EURASIAN JOURNAL OF SOCIAL SCIENCES

http://www.eurasianpublications.com/

RETHINKING AGRICULTURAL POLICY IN TURKEY: INTERNATIONAL CONTEXT AND DOMESTIC DEVELOPMENTS

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Abstract

The aim of this study is to provide a broad conceptual and historical outline of how rural development policies have been determined through technocratic policies in economic and political terms rather than participatory and transparent decision making processes. Given that the state and managerial expert groups have been the main architects of rural development and agricultural policies along with suprastate organizations such as the IMF and the World Bank, this study offers in-depth coverage of policy variations in two different cases: State-led planned economy and free market economy. This study seeks to assert that just as under the state-led economy model, the free market economy and technocratic policies in coordination with the IMF and the World Bank blocked mass mobilization and genuine democratic participation in the Turkish countryside. Neither the neoliberal and individualist nor the statist and corporatist perspectives were able to come to terms with the idea of a representative and transparent approach to policy-making processes in Turkey.

Keywords: Technocracy, Development, Patronage, Agricultural Policies, Structural Adjustment, IMF, World Bank

1. Introduction

Today we are living in a world of experts. They know what is best for everyone else in their respective areas of interest from health, to finance, to art, and to agriculture. The reverberations of expert knowledge in political structures are presented in the form of technocracy which can seldom be seen as a natural, straightforward, or harmonious process. Technocracy is defended by referring to expertise which is generally independent of exogenous variables such as culture and geography. It often alludes to rationality as a global phenomenon. A great reliance on technocracy may involve the danger that knowledge will become either the only basis for the right to rule or a substitute for democratic principles dangerously distanced from their constituents. More importantly, technocracy "separates knowing from doing as well as the knowers from the doers" (Vanderburg, 1988, p.9). In a world of experts, individuals are forced to live in a network of largely impersonal relationships. On the one hand, technocratic policies promise efficiency and control especially over the economy and, in this case, development. But on the other hand, their effects on individuals are the opposite. They remove our efficiency as political and social beings. Above all, once technocratic policies combine pure market rationality, know-how policies destroy all collective structures and impede on cultural and rural heritage (Bourdieu, 1998).

In a similar vein, the experts of the international institutions defending absolute reason accordingly build legitimacy of the programs on scientific knowledge. However, this practice is

anything but scientific. For instance, structural adjustment programs (SAPs) consist of the transition of political programs articulated in rather general terms (e.g. efficiency, productivity, sustainability) into ways of exercising authority over specific people, places, activities, and practices. In addition, statistics, a prevalent expert tool, is the representation of quantitative analysis based on the strong presumptions regarding the nature of social reality. Once declared, however, these calculations transform social life. In other words, the practical operation image of the social world becomes a political tool and later forms social facts by itself. Latour brings insightful analysis on the "imbroglio of politics, nature, and knowledge" and emphasizes the prominence of the *Science*, defined as "the politicization of the sciences through epistemology in order to render ordinary political life impotent through the threat of an incontestable nature," in order to understand the relation between politics and nature (Latour, 2004, p.10).

The trajectory of agricultural policies in Turkey experienced a sharp change in direction in 1980 with the demise of national developmentalist policies and the implementation of SAPs. The triumph of neoliberal policies over the planned economy has impelled us to evaluate the impacts of the structural reforms on the basis of the dichotomy of the state and market. However, any effort to understand the evolving dimensions of social, political, and economic life in rural areas and to make inferences concerning alternative policies would require investigation of the continuity of the technocratic and top-down execution of reform policies. This study argues that neither the state-led economy nor free market policies could design rural development policies geared to improve the prosperity of agricultural producers and help them to preserve environmental resources and cultural heritage due to proceeding technocratic approaches to rural development which place no room for democratic participation and collective action

The purpose of this study is to provide a broad conceptual and historical outline of how rural development policies have been determined through technocratic policies in economic and political terms rather than participatory and transparent decision making processes. Given that the state and managerial expert groups have been the main architects of rural development and agricultural policies (along with suprastate organizations such as the IMF and the World Bank), this study offers in-depth coverage of policy variations in two periods of time: Between 1950-1980 and post-1980. The first section delineates the development policies of the state-led economy, the ascribed role of the agricultural producers in the political and economic systems, and the changing dynamics of the IMF and the World Bank assistance for each decade. The second section presents an analysis of the profound shift in development policy in the post-1980 period including a brief account of the SAPs and the unique policy experiment of World Bank-promoted project in 2001, called the Agricultural Reform Implementation Project (ARIP). It also provides an analysis of rural development plans and strategy papers that will considerably affect the future of the country's agriculture. In order to comprehensively describe the impacts of the SAP in a micro environment, the political impetuses behind programs as well as the swiftness and extent of the reforms are given. The evaluation of the recent official strategy papers and development plans for the future of the agricultural sector affirms the insouciance of the state to deal with ongoing rural decay in Turkey.

2. State-Led Planned Economy

In the 1950s, a profound shift occurred in the political and economic framework of Turkey. The general elections held in 1950 were viewed as a victory of the periphery over the center and indicated the end of one-party rule in the Turkish republic. Moreover, the 1950s witnessed the emergence and maintenance of a market economy as well as political liberalization. In the first part of the decade, the populist government carried out a new development strategy predominantly based on agrarian and primary exporting policies to foster growth.

In 1946, the state planned a land redistribution program which attempted to reduce very large properties to productive sizes by rearranging ownership rights of the immediate tillers. The bill was executed only for state-owned land until 1950 when the Democrat Party (DP), formed by a large landowner opposition wing of the Republican People's Party (RPP), won the elections. The DP succeeded in the elections, however without a critical perusal of interplay

between class structure of peasantry and economic policy, "the puzzle of how the ruling party which had improved the social and economic conditions of the country lost so decisively and irrecoverably in the first elections it allowed, remains unresolved" (Birtek and Keyder, 1975, p.461). The transition from subsistence farming to market production created a middle farmer class which was specialized in production and vulnerable to market changes. Therefore, political participation was achieved by middle farmers to influence economic policy changes through their interests. When large farmers organized an alternative political movement akin to middle farmer class interests and against the policies of the ruling party, their alliance based on agricultural capitalism replaced RPP governance in the 1950 general elections.

In the 1950s, the DP's growth strategy was the reflection of the "science" of development economics. Massive flows of foreign capital, the import of experts, advisors, and technicians from abroad, rapid industrialization, accelerated capital accumulation, the construction of a great amount of the images associated with developed nations such as roads, dams, factories, and public buildings were widely understood as the signs of economic development (Simpson, 1965). A substantial amount of US financial aid and technical assistance was available for rational planning and a wise allocation of resources. In addition to political considerations and exigencies of the Cold War era, the naïve thinking here was that developing countries could learn from the historical growth experiences of developed countries in transforming their agrarian-based economies into industrial giants (Rostow, 1971). Therefore, foreign experts and advisors would provide the necessary knowledge in the development process that the DP helped to set in motion.

With their strong emphasis on economic growth, the program of the Democrats was essentially based on rapid industrialization, the construction of infrastructure, and increasing agricultural production. Although liberal economic policies as a part of a new political framework offered high incentives for private sector and foreign direct investment, it was actually the stateowned enterprises that invigorated the industrialization process. Furthermore, in the agricultural sector, the government accelerated production and investment by agricultural credits, tax exemptions, and mechanization of farm equipment. After a few years of the liberal free trade regime of the postwar transformation, the DP de facto protected domestic manufacturing and controlled imports. The DP, which had highly criticized dirigiste policies of the RPP, could not actually overthrow the state control on the economy and investment. Through the end of the decade, it was understood that these policies designed to force the momentum of growth in a liberal, free trade environment did not necessarily bring economic development. Low productive capital, high consumption, and an expanding money supply resulted in high inflation. In addition, the Turkish Lira was overvalued and a balance of payments problem emerged. Increasing demand for imported goods (both raw material and finished goods) could not be balanced merely by agricultural exports. Devaluation would have changed the export-import balance and facilitated anti-inflationary programs but the DP government was concerned with the short-term political consequences of increasing prices. The DP preferred to ignore existing economic problems such as decreasing wages and production levels. Deficit financing supported by international aid inevitably led to greater risks and uncertainty, which were amplified by economic and political crises at the end of the decade.

In the 1960s, the import substitution industrialization (ISI) strategy emerged as a response to existing balance of payments difficulties. This strategy instituted controls on imports and necessary economic regulations aimed at production for the domestic market. High rate of total protection of domestic industry, which would alienate international competition and promote growth of the internal market, was the main characteristic of ISI. Since capital accumulation was restricted to the domestic market, foreign direct investment was not prohibited by ISI. Moreover, the import of some essential goods, intermediary inputs, and technological innovations for industrial improvement was allowed. Carefully rationalized state planning became a distinguished feature of the economy in the 1960s due to the destructive consequences of eager economic growth without a plan in the 1950s. In addition to lessons to be learned from the careless and uncontrolled expansionism of the 1950s, the liberal free trade policies of the DP unintentionally created vital conditions for the ISI strategy. The transformation of the agricultural sector from subsistence farming to market production provided capital

accumulation in private enterprises, the extension of the domestic market, and technological improvement for industrial investment.

Through SEEs, public expenditures, and the involvement of the public sector in production, the state assumed an important role in the ISI model. The ISI policies in Turkey included the regulation of the exchange and interest rates, widespread controls on imports, and foreign exchange transactions by import licenses and foreign exchange regulations. During the ISI era the functions of the state expanded to guide the trajectory of industrial development through strict controls and micro-level interventions. The establishment of the State Planning Office (SPO) as a center of technocratic administration enabled the state to coordinate investment by statistics, calculations, and five-year plans from a single institution. Moreover, the approval of the SPO was the necessary condition for the allocation of subsidized credits and foreign exchange. Therefore, it was the scene for competitive political parceling of public resources. Throughout the ISI period Turkey experienced boom bust cycles in its economy, particularly in the 1960s where high growth ratios were achieved but were followed by high inflation and a foreign exchange crisis.

The state also performed as an operator of national development policies. The design and implementation of rural development and agricultural policies by the state was intended to avoid traditional methods of agriculture and achieve mechanical, technological, and chemical improvements. In close cooperation with international institutions, the state provided huge support for small and medium family farms, government credits, input provision, extension services, guaranteed state purchasing of the main crops, promotion of new crop varieties, price stability, and incentives for agricultural exports. The state aptly supported founding agricultural cooperatives and unions, marketing and distribution associations, and modern farms. State-led producer and marketing cooperatives, input agencies, and agricultural banks empowered the state to control directly or indirectly what to produce, under what conditions, and in what quality and quantity. The direct intervention of the state in rural development policies from input subsidization to marketing guaranteed commercialization of Turkish agriculture under state control. Indeed, it was a strategic choice to give high incentives for agricultural production for the ISI model because it provided raw material for developing industry and foreign exchange due to high export rates. In the meantime, agricultural producers also formed a considerable segment of the domestic market as consumers.

Through the end of 1970s, the balance of payments crisis signaled the end of the stateled economy and the beginning of the neoliberal era. In spite of the fact that ex ante growth rates of the GNP, 7 percent annually, were achieved in the period between 1963-77, the state ultimately was faced with the weaknesses of the ISI strategy (Onis and Kirkpatrick, 1998). While the dependence of intermediate and capital goods industries on imports was increasing, the amount of export earnings was not enough to defray expenses. Indeed, the majority of the countries implementing the ISI model shared a common problem: vulnerability to external shocks and foreign exchange crises. This was due to the fact that the share of exports in the GDP remained the same but the share of imports of intermediary goods was expanding. Oil shocks in the international arena also generated economic problems in Turkey. The strategy of the state to prolong ISI policies was to expand public investment by foreign aid which led to a high foreign deficit (Onis and Kirkpatrick, 1998). Hence, the ISI strategy created a dilemma. A development policy to reduce the dependency of the Turkish economy on imports in return resulted in a foreign exchange crisis and high dependency on imports. Moreover, the budget deficit was magnified by increasing state activity in production, marketing, and managing income distribution. By the end of the 1970s the balance of payments crisis and declining growth rates resulted in the transition of the Turkish economy to a high inflationary stage. Until a major program was implemented on January 24, 1980 in collaboration with the IMF and the World Bank, and supported by the leading OECD countries, the few attempts at stabilization at the end of the decade remained unsuccessful.

2.1. Political System: Patronage, Populism, and Unequal Distribution

In the 1950s, along with the economic transformation, differentiated structures in the social and political systems emerged in contrast to the previous decades. The transition from a single-party

regime to multiparty politics, the increasing scope of market transactions, and new policies on distribution and accumulation undermined the old elite bureaucratic structure and mutual isolation of center and periphery. Nevertheless, new forms of political behavior could not fully overcome primordial, religious, and clandestine relations of the past which would lead to rising populist and clientelistic appeals in the absence of fully institutionalized associations.

As the DP gained ascendancy over the RPP in the 1950 elections, it was clear that peripheral coalitions among different groups including landowners, peasants, the urban mercantile class, and religious groups, which had been denied in previous decades in Turkish politics, allowed the DP to keep its prominent place in a system as a mass party. Ever since, the political system has undergone a significant change that could be defined as the ruralization of Turkish politics. Here, it refers to the incorporation of a heretofore excluded rural population into the system as the major electoral base. Huntington (1968) argued that the two-party electoral system and the ruralizing elections facilitated the involvement of rural masses into politics in the 1950s. At this point, however, it should be noted that under DP governance and afterwards, rural dwellers ostensibly occupied a significant role in the elections but their political demands were not incorporated into the political system in the same manner. Hence, Frey (1965) pointed out the complexity of balancing peasants' accession into the political and social systems while not letting their expectations and demands to be realized in the functioning of the system. According to him, under unique conditions of intra elite conflict between bureaucratic-military elites of the RPP and local elites of the DP, "the temptation presented opportunistic elite elements to engage in short-run pandering to nascent village expectations has proved almost impossible to resist" (Frey, 1965, p.391). Mardin, taking a much broader stance, claimed that developments in the 1950s brought about mobilization of economic growth, rural-urban migration, change in the dimensions of social space, and various facilities for education. As he stated, the upshot of all these developments was not limited to the ruralization of politics but rather also included the ruralization and pervasive de-elitization of Turkey. Through this pattern of de-elitization, Mardin (1978) asserted that ruralization of the urban life was unfolding much faster than urbanization of the peasants.

Despite the excessive emphasis of the DP governance on rural dwellers regarding the electoral vote and development policies, peasants were not equally represented in the decision-making processes. Large groups of peasants were thinly connected to the state, prevented from engaging in the political system, and left dependent on traditional forms of policy articulation. The short-lived Turkish experience with democracy in the 1950s was not based upon the reconciliation and politics of compromise that would lead to transference of organizational structure to masses. Instead, the clientelist embodiment of the rural masses, the activation of private enterprises through patronage and rent-seeking policies, and haphazard social mobilization provoked by populism emerged as political techniques to achieve electoral support in the deficiency of functioning democratic institutions. In effect, these policies did not only belong to the DP but determined the characteristics of center-right politics in Turkey since 1950.

In the aftermath of the 1960 coup, changing political balances and recent development strategies promoting ISI instated a new model of accumulation which obviously benefited the industrial bourgeoisie. According to Keyder (1987) two significant components of the new model of accumulation were the political allocation of scarce resources and the emphasis on the distribution of income to ease social distress and perpetuate a domestic market. It seemed likely that much of this newly implemented model was in effect attributed to the success of the industrial development. Resources from the agricultural sector were transferred to the industrial sector by low raw material prices and the export earnings of the agricultural sector provided foreign exchange for industrial sector. The resources were allocated by administrative institutions and the SPO five-year plans were indicative of investment decisions by private industry. Under these circumstances, bargaining for privileges such as incentives or licenses at the top administrative levels incited rent-seeking policies. Sunar analyzed the collusion of private business and public officials and stated that "the technocrats of the planning office were less interested in accommodating business than they were in commanding it, and the business community was less interested in planned (and shared) discipline and sacrifice and more in subsidies, protections, and supports" (2004, p.128). In the functioning of planned discipline of the state and competition of the market, business groups vied for rationed credit, import licenses, and foreign exchange and did not hesitate to involve themselves in corruption due to guaranteed high profits in a remarkably protected domestic market. Moreover, the SEE sector itself appeared to be shaped more by the populist and clientelist policies of the governing parties than the principle of fair distribution.¹

During the 1960 transformation, the organization of the political system was also designated to represent divergent groups. Since all administrative institutions were embraced by the governance party before 1960, the 1961 constitution aimed to institute a system of checks and balances through social groups. The new constitution allowed collective social bargaining through unionization and associations. Previously omitted social groups such as the urban industrial bourgeoisie, intelligentsia, and bureaucracy gained ascendancy in the new mode of accumulation. Despite an urban bias in the new system, farmers had the strongest position for bargaining among wage worker groups due to their role in the ISI model. However, the fact was that for both wage workers and farmers, having organization and bargaining power did not mean achieving active participation in policy making. These were not acquired rights but rather bestowed by the state managers and much respected technicians according to the needs of the new accumulation and development model. Hence, these groups held passive status without any contribution to the determination of the policies. In other words, they were excluded from participation.

Another striking feature of the new accumulation model was the emphasis on the principle of distribution for the functioning domestic market. In practice, however, redistributive issues seemed to remain weak considering the scope of government intervention based on technocratic policies. The fact that the ISI model created a bias towards the urban-industrial sector and the transference of resources from agricultural to industrial production should not obscure the significance of agricultural supports and intrasectoral inequalities. Price settings, state purchases, and credit facilities were the main apparatuses of the government support that directly affected the level of agricultural income attained by the rural producers. Nevertheless, despite an appreciable increase in aggregate growth and production, the agricultural support policies and techno-chemical innovations such as improved seeds, fertilizers, pesticides, and better tillage and irrigation practices did not ensure distributive success. Since land size and ownership actually defined who benefited from agricultural support, in his inquiry into whether public policy toward agriculture enhanced income inequality, Ulusan (1980) pointed out that distributive efficiency was achieved neither between the agricultural and industrial sectors nor for agricultural producers. In a similar vein, Mann argued that many developments in agricultural practices were less accessible to small farmers and "share in the benefits is [was] primarily a function of the size of the farm unit" (1980, p.239).

Indeed, distribution policies were very much influenced by the political system and the organization of interest groups. In the 1960-1980 period, interest groups in the agricultural sector held a preeminent position. The Turkish Union of Chambers of Agriculture (TUCA) and the Turkish Union of Chambers of Agricultural Experts (TUCAE) were the main organizations assigning public professionals to facilitate the guidance and management of the agricultural policies of the state. Another significant organization of the agricultural producers was the Turkish Federation of Farmers (TFF) which was operating in conjunction with the Farmers' Unions in various rural localities. In spite of the fact that the TFF was formed voluntarily by the producers, the driving force behind the federation was the wealthy cotton producers in the Aegean and Mediterranean regions (Erguder, 1991). Concomitantly, several agricultural credit, sales, and development cooperatives were functioning under close government tutelage. However, neither chambers nor cooperatives could actively participate in the decision-making processes related to agricultural affairs. The articulation of political demands was carried out specifically by the political parties rather than the associations of the farmers. Even price policies that directly affected the income level of the peasants were determined by governing parties. On this occasion, farmers' organizations and public institutions could only propose a price for each product through cost analysis but only governing parties had absolute authority

¹With regard to the issue of SEEs and employment, priority was given to the regions that needed extra encouragement to vote.

over pricing.² Thus, the proximity to party groups and leaders provided more political power and privileges to some groups through patron-client relations. Consequently, market-oriented large landowners dominated pressure group activity and benefited from the majority of incentives. In contrast, competitive politics and democratic participation perceived distributional aspect as an important policy consideration of development plans (Erguder, 1980; Guven, 2009). In sum, agricultural support policies in Turkey served as political propaganda aimed at small farmers and were adopted for the short-term stability on prices that led to temporary income security rather than fair distribution (Kazgan, 2003).

2.2. International Financial Institutions

Dating from the early stages of development attempts, the advice of suprastate organizations evolved through technocratic policies to facilitate market integration. The World Bank has been an especially significant actor in Turkish agriculture since the 1960s. In spite of the fact that recent policies have been composed of privatization, eliminating subsidies, minimizing the budget deficit, and limiting public expenditures, the World Bank supported interventionist policies of the state such as investments in infrastructure, cheap credits, support purchases, and input subsidies in the 1960s and 1970s. The motive behind this assistance was to hasten the integration into the world capitalist economy and to set up an infrastructure for the free market economy and transnational agribusiness companies. The World Bank programs endeavored for the promotion of modern farming techniques and technological innovations of the Green Revolution such as new seed varieties, chemical inputs, and machinery to foster the dissolution of pre-capitalist forms of agricultural production (Aydin, 2009).

The changes in the policies of the World Bank towards developing countries have directly revealed the socio-economic and political relationship as well as the international division of labor between developed countries and developing ones. In the 1960s, the World Bank imposed policies that encouraged the construction of dams, roads, railways, power stations, and telecommunications in order to provide underpinning operations for the free movement of capital and goods. In the 1970s, the main principle, the integration of rural areas into the world market, remained the same but the World Bank altered its policy tools and invested for human capital. The World Bank embraced 'redistribution with growth' as a motto in the 1970s in order to confront rising grievances about the consequences of the World Bankpromoted Green Revolution policies and the mounting threat of communism. This motto was also intended to alleviate social distress and guerrilla warfare caused by inequality and discrimination in rural communities. Therefore, the World Bank's lending policies attempted to achieve growth, increase productivity, devise special distribution measures, and reduce poverty by integrated rural development projects. In the 1980s the World Bank lending policy altered once again because most of the rural areas were integrated into the market and their agricultural production became commercial rather than subsistence farming in the 1980s. Nevertheless, many developing countries had difficulties handling the debt crisis. Despite an unchanging rhetoric that promised increasing standards of living, the World Bank technocrats designed policies that would bring about structural adjustment which, in fact, was intended to ameliorate developing countries' ability to repay their debts including interests.

These periodical turns in the World Bank's lending policies reverberated in its relationship with Turkey. Turkey's cyclical need for foreign currency and loans since the 1950s forced many governments to sign agreements with the World Bank and other financial institutions and, far more importantly, to accept its management advice in order to get direct credit loans. Thus, the authority given by the letter of intent enabled international institutions to transform Turkish agriculture through their global agenda and technocratic policies. In the 1960s, the World Bank provided loans for modernizing agricultural production by means of technical innovation and infrastructural investments such as the construction of power plants, roads, bridges, and dams. In the 1970s, rural development projects financed by the World Bank

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²It appeared, then, that the authority of governing party over prices necessitated political propaganda for small farmers. For instance, crop prices were increasing during crisis periods and election years. For more information about the fluctuations in agricultural prices related to political system variables see Erguder (1980).

contributed to human capital and living standards by improving drinking water supplies, irrigation techniques, and education facilities. Finally, in return for an incremental set of conditionalities, structural adjustment loans were given by the World Bank in support of neoliberal reforms intended to shift the economy, including the agricultural sector, from inward-looking ISI policies to an outward-looking orientation encouraging export led growth in the post-1980 period.

Over the years since its inception, the IMF has also been at the center of the major economic issues in Turkey including the transition to a free market economy and the vicious circle of financial crises. In its origin, the task assigned to the IMF of ensuring global economic stability while promoting international development was considered to be the responsibility of its twin, the World Bank.3 Hence, the IMF stand-by agreements were coping with the balance of payments crisis, external debts, and monetary and fiscal policies by short-term shock therapy programs. The World Bank, on the other hand, was focusing on long or medium-term institutional and structural reforms as well as the mobilization and allocation of resources for achieving developmental goals. However, in the post-1980 era, the IMF's stand-by agreements became rescue packages that met the imminent financial needs of the countries in crisis. Therefore, the IMF embraced the structural conditionality principle just like its twin, the World Bank. In the 1980s, only 20 percent of the IMF programs implemented structural measures but in the 1990s all programs required institutional and structural reforms in return for loans (Buyukcan, 2007). Considering the free market mantra of the 1980s, the IMF and the World Bank worked in collaboration with each other and evolved into technocratic missionary institutions of neoliberalism.⁵ In addition, after the fall of the Berlin Wall, the twins' role as expert communities was reiterated by assisting in the transition to a market economy in the former Soviet Union and communist bloc countries in Europe. Consequently, the IMF and the World Bank have undertaken a more extensive and strategic role through activities such as expanding modes and regimes of capital accumulation brought forth by neoliberal policies since the 1980s.

3. Post-1980s Market-Led Economy

Following the debt crisis at the end of the 1970s, Turkey underwent a substantial economic recovery program that received support from international institutions including the IMF and the World Bank. During the program, Turkey embraced policies which were intended to have positive effects on the balance of payments. The major project of the program was to pave the way for neoliberal policies stage by stage and to expedite the transition from import-substitution to a free market economy. The profound changes in economic strategy promoted by the proponents of neoliberal policies that encouraged integration into the global economy and outward-oriented development plans were declared by the decisions accepted on January 24,

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³Keynes denominated the IMF and the World Bank as 'The Bretton Woods Twins' in a speech at the inaugural meeting of Governors in Savannah, US in March 1946. For further detail, see "Working Well with Others? The IMF as Team Player" accessed at http://www.imf.org/external/pubs/ft/history/2012/pdf/c3.pdf (IMF, 2012).

⁴For further details on the IMF's structural conditionality see "Conditionality in Fund-Supported Programs" prepared by the Policy Development and Review Department, accessed at http://www.imf.org/external/np/pdr/cond/2001/eng/overview/ (IMF, 2011).

⁵Turkey was chosen as a suitable testing ground for the implementation of a new type of World Bank-IMF cross conditionality in 1980. For the promotion of the new program in the global arena, extended technical assistance was made available to achieve success in Turkey (Onis, 1998, p.143). Sarris (1990, p.2) described the division between the IMF and the World Bank programs as impractical and he wrote that "we shall not distinguish between an IMF type of 'stabilization' programme or a typical World Bank 'structural adjustment programme'. The former are mostly aimed at reducing external imbalances and internal disequilibria in the short term by policies aimed at bringing the economy closer to full capacity and consumption closer to available means. The latter, however, are aimed at influencing the full employment equilibrium itself by policies directed at raising efficiency and growth. However there is some overlap in the means and ends of both and the distinction is not clear".

⁶Regimes of capital accumulation refer to production and consumption systems. Modes of regulation refer to the written and unwritten laws of society that manage the regime of accumulation and determine its form. For further details on the regimes of accumulation see Jessop and Sum (2006).

1980. In return for the loans, international institutions demanded that Turkey implement extensive reforms based on structural adjustment policies in every sphere of economic life. The reforms achieved success in terms of increasing growth rates and improving the balance of payments in the early 1980s. Nevertheless, rising taxes and prices, decreasing wages, and agricultural income compounded an uneven income distribution and diminished the standard of living especially for the most vulnerable groups. The state's commitment to structural adjustment policies did not address the needs of farmers, workers, and other unprotected groups.

The 1980 coup d'état restricted the nature of the political regime in the 1980s, curtailed the practice of democratic rights and liberties made possible by the 1961 constitution, and opened up a new era in Turkish politics. Political change had not been entirely absent since the 1950s, but radical political restructuring emerged with the new methods of policy making and was remarkably compatible with the structural adjustment. This new system necessitated economic rationality in policy making which aggrandized the integration of experts into the system rather than being based upon interest group association or consensual politics (Erguder, 1991). During the 1980s adaptation of pragmatic policies, which ensured higher levels of rationality and lower doses of politics and compromise, gained prominence in all spheres from development policies to international relations (Heper, 1994). In time, autonomous civil society engaged neither in the policy formulation nor in the implementation process. The withdrawal of the traditional bureaucratic elites, particularly from decision making processes, was paralleled by the SAP which aimed at liberalizing the economy, privatizing SEEs, and decentralizing government. The new political elites close to the Motherland Party (MP) were surrounded by a group of technocrats inducted from outside the traditional bureaucracy-controlled decision making process. Debureaucratization and reorganization of the state apparatus by the Prime Minister Turgut Ozal and his entourage isolated it from politics and elements of civil society. A brand new group consisting of US-educated personal advisors to the prime minister, who were known as the "Princes", took part in making certain critical decisions including the monitoring of strategic economic agencies regarding investments, exports, marketing, and production. They were later appointed as ministers of the state or acted as shadow ministers (Heper, 1990).

From the early 1980s on, Turkish politics oriented itself towards managerial teams centered on policy issues rather than political ideology (Gole, 1994; Yalman, 2009). Since technocracy was anathema to democratic and associated politics, the technocratic policies of the MP governments that adopted an issue-specific approach limited the ability of civil society to bargain with the state and reduced the degree of its institutionalized participation. In addition, service-rendered policies projected an image of the "entrepreneurial politician who managed to get things done fairly quickly" (Gole, 1994, p.220). MP leaders were called Islamist engineers owing to their professional background and their commitment to Islamist and traditionalist values (Gole, 2004). They coined a new political lexicon including performance (*icraat*), practicality (*işbitiricilik*), innovation (*yenilikçilik*), and compatibility (*uzlaşma*) by reason of their pragmatic rationalist tendency. This synthesis enabled new managerial policy makers to present structural reform as a technical issue with a scientific description and impeded opposition which would otherwise be an obstacle to market logic.

Through the end of the decade Turkey experienced a critical turning point for financial liberalization. In 1989, Turkey completely opened up the capital account and adopted full currency convertibility. Under the conditions of growing macroeconomic instability, premature liberalization attempts omitting the necessary institutions of financial regulation were doomed to remain as a major policy error (Onis, 1998). Therefore, some structural shifts in Turkey's political economy became obvious following the complete capital account liberalization.⁸

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For further information see Onis (1998).

⁸Capital account liberalization without structural and legal regulations led up to 'currency substitution' or in other words 'dollarization'. Foreign currencies were regarded as tools for evasion from the negative effects of chronic high inflation because Turkish Lira was losing its value continuously. Consequently, in deficiency of TL government was printing money in order to finance its deficient. As a dilemma, dollarization that was accepted as a way to escape inflationary impacts in turn resulted in hyperinflation. In addition, financial liberalization in the vacuum of legal and structural arrangements promoted making profit without producing and this in turn narrowed down productive forms of investment. Strange (1986) defined

Haphazard capital account liberalization paved the way for populist expansionism. The cycles of populist policies and successive crises occurred frequently in an economic environment characterized by large fiscal deficits, high rates of inflation, and highly volatile short term capital flows (Keyman and Onis, 2007).

Only a decade after the inception of neoliberal reforms, Turkey came across a fundamental defiance. In spite of the fact that Turkey was accepted as a model case for SAP, the era was characterized by growing macroeconomic instability principally based on populist patterns of policies and rent-seeking behavior. Thus, the 1990s provided a useful basis for simultaneously investigating the economic and political instability. A number of shortcomings in the functioning of the political system inevitably impinged upon macroeconomic balances and vice versa. In the 1990s, the frequency of elections and the fragile and fragmented party system determined the characteristics of the political structure. The ideologies of the political parties were not well-defined, id est there was no clear-cut distinction between parties. Even worse, any potential opposition was annihilated and discharged from representative rights. The political system was deprived of competing ideological platforms. Democracy was rationalized and operating via policies offering solutions to specific issues rather than political compromise.9 To some degree, this slippery and elusive political structure instigated macroeconomic instability. The distribution policies through populist expansionism, especially in the bureaucratic structure and privatization process of SEEs, put pressure on fiscal instability. Acute distributional problems favoring a number of actors also reflected the state's inability to tax high income groups. In the absence of legal standards, strong civil society, or intermediary organizations, channels of accountability could not be generated. Besides all political and distributional deficits. the intensification of armed conflict with the PKK propelled the Turkish economy along a stringent trajectory, contributing to a higher budget deficit, fiscal instability, and lower economic growth than would otherwise have been the case.

In spite of the fact that Turkey could avoid financial crises through foreign borrowing in the 1980s, a highly tenuous economic structure resulted in successive financial crises in the 1990s and afterwards. In 1994, a balance of payments crisis and a massive depreciation of the exchange rate occurred due to a major outflow of short term capital. A reform package introduced in April 1994 in association with the IMF subsequently became a blight on the real economy. The need for government revenues expedited the implementation of privatization on a large scale and increased unemployment dramatically. Through the end of the 1990s, low growth, high inequality, and high inflation syndrome appeared to be considered as the characteristic of the economic structure. Therefore, Turkey signed a stand-by agreement with the IMF in December 1999 with ambitious goals aiming to reduce inflation and exchange rates and increase growth potential, efficiency, and equitable distribution. Nevertheless, during the program Turkey went through twin crises in November 2000 and February 2001 due to a highly problematic banking system. This, in turn, raised questions about the credibility of IMF expertise as Onis mentioned "the fact that the crises occurred in the midst of an IMF program is in itself rather surprising, but clearly demonstrates that even in the presence of IMF support the program failed to inspire sufficient confidence on the part of market participants" (2003, p.12). In sum, ever since the early 1990s, major stabilization programs supported financially and technically by the international institutions culminated in economic crises. The scope of the neoliberal agenda and the expertise of the institutions were extended more and more by farreaching reform packages following the crises.

In the post-1980 era, the process of structural shift from the ISI strategy to an outward-oriented development scheme also required fundamental changes in the agricultural sector through adjustment programs. Even the IMF, although it did not assess direct agricultural loans, required conditionalities for the restructuring of agriculture and coincided with other sectors. The main reason behind the IMF's pressure on the agricultural sector was that the state subsidies

this process, which was highly vulnerable to the speculation of the short term capital flows, as *casino* capitalism.

⁹Birtek (1994) emphasizes the possibility of achieving a new consensus and a new political discourse that might be able to overcome political segmentation and institutionalize democracy as an integrative force in 1990s. However, the political agenda did not exhibit any systematic pattern seeking to exercise compromising.

for agricultural production were accepted as a burden on the budget. Hence, a strong influence was perceived on rural development policies such as a decrease in subsidies, a reduction of prices to the level of world prices, a rearrangement of the organization of cooperatives as more autonomous units, and a removal of the existing restrictions on foreign trade. In the 1980s, reorganization of the market by the international experts and decreasing subsidies were two significant issues determining rural policies. According to neoliberal experts who aimed to incorporate small producers into the market, technical improvements and the free market rather than state control would bring efficiency in production and expedite the liberalization of foreign trade, especially for agricultural exports. Nevertheless, the expansion of exports was rather short-lived because of macroeconomic instability, and then the policies allowed imports instead of exports and imposed harsh conditions on small producers. Moreover, similar to the suppression of real wages, agricultural income drastically fell in conjunction with low price ceilings. Until the second half of the 1980s, not only the number of supported products, but also the value of support purchases decreased.

Following the transition to unrestricted party politics in 1987, the agricultural subsidies, especially price supports accepted as key contributor to rural income, were revitalized. Considering the disproportionate weight of the rural population in the elections, agricultural support policies were rearranged in favor of producers once again. First, the exhaustion of the role of the state in development policies was not an easy task to undertake with shock therapy policies. Second, persistent and increasing populist expansionism, which had probably been the most important characteristic of the political structure since the 1950s, was resuscitated for electoral concerns. Finally, the overall appearance of the political system was quite bleak in the 1990s. Taking into account political parties' inability to sustain coalition governments, epidemic rent-seeking behavior, and frequent elections, future prospects for the political system were not promising. Hence, from the late 1980s to the financial crisis in April 1994, the populist policy instruments of Turkish governments envisaged a rather smooth process for agricultural producers.

The implementation of the April 5, 1994 decisions, in return, reiterated the reduction of the number of products supported by the state. Even more, under the pressure of a new stabilization program launched by the government in response to a deep financial crisis and the state's attempt to join the EU, Turkey prepared the Seventh Five-Year Development Plan (1996-2000) that compelled Turkey to restructure the agricultural sector according to the conditions put down by the IMF, the World Bank, and the EU. The plan was primarily designed for the elimination of intervention in crop prices and guaranteed crop purchases by the state and parastatal organizations, withdrawal of the input subsidies, and the introduction of alternative crops. Once the plan was implemented, guaranteed purchases and credit supports were prolonged but a reduction in input supports was achieved in 1997. Many state-owned agricultural institutions including the Milk Industry Association (Türkiye Süt Endüstrisi Kurumu), the Meat and Fish Association (Et Balık Kurumu), and the Fodder Industry (Yem Sanayi) were privatized (Aydin, 2009). In hindsight, the plan set the stage for the proliferation of agricultural TNCs in Turkey and the production of high-value inputs for the agricultural industry instead of traditional crops.

3.1. Recent Changes in Agricultural Policies

During the early 2000s, significant ruptures occurred in agricultural policies. These rapid legal and institutional changes had serious reverberations for the producers. However, the aforementioned policies implemented through the end of 1990s were preliminary to the comprehensive restructuring of the agricultural sector during the course of the early 2000s that stipulated an extremely radical structural adjustment and a rigid timetable. Once again, a high budget deficit and chronic inflation encouraged the involvement of the IMF experts in macroeconomic policies by The Staff Monitoring Agreement that led to a stand-by agreement in December 1999. Since agricultural support policies were regarded as a major source of disequilibrium in the economy, the letter of intent to the IMF involved prospects for an agricultural restructuring as well. A letter of intent dated December 9, 1999, stated that "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" (IMF, 1999, Article 40). The main principle was to rationalize agricultural policies by eliminating support prices and reducing the volume of purchases by the TMO (the Turkish Grain Board). In terms of sugar beets, "this [would] allow TSFAS (Turkish Sugar Factories Corporation) factories to operate on a more commercial basis with greater freedom in setting prices and quantities in contracts with growers" (Article 41). Furthermore, the ASCUs (Agricultural Sales Cooperatives and Unions) expected to achieve full autonomy and a plan to reduce the total cost of a credit subsidy sustained by Ziraat Bank and Halk Bank was implemented in order to leave any intervention in the market out of the account.

Yet another contributor to the restructuring process in the early 2000s was the World Bank which promised macroeconomic stability, fiscal adjustment, and structural reforms in return for loans to reduce the social costs of the stringent IMF program for vulnerable groups. Nevertheless, a letter of intent to the World Bank dated March 10, 2000, aimed to eliminate the inflationist pressure of agricultural subsidies on the budget as well as the weight of high prices on consumers rather than draw up a rural development plan that would cushion the detrimental effects on farmers. The letter of intent envisaged a number of profound changes such as phasing out the state subsidies scheme which prevented private enterprises from investing in the agricultural sector, rationalizing agricultural supports by removing all indirect supports including credit and input subsidies, allowing prices to be set in the free market without any state intervention, rearranging parastatal agricultural organizations as autonomous bodies, and privatizing agricultural SEEs. ¹⁰

A stand-by agreement with the IMF dated December 1999 was somehow unique due to the absence of a major financial or balance of payments crisis. Therefore, optimism and trust in the economic restructuring were ostensibly rising. However, rising expectations and the absence of a crisis could not provide sufficient protection. What was ironic was that Turkey experienced twin crises in November 2000 and February 2001 with costly consequences in terms of output, employment, and income distribution, while it was concurrently implementing a reform program. More crucially, despite the macroeconomic instability associated with the November 2000 crisis, no delays were acceptable in the context of agricultural reforms. In December 18, 2000, an additional letter of intent agreed upon with the IMF stated that in order "to promote greater economic efficiency of agricultural policies, and allow stricter control on their fiscal cost and better targeting to the poorest farmers" the agricultural support scheme would be transformed radically within three years. However, the Turkish economy had already collapsed. (IMF, 2000, Article 44)

At first glance, the letter of intent to the IMF and the World Bank that trapped Turkey within the conditionalities of the international financial system held a few shortcomings in terms of its agreements. Obviously, international financial institutions were giving special priority to the dismantling of the existing agricultural support systems in order to replace them with a new regime. However, the letters were focusing on the malfunctioning of the existing subsidy schemes rather than explaining the characteristics and the structure of the new system. The first deficiency, hence, was how little public and especially agricultural producers would know about the forthcoming reforms. The letters reprehended the existing direct support policies claiming that they offered speculative price signals in the market, were biased against small producers, lacked institutional coherence, and were a burden on the budget and taxpayers. The new system, in turn, was considered to be more efficient, rational, compatible to the functioning of the market, and better targeted at the poorest farmers (IMF, 1999; World Bank, 2000b). The second deficiency was relatively unsurprising in that the letters failed to deliver effective policies regarding the burdens of transformation and the socio-economic consequences of the reform process. An influential program should have protected against such a process. Declining agricultural supports definitely reduced the level of income in rural areas and the share taken by agriculture in total employment which was relatively high, 36 percent in 2000.

¹⁰For the details of March 10, 2000 dated letter of intent to the World Bank see full document accessed at http://www.belgenet.com/eko/kpm_2.html (World Bank, 2000a).

In 2000, despite the existing deficiencies, this radical reform initiative haphazardly took the plunge for significant changes. Without proper consideration, An ASCU law dated June 2000 restructured all ASCUs as autonomous bodies including financial positions. Credit subsidies were fully phased out (IMF, 2000). The spread of the support price for wheat over international prices was lowered to 35 percent. Foreign trade controls on cereals began to be lowered within the same year. Finally, the support purchase prices were set in line with the targeted inflation rate as prescribed in the letters of intent.

In spite of the fact that the stable pillar of the economic reform collapsed immediately after the November 2000 and February 2001 twin crises, commitment to the SAP deepened even more. In the midst of the 2001 crisis, Kemal Dervis, the former World Bank vice president, was appointed as the minister responsible for the Treasury in the weak coalition government. In addition to his extraordinary ministerial powers, he acted as a technocrat, a figure above politics. Closely linked with the international financial institutions, Dervis facilitated a top-down and rapid restructuring and the managerial team around him gained power and autonomy as well. His role as a policy entrepreneur and mediator provided radical reform initiative a kind of legitimacy that would have been missing otherwise (Guven, 2009; Keyman and Onis, 2007). The Economic Reform Program supervised by Dervis expedited liberalization and the restructuring of agriculture with a special emphasis on subsidies due to the assumption that direct subsidies were a burden on the budget. In the context of the series of agreements signed with the IMF and World Bank, the government carried out ARIP in 2001 to phase out existing subsidies and replace them with Direct Income Support (DIS) payments. Turkey was rewarded by the World Bank with \$600 million to operate ARIP designed as a hybrid adjustmentinvestment project. The development objective of the project was to facilitate the implementation of agricultural reform which would dramatically eliminate support policies and substitute them with a system that intended to increase productivity for the agricultural producers and agro-industry. In addition, ARIP intended to minimize the short-term adverse effects of the transition period and the new support system. Nevertheless, the requirements of the project to be fulfilled promoted fiscal stability rather than allocative efficiency. 11

ARIP had four components.¹² First, in lieu of subsidies for inputs, credits and support purchases which would be totally phased out, and primarily to cushion only short-term losses, a Direct Income Support (DIS) system was launched. DIS would be paid on a per hectare basis and designated as independent or "decoupled" from production. The second initiative under the program was to encourage producers make the transition from overwhelmingly prevalent traditional crops to alternative crops such as oilseeds, feed crops, and corn. Third, ARIP intended to facilitate structural reform of the agricultural bureaucracy. According to fervent reformers, state intervention had alienated ASCUs from their constituents and left them heavily indebted, including high wage costs. Therefore, the privatization of agricultural SEEs and even the autonomy of local ASCs pushed ahead. Finally, the last component included a public information campaign to encourage public awareness and support.

By taking advantage of the top-down reformist tide of the twin crisis period, regulations were made and new laws were passed fairly quickly for the rationalization of the agricultural sector. The DIS system was placed at the heart of the ARIP, existing input and credit subsidies were removed and regularity was provided within two years. The TZDK (Turkish Agricultural Equipment Institute) and TEKEL (State Monopoly of Alcohol and Tobacco Products) were privatized and agricultural SEEs including CAYKUR (General Directorate of Tea Enterprises) and TSFAS were enlisted for privatization. The TMO was restructured to remove state intervention in the market as the support price mechanism. The fiscal support to ASCUs and ACCs was also reduced in order to evolve parastatal institutions into "sustainable, self-financing, and dedicated to marketing" organizations (Lundell *et al.* 2004, p.2). Restrictions on sugar beets, hazelnuts, and tobacco limited production by the related acts and promoted the

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¹¹For further information see Agricultural Reform Implementation (ARIP) accessed at http://www.worldbank.org.tr/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/TURKEYEXTN/0,,contentMDK:2 0188065~pagePK:1497618~piPK:217854~theSitePK:361712,00.html.

¹²See report on "Turkey-Agricultural Reform Implementation" accessed at http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2000/08/18/000094946_00081705310273/Rend ered/INDEX/multi0page.txt Report No.PID9405 (World Bank, 2011).

transition to alternative crops.¹³ Between 1999 and 2002, agricultural income decreased by 16 percent, the real agricultural prices declined by 13 percent, but the real costs of agricultural inputs increased by 13 percent (Lundell *et al.* 2004). In seven years (2001-2008), the reform process presented tremendous hardships and challenges, particularly for small-scale commodity producers, as the share of agriculture in total employment drastically fell and two million additional dwellers added to the surplus labor category. More crucial was that despite the diversification of the rural economy after the ARIP period, the rural labor market could not absorb the excess labour that used to be small producers (Ilkkaracan and Tunali, 2010)

The initial phase of the ARIP was DIS payments. It is important to note that the reform of the agricultural subsidy system had been planned before the ARIP, but required the expertise of the World Bank which proposed transition not as a political issue but as a technical achievement in the reformist surge of crises period. Indeed, DIS contemplated for the insulation of producers from the socially distorting consequences of the elimination of input subsidies and support prices rather than being a support system on its own. DIS supporters had attacked the existing generous support system consisting of input and credit subsidies and support purchases by claiming that the system was fiscally expensive, regressively taxed consumers, channeled resources to large agricultural enterprises, and did not contribute to rural development (Cakmak et al. 1999). 14 Unfortunately, DIS as a palliative scheme resulted in dismal performance. From the point of view of the pro-reformers, there were two shortcomings of the DIS that led to failure. First, despite being a component of the program, the public information campaign remained ineffective and empowered opposition. Second, the program was not implemented as it was planned at its launch. Mismanagement of the policies, inadequate and ill-timed, diluted the program which would have otherwise been successful (Akder, 2010; Cakmak and Dudu, 2010). On the other hand, those in opposition to DIS offered a more extensive analysis regarding the deficiency of the agricultural reform. First, the DIS system was decoupled from production, based on status as landowner, and open to abuse. The payments were made per hectare and only for registered land. 15 Therefore, landowners achieved support regardless of whether they were producing on the land. Under these conditions, tenant farmers and sharecroppers could not collect decoupled payments. Large enterprises were divided and registered again by the other family members to assess more support while, on the other hand, the more vulnerable small producers could not even be registered in the system due to high application fees or irresolvable disagreements about inheritance. Second. DIS payments brought about unintended consequences for the land and labor market which resulted in further land fragmentation and speculation, especially in the land market. Third, the imposition of the alternative crop project was a technocratic attempt which would eventually present problems for producers. What the designers of the project did not take into account was that production patterns were not separated from social structure and tacit knowledge. However, experts promoted unfamiliar products to set up the market rationality instead of historically-important and regionally well-established crops. ¹⁶ To replace traditional

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farmers and designing 'efficient' and 'economically much more feasible' policies through remote data

¹³See Aydin (2009), Aydin (2001), and Oyan (2002) for the evaluations on the legal regulations regarding sugar and tobacco.

¹⁴On the contrary, Oyan (2001) argued that Ziraat Bank accounts were forged and that subsidy and credit

payments were declared more than their actual cost so that the elimination of subsidies could be justified. ¹⁵The National Registry of Farmers (NRF) system was a sub-component of the ARIP. The system was based on the declarations of the farmers with the titles of their land in order to achieve decoupled payments. The NRF involved information content about the personal data of farmers, type of agricultural activity, variety of products, type of payments, and regional geographic characteristics. In spite of the fact that ARIP was completed in 2008, the NRF system is still functioning for the agricultural subsidies, insurance systems, and bank credits (Yomralioglu *et al.* 2009). Under the NRF system, Turkey nearly completed its cadastre with the widest scope possible and achieved a data system of farmers. Nevertheless, technocrats and experts took the opportunity of managing, controlling, and inspecting

bases regardless of which the objects of the policies were and what they demanded. ¹⁶In a similar vein, the "Agricultural Basins Plan" designed in 2009 (Ministry of Food, Agriculture, and Husbandry, 2009), which divided Turkey in 30 basins, attempted to replace traditional products in each region by an *a priori* determined crop. In the name of the recent support program, an immense project for

crops with alternative ones without properly considering production patterns and socioenvironmental conditions would probably lend itself to monocropping in favour of the agricultural TNCs from seeds to industrial processing.

Ever since the 1960s ASCs and ASCUs were the significant actors in rural development policies of the state which intended to keep producer prices up through subsidies and market intervention. The governments funded support purchases by the cooperatives and unions as well as the establishment of industrial plants, storage systems, and executive offices. ASCs and ASCUs offered a variety of services for farmers such as marketing, pricing, crop processing, crop standardization, and input supplies including cheap farm machinery, tools, and credit. Furthermore, cooperatives and unions assessed communicative roles for the producers. These organizations accepted as a buffer zone were establishing relations between farmers and the state, the market, and other sectors such as industry and agricultural research institutions. However, what matters most were not the functions of the organizations but whether they delivered 'effective' and 'rational' policies according to entrepreneurial acumen. Hence, ASCs and ASCUs were highly criticized by the reformers who claimed that irrational policies bestowed privileges upon large enterprises.¹⁷ The state, rather than the farmer members, gained overall control of the unions. Finally, the experts determined that ASCUs and ASCs suffered significantly from overstaffing as a consequence of the election pledges of governing parties for decades (Lundell et al. 2004).

One of the main themes of the agricultural reform was to privatization and commercialization of parastatal enterprises, ASCs, and ASCUs. In June 2000, a new law that would transform existing structures into independent, autonomous, and self-managed financial and administrative systems arranged the realignment of the unions. The financial costs of restructuring as efficient and rational bodies as well as technical assistance would be defrayed by the ARIP. The reform of parastatal institutions aspired to introduce a long term business strategy to reduce expenses and eliminate overstaffing. As reported by the World Bank, "the new realities require to apply the simple business principle of purchasing only as much as can be sold and at a price which covers all the costs of ASCs/ASCUs" (Lundell et al. 2004, p.61). In addition to the removal of subsidies and credits, the reform of the ASCUs required privatization of the enterprises belonging to farmers' organizations. The aim of the designers of the program was to phase out overall liquidity facilities of the organizations in order to create funds for input and credit subsidies. In addition to entering a cul de sac of finance, it was becoming extremely difficult for the cooperatives that oscillated between the state and the market to achieve independent autonomous governance. In a similar vein, even the World Bank pointed out the inability of the reform process to remove state intervention and evolve these bodies from government-dominated cooperatives to village-level, member-owned, powerful, and efficient service organizations in claiming that "this situation where government has withdrawn but where farmers and their cooperatives are not yet in a position to exercise their ownership rights is very dangerous because it creates a serious governance vacuum" (Lundell et al. 2004, p.61).

The corollary of the inspection of the ARIP process would entail that direct involvement of the World Bank in production processes, elimination of support schemes, and privatization of farmers' organizations and SEEs exposed small producers to harsh conditions of the free market. Complete elimination of state interference in the agricultural sector, reorganization of the producers' organizations and administrative structures, and the acceleration of the privatization of agricultural institutions contributed to the process of opening up agricultural markets for the full functioning of TNCs from seed to industrial processing. Until 2008, a limited number of farmers benefited from DIS payments and then a full return to price supports removed decoupled payments. However, the restructuring of ASCUs and ASCs as

monocroping was underway through top-down and technocratic policies. For further information see http://www.tarim.gov.tr/Files/duyurular/Sunum/TarimHavzalariSunum14TEMMUZ09.ppt.

¹⁷On the contrary, ASCs and ASCUs were notably playing a significant role in small producers' relations to the market and the state. For further discussion see Oyan (2009).

¹⁸For more extensive analysis of the functioning of the market and the logic of neoliberal policies see Caliskan and Adaman (2010).

¹⁹The elimination of DIS was highly criticized by the EU because Common Agricultural Policies (CAP) of the EU supported decoupled payments which were highly consistent with DIS. See Doner (2012) for the

autonomous bodies was irreversible. Since they had lost their functions, producers could not meaningfully convey their demands to the political center and follow supervised market operations. As a consequence, ARIP never received palpable societal support and was labeled as a technocratic project imposed from above (Guven, 2009).

3.2. Towards 2023

In a series of laws, strategies, and development plans starting in 2000, the state has transformed the structure of the agricultural sector and, more crucially, designed future plans of rural development that have increased the vulnerability of small producers to the impingement of private sector investments and the interests of agribusiness companies in agricultural production. If one examines any of the official plans produced by the state or international financial institutions, including the National Rural Development Strategy (NRDS) (2007-2013), the Agricultural Strategy Paper (2006-2010), The Agrarian Law (2006), The Seed Law (2006), or the Ninth Development Plan (2007-2013), a common characteristic is likely to be found. The question of rural development in Turkey is constantly presented as a problem of the inefficiency of Turkish agriculture due to low productivity and high rural employment. The logic of the analysis is as follows: Turkey is characterized by small scale and highly fragmented land holdings, a reluctance to comply with standards and quality, inefficient market activities and industrial integration, and insufficient capital and financial resources for agricultural production (NRDS, 2006).

According to official plans, the first strategy for rural development is achieving a competitive structure for the agriculture and food sectors. With the image of so many inefficient small enterprises, the solution already seems apparent. "The restructuring process in agriculture which means market-oriented and high competitive agriculture structure necessitates; transformation of agricultural enterprises into rational economic units, productivity increase in production, an organized agriculture sector, effective functioning of market mechanisms and its institutions, and development of food industry sector which directly affects rural economies" (NRDS, 2006, p.14). In the name of technical strategies, "it is essential to make the rural poor withdraw from assistance demanded passive position and guiding them to become productive individuals" (NRDS, 2006, p.21). Therefore, the economic rationality based on competition and efficiency can only be achieved through the individualization of decision-making processes which accepts any collective structure as an obstacle to free market rationality. Furthermore, the crux of the matter is also to prepare a legal framework for free market operations in the agricultural sector. According to the Agrarian Law (2006), which set urgently needed policies and arrangements to enhance rural areas and the agricultural sector in accordance with the development plans and strategies, rural development and wealth can be attained only if peasants learn to enhance production based on internal and external demand, efficiency and rationality principles, know-how research, and development projects in the competitive free market. In conjunction with the Agrarian Law, the Seeds Law (2006) prepares a ground work for market functioning as well. It protects the intellectual property rights of seed companies that improve new varieties of registered and certified seeds, while at the same time restricting the use of traditional seeds that are the products of tacit knowledge, natural selection of seed saving methods, and centuries-old planting techniques.

The second strategy documented in the official plans is to keep agricultural producers, who are obviously affected by the dissolution of small farming, in rural areas. In the National Rural Development Strategy, the stated main purpose is "to improve and ensure the sustainability of living and job conditions of the rural community in their territory in harmony with urban areas, based on the utilization of local resources and potential, and the protection of environmental and cultural assets" (NRDS, 2006, p.12). Hence, the diversification of non-agricultural economic activities in rural areas is encouraged to prevent rural unemployment. Remarkably, these plans emphasize the potential of rural tourism and the marketing of environmental and cultural assets by establishing microenterprises including e-commerce for

possible outcomes of CAP that farming families would face through accession negotiations to the European Union.

handicrafts, traditional crafts, and local foods to reduce income disparities in rural areas. For instance, the utilization of resources through the sustainable management of forests and increasing competitiveness of wood processing industries are envisaged for ensuring development in rural settlements, especially in forest villages (Ninth Development Plan, 2006). Not only the management of forests but also marketing and privatization of land, mines, water, and fishery resources, which would lead to exploitation of natural resources and rural livelihoods, environmental pollution, and deterioration of biodiversity, are promoted for additional financial benefits. The resulting arrangements, which relied on the strategy to prevent migration of young labour force from rural areas, underline the enhancement of efficiency of education, transportation, health and social security services and the fulfillment of rural infrastructural requirements. In compliance with rural development plans, the increasing adverse socio-economic problems of restructuring such as poverty, unemployment, and lack of social services are claimed to be solved by new financing methods including the contributions of NGOs, local authorities, the private sector, and the public sector as well (Ninth Development Plan, 2006).

Since the leitmotif of the development plans is constructed on managerial and technical schemes, small farmers and households appear only as production units in directorial strategies. What the schemes fail to mention is that producers' efficiency and competitiveness cannot merely be determined by the amount of the products they sell on the market. If the assumptions are limited to a cost-benefit analysis of the neoliberal economy, many goods and services, generated by agricultural producers and ranging from the economic to environmental spheres, become invisible by market rationality. In a similar vein, Vanderburg criticizes technical operations by claiming that "efficiency, cost-effectiveness or cost-benefit measures are all ratios which compare outputs with inputs without any reference to how any improvements are going to fit into the socio-cultural matrix of a society or into the ecosystem" (1988, p.8). Likewise, the existing plans and strategies accept small producers, who are actually face to face with the vicissitudes of agricultural reforms, as the main reason for structural inefficiency in the sector and maintain that "the small scale and fragmented structure of enterprises cause productivity to remain at low levels" (Ninth Development Plan, 2006, p.40). Rather than evaluating the impacts of policy setup on rural livelihoods, official plans recognize vulnerable groups as the main obstacle to the functioning of the free market.

A key point that emerges from the foregoing analysis is that these strategies are determined on the accepted premises that improved management of resources and technology through large enterprises will overcome the problem of inefficiency and the context in which Turkish agriculture operates should be rearranged according to the emerging structure with more intensified commoditization and deeper market integration. These official policies, dangerously distanced from their constituents, obviously neglect the viability of small producers grappling with the predicaments of structural reforms such as increasing indebtedness, selfexploitation, and landlessness. The alternative policy options that extend to non-agricultural job and income opportunities such as agro-tourism and the marketing of handicrafts, for labor force excluded from agricultural production do not appear to hold much promise for the small producers because converting assets into innovative enterprises and promoting them in the external markets require a considerable amount of initial capital. 21 Taking any of the development plan as our quide, it can be said that political interest in rural development diverts from agricultural production, which is no longer considered to be a fundamental economic sector, to the marketing and management of natural resources. In this context, long-term development plans support the conversion of natural assets such as water, grassland, mines, national parks, and cultural valuables into commodities for which, consequently, indiscriminate exploitation leads to the destruction of the environment, degradation of resources, and dissipation of rent-seeking activities by ignoring the ecology and life-supporting capacity of the resources.

²¹Therefore, the envisioned projects of agro-tourism and marketing local handicrafts are notably carried out by the urban dwellers.

²⁰For further elaboration on the management of water see Kadirbeyoglu and Ozertan (2010) and for an analysis of the effects development policies on environment in Turkey see Adaman and Arsel (2005).

4. Conclusion

Since the 1950s, the development of Turkey has occurred within a broader framework of the market economy and political liberalization. Yet, a critical and closer perusal of the process can raise questions regarding the quality of the democratic regime and the performance of economic development. Turkey managed to achieve modest rates of economic growth and fully integrate global markets, but significant transformation did not lead to the amelioration of unequal income distribution. Moving on to the political sphere, Turkey's democratic transition has also demonstrated vital deficiencies. The breakdown of democratic consolidation in periods of economic crisis and military interludes was rather short-lived but brought about inadequacies in terms of achieving a plural, multi-cultural, and representative political system. Concomitantly, populist cycles and patronage-rendered political mobilization has clearly presented serious obstacles to democratic governance. There seems to be no disputing the fact that rent-seeking activities and clientelism have accelerated severe distributional conflicts among different groups seeking to acquire a higher amount of rent with easy access to public resources.

1950 signaled the attempts of Turkey to integrate its economy into the world markets which assigned Turkey to the role of producing raw material. Therefore, necessary technical improvements to increase mechanization in agricultural production were achieved with the support of the Marshall Aid Plan and the impositions and recommendations of international financial institutions such as the IMF and the World Bank. During the planned economy period in the following two decades, there were multiple policies implemented in the agricultural sector such as integrated area development projects, higher support prices, input subsidies, and credit incentives for the enhancement of productivity and competitiveness. The adoption of economic planning based on the ISI model necessitated the role of the agricultural sector as the principal resource of raw material and foreign exchange for a well-protected domestic industry. Due to the role of peasants in development policies and in the political system as a massive electoral presence, the state promoted the interests of the producers through a variety of instruments including patronage policies. While this was the case for the agricultural sector, farmers received significant welfare gains in the era from 1950-1980 (Keyman, 2010). Nevertheless, the problem lies in the fact that the transformation of political and economic structures enabled producers' accession into the political system but did not let their expectations be realized through democratic political participation.

In 1980, a profound shift occurred in Turkey concerning the role of the state in economic affairs with the demise of the national developmentalist era based on the ISI model. After decades of protection and a state-led development program, the transition to laissez faire policies under the auspices of international financial institutions dismantled agricultural supports and introduced a free market economy by the decisions accepted on January 24, 1980. The transformation of the Turkish economy and agricultural sector accordingly was a perfect example of top-down and externally-induced restructuring. A new managerial bureaucracy and technocratic change-teams organized around Ozal and MP governance facilitated the implementation of SAP. However, at the end of 1980s, Ozal discovered that neoliberal policies harmed the electoral support of rural districts. Consequently, populist policies that supported agricultural producers and deviated from the SAP reemerged in the system for a decade. In August 1989, complete capital account liberalization, a major shift in the financial system without necessary legal and structural regulations, left Turkey vulnerable to short term capital flows in the era of financial globalization. Therefore, the economic apertura of the 1990s was characterized by cycles of political and financial crisis. Perhaps the most striking pattern regarding rescue packages was that international financial institutions extended the scope of the structural adjustment in a systematic manner in return for loans.

In spite of the fact that the massive overhaul of the agricultural sector was planned in the late 1990s due to the excessive burden of subsidies on the budget and consumers, it was not activated until the implementation of ARIP in the reformist tide of the twin crises period. The complete elimination of state subsidies in agricultural sector, reorganization of the producers' organizations and administrative structures as autonomous bodies, and the speeding up of the privatization of agricultural institutions and SEEs drastically affected the lives and livelihoods of agricultural producers and contributed to the operation of opening up agricultural markets for the

full functioning of TNCs from seed to industrial processing. Furthermore, critical analysis of the official strategy papers for the future of the agricultural sector affirmed that these policies, dangerously distanced from their constituents, obviously neglect the viability of small producers grappling with predicaments of structural reforms such as increasing indebtedness, self-exploitation, and landlessness.

This study has sought to assert that just as under the ISI model, the free market economy and technocratic policies in coordination with the IMF and the World Bank blocked mass mobilization and genuine democratic participation in the Turkish countryside. Neither the neoliberal and individualist nor the statist and corporatist perspectives were able to come to terms with the idea of a representative and transparent approach to policy-making processes in Turkey. This study also asserts that major policy changes threatening livelihoods of millions of people have not been launched on the basis of broad social consensus. On the contrary, reform programs, which have been virtually unknown to the public, were implemented under external pressure. Therefore, they were referred to not only as adjustment strategies but in equally important ways as hegemonic projects. Neither the ISI model, nor the neoliberal transformation under SAP, nor any other development policy gave priority to the real constituents of the reform. However, the post-1980 period proved more conducive to the spread of market rationality and entrepreneurial spirit on an individual level, the removal of the political debate, and TNCs' growing role in shaping agricultural transformation in addition to international institutions.

What is conveniently ignored by the neoliberal approach is the fact that the separation of politics from the market and market activity from society reduces politics to the role of managing policies by technical maneuvers and further reduces society to compliant clients of the policies. In public discussions, experts' technical and scientific language, which is beyond the understanding of most citizens, is limited to how the nation will be reconciled to the discipline of austerity measures and structural adjustment (Cizre and Yeldan, 2005). With the demise of representative politics, technical know-how, whatever it is applied to, makes little or no reference to the way it would fit into the environment and leaves no place for debate and compromise as technocrats replace politicians.

The corollary of this logical result would entail that technocratic development policies from 1950's DP to 2010's AKP have condoned the depredation of nature and the exploitation of the peasantry for political and economic interests through omitting the harmful effects on the real objects of the reform. More crucially, the transition to a free market economy and the implementation of the SAPs in agriculture (and in other sectors as well) has expedited this process over the last three decades.

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