subsidies. (Part V, Art. 8-9)⁸. “[T]he Member instituting the export prohibition or restriction shall give due consideration to the effects of such prohibition or restriction on importing Members’

⁸ “The following export subsidies are subject to reduction commitments under this Agreement: the provision by governments or their agencies of direct subsidies, including payments-in-kind, to a firm, to an industry, to producers of an agricultural product, to a cooperative or other association of such producers, or to a marketing board, contingent on export performance; the sale or disposal for export by governments or their agencies of non-commercial stocks of agricultural products at a price lower than the comparable price charged for the like product to buyers in the domestic market; the provision of subsidies to reduce the costs of marketing exports of agricultural products.” (Art.9, para.1, a, b, d)

food security; before any Member institutes an export prohibition or restriction, it shall give notice in writing, as far in advance as practicable, to the Committee on Agriculture comprising such information as the nature and the duration of such measure, and shall consult, upon request, with any other Member having a substantial interest as an importer with respect to any matter related to the measure in question.” (Part VI, Art.12, para.1, a, b) The agreement also requires members to recognize “that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process”. (Part XII, Art.20)

3.2.1.2 Letter of intent to IMF, dated December 9, 1999; Önal & Erçel (1999)

The letter begins with praising the economic program that Turkey adopted after the April 1999 elections and states that it “centers on an ambitious goal: freeing Turkey from inflation and enhancing the prospects for growth and for a better standard of living for all parts of society.” (item 1). This program has three pillars, namely “up-front fiscal adjustment, structural reform, and a firm exchange rate commitment supported by consistent incomes policies” (item 7). In this program, agricultural reform is covered under the title of structural reform, as one of the areas, within which structural reform of the fiscal sector is to be realized.⁹ The part devoted to agricultural policies begins with the arguments that “Present agricultural support policies are not the most cost-effective way of providing support to poor farmers. They distort resource allocation by distorting market price signals, tend to benefit rich farmers more than poor ones, and lack coherence -given the fragmentation of the policy making process in this field among several ministries and public institutions.” (item 40) Therefore, a more cost-effective and market-friendly support policy is presented as a solution which is phrased as “the medium-term objective of our reform programs to phase out existing support policies and replace them with a direct income support system targeted to poor farmers... This system would be based on a farmers' registration system that would be completed by March 2001.” (ibid) In fact,

⁹ Others are pension reform, fiscal management and transparency, tax policy and administration. (item 39)

the proposed solution has worsened the reproduction conditions of the small peasants (the poor) since the supports are strictly tied to the amount of registered lands. The lands that the small peasants hold are divided into small shares through inheritance. In the case of small peasantry, this means, on the one hand, if the shares of each holder are transferred to them in terms of land registration, then each of them holds a small piece of land and receives a negligible quantity. On the other hand, if the registry of these lands is not transferred at all to each share holders, then none of them can benefit from this support policy, which thus loses its meaning. Moreover, because it is the amount of lands that is determinant of the amount and type of the support, the small peasantry became even more subordinated to the capital in terms of the forward and backward connections of production, since they are left alone against the *'unfettered rule of market.'*

Apart from these, the letter also promises to make the agricultural policies more rationalized (item 41). The set of principles that would guide this rationalization process include a cautious increase in the support price of sugar beet ("In 2001-02 TSFAS will operate the support for sugar beet production in such a way that its losses do not exceed a fixed amount set by the government in light of budgetary considerations. This will allow TSFAS factories to operate on a more commercial basis with greater freedom in setting prices and quantities in contracts with growers.", *ibid*); restructuring of Agricultural Sales Cooperatives and their Unions that carry on support purchases of industrial crops ("the draft law granting ASCUs full autonomy will be passed by parliament by March 2000, *ibid*); and gradual phasing out by government of the credit subsidy to farmers ("The total cost of credit subsidies sustained by Ziraat Bank and Halk Bank will decline from an estimated 1.2 percent of GNP in 1999 to 0.6 percent of GNP in 2000, *ibid*). What is rationalization is the development of a gradual depoliticization in the agricultural policies and decision making processes.

3.2.1.3 World Bank Agricultural Reform Implementation Project (ARIP) (World Bank (2001))

This project has its basis in the structural adjustment and stabilization program of 2001 which was adopted after the financial crisis.¹⁰ The conceptual foundations of this project “were laid by the policy dialogue with the Bank over the preceding years, which included extensive analysis of the past system of agricultural supports, and recommendations on how to reform it”.

Among the objectives of the ARIP, the first one is assistance to Turkish government “to introduce a unified national program of direct income support (DIS) for all farmers which is simple, transparent, and does not distort the incentive structure as did the past system”. Although it explicitly refers to all farmers in the beginning, then it makes a reservation that “[t]he intention is not to compensate every farmer fully for income lost by removal of the old subsidy system, but rather to cushion the short-term losses and continue to provide adequate support to the agricultural sector, but in an incentive-neutral way.” That is to say that the cost of this transformation is transferred to the producers, since the logic, structure and dynamics of the system are transformed to make it suitable for the penetration of capital into the agriculture by making the producers more vulnerable to market forces under the dominance of neoliberalism. As discussed above, the claimed neutrality refers to a depoliticized management. For the pursuit of systemic -in this case sectoral- efficiency, the aim is to embrace the use of value-free, objective criteria for making decisions (Centeno, 1993; p.311). That is to say, their claimed aim is the creation of depoliticized solutions to all organizational problems through a autonomous technocratized management for which ‘politics’ is inefficient and possibly corruptive (ibid), whereas the technocratization of decision making is conceived as a guarantee that the government would pursue a rational economic model. In this way, government decisions are argued to be adopted not by the political and ideological orientations but rather in line with the technical and scientific principles which base on a realistic and efficient methodology of understanding social problems (ibid, p.312). However, depoliticisation does not

¹⁰ This means that as in debt crisis of third world countries, most particularly in Latin America, the crisis has a functional importance in initiating the neoliberal structural adjustment process.

mean the direct removal of politics from social and economic spheres, rather it is highly political since by switching from a politicised to a depoliticised system in economic policy, governments could externalize responsibility for recomposition of labour/capital relations (Burnham, 2000; p.20). In fact, the language of blaming past system by politically distributing incentives is prevailing not only throughout the text of this project, but also in texts of other international actors. The second objective is that parastatals are to be commercialized and privatized within the context of domestic price reforms; and sales cooperative unions are to be restructured and privatized. “This reduces government involvement in the marketing and processing of agricultural products.” Thirdly, farmers would be encouraged to switch to alternative crops, instead of overproduced ones. For the case of tobacco sector, it is not a realistic policy, but it is the only option that is presented to the tobacco producers. It is unrealistic because the lands, on which the tobacco production is carried out, are not suitable for the production of other crops or the so-called alternative crops.

ARIP has four components. The first one is “design and implementation of the Direct Income Support system”, and it requires the establishment of National Registry of Farmers in order to identify “farmers who are eligible for payments under the DIS”. The second one is “farmer transition” to alternative activities “to cover the cost of converting from previously highly supported crops and provide investment support for on-farm and off-farm activities designed to diversify the sources of rural inhabitants income and rehabilitate small-scale public infrastructure”. The third one is “Agricultural Sales Cooperatives and Cooperative Unions restructuring”. “As a result of earlier State intervention in the cooperative sector, the State played a dominant role in the sector, but its intervention has proven to be unproductive and fiscally unsustainable... Under the new law on Agricultural Sales Cooperatives and their Unions, adopted in June 2000, the ASCUs no longer receive annual allocations of funds from the budget. Instead, they are required to become, once again, independent, financially autonomous and self-managed organizations dedicated to serving their farmer members by selling and processing crops on their behalf.” This law “also requires that the budget pay for the cost of severance payments associated with labour retrenchment”. The last component of project includes “support services”

that will facilitate its implementation. Implementation of the project is monitored through “reduction of costs and lessening of the distortionary impact of agricultural subsidies; and delivery of financial and technical assistance to farmers, agricultural cooperatives and enterprises affected by the policy reforms”. “The Government’s reform program has great long-term benefits... This project helps implement the reform program in the most efficient way, while providing a safety net for potential short-term losers... The safety-net is targeted to four groups: redundant employees of the ASCUs who receive severance payments financed by the project; cooperatives who benefit from capacity building (and their member farmers); farmers who receive assistance in making a transition to alternative crops when support prices for their traditional crops are eliminated; and farmers who receive DIS payments (virtually all farmers)... [S]ince farmers will be producing marketable crops more efficiently; they benefit more per dollar of government budget from direct cash payments than subsidies in kind (as much of such subsidy actually has gone to workers in ASCU and SEEs).” It should also be noted that workers are not even mentioned among the groups under the safety net in the ARIP.

3.2.1.4 An appraisal of these documents

The language reflected in all of the above-stated documents is one that, on the one hand, disguises the classes struggle -and even existence of class-, and on the other, not only results from but also results in the developments within class struggle. To sum up, support purchases were eliminated and were replaced by direct income support. This support mechanism does not depend on production, and is based upon the size of registered lands. On the one hand, it favours those farmers having larger lands, despite the discourse that it would provide equity among farmers and, on the other hand, it contributes to subjection of producers to market by replacing production-related support with cash. Also, farmer registration system is a tool in commodification of the agricultural possession. Agricultural cooperatives were restructured, and through this development, farmers became subject to financial capital, to the extent that they depend upon banks for credits. Contract farming

became a significant precondition for agricultural production. In the contracts signed before the crops are produced, the strength of farmers as a side of the contract is almost none, if the comparative level of organization of capital and labour is taken into consideration. Establishment of IRAs in the agricultural sector was used as a tool for the delayed transformation in this sector. Getting independence of the economic management of the markets from the political pressures both facilitated this transformation and created a barrier in front of the resistance mechanisms of labour by referring to the so-called objectiveness that is required by the rationale of market regulation. Restructuring of the actors in agricultural sector observed in the position of Agricultural Sales Cooperatives and their Unions, establishment of IRAs, and privatizations eliminating SEEs were legitimized by the necessities imposed by the approach of new public management. Although NPM is a leak-free approach, governance could have been contributed to this transformation's realization with less harm for the labour. However, again despite the discourse developed in the governance approach, concepts like participation or accountability left labour out of their scope. These developments serve to the capitalist classes and dissolve the labouring classes regarding their consequences. Furthermore, they contribute to the settlement of capitalism –with its neoliberal form- in agriculture or in rural area.

It was already stated above that these documents provided the ground for the acceleration of the neoliberal transformation of agriculture in Turkey. However; they did not act as the sole factors of the acceleration process. It is not a simple coincidence that the dates (1994, 1999 and 2001) of these documents are crucial ones in the course of capitalist development in Turkey. “[T]he economic crises of capitalism are ‘organic moments’ in the reproduction of social relations of production as well as in the reassertation of the hegemony of the dominant class in the absence of credible counter-hegemonic alternatives” (Yalman and Bedirhanoğlu, 2010, p.116). The delayed transformation of agriculture was materialized through the crises experienced in Turkey, which constituted the basis for implementation of conditionality, thus enabling a smoother penetration of global capital into the agricultural sector in Turkey. “[T]he intermittent financial crises (1994, 1998, 2000-1) have become the main driving forces to ensure neoliberal transformation since the liberalization of capital accounts in 1989” (ibid). In this period, the redefined relation

between economic efficiency and political legitimacy favoured the former one, as the farmers lack an organized character (Aydın, 2010, p.157), which points to an absence of a credible counter-hegemonic alternative. Despite their disorganized character, farmers had constituted a preventive sphere in front of the transformation in the previous period.

Decisions of the government in Turkey concerning the choice between “continu[ing] with liberalization process” and “[making] concessions to farmers”, Aydın argues, were determined by the reaction coming from the masses; such as that following 1989 capital account liberalization. (ibid, p.156) The dichotomy between speeding up the transformation and maintaining populism, which would later take place at the core of the discussions during the process of institutionalization of the neoliberal transformation of agriculture –through establishment of IRAs-; is the appearance of the underlying relation between the political and the economic.

3.2.1.5 A step further: IRAs in sugar and tobacco

Compared to other agricultural products, the developments concerning tobacco and sugar beet require a detailed analysis, as Günaydın argues as well, because of the emphasis on these products made by the IMF and World Bank (Günaydın, 2010; p.186). IMF and World Bank demand that the markets of these two products would be regulated by a special law. Letters of intent to IMF promise that support prices would be decreased and a quota mechanism would be applied for sugar beet and support price mechanism would be eliminated for tobacco. Furthermore, while the privatization of the state-owned factories would be realized for both; regulation of the market would be carried out by independent regulatory agencies that are to be established for both markets. Tobacco Law and Sugar Law, which would constitute the legal ground for the above-mentioned changes, would be enacted.

The Code and the IRA concerning the tobacco sector will be examined under the fourth chapter that focuses on TAPDK; however, the decrease in the production of the both products following the process, within which those promises are kept, worth mentioning here. Whereas in 1999, tobacco production were made upon

266000 hectare area, it decreased to 140000 hectare in 2007; and the number of tobacco producers decreased from 568000 to 180000 in this time period (ibid; p.186). Similarly, sugar beet production decreased by 6 million tonnes in the year 2001, when the Sugar Law was enacted.

As discussed above, the EU membership process and required harmonisations go hand in hand with the neoliberal transformation in agriculture. In this sense, it could be argued that the accession process has played a facilitating role in terms of the legitimization of structural adjustment programs. In this context, First National Program (2001) prepared to determine the framework of harmonization with the *Acquis Communautaire* referred to EU principles as the legitimating ground for Tobacco Law and Sugar Law; however, it deviated from them concerning its results (ibid; p.324). The Second National Program that entered into force in 2003 was based upon the Common Market Organizations from the EU legislation and realized through the relevant Decrees of the Council of Ministers and Regulations. According to this program, the sectors of wine, sugar and tobacco were regulated as well as other agricultural products. The EU legislation included provisions about common market organizations for wine, presentation and definition of distilled alcoholic beverages, definition, analysis and supply of aromatized wine, registration of vineyards, monitoring of wine markets, trade with third countries and conditions for transportation; and these provisions are to be applied by Ministry of Agriculture and Rural Affairs and Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority, according to the Program (ibid; pp.372-373). Concerning sugar, the EU legislation included provisions about common market organizations for sugar, stock system in the sector, costs of storage and system of intervention; and these provisions are to be applied jointly by the Ministry of Agriculture and Rural Affairs, Ministry of Industry and Trade, Sugar Agency, Undersecretariat of Foreign Trade and Undersecretariat of Treasury (ibid; p.374). For the tobacco sector, the EU legislation included provisions about common market organizations for raw tobacco, system of intervention, subsidy program, production quotas and special aid given to producer groups; and these provisions are to be applied by the Ministry of Agriculture and Rural Affairs, Ministry of Industry and Trade, Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority, Undersecretariat of

Foreign Trade, Undersecretariat of Treasury and Turkish Standards Institution, according to the Second National Program (ibid; pp.374-5). In 2008, Third National Program entered into force. In this Program, under the heading of Economic Criteria, privatization and market liberalization and price reforms in the agricultural sector are dealt with. These chapters mention once again the expectation for the completion of the process of privatization of tobacco and sugar sectors.¹¹

It was stated above that the delay in the transformation of agriculture stems from the unique character of agriculture. This, in turn, is a result of the fact that a high proportion of the population lives off agriculture, creating a basis for the debate on populism. However; more importantly, the uniqueness of agriculture depends upon its having backward modes of production such as petit commodity production.¹² Thus; this delay is not unique to the neoliberal era, rather changes in the agricultural modes of production under capitalism have been an object of inquiry for the students of the relation between agriculture and capitalist development. (from the classical arguments developed by Lenin, Kautsky and Chayanov in the late 19th, early 20th centuries; Dependency School in Latin America, and World System Theory; to Bernstein's arguments, Boratav-Erdost debate -in Turkey- in 1970s) Since PCP is dominant among tobacco producers, a brief discussion on it will be provided below; before moving into the details of the neoliberal transformation experienced by the key actors of the tobacco sector.

3.2.2 Petty Commodity Production and Its Transformation

In the period from 1980s onwards, literature has been dominated by “food and nutrition studies”, within which “multinational companies are taken as units of analysis”; and losing its significance as an analytical device, small peasantry has been studied within the context of “impoverishment, dispossession” and “proleterianization” (Özuğurlu, 2011, pp.18-19). Özuğurlu emphasizes that agriculture in Turkey was out of “analytical interest of social sciences”, in the 1980s,

¹¹ A similar process is currently pursued for the tea sector.

¹² Of course, these are not the only factors making agricultural sector unique; but an exhaustive discussion on the uniqueness of agriculture is beyond the limits of this thesis.

although this period was characterized by “radical transformations” in agriculture. A turn to the topic of agriculture in mid-1990s onwards, on the other hand, resulted in studies that were “limited to agricultural policies” under the effect of the period of harmonization with the EU; thus still remaining far from an emphasis on petit commodity producers (ibid, p.20). According to Ecevit et al (2009); “rural sociology ignores integral transformation of rural society, it never problematizes the transformation within capitalist social relations, it only emphasizes rural change”; thus the “tradition of rural sociology remained within the confines of modernity and failed to gain insights from post-modernity” (ibid, p.30). Kayıkçı’s study concerning the administration of the rural area in Turkey constitutes an example to that (Kayıkçı, 2009). According to her; in the 1980s onwards, the character of rural development policies transformed from one emphasizing sectoral (economic) management or areal/integrated management (in 1935-1948, and 1963-1980 time intervals, respectively) to one emphasizing governance (ibid, pp.18-19). Despite her emphasis upon the emergence of a broader point of view in the process of making rural development policies; the argument that “establishment of governance as a mode of management of rural areas has been realized through a process of *policy transfer* (ibid, p.151) –of EU development policy- (ibid, p.274)” makes her study an example of the tradition of rural society that ignores integral transformation, which is criticized by Ecevit (1999). In brief; Kayıkçı (2009, p.239) argues that, in the post-2001 period, rural development policies were shaped by external factors, realized through a policy transfer from the EU and brought about governance. According to her; policy –institutions and rules- is transferred by national policy-makers and experts, for harmonizing with the EU, through legal and institutional regulations, and also finance by EU funds. (ibid, p.241) In line with Ecevit’s criticism on ignorance of rural studies, Shanin argues that “rural society and its problems can no more be explained by their own terms; they should be explained by the movements of labourers and capital, which are broader than agriculture”. (Bernstein, 2009, p.139)

The concept of PCP, problematization of which was missing in the recent agricultural studies, and the transformation it has experienced will be dealt with below. According to Lenin’s categorization, PCP is conceptualized under middle peasantry, among the differentiated categories of rich, middle and poor peasantry.

(ibid; pp.132-3) The distinguishing character of middle farmers, Bernstein argues, is their tendency to combine their activities with not farming-related ones, unlike rich farmers, who tend to make accumulation; for example they migrate in order to compensate for the increasing costs of reproduction (ibid, 135). A more detailed categorization was provided by Boratav (2004): the strata within agriculture are as follows; large land-owners that include landlords and capitalist farmers, rich peasant, middle peasant, poor peasant, agricultural labourers. Whereas the middle peasant mainly represents PCP among those strata, agricultural labourer is the one representing capitalist relations in agriculture (Boratav, 2004; pp.53-54).

Boratav defines Petty Commodity Production as a state, within which indirect producers possess the mediums of production and produce mainly by their own labour or family labour, partially or totally for market, but with the purpose of consumption (without accumulation) (ibid; pp.51-52). If the relations of production depend only upon property relations, for some, PCP does not constitute a relation of production for them, since possession remains. However, Boratav argues that relations of production are to be understood as “economic forms of appropriation”, which enables the definition of PCP as a relation of production (ibid, p.53). Ecevit et al’s formulation of petit commodity production deserves attention before going into details of the current transformation it undergoes; “agricultural PCP is under pressure of dispossession, however, as it fails to get proletarianized and as it gets involved in commodity relations multifacetedly, it has a differentiated character”. Despite this differentiation, it survives through devalorization of household labour. However, “this mechanism of devalorization serves not only to the survival of PCP, but also to deepening of its subordination to capital”. Ecevit argues that “this paradox is a problem of underdevelopment”, since “direct penetration of capital into agriculture in underdeveloped social formations is possible only through internalization and strengthening of the backward relations” (Özügurlu, 2011, p.73). The two points, Bernstein refers to, while explaining “the uneven development of capitalism – especially in agriculture-” brings the debate a step forward, approximating it to the capital-labour relations, which will be touched upon below. Firstly, “interests of the capital require promotion and reproduction of small-scale farming”; and secondly, “small-scale farmers resist against dispossession and proleterianization” (Bernstein,

2009, p.112). It is “advantageous for the capital to leave farming to households”, since “small-scale farmers undertake the costs and take the risks capitalist farmers cannot take, thus are *competitive*” (ibid, pp.115-6); which is called as “self-exploitation” -in the studies of Chayanov or Kautsky (ibid, p.119). “Commodification” of even “reproduction” under neoliberal capitalism contributes more to this self-exploitation process of petit commodity producers. “Once they get subordinate to the capitalist commodity relations, they *internalize* it both in their practices and relations”; since PCP refers to a class position, which is defined as a “contradictory union”, as “positions of capital and labour are united” –possession of the land and use of household labour- in the character of PCP (ibid, p.130-1).

It is a fact that PCP is both under dissolution and able to survive and resist. However, the explanations concerning this fact differ. Moving from Marx’s rent theory, Marxist approach provides an “integral and dynamic analysis of the functional articulation between peasantry and capitalism”; neoclassical approach, on the other hand, argues that peasantry can survive, “because it is effective” (Boratav, 2004, p.121). It is argued within the neoclassical orthodoxy that “the behavioural characteristics and equilibrium conditions for a competitive firm that maximizes its interest are also valid for the peasantry” (ibid, p.131). Thus, peasant enterprise owes its survival to its effectiveness and its acting rationally, just like the other enterprises in the market. However, this state of survival is explained by others, populist writers or Marxists, through an opposite argument, namely peasant’s acting differently. So, it is not an issue of peasant enterprises’ being more productive than large capitalist ones; rather they can survive thanks to minimum consumption-maximum labour. In Lenin’s words, “methods of peasantry in competing with large-sized farming are decreasing consumption and condensing the labour used” (ibid, p.138). According to Chayanov, this resistance is possible through self-appropriation of the peasantry (ibid). As PCP can co-exist with non-agricultural capitalist relations of production with “a functional harmony”, “place and functions of agricultural PCP in a capitalist system” can be defined, Boratav argues, as harmonious integration and articulation (ibid, pp.191-2). In his study, Boratav reads the relations between agriculture and capitalism in terms of “distribution, exploitation and resource transfer”. He concludes that it is possible for PCP to integrate with non-agricultural capitalism,

even, PCP is more productive than capitalist farming, to the extent that relations of distribution are taken into consideration (ibid, p.199).

In order to explain the transformation PCP undergoes, Özüğurlu emphasizes, two opposite historical tendencies that has been exhibited periodical consensuses. The first one is that of PCP, defined as “to organize and realize the production and reproduction of labour at the unit of households and freely”. The second one is that of capitalism, defined as “to commodify everything –especially labour- with an infinite passion for profitableness and to subordinate them to market requirements and capital –its tendency for imperialistic expansion”. Although PCP has preserved “its autonomous area of existence despite capital through devalorizing its labour”, this area “turned into a small peasant trap that functions for capital”, Özüğurlu argues. (Özüğurlu, 2011, pp.83-85)

Examination of the policies pursued by an important actor in the field of distribution, the state, which was “ignored consciously” (Boratav, 2004, p.201) in Boratav’s study, “requires an analysis of the reflection of class interests and class struggles to political/state level” (ibid, p.200). Boratav regards the role of state policies as a buffer between peasantry and capitalism. This had been acceptable, to some extent, until the neoliberal transformation; however, the later period showed that a focus only upon the relations of distribution is not adequate to make sense of the state. Thus, an emphasis upon the relations of production, instead of that of distribution should be made. Özüğurlu (2011) states that “the state no more makes purchases for most of the products of small peasantry, so is no more an actual actor in the determination of price”; also, it does not support inputs of production. “In a domestic market, where prices are determined globally; small peasantry is now confronted with merchants”, who are now taking place “at the bottom of global food-nutrition regime” and are delegating their functions to private banks (Özüğurlu, 2011, pp.108-110).

These issues point to the clues for how state-capital-labour relations have transformed. However; it should be underlined that the overall course of that transformation is determined by the course of class struggle. As Özüğurlu argues, “small peasantry can only survive through deepening its subordination to capital and this is a PCP trap!” (ibid, p.116). Existence of this trap means the existence of direct

penetration of capital into agriculture. However; “[t]o what extent and when this existence becomes a subjective experience for differentiated households of small peasantry, is a question of struggle.” (ibid, p.117). Bernstein argues, by referring to Araghi, that “social classes do not simply come to an end and disappear; they live and transform through social struggles” (Bernstein, 2009, p.111). If the argument of Shanin concerning the broader framework of capital-labour relations, which was mentioned above, is to be remembered; the significance of the positioning by Bernstein of “specific means and strategies under political domination of capitalist classes, on the one hand, and struggle for reproduction of labouring classes and their ‘counter movements’ that challenge the domination of capital, on the other” (ibid, 144) becomes more clear. The state constitutes the medium, according to Bernstein, “through which capital materializes its political and ideological domination”. (ibid) This does not necessarily mean that the state here is conceptualized as a functional institution that can be simply captured by the dominant class. What is crucial is that it constitutes an arena, through which class struggle is mediated. For the “other” side, materialization of counter-hegemony is mediated through experience bringing about class consciousness.

How the above-mentioned theoretical arguments have got concretized in the tobacco sector in Turkey, under the new moment, will be dealt with below through a discussion of the transformation within the state, capital and labour, and that of the relation among them.

3.3. KEY “ACTORS” AND THEIR TRANSFORMATION UNDER THE NEW MOMENT

In order to contextualize the transformation of the tobacco sector in Turkey; this part will analyze the transformation experienced by the key “actors” of the sector under the new moment, within which an IRA was established in the sector. Key actors to be discussed under this part are state, capital and labour. While capital strengthened its dominant position under the new moment, thus becoming the most important actor among those, and labour experienced dissolution and elimination, thus becoming the

weakest actor; the state experienced a “restructuring” and said to retreat from the market in this sector.

3.3.1. Restructuring of the State in the Tobacco Sector

To begin with, a discussion of the transition between the main actors, namely TEKEL and TAPDK that are regarded to represent the state as a key actor in the sector would be meaningful, to the extent that this thesis aims to make sense of the neoliberal transformation of state. The transition from TEKEL to TAPDK can only be understood within a broader framework of transformation of the state; however, since a separate part will be devoted to that relation in the following chapter, the focus, here, will be on a comparison and contrast of the two institutions. In order to avoid a misunderstanding, the use of the concept of actor while defining the state should be clarified. Class struggle matters and formation of the actors is shaped within the class struggle. Therefore, again an arena of class struggle, rather than a homogeneous unit “act”ing by seeking its “own given interests”, is meant by the concept of actor. Also, taking TEKEL and TAPDK as representatives of state should not lead to a misunderstanding. It is obvious that those institutions do not constitute sole representatives of the state, even in a specific area, like the tobacco sector; however, to the extent that this thesis problematizes the establishment of IRAs as a moment of the neoliberal transformation, the focus will be on the institutional restructuring of the state concerning this sector.

Comparison and contrast of TEKEL and TAPDK that will be provided here is based upon the data derived from the interviews made with the officials from TAPDK. The transition from TEKEL to TAPDK includes elements of both continuity and change. What is remarkable is that continuity is defined as a complete continuity, whereas change is defined as a complete change. On the one hand, the two institutions are defined as incomparable by the officers from higher positions or the control department; they refer to “two different models” like “apple and pear”, since the former is “a monopoly having absolute dominance”, whereas the latter is “a regulating authority necessitated by the market order” (int.1, int.3 and int.4). On the

other hand, contrasting elements are regarded as very slight differences by the officers from market regulating units. It was stated that “there is no difference concerning the procedures carried out” and that “market regulating units [of TAPDK] constitute the counterparts of the directorates of enterprises of TEKEL” (for example, Directorate of Leaf Tobacco Plants and Trade Enterprises under TEKEL was equivalent to the Tobacco Market Centre under TAPDK, concerning their functions in market regulation). Also tobacco experts continue their jobs in the same way (int.6).

TEKEL was both a market actor and a regulatory one. After the establishment of TAPDK, it transferred its regulatory role to TAPDK and turned out to be solely a market actor until its privatization (int.3, int.6). TAPDK has only a regulatory role and it is regarded as carrying out this function in an objective way –unlike TEKEL-, since it has never taken part actively in the market, i.e. it has never been a market actor itself, it has been positioned above all of the market actors. This objectivity is underlined by the personnel at every opportunity by reminding the contrast between political concerns and *technical* decisions. Coexistence of TEKEL and TAPDK between 2002 and 2008 created a tense state. While TEKEL was within the scope of privatization, decisions were “implemented in a way that would not harm it”. Since it was “on sale”, “protecting its market share was taken into consideration during decision-making processes”. However; after the privatization of TEKEL, TAPDK began to “implement its decisions more easily”; because “sides got equalized” after that process (int.5).

Privatization of TEKEL is criticized by most of the officers in TAPDK; however, they state that it is too late and meaningless to comment on that. Still, the emphasis made upon the idle situation of previous TEKEL facilities reminds an alternative choice of privatizing the right of usage instead of that of property. Also, it was stated that “it would be better if the infrastructure of TEKEL would have been kept” (int.4). Auditing is now very limited, because of the fact that despite “the existence of 200 thousand retail sale points”, “TAPDK has no provincial organizations [out of Izmir Contact Office], whereas TEKEL had reached all points through its Provincial Directorates” (int.3). Thus, the “relations with other [provincial] institutions are important for the implementation of the rules” (int.5). It

was argued that “there should have been at least a transition period of approximately ten years”, in order to make this process less painful (int.3).

Concerning the effectiveness of the institutions, TAPDK is considered more successful than TEKEL; because “the decisions are made by the Board constituted of seven wisemen” *technically*, unlike TEKEL, which “had to accord with populist policies”, since it used to regulate a market of “products providing employment for a huge amount of people” (int.4). On the other hand, this decision-making mechanism is regarded –ironically by those on the side of continuity- as a harder one; since market regulatory units function as “ones preparing the infrastructure of the decisions through providing technical consultancy and reporting services to the Board, decisions are subjected to the Board”, while “a signature of the General Director was enough to enforce a decision” at the time of TEKEL (int.5).

TAPDK is defined by all of the personnel as “an ideal model”, as it “regulates the market with control mentality” (int.1). The emphasis made upon “social policies since 2008”, when the control department was established, contributed to that (int.4). It is asserted that “there was no need for the emphasis on health [at the time of TEKEL], because [firstly], the amount of informality was very low as a result of the state’s active participation in the production, [and secondly], the state had a self-control mechanism” (int.3). However, “a [separate] control mechanism is required for the private sector that seeks profit-maximization”, before social benefits, and as the “market volume has increased too much” (int.3, int.1).

One of those officers on the side of change, who argued that the two institutions are incomparable, stated that “what was wrong about TEKEL was its being a monopoly”¹³, because “it was in contrast with the requirements of the new economic order” (int.3). TEKEL was making contracts with the producers and determining the prices; but, now, “contracts are made between *equal* sides” and the prices are determined, according to these contracts, i.e. “under market conditions”; which functions as a correction of the mistake of TEKEL in line with market requirements (int.6).

¹³ Tekel literally means monopoly in Turkish.

3.3.2. Impact of Privatization on the Ownership of the Tobacco Industry

The second actor to be discussed here is capital. With the Decision of the Higher Board of Privatization numbered 2002/6 and dated February 5, 2002, TEKEL was taken into the scope of privatization. This decision was about the privatization of the public shares of 100% in the Cigarette Industry Enterprises and Trade Inc. and Alcoholic Beverages Industry Enterprises and Trade Inc. with the method of block sale. Whereas the bid concerning the cigarette was cancelled; on February 27, 2004, Alcoholic Beverages were sold to the Mey Alcoholic Beverages Industry and Trade Inc., which was established by the Joint Venture Group of Nurol-Limak-Özaltın-Tütsab for 292 million US dollars (ÖİB,2009). Two years later, on 2006, 90% of Mey was sold to American Texas Pacific Group for 810 million dollars. 5 years later, it was once again sold to British Diageo for 2.1 billion dollars (1.5 billion Euros). It is stated in the website of Diageo (www.diageo.com) that “The word Diageo comes from the Latin for day (dia) and the Greek for world (geo). We take this to mean every day, everywhere, people celebrate with our brands.” This statement shows how penetration into growing economies and making this penetration lasting and widespread is targeted. Mey İçki is defined by Diageo as “the leading spirits producer and distributor in Turkey” having “extensive nationwide sales and distribution network” (DIAGEO, 2011). CEO of the company¹⁴ defines their strategy as increasing “presence in the emerging markets” having “rapidly growing middle class”es; and acquisition of Mey İçki as a contribution to that strategy. Furthermore, he admits proudly that “[t]he acquisition of Mey İçki *transforms* [their] existing position”.

Despite the quick and profitable privatization process of alcohol, that of cigarette took longer. It could be possible four years later than the privatization of

¹⁴ “Turkey is an attractive, growing market for Diageo with strong GDP growth. The acquisition of Mey İçki transforms our existing position in this fast growing spirits market. It gives us leading brands in the major local spirits categories, a superior distribution network and a proven management team. The acquisition of Mey İçki will also provide Diageo with an outstanding platform from which to accelerate the long term growth of our premium international spirits brands in Turkey... The acquisition meets our return criterion and delivers top line growth above the Diageo average, and margin expansion. I am delighted to welcome the Mey İçki brands and management team to Diageo... This investment represents the continuation of our strategy to increase Diageo’s presence in those emerging markets, such as China and Vietnam, which have a rapidly growing middle class.” (Paul Walsh, CEO of Diageo, DIAGEO 2011)

alcohol, in 2008. The bid concerning the cigarette was concluded on February 22, 2008 and British American Tobacco Tobacco Products Industry and Trade Inc. (BAT), which had given the highest offer, bought Cigarette Industry and Trade Inc. for 1.750 million dollars. This sale was ratified by the Decision of the Higher Board of Privatization dated 22.4.2008, numbered 2008/23. The transfer contract signed on June 24, 2008 included the transfer of the logo of TEKEL to BAT, as well; which resulted in a change in TEKEL's previous logo to "tta" connoting Tobacco, Tobacco Products, Salt¹⁵ and Alcohol Enterprises Inc. Later, on October 8, 2008 public shares in pipe tobacco, cut rag and waterpipe tobacco were sold to Tabac Turc Waterpipe and Pipe Tobacco Industry and Trade Inc. for 305.000 US dollars. Privatization process concerning what has been left to tta continues (ÖİB, 2009).

TEKEL was not privatized as a whole; however, there are similarities regarding the consequences of the privatization of alcohol and cigarette. At each case, "the transfer of profit from the national monopoly to international monopolies"¹⁶, as repeatedly put into words by the opponents of the privatization process, was realized. For the alcohol, it was realized through the transfer from a national consortium to an international company; for the cigarette, through direct transfer to an international company. Although the both processes points to the articulation of the national capital with the global one, the difference between the two processes portrays how the national capital had been recomposed within that period. Since TEKEL constituted the monopoly in both markets, privatization contributed to the increase in existing power in the global market of both final owners. Both BAT and Diageo admit how profitable the acquisition of the market share of TEKEL in Turkey has been for themselves.¹⁷

Besides the integration of the national capital and the global one, the previously more clear distinction between the productive capital and trade capital has blurred, as well. Whereas merchants/ had have a bigger area of manoeuvre, currently

¹⁵ Salt means tuz in Turkish.

¹⁶ A market, within which the CR4 (four-firm concentration ratio) is over 40%, is regarded as one highly consolidated and monopolized. Concerning the tobacco market in Turkey, the biggest four firms constitute a market share of above 95%. This shows that "transition from national monopoly to international ones" is not an exaggerated expression.

¹⁷ BAT increased its share in Turkish cigarette market from 7% to 35% through the acquisition of TEKEL.

they are acting as intermediators of the global productive firms. This two-sided collaboration of productive-trade capital and global-national capital –though in favour of former ones- reminds the fact that capital comes together, whereas labour is divided based upon national, ethnic, religious identities, which have gained an increasing significance under neoliberal globalization.

TEKEL's being a monopoly, thus preventing competition, had been criticized; and its privatization was presented as something to be concluded in order to achieve a competitive environment, as a requirement of the market economy, both by the national and international carriers of the neoliberal transformation process. State's intervention into the market was seen as detrimental to a functioning market economy. However; the transition from direct intervention to a regulatory role points to the formation of a "new form of intervention", reminding us of the "constitutive role of state", as argued by Poulantzas (1978). To the extent that implementations of the state and its self-restructuring favour neoliberalism, and the capital -as the appropriating side under the capitalist social relations of production-, which deepened the exploitation under the neoliberal form of capitalism. Therefore the transformation the state has experienced, as reflected in the replacement of TEKEL with TAPDK, both enables and contributes to the increasing position of the capital.

3.3.3. Labouring Classes in the Tobacco Sector

The third actor is labour. Although it had been stated that the concept of actor does not refer to somebody or *something* "act"ing on behalf of its own "interests"; it should be once again noted, here, that labour is the most distant actor to be called as an actor, to the extent that its level of organization is so low that it cannot be compared to other actors mentioned here. Labour under the neoliberal transformation of tobacco sector consists of basically two groups; workers working in tobacco processing or tobacco products producing factories, and farmers producing tobacco as a crop.¹⁸ This part, within which the transformation labour –specifically in the

¹⁸ In order to prevent a possible incoherence, tobacco farmers and workers of the tobacco sector were chosen as representatives of the labour in this part. Because, the broader transformation of the agriculture was discussed with a specific focus on tobacco. This preference does not ignore those

tobacco sector- has experienced under neoliberal capitalism will be discussed, is based upon not only a detailed research of the history of struggle in the analyzed period, but also the interviews made with those labourers.

3.3.3.1. Workers

Concerning the workers, who used to work in previous TEKEL factories, the main arena of organization has been the Union called TEK GIDA-İŞ, where most of the unionized workers in the food sector are organized. Its unionization rate within this sector has been above 50% between 2003 and 2009, despite slight changes among the years. The union's full name, known as TEK GIDA-İŞ, is Türkiye Tütün, Müskirat, Gıda ve Yardımcı İşçileri Sendikası (Union of Tobacco, Alcoholic Beverages, Food and Co-workers of Turkey), and is affiliated to TÜRK-İŞ Confederation. The other union that includes tobacco and alcoholic beverages workers within the food sector is ÖZ GIDA-İŞ, which is affiliated to HAK-İŞ Confederation; however, in the same time period, its unionization rate remained below 20%. Although GIDA-İŞ affiliated to DİSK which was used to organize workers at TEKEL factories in the pre-1980 period and was very active in 1979, when it organized big demonstrations of TEKEL workers against the pressure coming from TEK GIDA-İŞ; its unionization rate remained around 10% between 2003 and 2009. The level of organization of TEK GIDA-İŞ in TEKEL's factories has been enough to keep its position as the authorized union there (www.tuik.gov.tr).

In TEK GIDA-İŞ Union's history, organized demonstrations of TEKEL workers dates back to 2005. After the quick privatization of alcoholic beverages part of TEKEL, the slow process of privatization of cigarette gave time for resistance to the Union. TEK GIDA-İŞ organized a series of demonstrations against privatization of TEKEL cigarette factories on February 2, 2005, in Ankara, on February 13, in Malatya, and on February 25, in Tokat. A more important demonstration organized

workers, who used to work in the alcoholic beverages factories of TEKEL, or those farmers, who provides the inputs for them, such as grape producers. The separation between tobacco and alcohol, which found its reflection in a parallel separation within labour serves to the ends of the thesis that avoids a distraction, which can be resulted from a widening of the topic.

collectively by DİSK, KESK, TÜRK-İŞ, TMMOB and TTB was realized with almost 5000 participants in Adana, on April 3. April 8, 2005, the deadline for the application for the bid for privatization of cigarette, witnessed another demonstration and a press release with the participation of almost a thousand TEKEL workers, in front of the Directorate of Privatization Administration (www.turkis.org.tr). The reply of the Directorate was a press release, as well, stating that the bid was cancelled, since there was no offer (www.oib.gov.tr). Although the cancellation of the first bid did not leave TEKEL cigarette factories out of the scope of privatization, resistance of workers settled down. The second bid was concluded on February 22, 2008; as a result of which BAT became the holder of TEKEL's share in the cigarette market. Demonstrations of TEKEL workers began once again after the BAT closed the cigarette factories one by one. Only Ballica cigarette factory was kept out of the six factories transferred to the BAT (Ballica, Tokat, Adana, Malatya, Samsun, Bitlis). Closure of the factories meant dissolution of the contracts of the workers (BAT dissolved the contracts of 8.247 workers out of 10.818 workers), and this prompted local demonstrations by those workers from the mid-2008 to the end of 2009.

What had led TEKEL workers to write a history in the cold of Ankara beginning from the end of 2009 was neither the process of privatization of TEKEL nor the broader process of neoliberal transformation, a part of which is the privatization of SEEs; it was rather the immediate consequences created by the form of privatization. What TEKEL workers resisted to was the so-called "4-C status" they are forced to accept while passing to other public institutions.

The Law no. 657, Article 4, Paragraph C defines the temporary personnel and is as follows: "Those people, who are employed by contract at positions, which are decided by The Council of Ministers to be services that are for less than one year or seasonal dependent upon the views of the Directorate of State Personnel Administration and the Ministry of Finance, within the confines of determined wage and number; and who are not counted as workers". It is claimed that this paragraph serves to the end of alleviating the workers aggrieved as a result of privatizations; form of the alleviation does not necessitate any comments. Since the definition of the temporary personnel does not fit into that of worker or officer; TEKEL workers, who are forced to accept working under 4-C, lose their rights such as overtime pay,

annual leave or unionization. Their contract lasts for 10 months. They work at places irrelevant with their skills. After the end of the annual contract, the worker can be moved to another place or fired totally (BSB, 2011; p.77).

The demonstrations and protests of TEKEL workers coming from all over Turkey, which is popularly named as “TEKEL Resistance”¹⁹, began in December the 15th, 2009, against 4-C Status; which was encountered with harsh intervention by the security forces of the state on the second and third day of the protests. The demonstrators were forcefully expelled from the Abdi İpekçi Park, a park in the city centre of Ankara, with use of teargas and pressurized water and a number of workers were arrested. After this incidence, workers moved their protests to the streets around Türk-İş headquarters, which lie at the very centre of Ankara, in Kızılay. As days passed, the protests took the form of a passive resistance, and the workers began to stay day and night on the streets parallel and next to the street, where the Türk-İş headquarters building is. They pitched scrappy tents on these streets, made of wood and nylon they could find around. They found support from the Ankara residents, who were touched by the unfair treatment encountered by the workers. Also, the Resistance created a response in the international arena. Workers were supported not only by individuals from other countries, through the messages they sent or their support visits to the tents, but also by the international organizations. European Trade Union Confederation stated on February 1, 2010 that it “unreservedly condemns the violent intervention of the security forces” and “calls on the Turkish government to ensure that negotiations [with TEKGIDA-İŞ] begin immediately... with a view to ensuring that these workers are transferred to other public enterprises with their full employee benefits” (ETUC, 2010). International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations started a campaign to support TEKEL workers, with the same demand (IUF, 2011). TEKEL workers' resistance in Ankara took 78 days long, and what they gained after it was some

¹⁹ There have been quite a large amount of studies – both scholarly and kind of memoir/interviews – published, analyzing different aspects of the TEKEL Resistance. See for example; Bulut (ed.) (2010), Özüğurlu (2010), Soner (2010), Bora (2010), Yıkılmaz & Kumlu (ed.) (2011), Yılmaz (ed.) (2011).

betterment in 4-C conditions²⁰, besides the incomparably huge experience of struggle, which will be emphasized below.

Before going into the details of what can be drawn from the in-depth interviews with workers and farmers, it should be noted that their personal expressions can be much more useful than official or written documents in making sense of the broad transformation. Their own experiences and how they themselves make sense of them give clues for what the neoliberal transformation of state and agriculture created in the concrete, and how the transformation itself has been transformed in response to those concrete changes in labourers' lives.

To begin with, state-labour relations will be discussed. First of all, the claim that TEKEL was making loss was flatly rejected by the workers.^{21,22} It was stated that the decrease in the production, which contributes to the portrayal of TEKEL as a loss-making institution, results from the policies of the government concerning the quotas. It is the choice of the state, rather than the failure of the factories, or of the workers working there. On the contrary, workers emphasize that they showed an extraordinary effort while working in factories of TEKEL. Despite the harsh working conditions²³; they kept working determinedly, since they were aware of the significance of TEKEL for the Turkish economy. In contrast to private sector's attitude today, TEKEL was regarded as an embracing institution that had reached

²⁰ Maximum working time within a fiscal year was increased from 10 months to 11. Indicator numbers, upon which wages will be based, were increased. The provision concerning compulsory work was abolished. Maximum time for paid monthly leave was increased from one day to two days. Workers got the right to termination compensation. (BSB, 2011; p.78) Before the Resistance, workers had had to decide to pass to 4-C in a month; however, workers' decisiveness made the Council of State to adopt a motion for stay of execution. This is considered as a success by the workers, while it only provided them with more time to sign the contract under –though bettered- 4-C conditions.

²¹ “TEKEL was not a burden for the state; on the contrary, it was making profit. TEKEL factories' not working is related to government policies such as quotas.” (int.10)

²² “[It is said that] public sector is making loss... I know the value of the cigarettes we produce, our director used to say that each package covers the costs of education of a child... While we were working with this ambition, did the workers depreciate the machines in Adana, Bitlis, and Malatya? The state prevented the production... Because everybody does his duty in this country. I don't blame anyone. The only guilty people are the working, producing ones.” (int.12)

²³ “We had worked a lot, but earned little in TEKEL”. (int.10) “We had worked as slaves”. (int.11) They told that the dusty environment in the leaf tobacco processing factories was unhealthy. Also, overtime work was too tiring and it caused neck and backaches.

every point of the country.²⁴ Another claim that was rejected by the workers is that privatization would be beneficial for the workers, as well. What had led them to this rejection is the fact that they were not transferred to other institutions without losing their employee personal rights.²⁵

Although those developments had created a doubt against the state between 2007 and 2009; the main turning point that changed the perception of the state in workers' minds was the TEKEL Strike, which lasted for 78 days. The collective resistance of TEKEL workers was instructive, as a whole; however, the unexpected confrontation with the police forces of the state at the very beginning of the resistance, at Abdi İpekçi Park, was a significant mediation, through which some unquestionable beliefs of workers were shaken. The anger against the police forces was directed against the state, thus overcoming an individual-based anger towards an institution-based one.^{26,27} To the extent that the state cannot be defined as a higher institution that consists of a set of institutions, how this institution-based anger includes a formation of a perception of the state as an arena of class struggle should be emphasized. Despite the fact that the police officer hitting the Turkish Flag is regarded as the hand of the state, the questioning of the state by the workers is not for one of its organs, but for it as a whole. It did not shake the perception of the state as a father; still, the discovery of the contradictory identity of the father led the workers intuit the reflection of the main contradiction in class societies in that perceived identity.^{28,29}

²⁴ "TÜSİAD says 'the state should go, make investments, begin production initially, and then we shall go'. There was no place that TEKEL didn't go in the Republic of Turkey" (int.12)

²⁵ "Outside TEKEL, workers were transferred to other institutions with their full employee rights". (int.10) "The Prime Minister has his eyes only on TEKEL". (int.11)

²⁶ "Police is making his job. That is his duty." (int.10)

²⁷ "Police forces that we had regarded as protectors previously, attacked us. I am not important there; what was striking is that he hit the Turkish Flag on my back. I think that flag is something holy. There, I saw the real face of state." (int.12)

²⁸ "The state behaves us worse than it does PKK [Kurdistan Workers' Party]. We didn't disobey the state; we were after our bread..." (int.11)

²⁹ "I cannot accept the attitude of the state –governments come and go. The state is the father; the government is the mother... I will not let my son do his military service, unless somebody explains me why there is war in this country. Why are the deaths always from the rabble? Why does not a child of an agha [a name given to big landowners in the rural areas in the Eastern and South-eastern Regions

Concerning the transition from TEKEL to TAPDK as the regulatory representative of the state in the tobacco sector, workers' position is very clear. This transition is conceptualized by them as the withdrawal of the state from the market, thus leaving labour and capital in a confrontational position, where labour lacks the previous protection it used to enjoy at the time of TEKEL. The power of TAPDK for regulation and control is undermined, since the state is regarded as having a preference in favour of money. To the extent that TAPDK consists of a group of personnel -"permanent staff" in workers' words-, who earn their salaries from the state, which is decisive in "serving money", it would reflect that decision concerning the tobacco sector.³⁰

After state-labour relations, how labour-capital relations and the state's presence in this relation are perceived by TEKEL workers will be touched upon, here. It can be argued that workers regard the course of developments in the neoliberal era that include privatizations as one being determined out of workers' – let alone participation- awareness. They explain the delay in the privatization of TEKEL by speculating about hidden scenarios between the government and the winners of the bid³¹ or even unions³². The role of the state is defined as creating the appropriate environment for the privatizations that would favour the capital, and in

of Turkey] become a terrorist or a child of a bureaucrat become a martyr? They are choosing who would die. I cannot stand this lot anymore... Why would I die or kill for this country, if I am not inside it. I have nothing but a life, and they lust after it." "[On that he cannot afford his daughter's weekend course payments at the school, despite the fact that he is now working in the Ministry of Education] then, this state cannot demand anything from me." "You fear from not being understood. Even your father does not understand you. Whom would you tell yourself?" "[On that women TEKEL workers were also hit by the police] How can you criticize those husbands hitting their wives, when state does so? What does the father teach, what can the son do? Can you imagine a father, who persecutes?" "The state takes the oppressor's side." (int.12)

³⁰ "To what extent an audit can be conducted in a place where money affairs take place? The auditors are payroll state officers; they do not take it seriously." "It is not that TEKEL has gone and TAPDK has come, the point is that: the state retreated and the merchants came. It is always what the merchants wish for. No matter there is a regulatory agency of any kind. They, after all is said and done, have to serve to where the money is. Money talks, you know... That is what the state also does." (int.12)

³¹ "I would wait until the person I am waiting for comes. So did AKP. The people it is waiting for showed up today." (int.12)

³² "Maybe, there was a protocol between the government and the unions. Worker does not know anything about it." (int.10)

TEKEL's case, this role was carried out by stopping production.³³ Whereas the state carries out its role, however; it is argued that workers fail to do that, namely resisting against the process of privatization.

TEKEL workers' perception of capital is scattered. Increasing power of the Islamic bourgeoisie and the relation between the existing government and the capital is criticized by them for the emphasis put on the religion.³⁴ Concerning the articulation between the national and international capital; the inconsistent expressions reflect the effect of the experiences gained throughout the resistance. They state, on the one hand, that "national capital is better than the international one, because the foreign capital exploits us"; and that "capital has no homeland", on the other.³⁵

This last point brings us to another point to be discussed; namely taking place actively in the resistance, class consciousness and workers' relations with their union. It is accepted by the workers that there was no class consciousness before the TEKEL Resistance.³⁶ However, participation into the resistance taught workers coming together for their shared interests.³⁷ During those 78 days, previous prejudices against those groups having different political or ethnic identities were overcome^{38,39,40}, since they became aware of the fact that there is something above those previously unacceptable differences, namely their constituting the same class,

³³ "The state prevented the production... Because everybody performs his duty in this country. I don't blame anyone. The only guilty people are the working, producing ones." (int.12)

³⁴ "Their God is different from the God I know... If I worship in the way they do, I would be just like them. I never thought that I would be unfair to anybody or get anything from anybody... I never bargained with anybody on the lives and properties of people." (int.12)

³⁵ "I am against international capital, their exploiting us." "I heard during the Resistance, the capital does not have a land." (int.12)

³⁶ "Participation was low, people were afraid, there was unconsciousness..." (int.11)

³⁷ "We struggled for our bread, for our rights." (int.10)

³⁸ "Our previous prejudices against leftist organizations were broken there. I thought they were trying to depreciate the country." (int.10)

³⁹ "I don't have inter-racial enmity anymore. I regard all oppressed people as myself." (int.12)

⁴⁰ "Everybody became sisters and brothers there, because they all struggle for their bread." (int.11)

which is exploited under this system.⁴¹ Workers owe this transformation to the Resistance; which proves E. P. Thompson (1963) right in his argument that class is made within the struggle, and that experience is a significant mediation in class formation. The emphasis workers themselves put upon the experience is significant. Besides the awareness of the commonality among TEKEL workers created through the experience of struggle, it is observed in their comments on the existence of support from outsiders as the indicator of shared experiences.⁴² During the Resistance, workers' relation with the union –TEKGIDA-İŞ- was transformed, as well. Although the union began to treat as the leader in time, it was workers, who forced the union to organize a resistance against the process of privatization, at the beginning. After the Resistance came to an end, workers began to criticize the limits of union.^{43,44,45}

In making sense of the effect of neoliberal transformation on labour, workers' current experiences matter. Despite the betterment of the conditions of 4-C as a result of the struggle TEKEL workers made, they are still working insecurely. Insecurity has both material and psychological consequences. One of the interviewees stated that he spent all the money he had spared while he was working at TEKEL and also the compensation he got when he was transferred to another institution; now he gets continuously indebted, in order to pay his debts. Still, loss of status is more injurious for previous TEKEL workers.^{46,47} They state that they miss their good old days at

⁴¹ What is more crucial is that they maintained their dialogue with those TEKEL workers living in different cities and having different political and ethnic identities, after the end of the Resistance.

⁴² "Support came during the Resistance from everybody... Most of the people in Ankara live off salaries; therefore, they know that it is hard to maintain your life with it". "In Samsun, such a strike would be impossible." "Similarities between the experiences contributed to supports coming from foreign people." (int.10)

⁴³ "Türkel backed on the workers first, but then we saw happened eventually." (int.11)

⁴⁴ "Is it the Prime Minister, who made us lose our jobs, or the union?" (int.10)

⁴⁵ "Unions exist to make workers conscious; however, they do not do so. What made me conscious was the Resistance... The union made workers be abused, it didn't prevent people gossiping. It is a source of fun for them to manage a union... Different unions cannot come together." (int.12)

⁴⁶ "When they ask whether I am an officer or a worker, I reply 'I am a clown'". (int.10)

⁴⁷ "My status is not defined. Sometimes I work as a worker, sometimes as an official." "People's attitudes towards me changed, since I have become a 4-C worker. They say 'find an additional job'; I am working in a public institution, why do I have to work additionally?" "Migration within country is

TEKEL factories, where they had the chance to use and improve their skills and where they were rewarded for their extra work both through money and self-satisfaction.⁴⁸ If the fact that exploitation of the labour under capitalism is clear and that factories have been places, where appropriation of the surplus labour was materialized, taken into consideration; workers' preferring the factory to their current condition under 4-C shows how insecurity creates a moment, within which exploitation is deepened, in the changing form of production. Workers are currently coping with the flexible and insecure working conditions under neoliberal capitalism by resisting through the opportunities their status' being indefinite gives them.⁴⁹

3.3.3.2. Farmers

The second component of the labour regarding the tobacco sector is tobacco farmers. Since the leaf tobacco processing factories and cigarette factories are placed in the cities, where tobacco is produced as a crop; there is a linkage between workers and farmers, although it is not valid for each individual. Most of the TEKEL workers have people cultivating tobacco in their families; some used to work in the fields themselves before they became wage-labourers. Despite this linkage, however; the division between workers and petty commodity producers at the broader level has its reflections in the relations at the individual level. Workers blame tobacco farmers for their apathy towards the TEKEL Resistance and they state that the struggle would be stronger, if it would have been pursued collectively.^{50,51} From the farmers' side, the story is different. The claim, which is rejected by the TEKEL workers, regarding TEKEL's being a burden for the state and privatization's being a more effective way

similar to international migration. People feel alienated... Why cannot they win their bread in their hometowns? What is the main function of the state?" (int.12)

⁴⁸ "The happiest days of my life are [while I was working] in the factory. There is job definition under 4-C. I am qualified, I am machine operator. I was transferred to an irrelevant job, but I want to deal with things requiring skills. I learned to get the things right in factory." (int.12)

⁴⁹ "It is a mechanism of struggle, I act as I wish." (int.12)

⁵⁰ "Farmers are wrong in directing their anger to us. They did not support TEKEL strike." (int.10)

⁵¹ "It is necessary to pursue a collective struggle." (int.s10-11-12)

is accepted by the tobacco producers.⁵² Under the current conditions, within which unemployment is high and children of all of the farmers –in the village where interviews were made- are working in far cities with minimum wage; workers’ demands for keeping their high wages seem meaningless to the farmers.⁵³ Also, workers’ level of organization, their being unionized is regarded by the farmers not as something to be appreciated, but as a leverage workers abuse.⁵⁴

The anger of the tobacco farmers towards TEKEL workers is, to some extent, based upon their loss of the protective state, which had been realized far more early than the privatizations. The end of state support for tobacco producers, both in terms of purchases and financial assistance provided through input supports or credits is directly related with farmers’ leaving tobacco production.⁵⁵ State is perceived as something migrated from the village, something disappeared. Absence of state in the production process was followed by the closure of the school in the village, as the number of students decreased as a result of the increasing migration. Retreat of state from the tobacco market, and finally closure of TEKEL’s factories point to the radical change in state-labour relations, on the peasantry side. Transition from TEKEL to TAPDK, in terms of the regulatory role they play in the tobacco market, means nothing to the farmers. TAPDK, which lacks provincial organizations, cannot

⁵² “There are reasons of the retreat of the state. The state is also right. It is only 25 people, who purchase tobacco in Bafra. While the state was purchasing [tobacco], there were 300-500 people in TEKEL. The state did not quit this without a purpose. The political parties of the time, the people in power, recruited the people around them. Men and women... [Women] were knitting socks. All the staff... Can the state make profit out of this? So, it gives that to the private sector.” (int.9)

⁵³ “The people, who rented from TEKEL, got a huge amount of money. Their current pension is above 1 billion [1000 Turkish Liras]. They did not resist for nothing in Ankara. If there would be a job offer with a wage of 700-800 million [700-800 Turkish Liras], 5000 people would apply. They get used to comfort.” (int.9)

⁵⁴ “Taxes of the State are too much; but if TEKEL was active, even its tax wouldn’t save it. Those days they had recruited excessive amounts of workers. All the workers are unionized; you can’t even say them “just take off”. I visited the TEKEL manager of that time. He says, “the man you’ve seen goes to political meetings, and attends marching.” “If I dare to say something to him, he goes to the Union and complains about me. I can’t [even] claim my rights; I am the manager but I am not respected as much as the doorkeeper is respected.” (int.9)

⁵⁵ “The State was giving credence to everyone from TEKEL; it was giving away easy money. It is now over. Should we work or not, should we plant or not? There are plenty of land, but no people to work for. Now, if the State says that I give 10 to 15 million per kilos of tobacco, I would make 2 tonnes of tobacco, although I am at the age of 61. The people working for minimum wage would come to his dad’s land to plant [tobacco].” (int.8)

be compared with TEKEL, which was present in their lives both physically and psychologically.^{56,57} Tobacco farmers have neither the means nor the energy for contacting with TAPDK.⁵⁸ Although there is no direct contact between the farmers and TAPDK, the effect of the control mentality, of which the Institution is proud, is obvious in the village; nobody smokes at the coffeehouse because it is forbidden, and harmful effects of smoking are among the farmers' arguments in explaining withdrawal of state from the tobacco sector.⁵⁹

Capital-labour relations appear in the form of peasantry-merchant relations, the most important mediation of which is the contract farming. There are a few of purchasing firms, and tobacco farmers sell their crop to the merchants working in those firms. That is why they formulate the transformation as "state retreated, merchant came". This formulation indicates how direct the confrontation between capital and labour is experienced currently.^{60,61} The perception of farmers concerning

⁵⁶ "Now, there is a higher board, called Higher Board of Tobacco. Who are those guys? The Higher Board of Tobacco hasn't even once been to the tobacco growing villages to ask what injustice is. How can the people here know about the Higher Board of Tobacco? They would just serve lots of cups of tea and make compliments to tobacco experts when they come." (int.9)

⁵⁷ "I know the Higher Board is just a symbolic institution. When something is at stake, it is said that 'Go to the Higher Board and apply to it.'. Now, could you imagine that the people in the Higher Board of Tobacco, doing jobs with big firms, claiming the right of a poor from Gökçeada village? These are tricks, just tricks... You are a Board founded by the State; you should claim the right of the ordinary citizens. The State pays for them... If they do their job... Now, if only the Higher Board of comes to Bafra, to Chamber of Agriculture, to say 'We are on duty here, we came to claim your rights, and the State pays for us to do so'... If only the people go there... If only they say; 'We are the Board, we will claim your rights, you have such and such rights, and you have such and such objections' and reassure the people, mingle with them... No more than a few people know something about the Higher Board of Tobacco." (int.9)

⁵⁸ "Just think of a man filing a petition to the Higher Board of Turkey... The man cursed his fate, and says: 'I made [the tobacco], what shall I do if the man does not buy it?' It is not like wheat, that he can't put it in the storage to sell it in the coming year." (int.8)

⁵⁹ "As the Prime Minister has stated, one who wishes to smoke shall smoke, who wishes not to smoke does not. I would neither support, nor prevent." (int.9)

⁶⁰ "There are 3-4 firms, God bless them, they buy what a few of villagers produce. The State does not... If there were not any merchants [to buy the tobacco produced], this [the tobacco production] would have vanished for long ago." (int.8)

⁶¹ "When it comes to recent takeover of [the tobacco market] by the merchants from TEKEL... I mean, the merchant of course seeks his own interest. He says, "The tobacco will make good money next year", so the people plant tobacco. Then, he says, the weather conditions were not favourable, and lowers [the price level for tobacco] because of low quality. When he sees that the people give up [planting tobacco], just raises [the tobacco prices]." (int.9)

the retreat of state and its replacement by the merchants has been shaped by the relation between them and the representatives of the firms, within which the fears of farmers are calmed by the merchants' promises about a better future after TEKEL.⁶² However; in a short time after the full privatization of TEKEL was realized, farmers became aware of the meaninglessness of those promises. For the time being, what is left is the absence of state in the market, and presence of a few merchants, farmers had to compromise with.⁶³ Farmers have no bargaining power while signing the contracts; therefore the claim that "sides are equalized after the withdrawal of state" is refuted at the concrete level. Another claim is that it would be better for tobacco farmers, if they know the price earlier; they would make a more rational choice for production is refuted, as well. Tobacco is a unique product, the quality of which can differ within even the same plant, since top leaves have always a better quality. In this case, price of the crop can never be pre-determined; on the contrary, it is always determined after the production process comes to an end.⁶⁴ As the farmers do not have a say on the conditions of contracts, the mechanisms of objection to the price do not function, as well; in contrast to what TAPDK officers argue.⁶⁵

⁶² "They come to our village from time to time, I mean the representatives of the firms that buy tobacco. There was fear among the people when TEKEL left the scene; they asked 'what should we do now?' The others [the tobacco buying firms] say that, "we will be like a family union. We will pay you, we will pay you in advance, and we won't get any interest from you. We will support in every way when you grow tobacco." They try to hold the morale of the people high." (int.9)

⁶³ "After the TEKEL is totally disintermediated... I mean, if the demand is high; [the merchant] says 'I will not renew your contracts, did I assure you at all to buy them all?' They [the merchants] are capricious. 12 millions [12 TL] is a charming price; he [the merchant] makes the contract from that price. If it suits his book, if the tobacco is scarce, he buys the tobacco from that price. If there is an abundance of tobacco, he says 'tobacco of this quality is this price, of that quality is that price'. [The price of] second, third quality crops decreases to 8 to 7[TL]." (int.9)

⁶⁴ "[In contract farming], they [producers] do not know [the price, previously]. Top price is 8,5; second price is 8; third price is 7; fourth price is 5 million [5 TL]... They check and say that we have second or third price, we don't have [tobacco quality of] top price. What will I do? What will I say?" (int.9)

⁶⁵ "There are a few prominent firms. From what I hear, [I can say that] all these firms sell their tobacco to PM. The people buying [tobacco] from us are the secondary level personnel of PM. They make contracts with us. None of the farmers read them after all. "Will you plant tobacco?", "Yes, I will.", "Look, if you won't plant tobacco, we will not sign any contracts with you again. Go and sign it now." It [the contract] is written with unreadably small characters anyway, if you read it. All the articles in the contract are in favour of them. Even, it is stated on the contract that, in case of a dispute, I accept the Courts of Izmir [as the authority of complaints]. It means, [in the case of a dispute] one should travel to Izmir from where he is. Higher Board of Tobacco should take action on this issue of contracts. How can there be such a contract? The expert can pull down the price of your tobacco as

To the extent that Petty Commodity Producers resist and survive despite their dissolution, upon which strategies the survival of tobacco farmers based should be mentioned. The most important source of revenue of the village, where interviews were made and which had lived predominantly off tobacco, is retirement income, and the second one is husbandry. Those living in the village are mostly above the age of forty; their children became wage-labourers in far cities, such as Istanbul, Bursa –for those working in the sectors like textile- or Antalya –for those working in the tourism sector. Their reproduction is provided not only by their wages, but also through the link they maintain with the village. There is at least one retired person at each household in the village. Retirement is more profitable than cultivating tobacco.⁶⁶ Retirement income also contributes to the survival of the craftsmen of Bafra.⁶⁷

The relation between farmers and the market shows how PCPs survive through minimum consumption. They produce most of their consumption materials for their daily reproduction.⁶⁸ Tobacco farmers have become indebted to private banks, and the merchants function as mediators in this process.⁶⁹ There is no support mechanism for them. Direct Income Support is not applied for tobacco and alternative crop support, which had been developed for tobacco, is applied only in 9 cities, and limited to one time for each farmer. There are Agricultural Development Cooperatives; however, they are mostly inactive.⁷⁰ Given the decrease in tobacco

low as 5 (liras) when he decides on the price by examining the type of the tobacco. He just says, "Tobacco was not good!" What can a Higher or Lower Board of something do about it?" (int.9)

⁶⁶ "An income of 500-600 millions [500-600 TLs] per month... It is a good amount of money when you think of someone who had no income previously. It makes 6 milliards [6 thousand TLs] per year. [Even] A person selling 1.5 tonnes of tobacco cannot make 6 milliards per year." (int.9)

⁶⁷ "When there was TEKEL [TEKEL tobacco and cigarette factories], thousands worked at TEKEL. That meant there was an income in Bafra. When the workers were off the factory, they disbanded to the shops, groceries [for shopping]... It is now over; [the downtown] is bare empty. The pensioners make Bafra work. If you are not a pensioner, the shopkeepers will not sell you any goods. How can a peasant buy them? Once a year, in the time of [tobacco] sales..." (int.8)

⁶⁸ "We grow our own watermelon, tomato, aubergine, pepper, beans and hens, turkeys, geese. We don't buy anything from the market, except the olive oil and sugar." (int.8)

⁶⁹ "There are banks through which the firms pay for tobacco. Denizbank, Şekerbank... A peasant goes to the Şekerbank, and says "I want to get a bank loan." "Go and get a document from the firm [you sell your crops]". On it, it is stated that "he has such amount of tobacco and contracts of such amounts." the bank says that "Go and find two co-signers from your village who get their money from the same bank." (int.9)

⁷⁰ "There is an 'Agricultural Development Cooperative', but it is not yet active as no funds are appropriated. A group of peasants is member of it." (int.9)

production, withdrawal of state from the tobacco market, absence of support mechanisms and impossibility of producing alternative crops; it is obvious that conditions of tobacco farmers has deteriorated. They state themselves that their purchasing power has sharply declined; still, they are able to survive.^{71,72}

Despite the sharp decline in the amount of tobacco production, it has not yet come to an end. Instead, relations of production have been transformed. As the price of the crop decreased⁷³, farmers decreased the prices of those inputs, into which they are able to intervene. Ownership of the land, which is an important component of the uniqueness of the PCP, gives the farmers the chance to decide what to cultivate. Farmers decreased the amount of tobacco they produce on their lands⁷⁴, instead they began to produce wheat or cattle feed, and fruits and vegetables for their daily reproduction; this decision may be an “economically rational decision”; however, at the same time, it is a political one, portraying the resistance mechanisms PCPs have developed. Another unique characteristic of the small peasantry is self-exploitation. Household labour has got limited in the past twenty years, as a result of the migrations of the youth, who have become wage-labourers in far cities.⁷⁵ Still, however; all of the labour used in tobacco production depends upon the household

⁷¹ “[Comparing 1960s with today] “We were rolling in money, you know... Our purchasing power had such a decline. Thank God, I can make my living...” (int.8)

⁷² “It is not making your living at all, but you do not starve. You are not dependant on others at least.” (int.9)

⁷³ “Take a man, for example. He bought fertilizers and diesel oil [for his tractor] to grow 2 tonnes of tobacco. But there were no rain at all and could only grow 500-600 kilos. Multiply it, for example, with 10 [liras per one kilo of tobacco]. It made 6 billions [6 thousand liras]. This man has expenses of 2-3 billions [2-3 thousand liras]. There are also expenses to be made. The rest is also gone... There is nothing at hand, just nothing. It is over... 5-6 liras of 7 liras are for expenses. In our times, tobacco was the single crop that made the most money. It was the tobacco that kept the peasants alive, and they put an end to it.” (int.8)

⁷⁴ “How did our village look like then, can you imagine? It was like Germany, you would be astonished. It was the village that grow the largest amount of tobacco, and it did it well. The lands, within the reach of your sight, were all covered with tobacco. Now there are only a few tobacco growers, just 5-10 dönüms [a land measure of about 920 square metres]. Life is struggle, you know... [They think] what if it happens [to make money again]?” (int.8)

⁷⁵ “Perhaps the youngest of tobacco growers is over his forties now. In the good old days, there were small children. They used to wake up in the mornings and go to the lands. They have put an end to it...” (int.8)

members, unlike previous times, when farmers used to hire wage-labourers from other villages or near towns.^{76,77}

It is obvious that tobacco farmers' resistance against the tendencies for proletarianization, commodification and dispossession has been very limited. Most of the previous tobacco producers have migrated and turned into wage-labourers. Those, who remain to stay in the village have deepened the use of their own labour. Although the sale of lands has been materialized only within the family, this does not point to a lack of dispossession. The lack of land sales can be explained by the decreased value of land⁷⁸, use of it for a resistance against market through providing self-reproduction there, and the hope farmers have for the future.

Despite the obvious deterioration of the conditions of small peasantry – specifically tobacco farmers-, remaining hope is defined by the gratefulness for god⁷⁹, instead of a possibility of an organized struggle. Restructuring of the Cooperatives, which had constituted arenas of collectivity⁸⁰ –though with corporatist aims-, thus creating that possibility, under neoliberal capitalism left the peasantry without any form of organization. In the village, where the interviews were made, sharecropping is not common; which is explained by the headman with the lack of trust.⁸¹ Directing anger to those in the same class, which was mentioned above

⁷⁶ “In the times that we grow large amounts of tobacco, day-labourers used to come to our village. They used to come for 3 months. 15 people used to stay in our home all together.” (int.8)

⁷⁷ “If there is someone available at home, he grows tobacco of 5 dönüms. It is good for the ones that have someone to deal with tobacco and also have small lands. If one does not have anybody available at home, he cannot grow tobacco. He cannot gain on what he has paid for the day-labourer.” (int.9)

⁷⁸ “We would not sell our lands anyway. But they all remain idle. What else can we do? In the good old times, man could kill man for lands. We were not like this...” (int.8)

⁷⁹ “This world is left to the rich; this world is the property of the rich. No room left to live for us... Only God can help us.” (int.8)

⁸⁰ “What you call a cooperative is the ability of the weak powers to compete with the rich, I mean with the rich firms, through coming together.” (int.9)

⁸¹ “The culture of sharing is weak, people do not trust in each other. Nasreddin Hodja had a neighbour. He used to pray to God to give him and his neighbour each a donkey. The Hodja had already 8 donkeys. The neighbour, in return, prayed to God to neither give the ninth donkey to Nasreddin Hodja, nor give himself one. Jealousy, you know... One buys a tractor, and the other one feels blue: “Why the hell he managed to buy one but I could not?” It is so in the rural areas.” (int.9)

between workers and farmers as well, is a reflection of the effect of the neoliberal hegemony glorifying individual success.

Although the level of organization of tobacco farmers is too low, there are two developments to be mentioned in the history of their struggle under neoliberal capitalism in Turkey. The first one is the establishment of TÜTÜN-SEN (Tobacco Growers' Union) on April 15, 2004 (Aysu, 2004). The main emphasis of the union has been upon the necessity of the establishment of a union in the current period, when agricultural policies are against tobacco farmers, who were left alone under the contract farming conditions, through which "they confront with the intermediating firms of global monopolies", in order to "enable their self-defence" (ibid). It is stated in the Tobacco Report of the Union dated 2006 that "if there is contract, there are sides; and sides should have their organizations that would protect their interests" (Erdem, 2006). Before the Tobacco Law that established TAPDK, TÜTÜN-SEN organized a Congress of Tobacco Growers in Akhisar, on September 15, 2001; and presented its final declaration to NGOs, political parties, parliamentarians in the TGNA in Ankara (ibid). After the enactment of the Tobacco Law⁸², despite all of the criticisms, the Union began to aim participating into the contracts on behalf of the farmers as their representative; however, they remain functionless, since the closure case against it continues.

ÇİFTÇİ-SEN (Confederation of the Unions of Farmers), to which TÜTÜN-SEN is affiliated, was established on May 21, 2008 (Çiftçi-Sen, 2008a).⁸³ It is stated by ÇİFTÇİ-SEN that "whereas Agricultural Chambers constitute the professional organizations of the farmers and Cooperatives the economic ones, unions were established to defend farmers' social, political and democratic rights besides economic and professional ones". To the extent that the existing positioning of Agricultural Chambers and Cooperatives are taken into consideration, unions seem

⁸² The law-making process will be examined in detail, in the following chapter.

⁸³ Founding members are ÜZÜM-SEN (Union of Grape Growers), TÜTÜN-SEN, FINDIK-SEN (Union of Hazelnut Growers), AYÇİÇEK-SEN (Union of Sunflower Growers), HUBUBAT-SEN (Union of Cereals Growers), ÇAY-SEN (Union of Tea Growers) and ZEYTİN-SEN (Union of Olive Growers).

the most feasible alternative form of organization of farmers⁸⁴; yet, legal obstacles continue regarding the Confederation, as well.

The second development to be mentioned here is the Tobacco Platform, which was established on March 5, 1996, in Izmir.⁸⁵ In the period between 1996 and 2002, the criticisms developed by the Platform targeted TEKEL's practices in the tobacco market, and the problems depicted were those of tobacco farmers specifically. However; after TEKEL was taken into the scope of privatization, the emphasis of the Platform transformed as turning into one embracing TEKEL workers. Although the reason of the rejection of the privatization of the cigarette factories was that it would mean a decrease in the demand for oriental type tobacco, the transformation in the language of the Platform pointed to the necessity of a collective struggle. Yet, the position of the Platform against privatization cannot be regarded as a critical one. Only the privatization of TEKEL cigarette factories is rejected; since it is stated that "the issue of privatization [of them] cannot be addressed as a sole privatization issue in isolation from the destiny of Turkish tobacco and tobacco farmers, only in Turkey on the earth".⁸⁶ The emphasis made upon the necessity of a "national tobacco policy", the statements like "TEKEL is the country, it cannot be sold" or "the only consequence of the privatization will be the transfer of profits to international companies", and the comparisons made between the Reji period and the absence of TEKEL points to how far the Platform is from criticizing the labour-capital contradiction. Although after the Tobacco Law, The

⁸⁴ In the Agricultural Report of ÇİFTÇİ-SEN dated 2007; the objections to the contracts of 2006, which were sent to purchasing firms and TAPDK by TÛTÛN-SEN, were mentioned. Where mechanisms of objection for individual farmers are too limited, such alternatives are better than nothing. (Çiftçi-Sen, 2008b)

⁸⁵ Founding members are Eşme Tobacco ASC, Menderes Tobacco ASC Association of Agricultural Economy, TEKGIDA-İŞ, TÛMGIDA-SEN, Association of Tobacco Experts, Association of Agriculturalists and Chamber of Agricultural Engineers Izmir Office (Tütün Platformu, 1996a). Later in 2003, 14 more ASCs participated into the Platform (Tütün Platformu, 2003).

⁸⁶ "We –as the Tobacco Platform-;

1-do not discuss the concept of privatization in its broad sense.

2-do not discuss the privatization of alcohol and alcoholic beverages factories and salt production plants of Tekel, either.

3-are not against the continuity of production of the firms producing cigarettes in Turkey or their increasing the capacity of their production.

4-are not against the establishment of new factories by the new entrepreneurs either.

WHAT WE SAY NO TO IS ONLY THE PRIVATIZATION OF THE CIGARETTE FACTORIES OF TEKEL." (Tütün Platformu, 1996b)

Platform began to emphasize the direct confrontation of tobacco farmers and international capital as a result of the occurring contract farming system, its becoming dysfunctional 2003 onwards⁸⁷ eliminated the possibility of another transformation within its criticisms. Throughout the neoliberal transformation of the tobacco sector, there happened only two tobacco demonstrations; one in Akhisar, in November 2001, against the Tobacco Law; the other in Kırkağaç, in March 2006, against privatization of TEKEL and contract farming.⁸⁸

The following chapter will focus on TAPDK, both analyzing the institution itself, and its place in the neoliberal transformation of both agriculture and state in Turkey.

⁸⁷ The most important reason of this is the restructuring of the ASCUs.

⁸⁸ Akhisar Tobacco Demonstration was organized by the Association of Atatürkist Thought and the Union of Turkish Agricultural Chambers. The Vice-Chairman of the UTAC, Nuri Sorman, who is now one of the members of the Board of TAPDK, participated into that demonstration, as well (retrieved from <http://www.porttakal.com/ahaber-akhisarda-tutun-mitingi-455922.html>). For the position of UTAC and a detailed review of the developments of the tobacco sector by it, see the Tobacco Report, dated 2004 (UTAC, 2004). Kırkağaç Tobacco Demonstration was organized by TÛTÛN-SEN, Kırkağaç Tobacco ASC, ÜZÛM-SEN, HUBUBAT-SEN, TEKGIDA-İŞ, UTAC, CAE, and ATE (Üzüm-Sen, 2006). Demonstrations do not constitute the traditional form of resistance for tobacco farmers in Turkey; however, when these two demonstrations are compared with the Alaçam Tobacco Demonstration of 1970, which had been organized by DEV-GENÇ, weakened position of labour under the neoliberal era and also the depreciation of the class as a concept can be observed. (Babuş, 2008)

CHAPTER 4

TOBACCO AND ALCOHOL MARKET REGULATORY AUTHORITY

Having dealt with the establishment of independent regulatory agencies as a moment of the neoliberal transformation of the state in Turkey and the evolution of agriculture and specifically of the tobacco sector within the context of this process; this chapter will focus on the Tobacco and Alcohol Market Regulatory Authority (TAPDK). To begin with, it will deal with the Tobacco Law that established TAPDK, by both examining the formation of the latter and the law itself. Then, it will focus on the institution and provide the basic information concerning its infrastructure, its missions, duties, objectives, organizational structure and its practices in terms of market regulation. Then, it will analyze the place of TAPDK within the neoliberal transformation of the tobacco sector and of the state in Turkey; and try to combine the critical perspective developed in the first two chapters with the practical developments that refer to TAPDK; which will constitute an attempt to build a critical reading of the institution itself.

To begin with, the design of the legal infrastructure of TAPDK is a conscious choice, which is itself an expression of that the state's action on capital accumulation processes is realized through the mediation of law and money (Clarke, 2004; p.170).⁸⁹ Dengir Mir Mehmet Firat states that “law is the king of social sciences; it is impossible to know economy, society and especially politics without knowing law” (6th session in PR2). Keeping this argument in mind, the below discussion will reveal the significance of legal basis for the functioning of the institution in a more clear way. “In order not to destroy the balance in the sector, technical knowledge should be combined with the legal one; technical expertise should be covered up by

⁸⁹ Clarke moves from the argument of Blanke, Jürgens and Kastandiek referred to in Holloway and Picciotto in 1970.

laws.” (int.5) So, legitimization of TAPDK, like all other IRAs, need legal bases besides the discourse of technocratization. With the following analysis organized in two parts, a particular effort is devoted to the the draft law, its preambles, arguments/activities against it, and the final version of the law. Such an analysis will reveal the political-legal struggles for the legitimization of TAPDK.

4.1. THE PROCESS LEADING TO THE TOBACCO LAW OF 2002: THE LEGAL FRAMEWORK

The first signals of the establishment of TAPDK in TGNA (Turkish Grand National Assembly) was given by Yüksel Yalova, who will later quit his position as a State Minister because of his quarrel with Kemal Derviş.⁹⁰ He states that;

“the question that we have to answer is this: Will we act politically regarding the economic decisions; or will we decide economically, by acting in accordance with the world development line?... In this period, we are planning such a regulation concerning TEKEL and the fate of tobacco: In the draft law that we will bring, we would establish a TEKEL Institution and this would be –just like the Competition Authority- a modern institution, which could be purified from political effects.” (Yalova, 1st session in PR1)

Purification of the economic management from political effects is targeted to be realized through the establishment of an IRA in the tobacco sector. In the same speech, Yalova puts forward his attitude towards this transformation by stating that it would be useful for the producers to know the rational amount of production for Turkey that would be determined according to scientific data and possible developments of international markets; and that a model of privatization, which

⁹⁰ ““The commitment that the Tobacco Law will be enacted by the end of May binds the person, who wrote the Letter of Intent. The State Minister Yüksel Yalova from ANAP [Motherland Party] had to quit his job, who had disrupted the markets with his statement ‘Whoever committed whatever, the one, who has signed that, will worry about this’”
(retrieved from <http://dosyalar.hurriyet.com.tr/2001almanak/04poli.asp>);
“While Yalova is for the presence of a representative of the Union of Turkish Agricultural Chambers as well in this board, the Undersecretariat of Treasury, which is under the State Minister Kemal Derviş, is not open to this demand by Yüksel Yalova.”
(retrieved from <http://arama.hurriyet.com.tr/arsivnews.aspx?id=-246243>)

would embrace previous workers of TEKEL as well, can be developed.⁹¹ Producers are positioned here as actors, who act by calculating the outcomes of the production they will be involved in. This positioning include the assumptions of Rational Choice approach discussed in Chapter 2. Whereas Yalova argues that participation of the workers in the process is required, he at the same time supports a model, within which free market rationale would be dominant instead of populist policies of the previous years. This model constructs workers as rational individuals by abstracting them out of their labour character, thus preventing participation of them as a labouring class into the process.

Later on June 19, 2001; the draft law numbered 719 came into the agenda of TGNA, in the 6th session, at 00:47. So, it will not be unfair to call this draft law ‘a midnight operation’. The fact that this draft, which will affect around 5 million people, began to be discussed late in the night was repeatedly criticized by the parliamentarians representing the parties in the opposition. Three main bases of the draft law are increasing productivity, dissemination of the capital to the base, and provision of free market.⁹² Whether these targets are materialized is debatable. It can be found in the 8th Five-Year Development Plan of State Planning Organization that Tobacco and Tobacco Products Industry Specialization Commission is constituted of people, who are in intimate relations with the large-scale capital in the tobacco

⁹¹ “Well, shouldn’t the citizen have the right to know what to cultivate a year in advance –while we were purchasing his tobacco- in the era we live in? How, according to which information does the citizen decide whether or not to cultivate tobacco next year... the issue of how much thousand tonnes, million tonnes of tobacco will be cultivated in a huge area will be cultivated without considering a scientific measure, possible developments of international markets... Currently, we have 38 000 personnel, employees in Tekel, we shall develop such a privatization model that it cannot be associated with those accustomed way of providing benefits for the acquaintances... does the state have the right, the chance, the luxury of burning 100 000 tonnes of tobacco every year, for the sake of the maintenance of a simple populism, should it have; I think, it shouldn’t. Ok, then, we shall carry out another responsibility of being a state; we shall say to the tobacco producer... We shall say to the people, this institution shall say that this amount of tobacco is rational for Turkey, that amount would be cultivated... Everybody shall decide accordingly; they shall know which crop would be produced there, soya beans or another crop, if not tobacco. We, Turkey, shall be able to declare through this institution that I will make or will not make this amount of support purchase. I am saying that we should honestly say what we will say one year in advance so that they can take their measures.” (Yalova, 1st session in PR1)

⁹² “... if you examine the preamble of this draft law, you see that it is based upon 3 main points. First, increasing productivity; second, spreading the capital to the masses; third, providing free competition.” (Dengir Mir Mehmet Firat, 3rd session in PR3)

market.⁹³ This shows how the representatives of MNCs are involved in this process neoliberal transformation of tobacco sector by actively directing the transformation underway. The clashes over the law on TAPDK within the Parliament is reflective of the contested relationship redefined between national and international capital. The national capital was not concerned with a transition towards establishment of a deregulated tobacco market or privatizations, but with the consolidation of the domination of international capital, which would possibly pose a danger for the national capital.⁹⁴ Within a populist political discourse, however, the total ignorance of tobacco producers in Turkey within this law-making process is presented as the second basis of their rejections.⁹⁵

Since the debate on the draft law began after midnight, talks continued on the following day, on June 20, 2001. As it was stated above, the opposition based their arguments on two topics, namely international capital's gaining a privileged position and deteriorating situation of the tobacco producers as a result of the developments projected by the draft law. Firstly; significance of the position of Turkey as a tobacco exporting country was emphasized by reminding the concerns about the increasing

⁹³ "Of whom the Tobacco and Tobacco Products Industry Specialization Commission for the Eighth Five-Year Development Plan comprised; 4 people.

Who is its rapporteur? Levent Yücel. Where does he come from; Philip Morris-Sabancı.

Of whom the sub-commission of tobacco comprised, let's look at them:

Rapporteur, Sedat Müderrisoğlu. Where does he come from; Philip Morris-Sabancı.

Member, Haluk Akdemir; R.J.Reynolds.

Of whom the sub-commission of tobacco products comprised:

Head, Cahit Tüzel. Who; Philip Morris-Sabancı.

Rapporteur, Kâmil Yavuz. Who; R.J.Reynolds.

Member, Haluk Akdemir. Where does he come from; R.J.Reynolds.

Member, Aydın Birgöl. Where does he come from; R.J.Reynolds.

Member, Semih Güren. Where does he come from; R.J.Reynolds.

Member, Şakir Karpat. Where does he come from; Philip Morris-Sabancı.

This is an official report of the state, a report of the State Planning Organization.

This is a scandal gentlemen, scandal!" (Fırat, 6th session in PR2)

⁹⁴ "...of course, we want that Turkey would have a free market economy.... but... we don't want it to be exploited under the name of colonialism in 19th Century, imperialism in 20th Century, and globalization in the 21st Century." (ibid); "Are you against privatization, no; we are against being given as a bribe." (Rıza Akçalı, 3rd session in PR3)

⁹⁵ "...this draft creates a new bureaucratic system in essence... we are creating a full-fledged, strong administration similar to the reji administration; but, what are we doing to the tobacco producer... There are 600 000 producers in Turkey, there are probably –if they would participate into such an auction as well- a dozen of buyers. How can there be price competition between such a group of sellers and such a group of buyers?" (Kemal Kabataş, in ibid)

rate of imports.⁹⁶ Changing position of Turkey in the international division of labour is thought to be directed by the demands of international organizations, basically IMF, which have a constituting role in the process of neoliberal transformation.⁹⁷ Secondly; the opponents of the draft law criticize it for its ignorance of the requirement of preserving socially protective measures for the tobacco producers against the pressures coming from the international capital motivated by the principle of profit maximization. The opponent parliamentarians describe the tobacco producers as poor people, who produce tobacco not because of choice but rather of necessity; who cultivate generally in infertile –thus eliminating the possibility of transition to alternative products- and small plots of lands -like 2-4 decares-; who involve in an highly labour-intensive production process; and who are disorganized.^{98,99,100} Such descriptions about the tobacco producers are based on the letters sent to the opponent parliamentarians from the rural areas.^{101,102} Survival of

⁹⁶ “If you implement national policy, in this policy, you will plan tobacco production, limit its consumption and export the rest. On the other hand, if you implement the policy of multinational companies, you will increase tobacco consumption, decrease its production and import tobacco from abroad. You see, Turkey will turn into a country that imports tobacco from abroad, with this law.” (Rıza Akçalı, 3rd session in PR3)

⁹⁷ “Just now, I watched 19.00, 19.30 and 20.00 newscasts, they said ‘one of the IMF laws is also about to be enacted’, in almost all channels.” (Bülent Arınç, 5th session in PR3)

⁹⁸ “...he is not engaged in farming with an idea that "I shall cultivate tobacco, make high profits, stock money and put it into bank". 90 percent of those farmers does not have alternative employment opportunities, means of living; they have to produce tobacco and cultivate tobacco.” (Ali Şevki Erek, 4th session in PR3)

⁹⁹ “This tobacco producer is disorganized, he is small peasant, he cultivates in lands of 2-4 decares under very difficult conditions and he produces tobacco in the least cultivable lands of this country, where it is impossible to cultivate another crop, any alternative crop. Leaving such a mass of producers, leaving this weak, disperse and disorganized mass of producers to the mercy of international companies, by abolishing tobacco monopoly, more precisely, by abolishing the patronage and protection of tobacco producers by the state, would be the greatest evil that can be done to this country... Dear parliamentarians, now, another side of the issue is that tobacco farming has the most difficult way of production in comparison to many other agricultural crops, in Turkey... Tobacco producer in Turkey will be forced to grapple with world giants, because he is disorganized and the state fades from the scene, as I have just mentioned.” (Zeki Ertugay, 5th session in PR3)

¹⁰⁰ “Benefits, interests of disorganized, weak people, whose subsistence is dependent upon products of their own manual labour, are endorsed to multinational companies, without even the simplest strategical foundation.” (Reşat Doğru, 2nd session in PR3)

¹⁰¹ “Here, I want to read a letter sent to me, because it is short: "We are village headmen representing the tobacco producers in Eastern and South Eastern Regions and acting upon the authority they had given to us. There is no crop we can cultivate instead of tobacco –alternative crop- in our region. We kindly request that you consider underdevelopment of our region, don't add new unemployed people

this unique state of tobacco producers had been closely related with the existence of support purchases by state. A resolution concerning the continuation of support purchases for five years was given by Kamer Genç et. al, however it was rejected.¹⁰³

Parliamentarians from the coalition government avoided those concerns by stating that “there is nothing to be worried about”; and they argued that protection of producers can be provided by establishing a kind of Law for Farmers Union, thus contributing to their competitiveness.¹⁰⁴ The understanding that increasing competitiveness of producers is a method of protecting them is in itself problematic. Also, intervention into the production process with the aim of transforming it in line with the requirements of neoliberal capitalism by using “new methods in the production process” instead of “simply supporting outputs of that process” is asserted as necessary by the coalition government¹⁰⁵; which is problematic as well. Transforming producers –by emphasizing the necessity of increasing competitiveness- or the production process –by adapting methods of production to

to the existing millions of unemployed ones and don't sacrifice us for the American farmer.” (Sabahattin Yıldız, 3rd session in PR3)

¹⁰² ““We are [from] a district with a population of 50 000 people and almost all of these 50 000 people live off tobacco. We were expecting that the government will support tobacco production, quality of tobacco will increase and we will earn more money... While we were expecting that, now, the government brought a law, which would condemn us to hunger, to misery. Being parliamentarians, you are our representatives [Turkish word for parliamentarian means representative of the nation lexically], and prevent this in the Parliament”, it says. Who says; Head of Sındırgı Chamber of Agriculture Mr. Yusuf Sidan... Here you are; the producers say this, not me.” (İsmail Özgün, 5th session in PR3)

¹⁰³ “Provisional Clause 1. - Support purchases for tobacco products continue for five years following the entering into force of this Law. Council of Ministers decides whether support purchases will continue or not, after the end of five years.” (Resolution, Kamer Genç et. al, 5th session in PR3, rejected)

¹⁰⁴ “Turkey should enact farmers unions' law as soon as possible, take all these producers under protection and make them have a say in stock market. Today, in Turkey, we should ourselves marketize what others do, what foreign companies come and purchase here. Duty of the state is this, our duty, duty of the Parliament is this. We should bring farmers unions law, establish their stock markets and make them able to compete with the world... Dear friends, there is nothing to be worried about the law.” (Mahmut Erdir, 3rd session in PR3)

¹⁰⁵ “Here, where are we going, closed to the world, unaware of global production methods, global means of production, like the blind leading the blind, while we are thinking that we are producing something?!.. We should open up the farmer's horizon; renew our structure regarding means, methods and quality of production, in an area ranging from the lands to global stock markets and boards. Unless it is made, [nothing can be achieved] by only supporting outputs...” (Ali Uzunırmak, 5th session in PR3)

global standards- do not serve to the mentioned aim of protecting tobacco producers, rather to that of materializing the requirements of neoliberal transformation, which is a process favoring capital –not labour.

The third topic that combines the other two mentioned above is the changing situation of oriental (“Turkish type”) tobacco. It is argued that both Turkish producers and Turkish economy would be protected through protecting oriental tobacco.¹⁰⁶ However, the resolution about an obligation for using oriental tobacco in the tobacco products/cigarettes sold in Turkish market was also rejected.¹⁰⁷ Penetration of international companies into the Turkish tobacco market is explained by the parliamentarians from oppositional parties with the narrowing cigarette markets in developed countries as a result of the health-related concerns there. This draft law prepares the basis for the international capital to penetrate into new markets to reimburse its losses in the local market. The profits extracted from Turkish market is transferred to the “foreign” countries “at the expense of the health of Turkish population”. The oriental tobacco contains a lower ratio of nicotine as compared to Virginia and Burley; however, it is replaced by the latter ones in Turkish market. This shows that the health-related concerns have contradictory reflections in developed capitalist countries and the underdeveloped ones.^{108,109,110}

¹⁰⁶ “...if we don’t make an amendment resolution saying "Turkish type tobacco is used in Turkey", Turkish tobacco production will completely be destroyed; because, foreign firms or Turkish firms would prefer cheap tobacco as there is free import.” (Mehmet Gözlükaya, 3rd session in PR3)

¹⁰⁷ “Domestic and foreign cigarette producers have to directly or indirectly buy the tobacco from Turkey, at an amount of half of the amount of cigarettes they sell in Turkish market. Certificates of production, sale and import of the products of those, who are detected as disobeying to this obligation despite the existence of enough amount of tobacco, will be annulled...” (Resolution, Bülent Arınç, 3rd session in PR3, rejected)

¹⁰⁸ “...this draft [law] is attempted to be enacted with the pressure of cigarette monopolies, which want to grasp Turkish market. The monopolies, whose markets were shrunked in their own countries because of health risks, turned to destruction of our nation.” (Mahmut Göksu, 2nd session in PR3)

¹⁰⁹ “Proportion of nicotine in all tobacco types increases in accordance with the length of the leaves. Let’s get down to our Aegean tobacco; its length differs between 4 to 7 cm; its proportion of nicotine is between 0.4 percent and 0.7 percent, it is proportional to its length. Let’s get down to American tobacco; Virginia and burley... These tobacco types are tall like corn leaves, cultivated as tall plantations in fields and their cultivation is very easy, the proportion of nicotine they have is 12 percent, and it is in no way possible to compare this tobacco type in terms of its nicotine. Whole world [cigarette producers all around the world] has bought Turkish tobacco, added it into its own tobacco, tried to decrease its nicotine -bitterness in Turkish saying- and utilized from Turkish tobacco’s aroma, odour, flavour, since 1600s –it had even taken place in barter debts of Ottomans. In this sense, Turkish tobacco is a tobacco type sought all around the world... it has no rivals in the world, in terms of

Despite the criticisms in the parliament, the draft law numbered 719 turned into the Law numbered 4685, named “The Law Concerning the Restructuring of the General Directorate of Tobacco, Tobacco Products, Salt and Alcohol Enterprises; and the Production, Domestic and Foreign Trade of Tobacco and Tobacco Products; and the Amendment of the Law no. 4046 and the Decree Law no. 233”, on June 20, 2001.

The Law numbered 4685 was sent back to the Parliament by the President Ahmet Necdet Sezer to be discussed once again on July 6, 2001. The main reason for Sezer to reject the existing form of Law was its being against some Articles of the Constitution. Firstly, in Article 2, that Turkey is a social law state is underlined. In Sezer’s reading of that Article, the term social law state refers to one “respecting human rights and liberties, realizing and ensuring individual’s prosperity and comfort, establishing a balance between individual and society, regulating *capital-labour relations* in a balanced way, protecting the working people through taking social, economic and fiscal measures in order to make them live in an humane way and to insistantly develop their working life, establishing a just legal system and carrying out the responsibility for maintaining it” (Sezer, 2001; emphasis added). The Law numbered 4685 is against the social legal state expression in the Constitution, according to Sezer; since it ignores the necessity for protecting tobacco producers, who would be negatively affected by its consequences. The products out of contract farming or sale by auction, ensurement of the maintenance of production and compensation of the loss of income of producers, the ways of transition to alternative products need to be separately regulated concretely in the Law, he argued. Also, Provisional Clause 1 (B) states that support purchases will be eliminated from 2002 onwards, contributing to the ignored issues mentioned above. Furthermore; Article 6 (7) enforces a threshold for tobacco (at least 15 tonnes per shift) and cigarette production (at least 2 billion items per shift), and permits those able to meet this condition to make imports; permitting the rest to import is under the authority of the

quality and there will be no [tobacco type] as harmless as this. There is only one negative factor; the proportion of tar in it is a little bit high in comparison to others.” (Mahmut Erdir, 3rd session in PR3)

¹¹⁰ “There are 2 trusts in the world in this market; one is of British origin, the other is of American origin. Yes, shares of these companies will proliferate to the base of American People, to the base of British People and their income levels will increase; it will be increased at the expense of poisoning of Turkish People. It is useful to get this in that sense.” (Dengir Mir Mehmet Firat, 3rd session in PR3)

Council of Ministers. Here, firstly, large-scale capital is favored and penetration of global cigarette monopolies into tobacco products market in Turkey is made possible; secondly, imports are liberalized without considering its negative consequences concerning the domestic producers of tobacco and tobacco products. In addition; the Law is against the Articles 45, 166 and 167 of the Constitution that define the role of state in agriculture, in national development and in prevention of monopolization and cartelization; respectively. Sezer concludes that “it is necessary that development of Turkish agriculture, protection and support of producers against foreign-based agricultural products are not dealt with only in terms of economic reasons and fiscal policies” (Sezer, 2001).

After the Law numbered 4685 was sent back from the President to TGNA, the Resolution of the President and Report of the Planning and Budget Commission began to be discussed in the Parliament, on December 26, 2001. It is ironic that Yüksel Yalova preside over the sessions, within which the Law was discussed again. He was the person, who talked firstly on the to be established Institution, within the framework of separation of the political and the economic spheres from each other.

The coalition government tried to legitimize the Law by supporting it under mainly three topics. Firstly; it was argued that the promise made to IMF concerning the elimination of TEKEL should be kept in order to keep Turkey’s consistency in the international arena.¹¹¹ Secondly; it is stated that Turkey made a fundamental choice in favor of free market economy, which necessitates the implementation of free market principles such as privatization. This in turn, it is argued, is *sina qua non* for preventing crises.¹¹² Since tobacco and alcohol are specific products that create high tax revenues, provision of them by the private sector would be more

¹¹¹ “it should not be forgotten that a commitment regarding tobacco was made to the International Monetary Fund. It was also declared in written that such a monopoly will be abolished. Now, the government has two choices; either abandoning this declaration or fulfilling its commitment upon this declaration. The right thing is compliance with its commitment.” (Ekrem Pakdemir, 4th session in PR4)

¹¹² “Our country has a main economic preference. This preference is the understanding of free market economy. All countries having such a preference have abolished their monopolies, in other words, they have privatized those institutions... Unless we don’t privatize public banks, abolish monopolies, it is inevitable that we face economic crises at certain intervals; because, we are trying to implement free market economy with the understanding of mixed economy. “ (ibid)

profitable.¹¹³ Thirdly; it is asserted that the populist policies of the previous period that created drawbacks should be left¹¹⁴, and instead, “state should keep its objectivity” towards these harmful products and should limit its actions in this market to a regulatory role.¹¹⁵ By purifying the market from political effects and replacing them with economic requirements such as consideration of product quality should be targeted for the purposes of development.¹¹⁶ They grounded their arguments on the developments in Western countries, where state monopoly is replaced by a comprehensive regulatory role, accompanied by establishment of Farmers Unions that would depend upon product-based organization¹¹⁷ and where IRAs provide a more effective regulation than the methods Turkey had applied “simply, unnecessarily costly and in an unplanned way” in the previous periods.¹¹⁸ Here, the tendency to regard the issue through the cost-benefit analysis is observed, as praised by the Rational Choice approach.

¹¹³ “...tobacco monopoly emerged as a result of Ottoman Public Debt Administration’s regarding tobacco as the best area for indirect taxes and this led tobacco administration’s becoming stricter as years passed. Revenues gained through tobacco and alcoholic beverages contribute much to the budgets of countries. It is a known fact that this contribution is higher when the products are produced by the private sector.” (ibid)

¹¹⁴ “Those issues I have mentioned above are the negative consequences of the populist policies applied for years. I believe that these drawbacks would be eliminated with this to be enacted law...” (Mahmut Erdir, 4th session in PR4)

¹¹⁵ “Production and presentation of tobacco and alcohol, which are harmful for the health, by the state is a fundamentally wrong understanding. The right thing is production of tobacco products and alcoholic beverages by the private sector under neutral supervision by the state and the state’s getting its tax, its fee. Of course, we accept the regulatory and supervisory duty of the state. “ (Ekrem Pakdemirli, 4th session in PR4)

¹¹⁶ “Development of the production of tobacco in accordance with real needs and based upon quality in our country would be a more significant economic improvement.” (Mahmut Erdir, 4th session in PR4)

¹¹⁷ “...today, it can be ensured, as it is in the West, through organization of farmers unions based upon crops, establishment of supporting and directing boards in agricultural structure at the same time and making the farmers unions more active in the chain beginning from the plantation of the seed to the soil until the stock markets and boards, thus through the regulation of the market; not through state monopoly.” (Ali Uzunırmak, 4th session in PR4)

¹¹⁸ “We shall establish boards and structures in compliance with Western standards. Competition for an agricultural crop –as I already mentioned in my speech- begins unfortunately not in stock market or during sales in the market, but at the moment the seed or the seedling is planted to the soil; because profit and yield begin to emerge at the moment of plantation. We had unfortunately maintained simple, expensive and immethodical support methods, support forms, for years, by saying that “We are supporting Turkish peasant, we are supporting agriculture”.” (ibid)

Objections to this defense by oppositional parliamentarians were raised on three grounds. Firstly; it was stated that the definition of politics include populism, and as the representatives of the people, it is the role of parliamentarians to protect those people, who would be negatively affected by the draft law.¹¹⁹ Secondly; the establishment of “autonomous bureaucratic authorities” and “transferring the authority of the legislative to the bureaucracy” is in contradiction with the understanding of democratic regimes, where that authority is legitimated with reference to the nation.^{120,121,122} The emphasis made upon the lack of accountability to those people by this so-called “state of IRAs” reminds the possible consequences of the process of purification of the economic policies from politics. Thirdly; it was argued that there exists no free competition in the global tobacco market, either.¹²³ This point takes us back to the argument of replacement of national monopolies with international ones, as a possible result of the privatization process.

Although most of the sessions of five meetings of the Parliament (on December, 26, 27, 28, 2001 and January 2, 3, 2002) were devoted to the second

¹¹⁹ “These days, some people say give up this populism. Populism is something else; but, here, opposing the decisions, which are openly taken concerning a section of producers and which would eliminate this system, is yet another thing. If a kind of populism in this sense will be applied, we should all be able of doing it; because, definition of politics includes this.” (Kemal Kabataş, 4th session in PR4)

¹²⁰ “...you are establishing a new autonomous bureaucratic institution. Sovereignty belongs to the nation in democratic republics. The nation uses this sovereignty either directly or via the people they elect, that is, via the representative method. Rendering service to the nation, protecting its rights, eliminating the obstacles in front of its development are realized by the elected people. Counterpart of this in the executive is the elected government. The power to take decision in the executive belongs to the government. The government cannot transfer this power, which was entrusted to it by the nation, to other people, to bureaucracy; you cannot transfer it... You are turning the state from a democratic state into a state of higher boards, you are developing bureaucratic oligarchic structure... the nation can call you to account, not those bureaucrats.” (Ahmet Demircan, 4th session in PR4)

¹²¹ “...the government, which talks about shrinking of the state at every turn, strengthens bureaucracy through the higher boards it establishes and makes the state clumsier. Because the merit system is not so much considered for the people, who will be appointed to the newly established boards, new sinecures for the parties in government are established.” (Özkan Öksüz, 4th session in PR3)

¹²² “...higher boards have taken over all kinds of authority of the state. The reason of the weakening of politics during the term of this government, one of the reasons of the fact that politics fell through the floor is that the political power delegated all authority of the elected people to the appointed ones” (Mahfuz Güler, 3rd session in PR3)

¹²³ “...you are opening the tobacco sector to free competition with this law; but, is it possible to talk about free competition in the world regarding tobacco?” (ibid)

discussion on the Tobacco Law; it passed once again in TGNA without any change. The following section will deal with the Law itself and the later changes made on it.

4.2. TOBACCO LAW AND THE ESTABLISHMENT OF TAPDK

The Law numbered 4733 concerning the restructuring of TEKEL and establishment of Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority¹²⁴ was accepted in TGNA on January 3, 2002; and it entered into force on January 9, 2002 after its publication in the Official Gazette numbered as 24635.

The objective of the Law is stated as “regulating the procedures and principles concerning the restructuring of the General Directorate of Tobacco, Tobacco Products, Salt and Alcohol Enterprises (TEKEL) and establishment of Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority, regulating the duties and authorities of this institution; and regulating production of tobacco and tobacco products in Turkey and their domestic and foreign trade” (Article 1, para.1; my translation)¹²⁵

This Authority is defined as one having public corporate identity, and administrative and fiscal autonomy. (Art.2, para.2) The Institution is to be associated with a State Minister by the Prime Minister. (ibid) Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Board, which will be dealt with in detail below, constitutes the decision-making mechanism of the Institution. (ibid) Head of the Board is equivalent to Undersecretary of the Ministry, and members of the Board to Deputy Undersecretaries; their salaries are determined by the Council of Ministers and should not be higher than the highest civil servant salary; other personnel’s salaries are determined by the Board. (Art.4)

¹²⁴ “Law Regarding the Amendment in the Law Numbered 4046 and in the Decree Law Numbered 233 Regarding the Restructuring of the General Directorate of Tobacco, Tobacco Products, Salt and Alcohol Enterprises, and Production, Domestic and Foreign Trade of Tobacco and Tobacco Products”

¹²⁵ Unless otherwise stated, all the translations are made by the author of this thesis. The translations are made on the basis of authentic translation. All ambiguities in meanings, inconsistencies in grammar use, wording errors etc, which are especially the characteristics of spoken language, are tried to be kept as they are.

Revenues of the institution include 0,4 % of the domestic sales of tobacco products, alcohol or alcoholic beverages; fees for certificates of production, sale and conformity; registration, permission and licence fees; and 25% of administrative fines. (Art. 5, para.1) Expenditures of the institution include administrative expenses; and expenses for required activities concerning research and development, and prevention of public, social or medical harms brought about by the consumption of tobacco and alcohol. (Art.5, para.2) Budget of the institution is determined by the Board, and the difference between revenues and expenditures is transferred to the general budget. (Art.5, para.3) The institution is subject to the auditing of State Auditing Board of the Prime Ministry. (Art.5, para.4)

Tobacco is purchased according to the contract made between producers (or their representatives) and buyers (factories or merchants), within which the price of tobacco is determined by the deal between the sides of the contract; or through auction, within which the opening price is determined *technically* by the Institution. (Art.6, para.1) Production of tobacco products in Turkey can be made if the conditions of having a capacity of producing annually at least 2 billion items per shift (for cigarette) and 15 tonnes per shift (for other tobacco products); and capability to establish production plants with full and new technology are met. (Art.6, para.2) Those able to meet these conditions are free to sell, price and distribute their products. (Art.6, para.3) They can also involve in import of tobacco (limited to the need) and tobacco products freely; for the rest failing to meet those conditions, the Council of Ministers is authorized to regulate their importing tobacco products. (Art.6, para.5, 7) However; in the Provisional Clause 1(G), it is stated that the threshold mentioned in Art.6(7) will be decreased progressively in five years, and later, the Council of Ministers is authorized to decrease that amount to zero; which implies that import will totally be liberalized in time. Export of tobacco and tobacco products in Turkey is free. (Art.6, para.4, 6) All of these activities mentioned above are free, but require getting certificates for each from the Institution. (Art.6) Those involving in production or sale of tobacco products without getting permission for establishment (of plants) and activity, or certificate of sales are subject to prison sentence or punitive fines. (Art.8) Punishment is applied for tobacco producers, who does not have cultivation or trade licenses, or who submit an amount of tobacco

different than that stated in the cultivation license, as well. (PC 1-B) Duties, authorities and vocational responsibilities of tobacco experts are determined by the regulations of the Board. (Art.6, para.9)

Concerning the agricultural supports; again Council of Ministers is authorized to determine procedures and principles for every kind of payments that would be financed by the budget or international institutions. (Art.7) However; it is stated in the Law that support purchases of tobacco will be eliminated 2002 onwards. (PC 1-B) Still, purchase of the tobacco produced in 2002 and 2003 by TEKEL became possible with additional clauses added later on. (4955/1 and 5281 enacted on July 24, 2003, and December, 30, 2004 respectively; referring to PC 2 and 3 of the Law numbered 4733) Also, in 2006, another additional clause was enacted (5478 on March 23, 2006) enabling Tobacco, Tobacco Products, Salt and Alcohol Enterprises Inc. to make contracts on purchase and sale of the tobacco produced in 2006 and 2007, “in order to provide the maintenance of domestic product supply and ensure the future of tobacco types used in the blending formulas of the cigarettes made of local tobacco”. (4733/PC 4)

“Service units of the Institution, their duties and responsibilities, titles and number of the cadre, and situation of the personnel of the Institution concerning their retirement status... are regulated through the Regulations of the Council of Ministers that would be enacted upon the proposals of the Board”. (Art.9, A-2) The Institution itself is authorized to enact regulations on a wide range of issues.¹²⁶

Article 10 (A) of the Law, and Provisional Clause 1 (A, C, E) deal with the restructuring of TEKEL and the process of transition from TEKEL to the newly established Institution. TEKEL became to be defined as a State Economic Enterprise, instead of a State-Owned Economic Enterprise. (Art.10, A) After the completion of privatization of TEKEL, its authority to nominate two candidates for Board membership passes to the Board. (PC 1-A) The Commission that will be constituted of members from the Ministry of Finance, the Directorate of Privatization

¹²⁶ “domestic and foreign trade of tobacco and tobacco products, alcohol and alcoholic beverages; permissions and conditions of the establishment of cigarette factories; determination of technical qualities of the tobacco products that are to be produced; pricing, distribution, control of the products of those firms, which do not meet the conditions of production; franchising; purchase and sale of the tobacco of the producers by written contract or auction; setting the opening price of auctions technically” (Art.9, B)

Administration, the Undersecretariat of Treasury, the State Personnel Administration and TEKEL will determine the personnel cadres of the Institution at its establishment phase; and TEKEL's previous personnel can be employed in those cadres. (PC 1-C) Procedures concerning the transfer of the assets owned by TEKEL to the Institution are determined by the Protocols that will be signed between them. (PC 1-E)

Therefore; when the Law is considered in general, it can be observed that none of the criticisms, which were discussed in the previous part, directed to the Law numbered 4685 that had been turned back from the President, was taken into consideration in the law-making process of the Tobacco Law numbered 4733; and within its context, Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory was established. However, the Institution gained its legal ground only in 2008, although it was established in 2002, with this law, and functioned de facto, for the following six years.

The reason for the lack of legal basis lies in the decision of the Constitutional Court to annul the article 9 (A-2) of the law no. 4733. Prof. Dr. Tansu Çiller sued the law for annulment on behalf of the main oppositional party group (DYP) on February 7, 2002.¹²⁷ The demand for annulment was not directed to the whole Law; rather it was for annulment of some articles and for staying of execution of one article. Çiller took a position against especially the 6th article of the law on the grounds that it would undermine the existing rights and protective measures provided by the state for the tobacco producers. This ultimately leads for Çiller to the elimination of the social state. Quite interestingly, the other arguments of Çiller for annulment of some other articles of the law are grounded within a discourse that is totally in contradiction with the former stance. In this regard, Çiller argued that the law would build "an interventionist state" because the Council of Ministers appoint the members of the board (Art.2), which is empowered in a way that the board can reach even the commercial secrets of the firms (Art.3-L). On the one hand, demand for annulment of some articles can be explained by their being obstacles for the development of a free market; on the other hand that of others by their being in contradiction with protective social policies.

¹²⁷ For details, see

http://www.anayasa.gov.tr/index.php?l=manage_karar&ref=show&action=karar&id=1831&content=

It should be noted that Çiller is representing her party group, so she was not stating her personal demands. Also, the case was filed by the main opposition party group, but it reflects concerns of all oppositional parties. However; it is argued that the contradictions observed in the demands do not stem from Çiller's personal confusion or the contradictory views of different parties; rather they are based upon a deeper point existent in the contradictory structure of the course of transformation within capitalism. As previously discussed with regard to the law making process in this chapter, the parliamentary discussions had already reflected this tension between constituting a legal basis for the market and preserving the social character of the state. Furthermore, an analysis of the response of the Constitutional Court to the annulment request of Çiller shows that it is based on such a contradiction as well.

First of all, the Constitutional Court was concerned with the possible transfer of public authority to an institutional entity, which is directed by the appointed officials, not by the elected representatives. This concern can be clearly observed in the annulment decision of the Article 9 (A-2), which states that:

“the principle of regulation by law... [refers to] setting the main principles and drawing the framework in the regulated sphere. Only under this condition, determination of the details concerning expertise and technical issues can be left to the opinion of the executive... A law giving the authority of regulation to the executive... should not leave [it] a limitless, indefinite and wide sphere... [The Institution] is a public corporate entity established by law, within the integrity of administration. Service units of the Institution should be established by law, as well, in compliance with legality of the administration [instead of being left to regulations]... It is a significant ensurance that duties and obligations of civil servants, and formation of the posts are definitely [regulated] by law.” (CC Decision no. 2003/100; my translation)

Transfer of authority from the legislative to the executive about the issues mentioned above was found inconvenient, and that article was cancelled, resulting in a legal hole for the Institution during the period between 2003 and 2008. However; strengthening of the executive has been both a target and a practice in the neoliberal period. This can be read as a part of the process of purifying the economic management from politics, to the extent that parliaments are regarded as places, which were contaminated by politics mostly. However, transfer of authority from elected people to appointed ones results in establishment of *autonomous* institutional

entities which cannot be monitored through democratic mechanisms, but are subjected to the direct control of the state.

On March 26, 2008, a new draft law (numbered 125) came to the Parliament, in order to solve the problems, which emerged as a result of the annulment decision of the Constitutional Court and to make new regulations.¹²⁸ Since that decision created a legal hole for the Institution; the course of debate in the Parliament was transformed, as well, from one attempting to legitimize the establishment of the Institution to one attempting to legalize the already established and functioning Institution.¹²⁹ It is said that this Institution had been established not only to liberalize, but also to regulate and control the markets of tobacco and alcohol, which are strategic products for both their high tax revenues and harmful effects on health or transfer of tax losses to criminal organizations. The objective of the draft law is defined as “organizing the actually existing service units legally, increasing effectiveness in the practices carried out by the Institution, regulating and auditing a secure free market”. Thus; although it is argued that these strategic products cannot be left to a freely functioning market, the ultimate aim is to settle the free market by eliminating the factors that prevent its functioning, to the extent that the emphasis is upon “effectiveness, transparency, accountability, justice, and punishment of contra-market illegal activities”.^{130,131} Concerning the punishments, an amendment was

¹²⁸ “This draft not only regulates the issues subject to cancellation, but also brings some new regulations.” (Reşat Dođru, 4th session in PR9)

¹²⁹ “Filling the legal gap created by the cancellation of the provision of the law number 4733, regulating the statuses, official duties and authorities of the personnel and service units of the institution, by the Constitutional Court... [With the decision of cancellation by the Constitutional Court] the establishment, official duties, and authorities of the offices of Tobacco and Alcohol Market Regularity Authority and the rights of its personnel concerning the retirement are down, are suspended, they become devoid of legal background... From that date on, there is not a legal structure of the institution with regards to the issues we have discussed so far and the personnel do not have any fiscal and legal status.” (Ali Osman Sali, 4th session, PR9)

¹³⁰ “In 2002, when state monopoly completely ended, Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority was established with the law numbered 4733, as an independent administrative authority having administrative and fiscal autonomy, in order to liberalize, regulate and control tobacco and alcohol markets, which have strategic importance for the economy of the country and for the society and which are directly related with public security, so much so that they cannot be left to function under full competition rules... Improving the effectiveness of the institution; and ensuring the regulation, monitor and control of the markets in the light of the principles of effectiveness, transparency, accountability and equity of a secure free competition market, and by providing minimum social cost and maximum social benefit within the context of social responsibility; and preventing smuggling and unpermitted imitative production and untaxed commodity supply by permitted producers within the context of prevention of illegal activities are

made on the draft law, on a later meeting, in order to define a group of exceptional people, who produce tobacco and alcohol only for their own consumption; because their being punished would not “fit into realities of country and be unjust”.¹³² The concepts that are emphasized in this law-making process like effectiveness was used also as a source of legitimacy for the transfer of authority from legislative to executive.¹³³ Since, the existence of a confusion of authority for the Institution, though it had been defined as one having an administrative autonomy, prevents the effective functioning of it.

The argument developed in the previous chapters of this thesis that neoliberal transformation should be regarded as a continuing process – though being the crisis-ridden - explains why the practices have continued in the same course, despite the changes in government. In the law-making process, the main objections had come from the parliamentarians, who are in fact the current members of Justice and Development Party (AKP). Whereas they had harshly criticized the law in question when they were in opposition, they resolved the problem of the legal basis of TAPDK when they came to power.^{134,135,136} This seemingly contradictory phenomena

adopted as main principles for the regulation of tobacco and alcohol markets.” (Ahmet Aydın, 5th session, PR2)

¹³¹ “...elimination of any kind of holes and problems resulted from internal and external reasons in the markets, and subjection of illegal activities directed to market order to effective, just and deterrent punishments is aimed; [to be realized] through organization of the de facto existing departments in a legal manner, increasing effectiveness in the execution of the duties carried out by the institution, regulation, monitor and control of a secure free competition market in the light of effectiveness, transparency, accountability and equity and within the context of social responsibility...” (Ali Osman Sali, 4th session, PR9)

¹³² RESOLUTION We request and suggest that the following sentence to be added to first paragraph of 8th article of the Law numbered 4733, which is anticipated to be amended with the Framework 3rd article of the Draft Law Numbered 125 that is currently under discussion:
“Except those, who produce maximum fifty kilograms cut rag rolling tobacco by using the crop they produce or maximum three hundred fifty liters fermented alcoholic beverages, without any commercial purpose.” (Ferit Mevlüt Aslanoğlu et. al, resolution accepted, 1st session in PR10)

¹³³ RESOLUTION We request and suggest that the framework of the Framework 1st article of the Draft Law Numbered 125, which is currently under discussion, to be amended as the following:
"Article 1- The second sentence of the first paragraph of the 4th article of the Law numbered 4733 and dated 3/1/2002 is amended as ‘Appointment of Vice Chairmen and Heads of Department are made by the Board based upon the proposal of the Head, that of other personnel is made by the Head.’" (Nihat Ergün et. al, resolution accepted, 1st session in PR10)

¹³⁴ “The Law numbered 4733 -“Tobacco Law” in short- was enacted speedily, during the term of 57th Government, in accordance with the commitments made to the World Bank and the IMF. Justice and

with regard to JDP is reflective of the consolidation of neoliberal hegemony in terms of the transformation of the state in general, and of the tobacco sector in particular.

This contradictory phenomenon can be most clearly observed in the process of privatization of TEKEL. The materialization privatization in tobacco and alcohol sectors came after the establishment of the Institution. The JDP members were criticizing the way of privatization carried out by the coalition government –even though not the process itself-, on the grounds that it provides the conditions for the entry of large-scale international capital into the market of nationally strategic products. Once they came to power, they continued with the process of privatization, and in turn they have begun to be criticized by the opposition because of the way of privatization – again not the process itself. The criticisms of the opposition include the parallelism between the declarations of the government and those of the Institution. Moreover, they criticized this process on the grounds that it would lead a transition from monopoly to free market, which would bring negative consequences for the market itself.¹³⁷ The government is blamed for its failure to learn from the

Development Party, which objected to the law then, has implemented the law without any compromise, since it came to power.” (Gürol Ergin, 4th session, PR9)

¹³⁵ “[2 resolutions given] in 2002. First resolution: “Domestic and foreign cigarette producers have to directly or indirectly buy the tobacco from Turkey, at an amount of half of the amount of cigarettes they sell in Turkish market. Certificates of production, sale and import of the products of those, who are detected as disobeying to this obligation despite the existence of enough amount of tobacco, will be annulled.” One of the resolutions was this. Second resolution is as the following: “It is requested that the sentence ‘Production of those cigarette brands that include 100 percent Turkish tobacco like Samsun, Maltepe etc. will be maintained with its existing mode.’ would be added to the draft law numbered 777, which is currently under discussion, after the sixth paragraph of its 6th article.”... Why do those, who were, in the past, requesting an increase in the proportion of local tobacco used for the tobacco processed by Tekel, stating that import should be prevented, struggling for this, let Tekel’s being sold to foreigners or disregard the difficulties tobacco farmers are facing now or the conditions they are in, after they came to power, as it is the case in other examples?” (Reşat Dođru, 4th session, PR2)

¹³⁶ “Number of tobacco producers decreased by 47 percent within last five years, during when provisions of the law numbered 4733 were implemented. Today, there are 205 thousand tobacco producers. Tobacco production, which was 200 thousand tonnes in 2000, eight years ago, decreased less than 100 thousand tonnes for the first time today. Our tobacco production is less than 100 thousand tonnes both in 2006 and in 2007. However, Turkey is a country, which needs to produce almost 200 thousand tonnes of tobacco, when the amount exported and processed within the country is taken into consideration.” (Gürol Ergin, 4th session, PR9)

¹³⁷ “...what is done is not privatization in its classical sense; rather it is bringing the monopoly back but replacement of the public interest with the interests of foreign capital... The speech released by the Head of Tobacco and Alcohol Market Regulatory Authority, at Planning and Budget Commission, on 27/11/2006, is in line with views of the Government. Mr. Head says what follows: ‘Tobacco products

previous errors made in the process of privatization of alcohol, and it repeat them with regard to the tobacco sector.¹³⁸

The process of privatization of tobacco that resulted in the closing of TEKEL's previous cigarette factories witnessed a movement of resistance by TEKEL workers against 4-C, as it has already been elaborated in the previous chapter. It was possible to observe the elements of formation of a class consciousness throughout this long-lasting resistance, which created a common reference point bringing workers from different political positions together. Clearly that is why the attitude of AKP towards them was cruel^{139,140}, as the possibility of the creation of an anti-hegemonic movement made the government -the representative and the carrier of the neoliberal hegemony, the prime mover of which is the transforming social relations of production under neoliberal capitalism- more reactive against the workers.

The term monopoly has been discussed throughout the neoliberal transformation; however, the most important conceptualization of the term provided by Uras in the TGNA was as follows:

and alcoholic beverages are consumption goods, to which a particular importance regarding public health is attributed, in our country, as in the world. These are strategic goods, which seriously threaten public health, public authority and public security as they are launched to the market as smuggled and fake products, and which cause huge losses in terms of public revenues, since their indirect tax rates are high. It is known that the black money gained through informal production and trade of cigarette and alcohol constitutes a significant financial resource for terrorist and criminal organizations. Although product range widened too much after the transition from monopoly market to free market, consumption and the related big decrease in the amount supplied to the market bring informality forward.'... (Gürol Ergin, 4th session, PR9)

¹³⁸ "...the same [party in] power, which admits that informality in alcoholic beverages disrupted the market and economy, revealed that it didn't learn from its errors by privatizing also the cigarette factories of Tekel...

The best case showing that privatization has no tiny benefit for the society out of providing profits to someone was experienced through the privatization of alcohol part of Tekel. In 2004, alcoholic beverages part of Tekel was sold to Mey Alcoholic Beverages for 292 million American dollars, 50 percent of which to be paid in advance, the rest in by equal installments in two years. Two years later, in 2006, the same company sold a share of 92 percent of the alcoholic beverages part of Tekel, which it had bought for 292 million dollars, to American Texas Pacific Group for triple price, 810 million dollars..." (Gürol Ergin, 4th session, PR9)

¹³⁹ "We can't ignore the cruel attitude of the government against Tekel workers, who reacted against privatization" (Gürol Ergin, 4th session, PR9)

¹⁴⁰ "There, I saw that people having different political views are together but class consciousness, historical consciousness, citizenship consciousness came together and we see that this resistance is really very important in the tobacco factories in every part of Turkey." (Mehmet Ufuk Uras, 1st session, PR10)

“Dear friends, the most dangerous monopoly of the monopolies is, in fact, the monopoly of words [kelam tekeli]. The monopoly of words in our country is virtually the ideology of neoliberalism; in a sense, it is a superstition... Japans have a good saying, it is said that: “Laws of heat cannot be discussed in a country, where Sun is worshipped”. Our economic policies, too, are based upon this neoliberal admittance, to a belief, a faith. Details do not matter without this is being questioned.” (Mehmet Ufuk Uras, 1st session, PR10; my translation)

The ideology of neoliberalism has become the most crucial monopoly in Turkey, as well as in the capitalist world. However, although the neoliberal transformation had have a similar course in different countries, it was experienced differently; and this difference is mediated through the strategic selectivities of states.¹⁴¹

Despite all the criticisms and the resistance of TEKEL workers, the process of privatization of tobacco was materialized at the expense of labour. There is no representative of the labour in the Board of the Institution. The term class conflict lost the significance it had in 1970s in Turkey, as a result of the developments mentioned in the second chapter. The course of law-making process in the tobacco sector got its share from the lack of that concept, as well. The discussion provided in the third chapter concerning the transformation the capital and the labour have experienced under neoliberal capitalism has showed that the process functions in favor of the former actor; and the legal infrastructure of the process, thus the resulting institution were shaped accordingly.

The Law numbered 5752, which served to the completion of the legal hole concerning the Institution, was accepted on April 3, 2008. The name of the Institution was changed with this law, from “Tobacco, Tobacco Products and Alcoholic Beverages Market Regulatory Authority” to “Tobacco and Alcohol Market Regulatory Authority”. (Art.4, Additional Clause 2)

This Law determines the qualification of the personnel, in detail; closing the legal hole created by the Annulment Decision of the Constitutional Court. (Art.1) Changes in cadres, classes, titles and degrees, and cancellation of the empty cadres

¹⁴¹ “...Who criticizes this is the Union of Tobacco Growers, who criticizes this are the unions of farmers. You are trying to close them by claiming that they are against the Constitution. The will of these unions say: “The European Union supports agriculture, European peasant coordination works for this, well, why don’t we consider the supports there, while we are saying that we will do what the world does, why don’t we make agricultural production plans?” (ibid)

depend upon the Decisions of the Council of Ministers. Although the qualification of the personnel is regulated by law; again, the details and issues mentioned above were left to the regulation of TAPDK and Decisions of Council of Ministers, respectively. (Art.1, para.3,4) In case of appointments among different posts, the personnel keep their previous rights. For example, if their salaries decrease, because of their appointment; they get difference reparation. (Art.5, para.1, PC.5) The expert posts, to which previous TEKEL personnel can be appointed, is limited to 15. They should be under 40 years old and have 10 years of work experience in the departments of cigarette production, purchase and processing of leaf tobacco, and marketing (5 for each) in TEKEL. (Art.5, para.4-C)

The additional article (added to Art.4 of the Law no.4733) concerning service units of TAPDK and their duties and authorities, which will be touched upon in the following part, provided the legal ground which was lacking previously. (Art.2) Also, with this law, a new department, namely Tobacco and Alcohol Control Dept., was established as a reflection of the increasing emphasis put upon health. (Art.2, para.1-F) “Sphere of activity of the service units are regulated by the Decisions of Council of Ministers taken upon the proposals of TAPDK, in accordance with the duties and functions mentioned [in Art2, para.1.]”. (Art2, para.2)

In Article 3 (changing Art.8 of Law no.4733) concerning the punishments, the exceptional group, which was mentioned above, was defined. (Art.3, para.1) Amount and level of punishments, as well, are stated in this law in detail. Certificates to be taken by TAPDK are required in a wide range¹⁴², and lack of each of them causes high levels of punishments. TAPDK is authorized to give administrative fines. (Art.3, para.9) It is possible to sue these decisions of fines, in accordance with the Law of Administrative Trial Procedure; however, filing an annulment case does not cease the implementation of the decision. (Art.3, para.10)

Tobacco, Tobacco Products, Salt and Alcohol Enterprises Inc. can make contracts for tobacco production, purchase and sale for 2008 products, with those producers, with whom it had signed contracts for 2007 products. (Art.5, PC6, para.1) Expenses for implementation of these contracts will be provided by the budget of the

¹⁴² See the list of punishments in the referred article for details.

Undersecretariat of Treasury, and their revenues will be transferred to it. (Art.5, PC6, para.2,3)

Having discussed the legal process leading to the Tobacco Law and the Law itself, which constituted the infrastructure of TAPDK; the chapter will move to the analysis of the Institution. It had been stated above that the service units, their duties and authorities were defined by the Law no. 5752 (Additional Clause 2). The following part will focus on the scope and practices of the specific service units of TAPDK, which gained their legal basis with this law, through both the legal definition and the interviews made with the personnel of TAPDK.

4.3. SCOPE AND PRACTICES OF TAPDK

This part of this chapter is devoted to the analysis of what the concrete situation of TAPDK, whose legal framework was discussed above, refers to. Some specific service units of TAPDK¹⁴³, namely the Board, the Market Regulatory Departments, and the Control Department, will be examined within this context. Then, the concept of autonomy will be discussed.

4.3.1 Organizational Structure of TAPDK¹⁴⁴:

The organization and functions of TAPDK were defined by the law numbered 4733, which was published in the Official Gazette on 9 January 2002 with the number 24635.¹⁴⁵ On top of the organizational structure of the institution, there exists Tobacco and Alcohol Market Regulation Board. The Board Directorate of Private Office and the Head of the Board are placed under the Board in the organizational structure. There are six subunits that are connected to the Head of the Board; namely

¹⁴³ The selection of the examined service units is based upon their significance both within the Institution and for the purposes of this thesis.

¹⁴⁴ source: <http://www.tapdk.gov.tr/organizasyon.htm>

¹⁴⁵ www.tapdk.gov.tr

President's Private Office Directorate, President's Office, Legal Advisor, Press and Public Relations Department and two Vice-Chairmen. One of the Vice-Chairmen is responsible for Tobacco Products Market Center, Tobacco and Alcohol Control Department, The European Union and External Relations Department, Human Resources and Support Services Department, Information Center, and İzmir Contact Office. The other Vice-Chairman is responsible for five subunits; namely Tobacco Market Center, Alcohol Market Center, Department of Alcoholic Beverages Market, Head of Competition and Consumer Rights, and Control Center. Those units/departments, which have a particular relevance to the discussion of the thesis, are analyzed in detail below.

4.3.1.1. Tobacco and Alcohol Market Regulation Board

The Board is defined by the Tobacco Law as the decision-making body of TAPDK, and its rules of procedures, duties and authorities are defined by the law. The important ones among these can be listed as such: "carrying out the procedures concerning the determination of the amounts to be taken per sale and conformity certificates and concerning the collection/encashment of the dues for registration, permission and licence by TAPDK (Law No. 4733, Art.3-c); making the regulations, which would prevent all kinds of –public, social or medical- harmful effects brought about by the use of tobacco and alcohol, and making decisions about these regulations(Art.3-d); making sectoral regulations about the implementation of this law (Art.3-e); cooperating with the relevant institutions inside and outside of the country, and deciding for the membership of TAPDK in these institutions, when necessary (Art.3-f).

It is so obvious that the Board is the main body of TAPDK, through which all of the decisions concerning *regulation of the tobacco (and alcohol) market(s)* are made. Furthermore, the Board has primacy over other departments of the Institution as it has a right to determine the personnel policies including the appointment of them (Art.3-g). This Board is composed of a Chairman, a Vice Chairman and five members.

The institutions nominating the existing people as candidates for the Board are Ministry of Agriculture and Rural Affairs, Undersecretariat of Foreign Trade, Ministry of Finance, Ministry of Health, Undersecretariat of Treasury, The Union of Turkish Agricultural Chambers, and the Ministry related with the General Directorate of Tobacco, Tobacco Products, Salt and Alcohol Enterprises, respectively¹⁴⁶. It has been already stated that this Board has a great control over the regulation of market; and as far as the relation between the government and the members are concerned, it should be stressed that independence of this IRA seems questionable. So, the discourse of purifying the market from the political rationality in order to have a more rational rationality, that is, that of market, should be read twice. The fact that the members of the Board are appointed by the Council of Ministers shows that the independence of the Institution is a dependent independence. The discussions that had been made in the TGNA throughout the law-making process leading to the Tobacco Law, upon which TAPDK was established, had put forward the difference between the elected and appointed people in terms of their representation power. However, as it was already stated above, after six years of de facto functioning of the Institution, those discussions transformed and the final version of the Law provided the legal basis for the appointed people's existing position. Technocratization, which is a theoretical pretext for the establishment of the IRAs, was materialized; yet, the close relation between those technocrats and the Ministries points to the wrong assumption that technocratization would purify the economic management from political effects. The existence of the representative of the UTAC in the Board seems as a concession to labour; however whether the UTAC can be regarded as the representative of labour is disputable. Furthermore, decisions are taken by majority in the Board; that is, four people out of seven is enough to make a decision, reducing the position of the representative of the UTAC to a symbolic one. Still, the absence of a direct representative of the capital in the Board differentiates TAPDK from the Sugar Institution, that has a representative of Cargill as a member of its Board.

It should be noted that the existence or the absence of direct representatives of classes in the decision-making mechanism of the IRAs does not refer to the existence

¹⁴⁶ Retrieved from <http://www.tapdk.gov.tr/uyeler.asp>

or the absence of the class struggle. The classes do not get concretized in the personalities of people. To the extent that the establishment and functioning of the Institution have been materialized within the context of the neoliberal transformation, which is an open indicator of the existence of class struggle, TAPDK cannot be recognized as a site out of the class struggle. The extensive authority given to TAPDK by the Law, concerning the market regulation of the tobacco and alcohol sectors, finds its expression in the practices of TAPDK. The main objective of the establishment of an IRA in the sector is the provision and the maintenance of effectively functioning markets. The Board shows its compliance with this aim with its each decision, which encompasses a wide range in the regulation of not only markets, but also the relations of production. How each service units contribute to the formation of the decisions of the Board will be clear after examining their position one by one, in the following sub-parts.

4.3.1.2. Tobacco Market Centre

Duties and authorities of the Tobacco Market Center are defined by the Tobacco Law (Article 4/A – additional article dated 3.4.2008, numbered 5752- paragraph a.) as “carrying out the procedures concerning carriage, import and export of tobacco seed; tobacco production; purchase and sale of producers’ tobacco; processing, storage, domestic and foreign trade of tobacco; tobacco losses; establishment, production permission, project modifications, replacement and closure of tobacco processing units; all kinds of transfers and their technical control”.

This department works within the process preceding the production of tobacco products; which include production of leaf tobacco in the fields, processing by the producers, in which they classify the product according to its quality, store and prepare it either for export or for factories, where tobacco products are produced. Similar to what the relevant unit did in TEKEL, Tobacco Market Center regulates the production of tobacco by determining the framework of the contract with producers; and gives license to importers and exporters of tobacco. Basically, it takes place in three processes; purchase, processing and export.

This department works in collaboration with Tobacco Products department, since these two departments together constitute the area, where two parts of a production process are regulated; and EU and External Relations department concerning the external regulations (int.6). Although there is a coordination between this department and some institutions out of TAPDK such as Ministry of Food, Agriculture and Rural Affairs, Undersecretariat of Foreign Trade, Turkish Statistical Institute or State Planning Organization; they are in a complementary position, since Tobacco Market department is regarded by these institutions, as well, as the higher authority in tobacco market (int.6).

“Price is the element, which affects tobacco production mostly.” (int.6). It is stated in the Tobacco Law that the product produced out of the contract is sold by auction, beginning price of which is determined by TAPDK. However, purchase through auction is very limited in practice (int.6). The price that takes place in the contracts is to be determined collectively by producers and buyers. Since the producers are “not organized, they cannot have an effect on price;.. however, buyers, too, have a limited effect, because they depend, in turn, on the price cigarette firms give to them” (int.6). The lack of organization of the tobacco growers results in the lack of their effect in the contract conditions, as it had been discussed in the previous chapter. Furthermore, the buyers, namely the merchant firms work as the intermediators between the producers and the cigarette producing firms. This points to the transformation of the trade capital-productive capital relations, which had also been mentioned in the previous chapter.

The Law also gives the department the duty to resolve the conflicts that can emerge between buyers and sellers. If the producers are not satisfied with the price buyers give, they apply to TAPDK with a petition; the Institution sends its experts to the area, he evaluates the tobacco and decides. There are some cases, when TAPDK increased the price offered. However, when compared to the objections made against TEKEL, their number is very limited now. “Producers avoid from objecting private sector, with the fear of buyers’ anger and the possibility of not contracting for the next year.” (int.6). Still, when an objection is made, firms accept their mistake most of the time. TAPDK prepares brochures promoting the right to objection and preventing private sector’s negative attitudes against these objections. (int.6)

Interviews made with the tobacco farmers had showed in the previous chapter that the objection mechanism is not beyond a symbolic concession to them, on the side of the farmers, since it does fit into the reality.

Supports provided by the state for switching to alternative crops exist in the areas where private sector does not make purchases, basically in Southeastern Region. Tobacco production in the Southeastern Region challenged TEKEL, since state could not solve the political conflict there. (int.5) However, even there, only one sixth of the producers have demanded this support, since they cannot meet the requirements for application (int.6). Besides, the effort to be made to meet the requirements, namely becoming registered or uniting the scattered lands owned, does not worth for a support of 120 TL per decare.¹⁴⁷

The personnel of the department emphasize that Turkey began to fail to be self-sufficient concerning tobacco. The amount of imported tobacco is currently higher than the amount of exported tobacco. Whereas the amount of production and that of producers of the oriental tobacco have decreased; those cigarette factories in Turkey, which are owned by the international capital, import the leaf tobacco for the cigarettes they produce (int.5).

4.3.1.3 Tobacco Products Market Centre

Duties and authorities of the Tobacco Products Market Center are defined by the Tobacco Law (Article 4/A – para.b) as “carrying out the procedures concerning production, domestic and foreign trade of tobacco products; establishment, production permission, project modifications, and closure of tobacco products production units; all kinds of transfers and their technical control”.

Tobacco products include all kinds of products that have tobacco leaves or pieces of tobacco plant as its raw material –totally or partially- and are consumed by smoking, snuffing, sucking and chewing; and are listed as cigarette, cigar, cigarillo,

¹⁴⁷ The alternative crop support for the farmers, who abandoned tobacco production, has its legal basis in the Decision of the Council of Ministers numbered 2008/14265. (Official Gazette, November 14, 2008) The support is 120 TL per decare, it is given for 3 decares per person, and it continues for three years. The maximum amount of support a previous tobacco farmer can get within the framework of transition to alternative crops is 360 TL annually, which is below the monthly minimum wage. (int.6)

tobacco product for waterpipe (shisha), tobacco for pipe and cut rag rolling tobacco product. Among them, cigarette, cigar and cigarillo are imported tobacco products. However, cigarette constitutes approximately 99% of the sale of tobacco products; so, it is not a coincidence that the term tobacco product automatically reminds of the cigarette. Production and consumption of cigar and cigarillo is very limited in Turkey. Cuba is famous with its cigars. In Turkey, only those taking place in high-income groups smoke cigars.

This department is defined as “the most important unit of the Institution” (int.5). Because; whereas for the other departments as alcoholic beverages or tobacco, Ministry of Food, Agriculture and Rural Affairs also has a say, for the tobacco products, TAPDK has the most extensive role. All of the processes concerning tobacco products are realized through TAPDK, without going to any other public institution. Similar duties and authorities are defined for all of the four markets; however, there is no share of authority with any other institution for the department of tobacco products; for instance, alcoholic beverages are, at the same time, subject to the Food Law. TAPDK is responsible to give permission not only in the production process, but also in the presentation process. Without getting permission from the Institution concerning the form of the packages of the tobacco products, it is not possible to launch them to the market.

Another factor contributing to the significance of the department is that “approximately 25% of the special consumption tax collected in Turkey comes from tobacco products” (int.5). “There are two companies that we [the department] control[s] and they take place in the first 100 companies in the world... All of the firms that we [the department] control[s] have, except a few exceptions, international capital.” (int.5). The names of the firms that have got certificate of conformity for cigarette production are as follows: British American Tobacco, Boğaziçi, European Tobacco, Imperial Tobacco, Japan Tobacco International, Korea Tobacco and Ginseng, Philip Morris Sabancı (<http://www.tapdk.gov.tr/tutunmamulleri11.asp>). There are 9 firms that import cigar and cigarillo, they do not have production units in Turkey; however, for cigarette, there is no firm that only imports without production.

The relations between Tobacco Products Department and other departments is important, to the extent that it reveals the arenas of struggle within the Institution.

The most intimate relationship is that with the Tobacco Market department, since it deals with the raw material of the products taking place in the Tobacco Products Market; it “brings the tobacco from the field of the producer to the door of the factory” (int.5), where functions of Tobacco Products Market department begins. After the production of the tobacco products, the department works with the departments of Competition and Consumer Rights, and Tobacco and Alcohol Control, while carrying out its functions concerning the market regulation. “Sometimes authorities of the department create conflicts” (int.5). The department consults the Control department, and Legal Advisor, as well, and even universities sometimes; however, after exchange of ideas, it develops the regulations and presents to the Board, since it is the executive unit concerning tobacco products market regulation. Concerning the relations the department engages in with the institutions out of TAPDK are maintained on a topic basis or depending upon the co-directed projects. For example, it works with the Ministry of Finance on banderoles, the Ministry of Health on the pictures on cigarette packages, Turkish Statistical Institute on data on the market.

4.3.1.4 Alcohol Market Centre

Duties and authorities of the Alcohol Market Center are defined by the Tobacco Law (Article 4/A – para.c) as “carrying out the procedures concerning production, domestic and foreign trade, denaturation, packing, distribution, keeping for the purpose of usage in production, storage, recycling, processing of ethyl alcohol and methanol ; establishment, production permission, project modifications, and closure of production units; and all kinds of transfers; and procedures concerning the implementation of the Spirits and Alcoholic Beverages Monopoly Act dated 8.6.1942 and numbered 4250, and their technical control”.

4.3.1.5 Department of Alcoholic Beverages Center

Duties and authorities of the Department of Alcoholic Beverages Center are defined by the Tobacco Law (Article 4/A – para.d) as “carrying out the procedures concerning domestic and foreign trade, distribution, storage, recycling of alcoholic beverages; except the articles of Law Concerning the Amendment and Acceptance of the Decree Law Regarding the Production, Consumption and Control of Food dated 27.5.2004 and numbered 5179; establishment, management, project modifications, and closure of production units; all kinds of transfer; procedures concerning the implementation of the Law numbered 4250, and their technical control”.

Although the departments regulating the alcohol and alcoholic beverages markets function in parallel with the tobacco and tobacco products market regulatory departments, the communication between tobacco and alcohol departments is very limited. This communication is provided through the other departments that will be touched upon below.

4.3.1.6 Tobacco and Alcohol Control Department

Duties and authorities of the Tobacco and Alcohol Control Department are defined by the Tobacco Law (Article 4/A – para.f) as “carrying out the procedures concerning the implementation of World Health Organization Framework Convention on Tobacco Control and the Code on Prevention and Control of Harmful Effects of Tobacco Products dated 7.11.1996 and numbered 4207, with the purpose of prevention of publicly or medically harmful effects that result from use of tobacco and alcohol; carrying out the procedures that would prevent activities, which encourage consumption of tobacco and alcohol, and illegal trade, in collaboration with the relevant institutions and organizations; making the analyses about (or making someone to analyze) tobacco, tobacco products, ethyl alcohol, methanol and alcoholic beverages, except those articles that take place in the Law numbered 5179; providing the determination of the substances that could harm human health”.

This department has a unique place within the Institution. It was established in 2008 (with the Law numbered 5752); and it has its basis in an international convention, which is binding and requires compliance while determining the regulatory principles. Framework Convention on Tobacco Control that was signed at 56th World Assembly of World Health Organization, on May, 21st, 2003, has 173 members. Being one among them, Turkey developed a National Tobacco Control Program, following the entry into force of the Convention on November, 30th, 2004. This program targets to develop a counter-cigarette attitude among 90% of the society, within the period 2006-2010. Principles accepted through the Convention is used as “arguments while regulating the market” (int.3).

Besides having an intricate relationship with an international organization, a second characteristic that contributes to uniqueness of this department is the fact that it has to coordinate the four other departments mentioned above. Although there seems a disconnection between the markets concerning tobacco and alcohol, control department has to be in touch with four of the markets. The control department reports on and evaluates within the framework of control what the four departments, which are responsible from regulating the markets, do.¹⁴⁸ This creates a sphere, through which the coordination among market regulating departments is provided; however, the emphasis upon control within this department results in the penetration of the mentality of control into this coordination process. It is stated in the Convention that “in setting, and implementing their public health policies with respect to tobacco control, Parties shall act to protect these policies from commercial and other vested interests of the tobacco industry in accordance with national law” (Art. 5.3). A very impressive presentation published by TAPDK¹⁴⁹ shows how the aim of reducing the use and negative effects of the use of tobacco contradicts with the interests of capital-owners. In this presentation, Dađlı examines the international

¹⁴⁸ That is why, I suppose, answers given to all of the questions I asked during my interview with the control department had at least two answers; one for tobacco market and the other for alcohol market. I observed that whereas Departments concerning Tobacco and Tobacco Products know little about the alcohol market and Departments concerning Alcohol and Alcoholic Beverages know little about the tobacco market; Tobacco and Alcohol Control Department has a good grasp of the four markets.

¹⁴⁹ One of the writers of the report “Tobacco Control in Turkey” prepared by WHO in 2009, Prof. Dr. Elif Dađlı, Marmara University, Power Point Presentation called “Sigara Endüstrisi” (Cigarette Industry), 12.03.2010. Retrieved at the documents of the Department of Tobacco Control, <http://www.tapdk.gov.tr/tkbelgeler.asp>

tobacco companies –mainly Philip Morris, British American Tobacco and Japan Tobacco International-, to which she refers as “the industry”, in depth and in a very critical manner. She argues that the cigarette industry opposes to health concerns, however it designs various tactics in accordance with their purposes –for example, consultancy programs to become a party to tobacco control with “pseudo-independent experts”, or public relations to use the media in order to create public opinion in favor of the industry- and through these tactics, it disguises its aims. Industry says, according to her, that the supervision of tobacco would effect the business community negatively; and that there is no need for laws for supervision, instead individual responsibility and internal supervision of the industry are important. She shows the evidences for the fact that scientists stating that tobacco smoke is not a serious threat to health are supported by the cigarette firms financially.

The conflicting positioning by the tobacco industry and control department shows how a sphere of constraint within the Institution can be created for the market, which constitutes the *raison d’être* of the Institution. Market regulating departments try to “find the middle between realities of market and utopic suggestions of the control department” (int.3) before presenting their own suggestions to the Board. These two –most of the time conflicting- views are evaluated by the Board in the last instance, and resulting decisions include marks from both sides. Although it is not the executing unit concerning tobacco and alcohol control; this department’s positioning gets a lot of sticks from the executive departments that regulate markets individually. An official from the control department confesses the position they hold in others’ eyes, with these words: “Some departments ask us whether this department is the Green Crescent? They say ‘are you the pest of us?’...” (int.3)

Other than the Board, the market regulatory service units, and the control department; the European Union and External Relations Department and the Head of Competition and Consumer Rights worth mentioning among the units of TAPDK.

Duties and authorities of The EU and External Relations Department are defined by the Tobacco Law (Article 4/A – para.h) as “carrying out, coordinating and consulting the procedures required for the purpose of harmonization with the *Acquis Communautaire*, about the issues that take place within its domain of duties, within the

framework of the Law Concerning the Maintenance and the Coordination of the International Relations dated 5.5.1969 and numbered 1173; carrying out the procedures about the membership of the Authority to these organizations, when necessary”. This department provides the relation between TAPDK and the EU, within the framework of the harmonization with the EU acquis, and that between TAPDK and the international organizations, the most important one is the WHO.

Duties and authorities of the Head of Competition and Consumer Rights are defined by the Tobacco Law (Article 4/A – para.e) as “carrying out the procedures about giving certificates of permission and qualification for sale and presentation of the products that take place within the domain of authority of the Institution, except the articles of the Law numbered 5179; providing market follow-up and control for these activities; working to create public consumer consciousness about the regulations and practices regarding tobacco and alcohol markets; and carrying out the procedures concerning the determination of competition and advertisement conditions, which would decrease options for consumers, and those concerning the usage of banderole (revenue stamp), label, hologram, stamp, print and similar signs on the products that take place within the scope of this Law, in collaboration with other public institutions and organizations, when necessary”. This department is regarded by the personnel of the market regulatory units as the counterpart of the control department. On the one hand, like the control department, it constitutes an intermediary site, through which the coordination among the market regulatory units is realized; on the other hand, unlike the control department, it serves to the objective of the development of competition in order to enhance the markets, instead of the health-related concerns resulting in contraction of the markets.

4.3.2 Autonomy of the Institution

In the Tobacco Law, which established TAPDK; it is stated that the Institution has administrative and fiscal autonomy. (Art.2)

Fiscal autonomy derives from the fact that the Institution has its own budget. Items of revenue mainly include those payments for the licences. There are

approximately 216 thousand retailers, who take place within the vending system. They become able to sell cigarettes or alcoholic beverages legally, through the certificates they get from the Institution. The payments for these licenses constitute an important part of the revenue of the Institution. Also, applications for establishing or relocating cigarette/alcoholic beverages factories turn into revenue for the Institution. After collecting this money, it gets high interests from the funds of Ziraat Bank and sends it to Undersecretariat of Treasury every three months. With the money left, the Institution makes its payments for bids on security or cleaning services, personnel expenses, and expenses for lighting, heating etc. Budget is ratified by the Board, and then sent to the Grand National Assembly of Turkey. Because of the fact that “this instituton is a part of Turkey, as well” (int.2), budget of TAPDK is ratified by the Assembly, in the last instance. Last year, the amount the Institution transferred to Treasury was 32 million TL out of the total revenue of 48 million TL; thus, it is defined by its officials as “a very profitable institution”. (int.2, also in int.5) For this year, the expected amount to be transferred to Treasury is lower, because an amount of 10 million TL was allocated to Provincial Tobacco Control Centers, which are expected to seal the breach of the Institution in auditing. (int.1)

Administrative autonomy derives from the fact that no one intervenes in the appointments within the Institution, they are made by the Board; and no one gives instructions to the Institution in the administrative sphere. (int.2) With the new government, TAPDK was associated to the Ministry of Food, Agriculture and Rural Affairs. Being an “associated” institution instead of a “relevant” institution of the Ministry is regarded as an evidence of the autonomy of the Institution. (int.1; “Terminology matters.”) However; when the members of TAPDK are to be given assignments abroad, for instance, these need to be ratified by the associated Minister, after the decision of the Board. This shows lack of independence from the associated Ministry. (int.1) Also, the members of the Board are appointed by the Decision of the Council of Ministers. These can be seen as an indication of the limits of the autonomy of TAPDK. However; the diversity of the members of the Board, which it includes “persons representing different interest groups (ministries, public institutions, The Union of Turkish Agricultural Chambers), shows that this institution

has an inter-disciplinary structure”. (int.1) Whether an institution that aims to turn *economic* management into an independent sphere can be regarded as having an inter-disciplinary structure is questionable.

Following two parts of this chapter will provide the link between the discussions made so far. They will place TAPDK, described in this chapter, into the arguments concerning the neoliberal transformation of the tobacco sector, developed in the third chapter; and those concerning the neoliberal transformation of the state, developed in the second chapter, respectively.

4.4. THE PLACE OF TAPDK WITHIN THE NEOLIBERAL TRANSFORMATION OF THE TOBACCO SECTOR IN TURKEY

The consequences of the neoliberal transformation of agriculture in the tobacco sector in Turkey had already been told in the previous chapter. The reduction in agricultural production, the reduction in agricultural supports through the transition from support purchases and input supports towards direct income support, the increase in imports relative to the exports, thus transition from a position of exporting country to an importing one, the privatization of state economic enterprises, the settlement of the rationale of governance, including the establishment of independent regulatory agencies are the developments brought about within the context of neoliberal transformation of agriculture; and all of these developments had their implications in the tobacco sector.

It was already stated above that the transformation of agriculture dates back to the 1980s; however, its intensification came two decades later. As it was told in the previous chapter; the process of the neoliberal transformation of agriculture has been facilitated, accelerated and institutionalized from the mid 1990s onwards; in line with the tendencies of the international actors that are involved in the process and the requirements of the neoliberal capitalism. The commitment to reform the agricultural sector in Turkey, which became clear with the signature under the URAA in 1994, became binding with the letter of intent, written to the IMF in 1999, which included concrete promises made by Turkey concerning the agricultural

reform process. Then, the reform process was facilitated by the World Bank project of 2001 (ARIP), which defined how it would be conducted. Also, the National Programs were shaped in accordance with the framework of the harmonization with the EU and included components of the agricultural reform. Still, it could be argued that the neoliberal transformation of agriculture entered into a smoother course only after the crisis of 2001. As it was discussed above, crises constitute significant moments, through which the obstacles in front of the development of –in this case neoliberal- capitalism are overcome. The smooth application of the agricultural reform concerning the tobacco sector was realized from the 2002 onwards. The fact that TAPDK was established in the same year is beyond a simple coincidence. This section will contextualize TAPDK by discussing its place in the neoliberal transformation of the tobacco sector in Turkey.

The establishment of the independent regulatory agencies is among the developments within the framework of the neoliberal transformation of the tobacco sector; beside the decrease in the amount of tobacco production, the decrease in the supports for the tobacco production, decrease in the amount of export of tobacco and the increase in the amount of import of it, the process of privatization, and the settlement of the rationale of governance. However; TAPDK is not only a part or component of the process of transformation, but also an institution that mediates the facilitation of this process. An analysis of the relation between TAPDK and other components of the transformation process would reveal the distinctive place of the institution within the process.

To begin with, TAPDK is closely associated with production process, despite its seemingly neutral regulatory character. Although the reduction in the amount of production began before the establishment of TAPDK, the increase in this reduction after 2002 is far more. Within the two decades that precede the establishment of TAPDK, the reasons of that decrease can be listed as the liberalization of the import of cigarettes and tobacco, production of foreign brands in Turkey, and increased consumption of filtered cigarettes. In the Tobacco Law of 2002, which established TAPDK, regulation of the production of tobacco and tobacco products are among the duties and authorities of the institution. That is, despite the fact that TAPDK is defined as a market regulatory authority, regulation of production is among its duties.

It is stated in the Tobacco Law that tobacco production is based upon the contract that would be signed between buyers and producers. Contract farming is a component of the neoliberal transformation of agriculture; however, production based upon contracts is not new for tobacco producers. They used to sign contracts with TEKEL. What changed is the “objectivity” of the new contracts, since it is argued that the playing field is now levelled. Contracts are now signed between the representatives of the capitalist class and tobacco producers, that is, labourers; unlike the previous contracts that used to be signed between TEKEL, that is, state and producers. Through the discourse of eliminating political preferences, TAPDK serves to the direct confrontation between capital and labour, which has unequal levels of organization. Furthermore, concerning the tobacco products, there is now a threshold. Permitting only the large capital to produce not only causes a recomposition within capital, but also a disadvantage for the labour, which is already disorganized.

Secondly, the relation between TAPDK and the relations of redistribution, which get concretized in the support mechanisms, is to be elaborated. The reduction in the production levels is directly related with the price of both the crop and the inputs. In the previous period, support purchases made by the state were functioning as a price guarantee for the producers; and the input supports and credits provided again by the state. Under neoliberalism, the elimination of both support mechanisms and their replacement by direct income support caused a reduction in the amount of production. There is the risk of the crop remaining unsold and the cost of production increased as the input supports were eliminated. Producers’ becoming dependent upon bank credits with high interest rates created a cycle of indebtedness for them. TAPDK plays a role in this process of depreciation of the support mechanisms on two bases. Firstly, it “intervenes” into that process through its extensive authority concerning the market regulation. The main objective of the establishment of TAPDK was defined in the Tobacco Law as the provision of the effective functioning of the market. TAPDK is thus to enable this through its regulations, on the one hand; and by preventing the “intervention of the state into the market”, on the other. The previous support mechanisms have been regarded as the examples of contamination of politics into the economic management. In this sense, eliminating

the previous support mechanisms of the state is among the main functions of TAPDK. Secondly, TAPDK contributes to the change in the support mechanisms through the discourse of control. Beginning from Turkey's signing the Framework Convention on the Tobacco Control, there has been a huge emphasis by TAPDK upon the harmful effects of the tobacco products. These harmful products' being supported by the state would be conflicting, they assert. (int.5) It is argued that the state should prevent consumption and production of these harmful products, let alone supporting them. Here, the discourse is used in a misleading way. The difference between the supply of those products and their consumption is ignored. The available data show that the decrease in the amount of consumption is lower than the decrease in the amount of production.

Thirdly, the relation between TAPDK and foreign trade relations is considered significant. In the previous era the level of tobacco production in Turkey was enough to meet both the amount of consumption in Turkey –either in the leaf tobacco processing units and in the cigarette factories- and the amount of exports; currently, Turkey needs to import tobacco at an amount near to the amount of production, in order to meet the total amount of consumption and export. That means that Turkey turned out to be a tobacco importing country, whereas it used to be an exporting one. This refers to a transition from self-sufficiency towards external dependence. That transition process began with the penetration of the international capital into the Turkish tobacco market; for the demand for the oriental tobacco decreased, as the international capital-owners began to produce foreign brands in cigarette factories. The penetration of the international capital, in turn, was deepened and institutionalized through the mediation of TAPDK. It is to be remembered that the representatives of the international capital were present even in the law-making process, which resulted in the establishment of TAPDK.

Fourthly, the relation between the process of privatization and TAPDK will be analyzed within the context of regulation debate. It will be discussed in the following section that reregulation refers to a process of regulation of deregulation. However, it is worth mentioning here, too; for TAPDK's place in the process of privatization of TEKEL is very obvious. The process of privatization of TEKEL is parallel to the establishment of TAPDK, which is a fact indicating the coexistence of

deregulation and reregulation. Furthermore, TAPDK's failure in carrying out its functions between 2002 and 2008, and the acceleration in the practices it gained after the privatization of TEKEL shows how these two processes are related with each other. TAPDK was able to carry out its market regulatory functions, as defined in the law, only after the dismantling and the privatization of TEKEL. Furthermore, the neutral appearance of TAPDK during the Resistance of TEKEL workers, which can be derived from the fact that TAPDK was even on the agenda of neither workers nor was it on the agenda of those analyzing the Resistance. This shows how technocratization contributes to the avoidance of the reaction, since technocrats do not have political accountability.

The fifth topic to be scrutinized here, namely the relation between TAPDK and governance, is closely related to the last point mentioned above. Despite the claim by the advocates of the governance approach, participation of different sections of the society into the decision-making process is not materialized in the case of TAPDK. It can be argued that this process is not conducted collectively even within the TAPDK, to the extent that the Board comprised of seven members has an extensive authority over the departments, which have conflicting views. In this sense, the Board of TAPDK -thus TAPDK itself- refers to a consensus –for the settlement of the neoliberal transformation of the sectors in question. When another premise of the governance approach, namely that it would replace the government, is taken into consideration; it can be said that this is materialized partially. The intimate relation between the appointed officials of TAPDK and the government was already pointed out above. However, there remains the possibility to develop an alternative stance – though within the limits of the neoliberal transformation, to which a clear commitment had been made- at each decision made in the Board; since the government is not directly involved in the decision-making process.

The sixth relation is that between TAPDK and the capital-owners. TAPDK has a conflicting relation with “the tobacco industry”, which stems from the co-existence of the departments with conflicting stances, within the institution. On the one hand, it preserves its distance, in line with the requirement of the emphasis on control. It is clearly stated in the Framework Convention on Tobacco Control that the regulating institution should keep its objectivity and should never act in line with the

interests of the firms in the market. On the other hand, the officials from the market regulating departments confess that their existence depends upon the existence of market. Two inferences can be made from this confession. First, there should be a market, in order for the institution to regulate. Second, the budget of TAPDK is dependent upon the payments by the capital-owners for the certificates it is providing. In both senses, the growth of the markets TAPDK is regulating is beneficial for the institution. In turn, the existence of TAPDK contributes to the reproduction of capital by representing the restructured form of the state, through which the direct confrontation of the classes that favors the capitalist class is enabled.

Last but not least is the relation between TAPDK and the labouring classes. The attitude of TAPDK toward TEKEL workers was touched upon above. The tobacco producers, the second component of the labouring classes, were affected by the process of the neoliberal transformation of agriculture more harshly. It is clear in the statements of TAPDK officials that the institution regards the process of the elimination of petty commodity producers in the tobacco sector as a process of refinement, within which “the fittest survive” (int.4). Although the negative consequences of the decrease in the amount of tobacco production and transition from self-sufficiency towards external dependence are acknowledged; the emphasis is upon the “losses of the Turkish economy”, not that of petty commodity producers (int.5). The lack of an emphasis on tobacco producers by TAPDK is reciprocated by a lack of emphasis upon TAPDK by the producers. The statement “the state retreated, merchants took its place” (int.12) clearly indicates the place of TAPDK within the emerging direct confrontation of classes, concerning the tobacco sector. By transferring its regulatory role to TAPDK, TEKEL left the market, thus created the perception of loneliness on the side of producers. Furthermore, this perception is grounded upon a material basis, to the extent that the contracts are signed between the so-called equal parties. The tobacco producers are alone in signing the contracts. They have to act individually vis a vis the comparatively well-organized power of capital-owners. The specific condition of the tobacco producers in terms of the level of their organization creates a deeper loneliness; however, it should be noted that it is not specific to the tobacco producers. Labourers are *free* under capitalism, in two senses. First, they are free to make contracts; second, they are deprived of the means

of production. Market inherently constitutes an area, where *free* individuals enter into an exchange relationship. Workers live off selling their labouring power as well; yet, unionization relieves their loneliness in this process. For the tobacco producers, disorganization contributes to the above-mentioned direct confrontation. TAPDK is the site, through which this direct confrontation targeted by the dominant class is mediated, to the extent that its establishment means dismantling of TEKEL and that its main objective is the provision of the *effective* functioning of the market; which carries negative consequences for both components of the labouring classes.

To sum up, TAPDK has a significant mediating role, despite its neutral appearance, concerning the neoliberal transformation of the tobacco sector in Turkey. It had already been expressed that the establishment of IRAs in agriculture is regarded as necessary, in the debates on agricultural transformation and in the international and national texts forcing that transformation. Thus, it can be argued that TAPDK has realized its missions in the way that it had been intended by those, who established it.

4.5. THE PLACE OF TAPDK WITHIN THE NEOLIBERAL TRANSFORMATION OF THE STATE IN TURKEY

The second chapter had provided an analysis of the significance of the establishment of independent regulatory agencies for the neoliberal transformation of the capitalist state in Turkey. It had been argued that the establishment of IRAs points to the redefinition of the separation of the political and the economic, to the extent that it refers to the redefinition of state-market relations. The process of the establishment of the IRAs is conceptualized as a moment of the neoliberal transformation, since it provided a moment, through which the crisis in neoliberalism was resolved. TAPDK constitutes a good case that indicates this function of IRAs, for the delayed neoliberal transformation of the tobacco sector was materialized through the mediation of TAPDK. TAPDK is both a component and mediator of the neoliberal transformation of the state, just like it is in that of agriculture. An analysis of the relation between

TAPDK and some other components of the neoliberal transformation of the state in Turkey will clarify this point.

Firstly, the discussion on the relation between TAPDK and deregulation under neoliberalism will be summarized. In contrast to the arguments of the mainstream approaches to the establishment of IRAs, the transition from the Washington Consensus to the Post-Washington Consensus does not refer to a transition from deregulation toward reregulation. Reregulation, which constitutes the basis of the establishment of IRAs, is conceptualized as the “regulation of deregulation”, within the framework of this thesis. TAPDK provides again a good case for this argument, since the realization of deregulation –basically the privatization of TEKEL- goes hand in hand with the establishment of TAPDK. TAPDK has a mediating role in the process of privatization of TEKEL, in two senses. On the one hand, its role is to enable the effective functioning of the market competitively; therefore, it represents the institutional mechanism for the fight against monopolization. One of the two characteristics of TEKEL in the tobacco market, namely its being a market actor, is eliminated through its privatization. On the other hand, TAPDK’s becoming the extensive authority concerning the market regulation by taking it over from TEKEL rendered the existence of TEKEL, which had already left the market, unnecessary. This fact points to the second characteristic of TEKEL, namely its regulatory role. The relation between TAPDK and reregulation is directly related with the discussion on periodization provided in the second chapter. Although the neoliberal transformation of state dates back to 1980, that of agriculture had been far from smooth until the mid 1990s. Its intensification is parallel to the new moment under the neoliberal transformation in general, within which the IRAs were established. The close relationship between TAPDK and the materialization of that process regarding the tobacco sector shows how the analysis of the institution can provide a tool for the explanation developed in the discussion on periodization.

Secondly, TAPDK-crisis relation, which can be understood within the framework of the discussion on periodization, is underlined. The cornerstones of the process of the neoliberal transformation of the tobacco sector coincides with the dates of financial crises in Turkey, which are basically 1994, 1999, 2001 and 2008.

The transformation deepened and got institutionalized step by step, with each crisis. The third one led to the establishment of TAPDK and the last one contributed to its gaining a legal ground. The establishment of IRAs under the new moment, within which the crisis in neoliberalism was overcome, shows how that of TAPDK is deeply related with the crisis as well. Therefore, it can be argued that making sense of the historical developments through the developments the specific form of capitalism has experienced would be more viable than doing it through a reading of the cycles of *intervention and retreat of the state*, while attempting to develop periodizations.

Thirdly, the relation between TAPDK and the separation between the political and the economic spheres, which gets concretized in the appearance of the state and the market in an external relationship, is to be emphasized. The establishment of an IRA in the tobacco sector is the outcome of the attempt for the purification of the economic management from politics and its being realized technically, in line with the market requirements, which had been supported by the policy-makers and theoretical carriers of the process of the neoliberal transformation. Thus the process of depoliticization, of which TAPDK is a part, contributes to the redefinition of the separation of the political and the economic under the neoliberal form of capitalism. It is argued that the market regulation that is the economic management, in the tobacco sector is purified from the political concerns or decisions through the establishment of TAPDK. However, the so-called independence and autonomy of the institution gives leverage to the consolidation of the hegemonic class, thus creating a new but disguised dependency, to the extent that “depoliticization is itself highly political”.

Fourthly, TAPDK will be contextualized within the theoretical bases of the IRAs, namely the New Public Management Approach and the Governance Approach. As it was targeted by NPM, restructuring of the state as a firm in line with the market requirements found its expression in the establishment of TAPDK, which indicated a clear transition towards technocratization. Instead of *intervention* of the state in times of market failure, which marked the form of the capitalist state under the post-war era; under neoliberalism, the state is restructured in order to avoid the failures of the state that would function more effectively, as it will be restructured in accordance with the market rationale. The emphasis made by the Governance

approach on the necessity of a broader form of regulation was taken into consideration as well, within the process of the establishment of TAPDK. In this sense, a broader perspective was developed and it replaced the previous form of regulation, which was sector-based. This provided TAPDK with an extensive authority over a wide range of activities including the contracts made for the tobacco production, collection of crop from the land, its production process either in leaf tobacco processing units or in cigarette factories, its domestic and foreign trade, and the level and form of its consumption –especially with the emphasis put upon the health. That this whole process is regulated through the market rationality shows how destructive the combination of the approach of NPM and the approach Governance can be.

The fifth and the last relation is that between TAPDK and classes and/or the class struggle. This relation is a reflection of the state-class relations, to the extent that TAPDK was defined in this thesis as the representative of the state in the tobacco market and the form the state has gained through its neoliberal restructuring, despite the claims of autonomy and independence. It had been argued above that the state is an arena of class struggle; however the class character of the state is disguised, especially under neoliberalism, as the process of regulation is conducted based upon technocratization. TAPDK is regarded as an objective area, as a referee in the conflict between labour and capital; but, the fact that the struggle favours capital causes it, which itself constitutes an arena of class struggle, to take on the side of capital. The fact that market rationality penetrated into daily life is also effective in this perception of TAPDK in the eyes of the labouring classes. Thus, TAPDK mediates the class struggle by both contributing to the direct confrontation of the classes, on the one hand, and disguising its existence, on the other.

CHAPTER 5

CONCLUSION

This thesis aimed to analyze the Tobacco and Market Regulatory Authority, within the framework of the neoliberal transformation of the state and that of the agriculture in Turkey. The main point of departure for the topic of this thesis was the attempt to put the recent developments that resulted in and those that are resulted from the establishment of TAPDK into the framework of the Marxist theory of state. It tried to provide an answer to the questions how can the neoliberal transformation of the state be understood by looking at the case of TAPDK as an example of the establishment of independent regulatory agencies and what kind of a role does TAPDK play in the neoliberal transformation of the agricultural sector in Turkey –specifically the tobacco sector.

At first sight, analyzing an institution seems to require utilizing from the institutionalist approach to state, which regards the state as “a set of institutions”. However, this thesis tried to challenge that approach through utilizing from the Marxist approach to state, for which institutions matter, to the extent that they constitute areas, through which the class struggle is mediated. Although the theoretical clash between these two approaches was clearer to grasp; making sense of the concrete reality, with an attempt to reveal the underlying relations of what is observable, required a second look at the primary sources and also a field research. Though with its limitations; this thesis tried to provide its reader with the opportunity to reach the concrete experiences resulting in and resulted from the establishment of TAPDK, and also with a discussion on the explanation of state-capital-labour relations, which are both unseen and very obvious in the case of TAPDK. What makes the existence of class struggle within the process of the restructuring of the state obvious is, in fact, the clear rejection of the existence of not only the class struggle but also the classes by the advocates of the process of restructuring.

To the extent that state is regarded in this thesis as “an arena of class struggle”, the main emphasis in making sense of TAPDK was on the transformation of the social relations of production in the last thirty years in Turkey. In order to contextualize TAPDK, the thesis focused, firstly, on the neoliberal transformation of the state in Turkey. Beginning from 1980, the state in Turkey has experienced a neoliberal transformation. The term *transformation* is chosen in the conceptualization of this process, since it includes an emphasis upon the form of the state. It is argued that the state under neoliberalism refers to a form that the capitalist state takes under the neoliberal form of capitalism. In this sense, the period beginning from the 1980 is marked with a change in the form of the state, not in its type. Similarly, the second focus of the thesis, namely the developments beginning from the mid1990s onwards, refers to an attempt for the provision of the maintenance of the capitalist social relations of production. Therefore, the era following the mid1990s is regarded as one, within which the neoliberal transformation not only continued, but also accelerated and is deepened. Within this context, the establishment of the independent regulatory agencies is conceptualized as a *moment* of the neoliberal transformation; a moment, through which the crisis *in* neoliberalism¹⁵⁰ was resolved. The process of deregulation was completed, through the establishment of the IRAs, under the discourse of reregulation. For the so-called *independence* of these institutions from *politics* enabled the conduction of the process under the neutral appearance of the state as a result of the technocratization dominant in these institutions, thus eliminating the possibilities of resistance.

The theoretical bases, upon which the IRAs were established, are the New Public Management Approach that promotes the restructuring of the state as a firm in line with the market rationale and the Governance Approach that claims to provide a broader perspective in market regulation and an increased level of participation. Both approaches served the realization of the targeted process of depoliticization through the establishment of IRAs. However, the fact that the process of depoliticization, that is the purification of the economic management from politics, is itself political created implications for state-class relations. The restructuring of the state through the IRAs contributed to the neoliberal hegemony, favouring the capitalist classes, on

¹⁵⁰ See Saad-Filho (2008, 2011), for the elaborate distinction between “crisis *in* neoliberalism” and “crisis *for* neoliberalism” and implications of using these concepts.

the one hand; and to the neutral appearance of the state, thus disguising its class nature, on the other.

After discussing the process of the neoliberal transformation of the state in general and in Turkey in particular, and placing the establishment of the IRAs in Turkey into the framework of the neoliberal restructuring of the state; the thesis moves to the analysis of the transformation experienced in the social relations of production. Because the IRA chosen as the topic of this thesis, that is TAPDK, regulates the market of an agricultural product, that is tobacco; the neoliberal transformation of agriculture in general and tobacco in particular, in Turkey is analyzed. The neoliberal transformation of the agriculture in Turkey resulted from not only the pressure coming from both the Bretton Woods Institutions and the European Union, but also the internalization of the neoliberal tendency, which is, in turn, an indicator of the transforming social relations of production. Thus, the process is not a simple consequence of the imposition by the external actors; beyond that, the course of the development of the neoliberal transformation in Turkey necessitated it. The most important emphasis, in this thesis, regarding the neoliberal transformation of the agriculture is upon its delay. Although that process began in 1980 as well, it accelerated and became institutionalized following the mid-1990s. The last and the most significant point concerning the institutionalization of the process for the tobacco sector -which began with the commitment made to the GATT in 1994, became certain with the promise made to the IMF in 1999, and got concretized with the ARIP developed by the WB- is the establishment of TAPDK in 2001. TAPDK achieved its legal ground in 2008, with an amendment in the Tobacco Law of 2001. In the meantime, National Development Programs were reshaped in line with the requirements of the process, within the framework of harmonization with the EU. That all these dates coincide with the financial crises show that the neoliberal transformation is mediated through the crises, as the debts create conditionalities and thus force the integration with global capitalism. The lack of overlapping between the neoliberal transformation of the state and that of the agriculture, that is the delay of the institutionalization of the process regarding the agricultural sector, indicates how the discourse of reregulation within the framework of the restructuring of the state becomes a tool in the realization of the delayed deregulation processes.

This brings us to the discussion on periodization. Neoliberalism, the main pillars of which are liberalization, deregulation and privatization, began to be experienced in Turkey in 1980. The late 1990s, however, are marked with the wave of reregulation, the main component of which is the establishment of IRAs. This periodization seems meaningful when the focus is only upon the restructuring of the state. Yet, the fact that the neoliberalism began to show its effect in the tobacco sector from the late 1990s onwards points to the illusionary nature of the division between deregulation and reregulation. Hence, the reregulatory period refers to a new moment *within neoliberalism*.

The neoliberal transformation of the agriculture includes the elimination of support mechanisms and transition to direct income support system, privatization of the state economic enterprises, restructuring of the ASCUs, and transition towards contract farming. After the appraisal of these components of the transformation of agriculture in general, the thesis focuses upon the petty commodity production, since it is common among tobacco producers. It is argued that PCPs dissolve on the one hand, and resist and survive, on the other, under neoliberalism. Impoverishment, dispossession, market-dependency and proleterianization are among the consequences of the neoliberal transformation for the tobacco producers. However; they resist against the neoliberal assault through self-exploitation. After the discussion on PCP, the thesis provides an analysis of the transformation the key actors of the tobacco sector have experienced. This analysis is based upon the in-depth interviews made with the representatives of three main actors in the sector, namely the state, the capital-owners and the labouring classes. Thus, it provides not only a review of how this process has been experienced and perceived by the dominant and subordinate classes, but also a discussion on the transforming state-class relations.

Having elaborated on the neoliberal transformation of the state through the establishment of the IRAs, and that of the agriculture in general and tobacco in particular in Turkey; the thesis focuses upon TAPDK, in order to understand the significance of the institution concerning both processes. Since the Tobacco Law both established the institution and defined the framework of the neoliberal transformation of the tobacco sector, the chapter on TAPDK begins with the analysis

of the process, within which the Law is developed. The parliamentary records of 2001 provided a tool for the examination of the legal framework, within which the institutionalization of the transformation was prepared. Then, the final version of the Tobacco Law (2008), for which an annulment case had been sued, and of which an article had been annulled creating a legal hole for the de facto functioning institution, and which had been amended in order to provide the legal ground for the institution, is examined. This examination enabled us to make sense of the law-making process in relation to the neoliberal transformation. There are three inferences derived from the analysis of the law-making process. First, the existence of the representatives of the capitalist classes in the very beginning of the process indicates how it is shaped in line with the requirements of the neoliberal hegemony. Second, the tension between constituting a legal basis for the market and preserving the social character of the state is reflected in the statements of all sides, throughout the law-making process. This is the implication of the contradictory nature of the neoliberal transformation itself. Third, the transformation continues, despite the changes in the government. Those parliamentarians, who had criticized the process harshly, when they were in the opposition, became both the proponents and the carriers of it, during their term. Thus, the same policy has been pursued under different rules.

It had been claimed, during the establishment of the IRAs, that these institutions would have fiscal and administrative autonomy, and be independent from the political effects. It was pointed in this thesis that these concepts have an illusionary nature. That TAPDK has its own budget does not make it fiscally autonomous, to the extent that it depends upon the money paid for the certificates it provides by the capital-owners. That TAPDK has a Board in itself constituted of seven technocrats does not give it an administrative autonomy, to the extent that these members are appointed by the Council of Ministers. Furthermore, the claim that the market regulation is conducted technically and immune from politics is itself political, to the extent that the political and the economic spheres are internally related.

After the analysis of the institution itself, the thesis contextualized TAPDK within the neoliberal transformation of the tobacco sector and the state in Turkey, under the last two sections. It is concluded, in this thesis, that TAPDK is beyond a

part or a component of the process of the neoliberal transformation, but also an institution that mediates the facilitation of this process, thus has a distinctive place among other components of the process. On the one hand, TAPDK regulates the relations of production as well, despite the fact that it is defined as a market regulatory authority. It has a mediating role in the facilitation, acceleration and institutionalization of the neoliberal transformation of the tobacco sector; to the extent that it regulates both the market and the production. On the other hand, however, it carries this function under the protection of the concepts of depoliticization, technocratization, autonomy and independence. This brings us the other conclusion of the thesis, namely that the restructuring of the state through the establishment of the IRAs refers to the redefinition of the separation of the political and the economic under the new moment of neoliberal capitalism. TAPDK constituted mediation, in order for the delayed transformation in the tobacco sector to be realized, through the restructuring of the state in line with market rationale. That is why it is conceptualized, in this thesis, within the new moment, through which the crisis in neoliberalism was resolved.

Lastly, it can be rightfully concluded that TAPDK constitutes both a site, through which the state-class relations are reflected, to the extent that it enabled the direct confrontation between the dominant and subordinate classes; and a mediation, through which the existence of not only the class struggle, but also the classes is disguised.

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(int.3): Interview #3 with an official from TAPDK, July 21, 2011, Ankara

(int.4): Interview #4 with an official from TAPDK, July 21, 2011, Ankara

(int.5): Interview #5 with an official from TAPDK, July 25, 2011, Ankara

(int.6): Interview #6 with an official from TAPDK, July 26, 2011, Ankara

(int.7): Interview #7 with a distributor of MEY Alcoholic Beverages Company, August 15, 2011, Ankara

(int.8): Interview #8 with a peasant from Gökçeada (a village traditionally engaged in tobacco production), 22.10.2011, Bafra, Samsun

(int.9): Interview #9 with the Headman of Gökçeada, (a village traditionally engaged in tobacco production), who is also a tobacco producer peasant, 22.10.2011, Bafra, Samsun

(int.10): Interview #10 with a former worker of the privatized TEKEL Leaf Tobacco Processing Factory, 23.10.2011, Samsun

(int.11): Interview #11 with a former worker of privatized TEKEL Leaf Tobacco Processing Factory, 23.10.2011, Samsun

(int.12): Interview #12 with a former worker of privatized TEKEL Cigarette Factory, 23.10.2011, Amasya

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(PR3): *Parliamentary Record #3 TGNA Tutanak Dergisi*, T. 21, Vol. 67, 20.06.2001, 121st meeting.

(PR4): *Parliamentary Record #4 TGNA Tutanak Dergisi*, T. 21, Vol. 80, 26.12.2001, 42nd meeting.

(PR5): *Parliamentary Record #5 TGNA Tutanak Dergisi*, T. 21, Vol. 81, 27.12.2001, 43rd meeting.

(PR6): *Parliamentary Record #6 TGNA Tutanak Dergisi*, T. 21, Vol. 81, 28.12.2001, 44th meeting.

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<http://www.tuik.gov.tr>

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APPENDICES

Appendix A: Tez Fotokopisi İzin Formu



TEZ FOTOKOPİ İZİN FORMU

ENSTİTÜ

- Fen Bilimleri Enstitüsü
- Sosyal Bilimler Enstitüsü
- Uygulamalı Matematik Enstitüsü
- Enformatik Enstitüsü
- Deniz Bilimleri Enstitüsü

YAZARIN

Soyadı : Şafak-Çubukçu
Adı : Öykü
Bölümü : Siyaset Bilimi ve Kamu Yönetimi

TEZİN ADI (İngilizce): The Neoliberal Transformation of the State Through the Establishment of Independent Regulatory Agencies: The Case of "Tobacco and Alcohol Market Regulatory Authority" in Turkey

TEZİN TÜRÜ : Yüksek Lisans Doktora

1. Tezimin tamamı dünya çapında erişime açılsın ve kaynak gösterilmek şartıyla tezimin bir kısmı veya tamamının fotokopisi alınsın.
2. Tezimin tamamı yalnızca Orta Doğu Teknik Üniversitesi kullanıcılarının erişimine açılsın. (Bu seçenekle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.)
3. Tezim bir (1) yıl süreyle erişime kapalı olsun. (Bu seçenekle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.)

Yazarın imzası Öykü Safak Tarih 11.04.2012

Appendix B: Members of the Parliament Cited in the Text (in the order they appear in the text)

Yüksel Yalova	ANAP
Dengir Mir Mehmet Fırat	FP
Ahmet Aydın	MHP
Reşat Doğru	MHP
Rıza Akçalı	DYP
Bülent Arınç	FP
Ali Şevki Erek	DYP
Zeki Ertugay	MHP
Sabahattin Yıldız	FP
İsmail Özgün	MHP
Kamer Genç	DYP
Mahmut Erdir	DSP
Ali Uzunırmak	MHP
Mehmet Gözlükaya	DYP
Mahmut Göksu	FP
Özkan Öksüz	FP
Mahfuz Güler	FP
Ekrem Pakdemirli	FP
Kemal Kabataş	DYP
Ahmet Demircan	FP
Ali Osman Sali	AKP

Gürol Ergin	CHP
Mehmet Ufuk Uras	BDP
Ferit Mevlüt Aslanođlu	CHP
Nihat Ergün	AKP

Parliamentary Records of the meetings between 28.02.2001 and 03.01.2002 belong to the term of V. Ecevit Government. It was a coalition government established by three parties, DSP, MHP and ANAP. FP, which was among oppositional parties, was closed on 22.06.2001.

Parliamentary Records of the meetings between 26.03.2008 and 03.04.2008 belong to the term of II. Erdoğan Government. The party in power, AKP, included parliamentarians from the oppositional parties of the term providing the first group of Parliamentary Records for this study (basically FP).