

The Development Saga of Turkey from the 19th to the 21st Century: a Prelude or a Requiem for a Dream?*

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Abstract

The issue of development has generally been perceived as an economic and technical process with little or no relevance to political issues. In contrast to this general understanding, this study aims to underline that development is a complex and primarily a political process. In support of this argument, the study overviews historically the changing meanings as well as ideologies of development since the 19th century with a particular focus on the Turkish case. By doing so, it attempts to recall the idea of development primarily as a political process. In general terms, dominant paradigms of development have also been set by power and become leverage for political and economic dominance in history. In this sense, different development paradigms in history need also to be understood as political phenomena rather than simply philosophical products.

Keywords: Development, Political Economy, Turkish Development Practices, Globalization, Turkish State Planning Organization, Neo-Liberalism

19. Yüzyıldan 21. Yüzyıla Türkiye'nin Kalkınma Serüveni: Başlangıç mı Ağıt mı?

Özet

Kalkınma konusu genellikle siyasi bir mesele olarak değil, ekonomik ve teknik bir konu olarak algılanmıştır. Bu çalışma, bu genel görüşün aksine, kalkınmanın karmaşık ve temelde siyasi bir süreç olduğunu vurgulamayı amaçlamaktadır. Bu görüşü desteklemek için, kalkınmanın 19. yüzyıldan başlayarak tarihsel süreçte değişen anlamları ve ideolojileri Türkiye'ye özel bir vurgu yapmak suretiyle incelenmektedir. Böylelikle, kalkınmanın öncelikle siyasi bir süreç ve konu olduğu gösterilmeye çalışılmaktadır. Tarihsel süreçte başat kalkınma paradigmaları, genellikle güç ilişkileri bağlamında belirlenmekte ve siyasi ve ekonomik üstünlük sağlanmasının bir aracı haline gelmektedir. Bu bağlamda tarihteki farklı kalkınma paradigmasını felsefi ürünler olarak değil, birer siyasi fenomen olarak algılama ihtiyacı doğmaktadır.

Anahtar Sözcükler: Kalkınma, Kalkınma Paradigmaları, Siyasi İktisat, Küreselleşme, Devlet Planlama Teşkilatı

The issue of development has generally been perceived as an economic, hence technical, process with little or no relevance to political issues. This fallacy becomes clear when one recognizes that development efforts have always been directly associated with the processes of industrialization, modernization and/or Westernization as well as nationalism and nation-building. Moreover, the state, market and state-market relations have been conceptualized by different ideological perceptions of development in both domestic and international terms, while ideologies have been formed in relation to different development efforts in return. With these concerns in mind, this study aims to underline that development with its political and social aspects is a complex process that has always meant more than simply attaining economic growth. Due to this fact,

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development has also been one of the critical factors that have shaped the dynamics of international relations since the 19th century.

The term and notion of development has almost a magical power to create an agenda and fill it with specific political, economic, socio-cultural and ideological objectives. Analyzing these social and political aspects of development has a special importance in the era of globalization. The phenomenon of globalization is generally considered as almost an inevitable stage of world history. This perception of globalization further reinforces the idea of development as a technical (even mathematical) and economic process. In order to contest this attitude, this study aims to overview historically the changing meanings as well as ideologies of development since the 19th century with a particular focus on the Turkish case. By doing so, it attends to cast the idea of development primarily as a political process.

In general terms, the main argument is that dominant paradigms of development have also been circumscribed by power relations and thus become leverage for political and economic dominance in history. In this sense, the different development paradigms need also to be understood as political phenomena rather than simply philosophical products. Hence, every ideology as well as each period has been characterized by a paradigm and had a different conceptualization of development. For instance, terms like ‘un-developed’, ‘under-development’, ‘developing’ and/or ‘backward countries’, and ‘emerging markets’, are all based on different political premises, in different historical contexts. This study, rather than adhering to any of these concepts, aims to provide an overview on how they have been introduced and used by different perspectives historically.

This study examines the issue of development in four historical periods: namely the 19th century, the inter-war years, the post-Second World War era and finally the era of globalization. The first section will focus on the historical grounds of the development thinking beginning with the 19th century since this period set the circumstances that led to the internationalization of the world economy. At the second part of this first section, the evolution of modern development thinking after the Second World War is examined since it provides the contextual framework of development phenomena. These two eras set the main paradigms of development and the issue of development came into agenda in international politics. In this historical and theoretical context, the main classical approaches and practices to development are highlighted. Second, in the light of these historical and theoretical discussions, the situation of the Turkey will be covered. After examining the general political and economic conjuncture, the main characteristics of development policies in Turkey are examined again in four periods, namely the Ottoman era, the new Republic era, post Second World War Era and finally the neo-liberal era. How the development policies affected the Ottomans and what implications in general did occurred in Turkey in each period will be one of the main questions of this study. However, the basic investigation will be on how political and socio-economical (both domestic and international) factors coincide, interact, shape and even collide in each conjuncture.

Conceptual Framework of Development from a Historical Context

The key feature of the nineteenth century can be defined as the ‘internationalization’ of world economy. International trade, international flow of capital and people increased enormously due to Britain’s international political and economic policies. At the beginning of the 19th century, with the end of the Napoleonic Wars,

Britain came into the scene as the most industrialized, trading country.¹ Especially after the Congress of Vienna in 1815, Britain institutionalized its hegemonic position and became the leading nation of the world both in political and economic terms. However, in such a conjuncture, the idea of development was born not only because of inter-state relations; “It was the turmoil and fear of revolution in the first half of the nineteenth century that gave birth to the idea of development [...]”² This point reveals the main controversial aspect of “development”. Although the term “development” inevitably implies “progress”³, the first practices of development were part of a political agenda of conservatism and imperialism: “The 19th century resolution of the development problem was to invoke trusteeship. Those who took themselves to be developed could act to determine the process of development for those who were deemed to be less developed”⁴ Hence, this hegemonic position of Britain in the 19th century Europe has been defined as a state of Pax- Britannica.⁵ Of the political and economic events that have contributed to the internationalization of the world economy, Britain’s policies require special analysis. In that era, ‘Great Britain was dependent on both imports and exports for its material well-being. Britain promoted free trade notion internationally which was understood to be the precondition for the doctrine of ‘wealth of nations’.⁶

Britain got the responsibility of administering the free trade system in this period while refraining from interfering with the operations of economic agents.⁷ This policy caused an increase in world trade and also enabled economic growth of the ‘new’ settlements. Economic progress of the centre was transmitted to those new settlements in relation with the demand for primary products as quoted above. This increase in trade can also be observed among the ‘old’ countries of Europe.⁸ Especially the Anglo-French Treaty of 1860, which is also known as Cobden-Chevalier treaty, was a major development in the movement toward free trade in Europe.⁹

The foremost element of the world order established by Britain was the international monetary system.¹⁰ Commercial interests demanded the gold-standard as a

¹ Cameron, Rondo, *A Concise Economic History of the World*, Oxford Uni. Press, Oxford 1999, p. 224, 275.

² Cowen, Michael .P., Shenton, Robert, W., *Doctrines of Development*, Routledge, London 1996, p.11.

³ Although conservatism was one of the main features of the first development practices, in theory the development has already started to gain a revolutionary character which can be seen from the writings of Friedrich List (1789-1846). Especially, the establishment of Germany in 1871 based on Listian principles was the best example of revolutionary or revisionist version of a development. As Cowen and Shenton briefly put it, originally development means “transitive action and... to empower people, independently of the state, in the name of development”. This shows that as soon as the notion of development born, it became the focal point of the competition between conservatism and revisionism. This reciprocity have taken so many forms until today.

⁴ Ibid, s.3.

⁵ Cox, Robert, *Production Power and World Order*, Columbia University Press, New York 1987, p. 119.

⁶ Cameron, Ibid, p. 227.

⁷ Cox, Ibid, p. 127.

⁸ Nurkse, Ragnar, *Equilibrium and Growth in the World Economy*, Harvard University Press, Massachusetts 1961, p. 13, 15-6.

⁹ Cameron, Ibid, p. 277.

¹⁰ In his major work, *The Great Transformation*, Polanyi (1957) points out four main institutions that the 19th century’s political and economic structure was shaped by. The first one was the balance of power which provided stability within Europe. The second one was the international gold standard which maintained a trading world economy. The third was the self-regulating market which supposedly brought material welfare and finally, the fourth one was the liberal state. Adding to that, Polanyi argues that this close relationship between international and national institutions is provided by a certain segment which he refers to as ‘haute finance’. According to him, haute finance was functioned as the main link between the political and the

necessary foundation for world trade, and Britain as the key player in this field started managing the international monetary system.¹¹ Adding to that the spread of international migration and investment can be seen as other factors that characterized economic and political life in the nineteenth century. International migration and investment created cultural and economic ties which again helped to create an international economy.

On the other hand, in this era, the concern for industrialization among the ‘late’ industrializers became manifest in Europe and Russia.¹² Late industrializers started to search for new ways to catch up to Britain’s industrial capacity which was the main asset of Britain’s political, military and economic power. To do so, the newcomers realized the importance of the agricultural sector and the subservient link of the agricultural sector to the industrialization attempts. Particularly, the surplus or savings that were needed to foster development was provided from the agricultural sector. Most of the late industrialized countries like Germany, Austria, France, Japan and the Soviet Union began to focus on and intervene in agricultural sector to provide the necessary investment for industrialization.¹³

To sum up, it is likely to say that in the 19th century, the concern over industrialization became a central issue in international politics and economy. And economic thinking on development has emerged and shaped in this political/economic context. Moreover, it would be safe to say that most of the development doctrines (including the contemporary ones) have their roots in the 19th century.¹⁴ The issue of development becomes public with the speech of the US president Henry Truman, which was held in 1949:

‘More than half the people of the world are living in conditions approaching misery. Their food is inadequate, they are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and a threat both to them and to more prosperous areas. For the first time in history humanity possesses the knowledge and the skill to relieve the suffering of these people [. . .] I believe that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life. . . . What we envisage is a program of development based on the concepts of democratic fair dealing [. . .] Greater production is the key to prosperity and peace. And the key to greater production is a wider and more vigorous application of modern scientific and technical knowledge. (Truman [1949])’¹⁵

In parallel with Truman’s speech, the decades of 1940s and 1950s were the formative period of the modern economic development theory; and the main concern was

economic organization of the world and by this way haute finance maintained peace and order. Thus it is likely to say that another important feature of the 19th century was the emergence of international financiers.

¹¹ Cox, *Ibid*, p. 124-6.

¹² Waterbury, John, “The Long Gestation and Brief Triumph of Import-Substituting Industrialization”, *World Development*, 27 (2), 1999, p. 324. Polanyi also argues that the liberal movement, intent on spreading the market system, was met by a protectionist counter-movement tending towards its restriction; such an assumption, indeed, underlies his own thesis of the double movement. Sometimes liberal policies got dominant and sometimes protectionism. This was just a matter of different circumstances and depended on the structure of the industry.

¹³ Waterbury, *Ibid*, p. 325.

¹⁴ Nurkse, *Ibid*, p. 13.

¹⁵ Escobar, Arturo, *Encountering Development: The Making and Unmaking of the Third World*, Princeton, New Jersey 1995, p. 3.

the modernization of the ex-colonial states in terms of their integration to the world economy. Thus in its formative period, development economics¹⁶ mostly borrowed from the former ex-colonial economic theories.¹⁷ As Leys summarizes briefly:

‘It is not a great oversimplification to say that ‘development theory’ was originally just a theory about the best way for colonial, and then ex-colonial, states to accelerate national economic growth in this international environment. The goal of development was growth; the agent of development was the state and the means of development were these macro-economic policy instruments. These were taken-for-granted presuppositions of ‘development theory’ as it evolved from the 1950s onwards’.¹⁸

The main goal of development was seen as the creation of societies that would imitate the political-economic system of the industrialized countries which means the creation of a private enterprise economy with a representative, democratic political structure. For this perspective development was a linear, almost automatic process. For instance, Rostow who was an orthodox development theorist, defined development as a process of change from traditional society stage to the precondition stage of Western developed countries^{19 20}.

In brief, in the 1940s and 1950s, orthodox development theory saw capital formation as the primary element for economic growth and argued that the absence of the capital formation was a result of traditional economic structure. If the traditional structure can be overcome by financial assistance of the Western countries, then development which meant the creation of a high mass consumption society could be realized. It should be noted that for this perspective, the issue of development was understood as the attainment of ‘high mass consumption society’. This is to say that economic development was measured by the level of per capita or product, rather than the level of industrialization. Therefore any special political and/or economic condition is out of question. In other words, development perceived as not a political but a technical process.²¹

However, by the end of 1950s, this optimism of orthodox strategy began to fade away as a result of problems like unemployment, increased income inequality within and among nations. These inadequacies and the limitations of the orthodox theory led to a paradigm shift in development thinking.²² The scope of the development studies was enlarged by some American sociologists and political scientists and the issue of

¹⁶ Pieterse makes a distinction between development sociology and development economics. Whereas development sociology criticized the nineteenth-century theories of social development; development economics was highly influenced by the nineteenth century theories and tried to modify those theories to fit into the conditions of the 1940s and 1950s. See Pieterse, *Ibid*, p. 547.

¹⁷ Pieterse, Jan Nederveen. ‘The Development of Development Theory: Towards Critical Globalizm, *Review of International Political Economy*, 3, 1996, pp. 547-8.

¹⁸ Leys Colin, *The Rise and Fall of Development Theory*, Indiana University Press, Oxford 1996, p. 7.

¹⁹ Wilber, Charles, K., *The Political Economy of Development and Under-Development*, McGraw-Hill College, New York 1975, p. 78.

²⁰ However, Arturo Escobar (1995), accuses this notion American version of development as being ethnocentric and arrogant. According to Escobar, the practices of development of the era established a hegemony and took the undeveloped countries into the “circles of power”. See Escobar, *Ibid*, p. 4. Escobar’s perspective can be accepted in the context of the “spatial fix” that David Harvey uses to explain how economic and political policies are designed to reproduce capital accumulation process. See Harvey, David, *Spaces of Capital: Towards a Critical Geography*, Edinburgh, 2001.

²¹ Wilber, *Ibid*, p. 7-8.

²² *Ibid*, p. 8-10.

development became an object of interdisciplinary study. Modernization theorists focused on the establishment of international institutions like the World Bank and the US Agency for International Development to diffuse economic policies as well as modern values among the elites of the under-developed countries (or of the periphery) through education and technology transfer. In relation with the general political and economic conjuncture of the era, this policy has helped the US to exercise its new superpower role to control the periphery by providing financial and technological assistance in the name of mutual benefit. At the same time this policy has helped the US by providing regional experts who are needed for its superpower role.²³

The importance of the economic modernization theory of the late 1950s was the admittance of the fact that there may be divergence from *laissez-faire*.²⁴ Economists like Jan Tinbergen and William Arthur Lewis have developed the notion of economic planning which relied on government action to overcome the basic problems of the development. This government action was especially vital for the Third World countries. As Wilber points out:

‘The best example of this is the role which government has come to play in Third World countries. Government interferes in all areas, setting prices by non-market considerations, distorting the operation of labour markets through minimum-wage legislation and through providing employment in the government sector. On the side of non-rational behavior, the government can attempt to convince its citizens of the need for ‘modernization’ while at the same time substituting its own entrepreneurial ability and knowledge to fill that vacuum. On the side of the markets, the government can again offset the difficulties through economic planning’.²⁵

This conceptualization of the government action was also compatible with the Keynesianism of the era. Specifically, government action was an inseparable part of the Bretton Woods system which enabled governments to administer international capital movements, to determine both domestic interest rates and exchange rates of the national currencies to stabilize the commodity prices.²⁶ Accordingly, both Bretton Woods system and government action were seen as a necessity to prevent ‘non-rational’ behavior, internationally and domestically. Hence, after 1945, with the impact of Keynesianism, development economics and government action was an integral part of liberal world order:

Finally, this pre-emptive and mediating role was especially important also to fix the distortion caused to the economy by the populist or irrational policies of the previous regimes before the end of 1950s.²⁷ This point will be highlighted briefly in the discussion below on Turkey.

...and the Ottoman Empire

Towards the end of the 18th century, as a result of continuous military defeats, Ottoman Empire started to question the causes of her backwardness vis-à-vis European

²³ Leys, Ibid, p. 9-10; Pieterse, Ibid, p. 548-9.

²⁴ Wilber, Ibid, p. 9.

²⁵ Ibid, p. 9.

²⁶ Ibid, p. 6.

²⁷ Ibid, p. 9.

states.²⁸ Selim III was the first Ottoman sultan who sent diplomats to Europe in order to inquire the reason behind the European advance in politics and economics. As a result, capitalism was perceived as the major factor of the European superiority, but it is hard to say that Ottoman thinking had grasped this ideology in a comprehensive manner.²⁹ Capitalism was understood superficially and the efforts of the Ottoman administration were focused primarily on administrative reforms in order to ‘catch up’ with Europe.³⁰ That is, there was not any coherent theoretical model applied in order to solve the economic problems of the empire. Until that time, Ottoman economic thinking was embedded into the context of religion and morality. Additionally, economic life was considered as the realm of sultan’s exercise of power and was not considered systematically, although there was a full set of measures to intervene into economic life, from production to setting prices.³¹

But starting from the first decades of the 19th century, classical liberal thinking started to permeate into Ottoman economic life via Western diplomats, Western journalists and Ottoman merchants trading with European countries. However, the critical historical turning point in this sense was the year 1829 in which the Ottoman-Russian Treaty of Edirne (Adrianople) was signed. By this treaty Russian commercial fleet gained the right to access Ottoman docks and Black Sea ports without any prior permission from Ottoman Empire.³² In general terms, according this treaty Russia de facto imposed the principle of laissez-faire to Ottoman Empire for Russian political and economic interests.³³

Treaty of Edirne can be considered as a milestone in Turkish economic and political history, for not only it introduced the laissez-faire policy to Ottoman State, but also it signaled a new era in which Ottoman Empire became subject to great power rivalry that determined its economic and political life until the First World War. After Russia gained advantages in Ottoman economic life and so in the Black Sea and in the Mediterranean regions, Britain took action to reduce Russian influence in the Ottoman Empire and to reverse the situation according to the requisites of the British interests.³⁴

²⁸ Sayar, Ahmed, Güner, Osmanlı İktisat Düşüncesinin Çağdaşlaşması, [Modernization of the Ottoman Economic Thinking], Ötüken Neşriyat, İstanbul 2000, p.167.

²⁹ Çavdar, Tefik, Türkiye’de Liberalizm (1860-1990), [Liberalism in Turkey], İmge, Ankara 1992, p. 8.

³⁰ According to Şerif Mardin, the Ottoman bureaucracy’s secularity (in relation with rationalism), which is an important feature of development, is started with Kâtip Çelebi (1609-1657) See Mardin, Şerif, “Turkish Islamic Exceptionalism Yesterday and Today: Continuity, Rupture and Reconstruction in Operational Codes”, Turkish Studies, 6 (2), 2005, p. 149. Resting on this perspective, Mardin regards Tanzimat reforms as an adaptation of the theories of the Austro-German Cameralists’ ideas and policies which mainly focus on public administration. It can be said that Mardin misses to see the political aspects of Tanzimat and neglects the international political conjuncture of the era. However Mardin is right to emphasize the tariqa elements’ effectiveness in the Ottoman political and economic life. Still, rather than treating these groups that have a consistent alternative economic development notion, it would be better to accept them as reminiscent of the feudal structure of the Ottomans. Besides it is interesting to note that, with the neo-liberal policies these so called religious local elites started to gain power and internalized the neo-liberal discourses. This shows how feudal fractions coincide with imperialistic liberal policies and groups.

³¹ Sayar, Ibid, p. 64-5.

³² Armaoglu, Fahir, 19.yy. Siyasi Tarihi, [Political History, 19. Century], Türk Tarih Kurumu, Ankara 1999, p.184.

³³ Çavdar, Ibid, p. 8-9; Sayar, Ibid, p. 188-9.

³⁴ As both Sayar and Çavdar argue, this policy change and its reasons can be seen evidently in the writings of David Urquhart who was a British diplomat in the Ottoman Empire in that period. He was arguing that Turkey could provide cheap raw materials that British industry needed. For Urquhart Turkey could also become a market for British commodities. Thus, he stated that Turkey should be encouraged to focus on

Britain reached its aims by the Treaty of Baltalimanı in 1838 which enabled the free entry of British goods to Ottoman market along with the principle of laissez-faire.³⁵ On the other hand Tanzimat Fermanı (administrative reforms) in 1839 introduced the social grounds of liberalism in the Ottoman Empire.³⁶ The important thing in this decade (from 1829 to 1839) was that economic thinking and economic policies in the Ottoman Empire were shaped in this very special political conjuncture. Far from being an intellectual choice, the implementation of laissez-faire principle was a result of political confrontation with European powers. Thus economic thinking in the Tanzimat era had developed under such political circumstances.

It is likely to say that dualism was the main characteristic of the 19th century Ottoman Empire.³⁷ By the reforms of Tanzimat and then Islahat (1856), a dualistic structure started to take place in state administration, legislation and in economic structure. This dualism and its associated inconsistency can also be observed in the ideas of the intellectuals of the Tanzimat era, who are known as Young Ottomans. Their ideas were mostly superficial and essentially incapable of grasping the origin of the problems that the Empire was facing. According to the Young Ottomans, a constitution in line with Western norms and freedoms in social life would solve all social, political and economic problems. It is apparent that they were advocating the establishment of Western institutions without any reference to historical, political and economic contexts.³⁸

Generally, all Tanzimat intellectuals like Sakızlı Ohannes Pasha, Namık Kemal, Şinasi and Ali Suavi saw the establishment of capitalist institutions as the only way to rescue the Empire. Their recipes were based on classical liberal policies. In spite of their differences in details, these Ottoman intellectuals gave common emphasis to improving railway transportation which overlaps with the classical liberal proposal of improving infrastructure in order to promote economy. Secondly, they advocated establishing close relationships with European states, especially with Britain, both in political and economic terms. In this context, the adherence to laissez-faire policies by the Empire was considered as essential in order to improve relations with those countries. Adding to that (again in parallel with classic liberalism) they were in favour of European experts or technicians and European capital to develop the Ottoman economy.³⁹

There were exceptions like Cevdet Pasha, Ahmet Mithat and Musa Bey. Although Cevdet Pasha was mainly a supporter of classical liberalism, he also admitted that there is need for protection for the Ottoman economy. This Listian attitude can also be seen in the ideas of Ahmet Mithat and Musa Bey. They were arguing that without interventionist and protective policies and especially without protective tariffs, it is impossible for the Ottoman economy to compete with the European economies. But these protectionist thinkers were in minority and laissez-faire liberalism was the dominant paradigm of the era.⁴⁰

agriculture. Unworthy to say, Urquhart was advocating classical liberal policies for the interests of British Empire.

³⁵ The Anglo-Ottoman conventions of 1809 and 1820 have already stripped the Empire of its ability to protect its infant military industries (Waterbury, *ibid*, p. 325. These treaties introduced the principle of laissez-faire into all aspects of economic life.

³⁶ Çavdar, *Ibid*, p. 8-10; Sayar, *Ibid*, p. 205-10.

³⁷ Ortaylı, İlber, *İmparatorluğun En Uzun Yüzyılı*, [The Longest Century of the Empire], İletişim, İstanbul 2004, p. 171.

³⁸ Sayar, *Ibid*, p. 400.

³⁹ Çavdar, *Ibid*.

⁴⁰ *Ibid*.

To summarize, it is likely to say that from 1838 to the beginning of 20th century Ottoman Empire implemented classical liberal policies to develop its economic life. In this context, Ottoman Empire tried to make agriculture more productive by establishing some form of private ownership of land and by making it inheritable so as to tax it.⁴¹ But it can be argued that far from stimulating development, these policies contributed to the colonization of the Empire. The establishment of Düyün-u Umumiye in 1882 can be seen as an evidence of this fact. Furthermore, the result was a ‘dual economy’ in which ‘a well developed export sector coexisted with a primitive domestic economy’ as Nurkse pointed out.⁴² In other words, classical liberal policies were inefficient to overcome the problems of under-development in a comprehensive manner. But what is really essential is, this period demonstrates the onset of political and economic grounds of laissez-faire liberalism and how it is closely related with the political economic situation and/or political projects rather than being a pure intellectual or a technical choice. All experiences of the Ottoman Empire in the 19th century demonstrate this fact.

The main concern was the establishment of capitalist production systems in Turkey, which highlights the continuity with the ideas of the Young Turks.⁴³ The influential segments of the Committee of Union and Progress sought to promote the industrialization of the dying Empire by following the footsteps of Listian Germany rather than following the Anglo-Saxon notions of individualistic, market-oriented laissez-faire liberalism. Ziya Gökalp, who was a leading sociologist of the era, tried to combine List’s protectionist economic philosophy with Durkheimian concepts of solidarity and organic social structure, and thus provided a base for etatist ideology.⁴⁴ Still, the implementation of etatist policies had to wait until the 1930s.

Development in Turkey in the Inter-War Years

After the First World War different ideologies found an opportunity to deal with the issue of development under some state practices. Although the intellectual foundation of these projects date back to 19th century theories, in practice, they were all shaped by the general conjuncture of this period. Socialism as practiced under Leninism in the Soviet Union, liberalism in the form of Wilsonianism and fascism came into existence in the international arena and became hallmarks of different political economic concerns and/or projects. Irreconcilability of these ideologies led to confrontations and instability in the international politics and economy. However, this instability had provided a chance for newly emerging nations to break free from the bounds of the international system. Consequently, after the economic crisis of 1929 non-industrialized countries found a chance to focus on their industrialization efforts. To some extent they achieved this by adopting ad hoc development strategies like import substitution and protectionism. Shortly, it is likely to say that in this era the world experienced various development strategies in close relation to world political confrontations.

The Turkish experience after the Independence War, recompenses the notion of development which means “transitive action and... to empower people, independently of

⁴¹ Waterbury, *Ibid*, p. 325.

⁴² Nurkse, *Ibid*, p. 18.

⁴³ Boratav, Korkut, *Türkiye İktisat Tarihi 1908-2002*, [Turkish Economic History], İmge, Ankara 2004, p. 39.

⁴⁴ Waterbury, *Ibid*, p. 329; Parla, Taha, Davison, Andrew, *Corporatist Ideology in Kemalist Turkey*, Syracuse, New York 2004, p. 13.

the state, in the name of development".⁴⁵ After its independence in 1923 the new Turkish Republic focused on economic issues in order to strengthen her economic independence as well as political independence.

The years between 1923 and 1938 in Turkey can be evaluated in two phases. The first phase from 1923 to 1929 can be labeled as the preparatory era. First of all, the establishment of the İş Bank in 1924 and the congregation of the İzmir Economy Congress in 1923 served to reconcile the Turkish Muslim merchants with the founder elites of the Turkish Republic. This provided the basis for the creation of a national bourgeois class in Turkey. Secondly, the abolition of the former trade concessions in the Treaty of Lausanne was the first step to prevent the exploitation of the Turkish economy by Western economies. However it is hard to say that the Turkish Republic had taken a hostile position towards foreign capital. Mustafa Kemal Atatürk and the elites of the republic were against the privileges given to foreign capital which had made the Ottoman Empire a semi-colonial state.⁴⁶ According to them, on the condition that they comply with Turkish laws, foreign capital would be welcomed by the government. Nevertheless, this did not mean that Turkey would fully rely on foreign capital and laissez-faire policies in order to industrialize. The decree on coast trading in 1926, the nationalization of railways in 1922, the nationalization of tobacco production in 1923 as well as the domestic production of the three whites (flour, sugar, cotton) and the three blacks (coal, oil, iron) all point to a conscious effort to nationalize potentially foreign investment dependent on economic sectors.⁴⁷

On the other hand, the Treaty of Lausanne hindered the Turkish government to determine customs tariffs for five years, thus preventing the application of protectionist measures that would serve to support its infant industry.⁴⁸ But after the expiry of the Lausanne restrictions in 1929, changes at the international political and economic conditions enabled the Turkish government to apply for new strategies of its industrialization. The economic crisis of 1929 influenced in both developed and, more importantly, developing countries. Nevertheless, it can be argued that the Great Depression of 1929 did not initiate import substitution and protectionist strategies, but gave impetus to them. It in fact allowed for a grass-roots industrial and economic upheaval that focused on industrialization through import substitution policies.

Developing countries were already aware of the fact that protection was essential and free international trade would not foster industrialization.⁴⁹ Sharing these propositions, the founding elite of the Republic of Turkey have focused on the improvement of the flour, sugar and textile industries. State agencies became the primary importer of goods. Agricultural production was encouraged by abolishing the traditional Islamic tithe. Thus

⁴⁵ Cowen, Michael .P., Shenton, Robert, W., *Doctrines of Development*, Routledge, London 1996, p. 2.

⁴⁶ Boratav, Ibid, p. 41-45.

⁴⁷ Çavdar, Ibid, p. 208; Boratav, Ibid, p. 45-6; Aydemir, Şevket, Süreyya, Tek Adam, [The Only Man], Remzi, İstanbul 1966, p. 355-62; Waterbury, Ibid, p. 327. For a misinterpretation and arbitral categorization of corporatist policies of the newly founded Turkish Republic see Parla&Davison, Ibid. Parla&Davison's work is another example how ethnocentric cosmopolitan subgroups condemn revisionist and modernist development policies implemented by Mustafa Kemal Atatürk while trying to derivate the Turkish experience from other examples like Germany founded on the principles of Friedrich List and the US experience that founded upon the ideas of Alexander Hamilton. Although Turkish Republic rejected any kind of authenticity, it is noteworthy that some scholars show great effort to place Turkish modernization side by side with Fascism. This caused by development is not only a political and/or economic issue, but its a reckoning field.

⁴⁸ Boratav, Ibid, p. 40; Aydemir, Ibid, p. 355.

⁴⁹ Waterbury, Ibid, p. 327-30.

agricultural revenues were tried to be increased through state monopolies and customs duties in this sector. With the expiry of the restrictions that had been imposed by the Treaty of Lausanne, higher customs tariffs for foreign goods and capital were set. Contrary to the last decade, a characteristic antagonistic attitude emerged towards foreign capital.⁵⁰ Instead of accepting direct foreign investment, Turkey took loans from states like Russia and England.⁵¹ Thus, in this period Turkey pursued protectionist policies in line with the state's role of primary economic investor. Finally, in 1934 with the First Five Year Industrial Plan, Turkey was the first country to implement national planning in the non-socialist world.⁵² It focused upon the conditions of Turkish industry and determined the required investments to strengthen strategic sectors like textiles, iron and steel, chemistry, etc.

In terms of development paradigms, the inter-war years can be summarized as a struggle among Wilsonianism, Leninism and Fascism. It can be argued that this struggle prevented the emergence of a stable world economy and offered an opportunity to newly independent states to implement protectionist economic policies in order to industrialize. Turkey was one of the best examples of this experience. The Second World War, however, put an end to this era and following the elimination of Fascism, the issue of development became a question to be debated between the followers of liberalism and socialism.

Turkey: Towards Central Planning, 1940 - 1960

After the Second World War, like most other countries, Turkey found itself in the midst of a confrontational superpower struggle. However, aggressive Soviet policies towards Turkey combined with Stalin's demand for Turkish straits worsened the bilateral relations between Ankara and Moscow. Moreover due to the ideological differences between Turkey and Soviet Union, Ankara remained in the liberal bloc. Consequently, Turkey took steps to meet the prerequisites of being a part of the liberal world. The replacement of the single party regime with a multi-party regime, the application for more liberal economic policies, and becoming a member to NATO and UN all served to this aim. Also at the domestic level, newly strengthened private industrialists, commercial groups started to challenge the monopoly of the bureaucratic elite's political power and control over the economy. Thus just after the Second World War, the military-bureaucratic elite were under pressure from both internal and external influences. As the Democratic Party (DP) emerged as a powerful actor in the Turkish political life and became a proponent for a more liberal economic order in terms of trade liberalization and opening-up to the floodgates to foreign capital, giving priority to agricultural and infrastructural development rather than focusing on heavy industrialization.⁵³ It is needless to say that the DP's new liberal economic development policies that were aiming supporting of high mass consumption society overlapped the late 1940s' and early 1950s' international development paradigm. Actually, economic conditions in Turkey were compatible with this strategy.

⁵⁰ Ibid, p. 327.

⁵¹ As Waterbury (ibid, p. 327) well expresses '[i]n 1934 Turkey and the Soviet Union signed an \$8 million loan agreement to help finance Turkey's industrialization drive, to be repaid in Turkish exports. This formula was to become the favored instrument for interaction with the developing world after Nikita Khrushchev came to power in 1955, but the Turkish accord, for 20 years, was one of a kind. Stalin became convinced that such loans would only anchor developing countries on a petty-bourgeois, capitalist path, and no further such were negotiated over 1945-1956.

⁵² Boratav, Ibid, p. 60-70; Aydemir, Ibid, p. 376; Çavdar, Ibid, p. 213.

⁵³ Önis, Ziya, State and Market: The Political Economy of Turkey in Comparative Perspective, Bogaziçi Univ. Printhouse, İstanbul 1998, p. 459.

When the DP came to power, the conditions of ‘high consumption’ had already been set.⁵⁴ Due to the austere measures that were implemented during the Second World War, the foreign exchange reserves of the country were relatively high. Also, at the beginning of the 1950s, expanding world markets caused by the Korean War had given rise to hard-currency income to Turkey which had primarily been an agricultural exporter. In addition to this, foreign aid provided by the Marshall Plan also increased the foreign exchange receipts of Turkey.⁵⁵ But although there was an expansion in the economy during the first years of DP, this expansion did not continue throughout the 1954-61 period. This period was plagued by a slow rate of gross national product growth.⁵⁶ Extravagant policies carried out by the government and the end of the Korean War reversed the conditions which were in favor of agricultural producers. Moreover, the capital accumulation stimulated by agricultural exports at the beginning of the 1950s could not be efficiently used to improve the industrial sector. In 1956-57, the hard-currency reserves were exhausted and foreign loans soared beyond the one billion dollar mark.⁵⁷ In the end, the economic expansion achieved in the early 1950s came to an end causing a macro-economic crisis which led to Turkey’s first standby agreement with the IMF in 1958.⁵⁸

Although the DP government was at first welcomed by western governments after the mid-1950s, the US and international institutions like World Bank and Organization for Economic Co-Operation and Development later started to make pressure over the Turkish government to implement more strict and consistent economic policies. They claimed that the economic policies implemented were not being determined in a macro-economic framework and further pointed out that under such condition inflationist tendencies would be inevitable. Furthermore they offered foreign aid on conditions that a more disciplined and ‘rational’ policies would be implemented. The 1958 stabilization program was a result of these facts. Therefore, the appeal of ‘planning’ argument was not coming from Soviet Russia, but from capitalist countries. As mentioned before, by the end of the 1950s ‘planned development’ had started to be the basic paradigm of global capitalism in the context of less-developed countries. This common platform evolved into one which was to be known as the notion of ‘planned development’ in economic management. In parallel, the agenda of the opposition party (Republican People’s Party) focused on managing the economy in a ‘rational’ way. But it should be noted that capitalist countries were claiming that the problems could only be solved by integrating with the world economy.⁵⁹ Thus it is likely to say that the economic regime of Turkey in the aftermath of coup de état of 27th May 1960 was a continuity compared to the previous period rather than a break: Turkey had reserved its place in the capitalist block and it had also reconciled with the Bretton Woods system.⁶⁰

⁵⁴ This point can show how DP legitimized its policies and more importantly how it understood and defined development. Needless to say, DP development notion coincides with the era’s development paradigm led by the US and UN. See Escobar, *Ibid*, p. 4.

⁵⁵ Kansu, *Ibid*, p. 30.

⁵⁶ Boratav, *Ibid*, p. 85.

⁵⁷ Kansu, *Ibid*, p. 32.

⁵⁸ Öniş, *Ibid*, p. 459.

⁵⁹ Boratav, *Ibid*, p. 110.

⁶⁰ Erder, Necdet, Karaosmanoğlu, Attila, Çilingiroğlu, Ayhan, and Sönmez Attila, *Planlı Kalkınma Serüveni*, [The Adventure of Planned Development], Bilgi Üniv. Yayınları, İstanbul 2003: X-XI, p. 10-2; Kansu, *Ibid*, p. 38.

The Turkish State Planning Organization from 1960 to Washington Consensus

The State Planning Organization (SPO) was established by the Law No. 91 in 1960 and it became a constitutional institution in the 1961 Constitution. According to this law, the responsibilities of the SPO were defined as to help and make recommendations to the government for the determination of economic and social policies, to provide coordination among the pertinent institutions in the implementation of the policies, to prepare long and medium-term plans and annual programs and, finally, to take measures to regulate the actions of the private sector according to the plans.

The SPO consists of two main parts; the High Planning Council (HPC) and the Central Planning Organization. The structure and the function of the HPC deserves special attention, since it points out the intricacies of the top-level economic management as well as the relation between the politics and economics in Turkey starting from the 1960s to the present times. According to the Law No. 91, the HPC has eight members: four ministers (including the Prime Minister who was the head of the council) and four high level planning bureaucrats. Each member has a single vote (seemingly of equal weight); however, in practice, the decisions in the HPC were mostly taken by consensus and not by a formal voting procedure. At first glance, it can be said that there emerged an apparent balance between the politicians and the planners. Since the political members of the commission were appointed by and subordinate to the prime minister and on the other hand, the planners were appointed by formal legal procedures and subject to the law, this situation can even be interpreted as a certain degree of prominence given to planners. Because of its peculiar composition, the HPC had a technocratic character, serving as the main body to determine the economic policies, although it was mainly established as a consultative organ.⁶¹ Consequently, the cabinet became only a confirmative body. Moreover, the Law No. 77 dated 1962 provided another safeguard to the SPO over the legislature as well. Provisions of the above mentioned law prevented the Turkish Grand National Assembly to make changes which can violate the ‘unity’ of the plans. In short, the parliament could either accept the plan in its entirety or reject it.⁶²

An apparent struggle between the politicians and the technocrats can be observed in the ranks of the HPC in the early years of planning. This struggle became a central issue in the Turkish political and economic life in the 1960s. Nevertheless, this struggle was shaped by the general economic conjunctures or macroeconomic policies rather than its actors. This points out that the prominence of the SPO technocrats in the decision making in the 1960s was a result of the dominant planned development paradigm and the policy of the era. As the features of the macro-economic management changed, this relation has also changed. The significance of this issue can be better observed when the concerns of the governments increased to further politicize the HPC especially after the 1980s.

It would be an oversimplification to say that the 1960s were the reversal of the liberal economic program. The redefinition of statism in the form of a combination of import-substitution and development planning was a new design in and of itself. This was in effect an amalgamation of liberalism and statism in the context of Keynesianism. These policies were not in conflict with liberal thinking, these steps were taken in the name of becoming an integral part of the global capitalist order.⁶³ This situation continued until the

⁶¹ Türel, Oktar, “Türkiye’de Ülkesel Planlama 1980 -1994”, [Territorial Planning in Turkey], Cumhuriyet Dönemi Türkiye Ansiklopedisi, İletişim, İstanbul 1995 p. 1055; Kansu, Ibid, p. 63-4.

⁶² Kansu, Ibid, p. 64-5.

⁶³ Erder, Ibid, p. XI.

1980s when the international Keynesianism was left aside and replaced by a new paradigm called neo-liberalism.

Neo-Liberal Era and the Phenomenon of Globalization

Especially starting from the 1980s, the idea of development has increasingly faded under the short-term time frame of stabilization and adjustment programs known as the ‘Washington Consensus’.⁶⁴ In this process, the concept of development has fundamentally changed, and former development notions such as state planning, national development or import substitution have been considered as almost ‘out of date’ and ‘out of question’.⁶⁵

Since the 1980s the idea of public intervention in the economy has been deeply challenged. Thus, there has emerged a dominant view that globalization itself will provide development on a world scale ‘automatically’ and ‘neutrally’ by the help of ‘pure’ international market forces with the supportive claim that there is no other alternative. Therefore national development planning has been losing its importance in the increasingly globalizing world. Especially, after the ‘Washington Consensus’, there emerged a pressure on developing countries from the developed world to adopt a set of ‘good policies’ and to establish ‘good institutions’ in order to promote their economic development.⁶⁶ These are good bureaucracy, independent judiciary, transparent and especially market oriented corporate governance and financial institutions⁶⁷, fiscal discipline, tax reforms to broaden the tax base, an end to subsidies, a competitive exchange rate, trade liberalization, privatization, deregulation to abolish barriers for foreign investment, and protection of property rights.⁶⁸

Implementation of privatization, liberalization and stabilization policies has been ensured by the imposition of the IMF and the WB conditionalities on developing countries. All these points challenge the former development notion or paradigm, which accords a vital importance to state action and state institutions. For instance, according to this new agenda governments should stop protecting ‘ineffective capital’ or ‘infant industries’ and they should prioritize international markets rather than domestic economy.⁶⁹ Similarly, according to a WB development report published in 1980, development was defined as participation in the world market by production for world market, rather than maintaining national economic growth by prioritizing domestic market. In such a situation, former state institutions have gone into a ‘fundamental change’. To sum up, it is likely to say that, ‘by the end of the 1980s, the only development policy that was officially approved was not having one’.⁷⁰

Consequently, there have been vital reflections of this paradigmatic shift of economic policies on Turkey’s development strategy and planning actions. Although the IMF and the World Bank’s economic policies have already been duly applied in many developing economies since the 1980’s, the features of this transformation can be better

⁶⁴ Williamson, John, “What Washington Means by Policy Reform”, John Williamson, (ed.), Latin American Adjustment: How Much Has Happened?, Institute for International Economics, Washington, 1990.

⁶⁵ Leys, Ibid; Harrison, Ibid.

⁶⁶ Wallerstein, Immanuel, ‘Soft Multilateralism’, The Nation, (2), 14-20, 2004.

⁶⁷ Chang, H..Joon. (2002), Kicking Away the Ladder, Anthem Press, London 2002.

⁶⁸ Bokhari, Ashfaq, Washington Consensus Revisited, 2004, Available from: www.dawn.com/2004/11/22/abr5.htm, (13.02.2014).

⁶⁹ Cerny, Philip, ‘From Iron Triangles’ to ‘Global Pentacles’? Globalizing the Policy Process”, Global Governance, 7 (4), 2001, pp. 397-410.

⁷⁰ Leys, Ibid, p. 42.

examined by looking at the particularities of specific cases. In Turkey before the implementation of market oriented policies, the SPO was the primary institution stimulating and administering the process of development in line with the old paradigm. Nevertheless, in line with ‘Washington Consensus’, the importance of the Turkish SPO has been restricted and government and/or public controls were reduced and free market rules formed the basis of business activities. The next section will highlight this transformation.

The Post-Washington Consensus and the SPO

The underlying logic of the neo-liberal transition has been the transition from ‘extensive’ to ‘intensive’ development, a process which in fact refers to the improvement of the ‘‘endogenous’ efficiency of production, investment, market structures and processes’.⁷¹ This does not necessarily imply that the role of the state intervention has been reduced, Just the contrary, the policies of liberalization, deregulation and privatization have to be processed by states, so they have not decreased but transformed the character of the state intervention. Through these policies ‘de-commodifying bureaucracies’ have shifted to ‘marketizing ones’.⁷² In addition, instead of the term ‘developing countries’, the term of ‘emerging markets’ is being widely used:⁷³

‘...economic development as distinct from mere economic growth, must combine five elements: (1) self-sustaining growth, (2) structural change in patterns of production, (3) technological upgrading, (4) social, political and institutional modernization, and (5) widespread improvement in the human condition’.⁷⁴

In this sense, the modern developmental state had sought to ensure development by ‘...finding and bringing in new ‘exogenous’ resources and factors of capital (land, labour, physical capital such as factories and infrastructure and finance capital), by ‘fine-tuning’ the economy and by fostering ‘strategic industries’ and ‘national champions’.⁷⁵

However, this new role of state interventionism is prone to be redefined and modified, according to the changing conditions of the economy. It can be argued that by the mid-1990s, to some extent, some particular events have shaken the faith to an unbridled free-market economy and to the Washington Consensus. Some skeptical thinkers have started to argue that there have been critical moments in the deepening crisis of the globalist project. The first was the Asian financial crisis of 1997. The second moment of the crisis of the globalist project was the collapse of the third ministerial meeting of the World Trade Organization in Seattle in December 1999. The third moment of the crisis was the end of the Clinton boom.⁷⁶ Also crises and slow growth rates of Latin American economies (especially like those in Argentina) in the 1990s have led both the globalist thinkers and their critics to question the Washington Consensus and they started to ask what went wrong. The globalist camp has blamed the ‘newly developing countries’ for

⁷¹ Cerny, Ibid, p. 303.

⁷² Ibid, p. 304.

⁷³ Yeldan, Erinç, ‘Neoliberal Küresellesme İdeolojisinin Kalkınma Söylemi Üzerine Değerlendirmeler’, [Assesments on the Development Discourse of the Neo-Liberal Globalization Ideology], 2002. Available from: <http://arsiv.setav.org/ups/dosya/26533.pdf>, (13.02.2014).

⁷⁴ Adelman, Irma. and Yeldan, Erinç, “Is This the End of Economic Development?”, Structural Change and Economic Dynamics, 1999, p.1. Available from: www.researchgate.net, (13.02.2014).

⁷⁵ Cerny, Ibid, p. 301-2.

⁷⁶ Bello, Walden., “The Crises of the Globalist Project and the New Economics of George W. Bush”, paper presented to the McPlanet Conference, Berlin, 27-29 June, 2002, p. 2-.

being inadequate in applying the principles of Washington Consensus which are started to be named as ‘first generation reforms’. The ‘second generation reforms’ has come into the scene, which are named as post-Washington Consensus by Williamson.⁷⁷ This in fact has been an attempt to keep the theoretical premises of neo-liberalism intact by blaming something else. Consequently, there emerged a need for new instruments and policies to make markets work according to the principles of neo-liberalism:

‘Making markets work requires more than just low inflation, it requires sound financial regulation, competition policy, and policies to facilitate the transfer of technology, and transparency, to name some fundamental issues neglected by the Washington Consensus’⁷⁸.

By looking at these facts, it can be argued that to some extent, by the beginning of the 2000s, ‘the globalist triumphalism was gone’.⁷⁹ Or at least, neo-liberal globalization has entered into a new phase which is called Post-Washington Consensus. For instance in Turkey, some economists, bank officers and major private sector actors mention that the Turkish economy is still vulnerable to economic crises. Moreover, private sector has started to demand economic planning from the government. For example Koç Group has stated openly that the SPO should again be given precedence in economic management to assist the private sector as in the 1960s.⁸⁰ As a consequence it can be argued that in such a situation two options suggest themselves: either a central administration like the SPO can regain its importance or separate institutions like ‘Ad hoc Specialist Commissions’ can be entrusted with the task of economic management in a decentralized manner. But it is quite sure that in each option, in the second stage of the Washington Consensus, neoliberal planning will be based on the principles of global governance while introducing regulatory institutions for the market.

It would be misleading to assume that this new planning notion represents a return to the planning notion of the 1960s or of the Inter-War era. It will meet the requirements of general economic conjuncture which is neo-liberalism. For instance, after a cabinet meeting on 24 April 2006, Turkish Government stated that the Ninth Development Plan has started to be prepared and this new plan will help to maintain economic growth, while increasing Turkish economy’s global competitiveness. In addition, according to the government, the Ninth Development Plan will help reduce income inequalities and it will help the process of Turkey’s accession to the EU. But most importantly, this plan anticipates the withdrawal of state from production of commodities.

The Ninth Development Plan can be considered as a typical example of neoliberal planning in the era of Post-Washington Consensus. First of all, the plan prioritizes the issue of competitiveness like Friedrich Hayek prescribed the main features of the ‘legitimate’ planning in a liberal economy. More importantly, again in parallel with the Hayek’s ideas, the plan envisages the application of the ‘rule of law’ in the neo-liberal context. According to Hayek, rather than rejecting the need for it, a legal framework is a necessity for the realization of the liberal competitiveness. In this sense, the Ninth Development Plan will provide the legal framework to economic management and will

⁷⁷ Williamson, John, ‘The Washington Consensus as Policy Prescription for Development’, 2004 Available from: <http://www.iie.com/publications/papers/williamson0204.pdf>, (13.02.2014).

⁷⁸ Stiglitz, Joseph, ‘The Role of International Financial Institutions in the Current Global Economy’, 1998 Available from: <http://www.worldbank.org>, (13.02.2014).

⁷⁹ Bello, Ibid, p. 1.

⁸⁰ Mentioned in Kumbaracıbaşı, Ibid.

secure the operation of neo-liberalism. For instance, the parliamentary commissions will not take the resolutions into consideration which are against the plan. Hence, the decisions of the parliament will be disciplined and will be tamed. As a result, by a certain conceptualization of ‘rule of law’, any counter moves or decisions by the parliament will be prevented.

The Ninth Development Plan can be evaluated also in parallel with the UN Millennium Project, which set the development goals for developing countries in 2005. Mainly, Millennium Development Goals (MDG) takes world-wide poverty reduction until 2015 as its target and also limits its perception of development to this end. MDG envisages overcoming the ‘poverty trap’ by a: ‘[B]ig push of basic investments between now and 2015 in public administration, human capital (nutrition, health, education), and key infrastructure (roads, electricity, ports, water and sanitation, accessible land for affordable housing, environmental management)’.⁸¹

It can be argued that in the contemporary era, two rival notions of *laissez-faire* and planning will serve as two complementary concepts and this new model may be labeled as ‘planned *laissez-faire*’. In fact, the intellectual basis of the ‘planned *laissez-faire*’ has already been set by Hayek. While equating collectivist planning to totalitarianism, Hayek stated that planning can only be accepted if it is done to help or to maintain the conditions of competitiveness in economy. A similar attitude can be observed from the contemporary mainstream economists as well. For instance, Jefferey Sachs⁸², as the director of MDG project, calls or an:

‘...administrative apparatus to implement the Plans: Each low income country should have the benefit of a united and effective United Nations country team, which coordinates in one place the work of the UN specialized agencies, the IMF, and the WB. In each country, the UN country team should be led by a single UN resident coordinator, who reports to the UN Development Program, who in turn reports to the UN secretary-general’.

Moreover, Sachs argued that developing countries should have an ‘Investment Plan, which shows the size, timing, and costs of the required investments’ as well as a Financial Plan to fund the Investment Plan, including the calculation of the MDG Financing Gap, the portion of financial needs the donors will have to fill’.⁸³

In general terms, it can be claimed that the neo-liberal agenda, or specifically, the MDG and the Ninth Development Plan reminds the orthodox development theory of 1940s which envisaged: (1) a big increase in foreign aid, (2) a simultaneous increase in investment in many different sectors, as well as a package of complementary policy changes and technical interventions, and (3) a national plan and administrative apparatus to direct the investments, technical interventions, and policy changes.⁸⁴

As it can be seen from the underlying sense of the MDG and the Ninth Development Plan, government intervention, rather than being avoided, is redefined in terms of ‘intensive development’. Needless to say, this so called ‘intensive development’ is

⁸¹Easterly, William, “Reliving the ‘50s: the Big Push, Poverty Traps, and Takeoffs in Economic Development”, 2006, p. 3. Available from: <http://www.dri.as.nyu.edu/docs/IO/12607/DRIWP15.pdf>, (13.02.2014).

⁸² Sachs, Jeffrey, D., *The End of Poverty: Economic Possibilities for Our Time*, The Penguin Press, New York 2005.

⁸³ Sachs, Ibid, p. 285, 273 quoted in Easterly, Ibid, p. 3.

⁸⁴ Easterly, Ibid, p. 4.

speeding up the process of ‘economic growth without development’⁸⁵ which has already been experienced by some countries in the 19th century and in the second half of the 20th century.

Before finishing it should be noted that, in contrast with the dominant discourse and with the changing role of the state in the economic management in the neo-liberal era, “government involvement in social life is likely to increase: while the power of the state to control specific activities and market outcomes continues to diminish”.⁸⁶ It can be claimed that this neo-liberal social role of government is directed at not simply overcoming the negative effects of neo-liberal policies to social welfare. More importantly, this new role has been related with redefining the existence and the legitimacy of the nation-states. Conventionally, nation-states have been able to maintain their citizens’ loyalty and their legitimacy by providing security both in terms of protection against violence and economic protection. With the erosion of the latter task, some argue that people have started to lose their loyalty to their states or to their nation and they have started to search for new bases to define their identity with the help of technological developments in the communication systems.⁸⁷ This situation can be considered as a political crisis concerning the nation-states as well as the capitalism itself and this has required a new ideological management strategy.⁸⁸

Conclusion

This study tried to underline the fact that all development theories and practices reflect the power structure of its era. This is to say that, no matter the development issue is considered as a technical issue, it is not immune from power relations and politics. In this sense laissez-faire, protectionism, socialism, and planning were and still, state strategies rather than being intellectual choices. This fact becomes clear if one looks at the political and economic events of the last two centuries.

The Inter-War years represented a turbulence in which various political and economic doctrines had emerged or at least became state strategies in international as well as domestic politics. Under these circumstances, the newly independent states such as the Republic of Turkey had found a chance to focus on their development efforts according to their own needs and requirements. This fact shows that in the absence of a hegemonic power and/or hegemonic world order, states’ ability to adopt independent development strategies increases. Moreover, the experiences of Turkey in this era points out the importance of the autonomous state action in fostering development. After the Second

⁸⁵Weiss, Linda and Hobson, John, M., *Devletler ve Ekonomik Kalkınma*, [States and Development], Dost Kitabevi Yayınları, Ankara 1999, p. 76.

⁸⁶Cerny, Ibid, p. 306.

⁸⁷Palan, Ronen, (ed.), *Global Political Economy: Contemporary Theories*, Routledge, London and New York 2000.

⁸⁸An example to this phenomenon can be given from Turkey. In accordance with neo-liberalism it is likely to say that a new kind of orientalism is taking shape in the world and in the Turkish political life. With the slogan of ‘alliance of civilizations’, Turkey’s modernist ideals, which are the legitimacy grounds of the Republic, has tried to be eliminated by using the nostalgic images of the collapsed Ottoman Empire. The modern character of the Turkish State has been tried to be weakened by using Islamic references and terms like “primary and secondary identity” reminiscent of colonial times, by reviving the hopes of the transformative power of the issue of identity. For instance, in Turkey, political parties like Justice and Development Party (JDP) are perfectly manufactured administrations to accomplish this task. It is to say that rather than usage of development discourses by JDP to legitimize its policies; neo-liberalism needs political parties like JDP to justify its policies. In other words with the help of religious conservatism, society become manageable and neo-liberal policies become feasible.

World War, this autonomy had been reduced to some extent due to the Cold War conditions. In this period, socialism and liberalism had become two rival doctrines and the development practices had been shaped by their confrontation. In the liberal world, an international economic regime named Bretton Woods system had been established according to the principles of Keynesianism. As being a part of the liberal world, Turkey adjusted its economic management to international Keynesianism after some domestic political events, and applied the planned economy system. With the end of Cold War, the phenomenon of globalization has permeated into all aspects of life. It is likely to say that in such a situation, the issue of development has been one of the mostly affected issues. The accepted former development policies were all discredited and neo-liberalism has become the dominant paradigm of the era. However, neo-liberalism has some transformations in itself. While at the beginning of the 1980s and throughout the 1990s the principles of Washington Consensus was the accepted philosophy in the economic management. However, towards the end of the 1990s, as a result of some economic crises and problems, a more nuanced and partly regulatory approach have started to be applied, which is called as post-Washington Consensus. In this process, Turkish governments tried to adopt these neo-liberal policies exactly to the economic management of Turkey. And, since 2001, Turkey has been adapting to the principles of post-Washington Consensus for the management of the economy as exemplified by the establishment of ad hoc regulatory institutions in such sectors as banking, finance and energy.

This study also argued that, liberalism, Keynesianism, socialism or planned economy notion of the 1960s does not necessarily provide development or un(der)-development. Besides, as it can be seen especially from the Post-Washington consensus, that the distinction (or to be more dramatic ‘the feud’) between the *laissez-faires* and planning/controlling notions is over now. To be more precise as long as a policy provides ‘stability’ and as long as it coincides with the existing power structures, principles or notions such as *laissez-faire* or planning does not matter. Finally, to answer the question of if the issue of development is over or not, it can be said that the issue of development will exist as long as societies exist. However its form and its rhythm may vary hand in hand with the political conjuncture.

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