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# The Politics of Industrialization in Turkey

**Fikret Ceyhun\***

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Until 1950 Turkish society had a predominantly feudal structure, where the landlords had tremendous economic and political influence, by virtue of their dominant economic position in agriculture. However, during World War II a financially powerful, commercial bourgeoisie emerged as a result of enormous profits made from speculative activities. This newly powerful bourgeoisie began, at the end of the war, to compete with the landlords for influence. The Democrat Party, representing among other elements the new commercial class, came to power in 1950, marking a turning-point for Turkey, politically, economically, and socially. Founded in 1945, when Turkey adopted a multi-party political system,<sup>1</sup> the victory of the Democrat Party brought the comprador bourgeoisie to power, and with it "laissez-faire" capitalism.

The economic policy of laissez-faire pursued by the government was extremely conducive for this class to become transformed into an industrial bourgeoisie. With an open-door policy, Turkey attracted foreign investment, though somewhat limited, and was able to import capital goods and industrial raw materials. In order to finance costly infrastructural investments Turkey resorted to external borrowing. Thus, a liberal economic policy, which followed in the 1950s, helped the merchant class and the commercialists to find an opportunity and an investment climate to channel their finance capital into industrial projects. And so the accumulation of commercial capital became the genesis of capitalist development in Turkey.<sup>2</sup> Capitalism had the environment to flourish in and it did, for the transition to capitalism greatly accelerated during the 1950s, as can be seen from Table 1.

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**Table 1. Founding dates of all private businesses ever established up to 1960**

<i>Years</i>	<i>Percent of total</i>
Before 1923	2.4
1923-1939	16.2
1940-1945	18.4
1946-1960	59.7
Unidentified	3.3
Total	100.0

Source: Dogan Avcioglu, *Türkiye'nin Düzeni*, vol. 2 (Istanbul, Turkey: 1973), p. 725.

### *Laissez-Faire Capitalism*

The 1950s were antithetical to the 1930s, which were characterized by autarchic and state-led industrialization. These self-reliant development policies, called "Etatism," were embarked on in 1933 by Soviet-influenced economic planning. This experiment was terminated at the outbreak of World War II. After the war, American influence over the region led the new government to shift its foreign policy toward the West. Turkey received military and economic assistance from the U.S., entered the Korean War, joined U.S.-sponsored military alliances, most notably NATO, and supported French colonialism in Algeria and U.S. imperialist misadventures in Indo-China. Turkey so completely moved into the U.S. sphere of influence that U.S. domination over Turkey was felt in economic, political and cultural affairs. Turkey thus became an unofficial U.S. satellite, as well as an official U.S. ally and client state.

The Democrat Party government encouraged private investment and liberalized foreign trade. Agricultural production increased remarkably, due to the importation of agricultural machinery, increased land use, and suitable weather. Turkey was able to import large amounts of industrial products and consumer goods, in addition to agricultural machinery. The increased imports were financed by three sources: (a) increased agricultural exports, (b) foreign aid, and (c) foreign exchange reserves accumulated during World War II. With the increased importation of industrial raw materials and both agricultural and industrial machinery, the economy was stimulated into a three-year "boom" such as Turkey had never seen before. But this "boom" ended abruptly in 1954 when agricultural production was crippled by bad weather. The real per capita GDP declined by 5%, and real gross domestic investment dipped by 4% in 1954.<sup>3</sup>

The rest of the decade was replete with economic difficulties and crises: the economy was crippled by foreign exchange shortages, economic growth and per capita income declined, inflation increased, and trade deficits surged. Agricultural production stagnated, first, because of prevailing bad weather, and then because of a lack of spare machinery parts. Parts were scarce because the foreign exchange

needed to purchase them became scarce as prevailing bad weather reduced the agricultural exports which had earned foreign exchange. In a cyclic fashion, one problem exacerbated the other, crippling agricultural output and export earnings. Growing trade deficits made external loans scarce, and reduced imports had an adverse economic effect: many industrial projects were halted. The regime resorted to inflationary and, supposedly, stimulatory economic policies, but rising inflation and scarcity of goods only increased political opposition and repressive reaction.

The open-door policy of the Adnan Menderes government was soon to be changed, due to the difficulties in generating enough foreign exchange to pay for the rising imports and the debt service. The IMF blocked foreign loans. These difficulties in the second half of the 1950s forced a sharp devaluation of the lira (in 1958 over 300%), raising the dollar exchange rate from 2.80 liras per dollar to 9.09 liras per dollar. The foreign exchange crisis and the IMF-imposed severe devaluation led Turkey to implement an import-substitution industrialization policy, which found its full implementation in the 1960s. Despite devaluation and IMF austerity measures, economic problems and hardships increased, as did opposition to the regime. The liberal economic policy, pursued by the Democrat Party government of Menderes, deepened Turkey's economic problems so much that the resulting economic and political chaos in the late 1950s, was responsible for the overthrow of the government by the military in 1960. When social unrest became bloody, and chaos threatened, the military intervened by staging a coup d'état on May 27, 1960. Thus ended Turkey's experiment with laissez-faire capitalism, temporarily.

#### *Import-Substitution Industrialization*

The 1960 military coup created a new atmosphere which was conducive not only to the bourgeoisie but to the working class as well. Under the political climate effected by a new, liberal constitution democratic institutions began to flourish. The return to civilian government and quasi bourgeois democratic life began after 1961. Democratic institutions began to take hold under this constitution and provided broad civil rights to the populace. With the changes in direction effected by the constitution, economic and social planning, through the newly created State Planning Organization (SPO), came into existence. The SPO, which was charged with preparing five-year economic and social plans, charted a new course in Turkey's economy. The First Five-Year Plan was drafted in 1963, initiated a new economic policy, "import-substitution industrialization" (ISI). The purpose of the ISI development policy was to avoid the difficulties of the 1950s, which had been caused by the disastrous foreign exchange crunch and by economic mismanagement, by producing domestically what had been imported previously. The ISI policy officially continued until the January 24, 1980 declaration of the IMF-imposed stabilization policy and the institution of "export-led industrialization" (ELI) of that year.

Under the 1961 Constitution, many democratic organizations emerged to challenge the state's anti-democratic institutions which had been left intact from the previous Constitution. Among these were student, teacher, and other professional organizations, which became strong opposing forces on the side of labor against capital and the State. Labor unions became militant under the leadership of DISK (Confederation of Revolutionary Workers Unions), a radical and militant labor confederation which emerged as a break-away from the conservative, American-style labor confederation, TURK-IS. For the first time in Turkish political history, a left-wing party, TIP (the Workers Party of Turkey), was established in 1961 by trade unionists. The Communist Party of Turkey (TKP), which was founded in 1919, was not legally recognized and has remained in exile in Eastern Europe, although with some important labor following within Turkey. TIP reached its zenith in the 1965 General Elections, by gaining 15 seats in Parliament. Another development was the formation of DEV-GENC, a revolutionary youth organization whose members were made up entirely of university students. With the rise of the left-wing press, DISK, TIP, and DEV-GENC, socialist movements became powerful forces for capital to reckon with. All these became possible under the new order, which the new 1961 Constitution brought about for the first time in Turkish history. The struggles waged by students, teachers, progressive unions, the left-wing press, and other organizations reached their peak in 1970 and 1971. This rising political strife and the strikes by the labor unions paralyzed certain industries, and social life.<sup>4</sup> The class confrontation between labor and capital, and the ensuing strife and chaos, eventually led to the second military coup on March 12, 1971. A return to normality resumed in 1973, with general elections bringing the Republican People's Party (RPP) to power, and Bulent Ecevit to the Prime Ministry for a short period. Soor Mr. Demirel and his Justice Party (JP) returned to power in a coalition with the Islamic fundamentalist National Salvation Party (NSP) and neo-fascist Nationalist Action Party (NAP).<sup>5</sup>

The economy sailed through the 1973 oil shock, and the ensuing world-wide recession of 1974-75, with the enormous influx of earnings of Turkish workers from Western Europe.<sup>6</sup> In the second half of the 1970s, the Turkish economy showed signs of derailment, and the ISI was in difficulty with rising inflation, unemployment and trade deficits. Turkey's external loans continued, despite the increasing return of the earnings of Turkish workers from Western Europe. Debt burden and IMF pressure kept increasing, and the trade deficit reached an all-time high in 1980, after the second dramatic increase in oil prices in 1979 (see Tables 2 and 3 below). The total export earnings were insufficient to pay for the imported oil. During 1978-79, Turkey was hard-pressed by debt, and applied to the IMF for the extention of loans and some concessions. The ensuing negotiations resulted in the imposition of IMF's classic austerity measures, such as a wage freeze, a balanced budget, social spending cuts, tight money, reduced regulations, devaluation, and liberalized trade and foreign investment policy.

Budget balancing meant the elimination of government subsidies to state economic enterprises and agricultural producers, including peasants. State economic enterprises, whether making steel, textiles or shoes, had been selling their products at prices lower than the cost of production. These subsidies had been financed by printing money for nearly thirty years. The resulting inflation became a major problem, and the major focus of IMF conditionality. Turkey was thus unable to meet her international commitments.<sup>7</sup>

**Table 2. Turkey's merchandise trade by selected years, 1950-1985**

Year	(millions of dollars)		
	Exports	Imports	Trade Deficits
1950	264	311	47
1955	313	498	185
1960	321	468	147
1965	479	505	26
1970	588	830	242
1975	1,401	4,147	2,746
1980	2,910	6,920	4,010
1985	7,799	11,191	3,392

**Sources:** 1950-60 data from: IMF, *International Financial Statistics*, Supplement on Trade Statistics, Supplement series no. 4 (1982); 1965-80 data from: IMF, *International Financial Statistics*, Yearbook 1984, pp. 582-83; 1985 data from: Republic of Turkey, Prime Ministry, State Institute of Statistics, *Monthly Bulletin of Statistics*, January-February, 1986, p. 29.

**Table 3. Turkey's merchandise trade by decades, 1950-1985**

	(millions of dollars)				
	Exports	Imports	Trade deficits	Exports as percent of imports	Trade deficit as percent of exports
1950-59	3,234	4,367	1,280	70.1	39.6
1960-69	4,338	6,359	2,030	68.2	46.8
1970-79	14,662	34,880	20,220	42.0	137.9
1980-85	34,596	55,015	20,419	63.0	59.0

**Sources:** 1964-79 data from: IMF, *International Financial Statistics*, Yearbook 1982, p. 455; 1980-85 data from: Republic of Turkey, Prime Ministry, State Institute of Statistics, *Monthly Bulletin of Statistics*, January-February, 1986, p. 29; for other years *International Financial Statistics*, Supplement on Trade Statistics, Supplement series, no. 4 (1982), pp. 42-43, 46-47, 120-21, 132-33, 146-47, 152-53, 158-59.

### *Export-Oriented Industrialization*

As we come into the 1980s, the economy, being dependent on imports under an import-substitution industrialization policy, suffered badly from the lack of

foreign exchange. In many industries capacity utilization declined below 50%. Rising bankruptcies, unemployment, and inflation at a three digit level, forced the Demirel Government, with IMF pressure, to adopt an export-led growth model, similar to some South East Asian and Latin American countries. Not surprisingly, there was considerable resistance to the new economic policies from industrial workers, civil servants, intellectuals, and small businesses threatened with bankruptcies. Turkish history includes a tradition of resistance to foreign domination; consequently, unpopular IMF rules sparked special resentment. The left, radical unions, including social democratic unions, and many intellectuals, condemned the new economic policy. Considerable civil unrest and agitation, including many acts of violence, emerged,<sup>8</sup> and inflicted heavy tolls, an average of 25 killings daily. This prompted the military to intervene on September 12, 1980, the third such intervention in 30 years.

The Junta banned all political parties and expropriated their property following the coup. The leaders of the two main parties, Suleyman Demirel (JP) and Bulent Ecevit (RPP) were banned from political activities and from making (or writing) political statements. The leaders of all the other parties were arrested, later prosecuted, convicted, and sentenced to prison for several years. The leftwing leaders drew heavier prison sentences.<sup>9</sup> The Junta made mass arrests, killed thousands of people in "search and destroy" missions, and tortured tens of thousands of political prisoners. Many were kept in detention centers for months and years without any charge being made against them. The Junta also shut down DISK, a leftwing trade union confederation, imprisoned its leaders, and prosecuted them with the death penalty. The Junta purged nearly all dissent from Turkish universities, fired about 40% of all university professors, expelled many graduate students studying under them, and at the same time establishing new universities under strict government control. Using the unintentionally ironic rubric of educational reform, the Junta has controlled Turkish universities directly through the newly formed Higher Education Council since 1982. The Council Members were appointed by the Junta; the Council appoints university presidents who then appoint deans. Previously, faculties elected their own presidents and deans. Several of the new appointees have direct connection or association with the neo-fascist Nationalist Action Party. A tight, conservative, ideological conformity is exerted upon teachers, textbooks, and course syllabi. With the new Higher Education Law of 1981 the Junta transformed universities into "glorified high schools."<sup>10</sup>

Labor laws have been rewritten to sharply constrict the scope of labor activities. There is an attempt to remake industrial unions into company unions, and to limit union demands and activities to economic issues.<sup>11</sup> Union leaders are banned from participation in partisan politics. The new 1983 labor law, while not making strikes completely illegal, make them exceedingly difficult. Strikes can only be against one company, lockouts are legal, and the Supreme National Arbitration Board, the tripartite government dominated body is stacked against

labor. There are only two labor representatives on the board of nine members. Recently a new press law has been passed which permits the seizure of newspapers, the closing down of press offices, and the imprisonment of journalists and editors (television and radio stations are not a concern since they are government-owned and operated).

Even the Society for Peace, legally founded before the coup, and organized for disarmament activism rather than any partisan political purpose, was not spared persecution. The founders of the Society, all prominent professionals, have been held in prison for nearly four years. Their trial, which lasted over a year and ended in November, 1983, resulted in the conviction of twenty-three of the twenty-eight defendants who were then sentenced to prison terms of five to eight years. The conviction was not upheld by the higher court on the ground of insufficient investigation. The case was returned to the lower court for retrial.

After two years in power the Military Junta, under external pressure, particularly from European governments and the Council of Europe, began to prepare for a civilian rule to their liking.<sup>12</sup> A constitution was prepared by the Constitutional Assembly appointed by the Junta and composed of rightwing intellectuals, politicians, and businessmen. The final draft of the constitution, which was submitted to the voters' approval, was similar to a proposed draft by the Employers' Confederation of Turkey (TISK). In a controlled election in November 1982 it was overwhelmingly ratified: "The constitution and all the basic laws of the state [e.g., the most controversial legislations, on trade unions, universities, the press, bar associations, and other societies] have been rewritten,"<sup>13</sup> and passed.

As *The Financial Times*, in its special section on Turkey reports:

Since the generals seized power in 1980 the balance between employer and worker has totally changed. The radical union confederation, DISK, has been closed down, its leaders tortured, and a trial accusing them of trying to overthrow the state drags on under conditions which deeply disturb most foreign observers.... The generals have just tied Turkey's union movement, hand and foot. Unions are forbidden from giving or receiving support from political parties. Strikes are strictly circumscribed and may not be "prejudicial to the principle of good will, to the detriment of society or damage national wealth." The government can impose cooling-off periods of 90 days, followed by compulsory arbitration. Labor go-slows are prohibited, as is picketing.<sup>14</sup>

Since the Junta came to power real wages have dropped by 40%, based on the official figures on inflation.<sup>15</sup> Overall, real wages have been declining every year (except 1981) since the late 1970s: the decline was 12.3% in 1978, 20.8% in 1979, 7% in 1980, 44% in 1982, and 6.5% in 1983. The loss in purchasing power for this period was 46.1%.<sup>16</sup> "In many cases workers have not received any pay since the spring [of 1983], but cannot change jobs jeopardizing their social security rights."<sup>17</sup> In 1984, workers "were granted a 25% [pay increase] plus 2,000 Turkish Lira [about \$3 a month], certainly not enough to maintain their purchasing power in the year during which inflation will have reached 50%... The Supreme Arbitration Board which had held sway over all settlements in 1981-



83, decided the terms of the agreement and often banned strikes in that sector as well; the coal and petroleum industries are good examples."<sup>18</sup>

**Table 4. Average daily wages in Turkey**

<i>Year</i>	<i>Money wages</i>	<i>Consumer price index</i>	<i>Real wages</i>	<i>Real wage index, 1977=100</i>
1977	108.TL	541	27.07TL	100.0
1978	147	876	23.74	87.7
1979	294	1,433	20.54	75.9
1980	427	2,784	15.34	56.7
1981	544	9,833	14.19	52.4
1982	691	5,083	15.51	57.3
1983	944	6,549	13.83	51.1
1984	1,307	9,534	13.70	50.6
1985	1,464	13,347	11.00	40.6
1986*	1,783	18,019	9.90	36.6

\*Based on 35% inflation.

Source: *Yanki*, no. 786 (April 21-27, 1986), p. 20.

The minimum real wage has shown continuous decline since 1977—from 20.32 liras per hour in 1977 to 6.81 liras per hour in January, 1984, as shown in Table 5. In 1984, the Minimum Wage Commission agreed to increase the minimum wage by 51.4%, from 16,200 liras per month to 24,525 liras per month for a family with 2 children. However, the wage increases were wiped out by a series of price increases following the local elections, before the workers saw the raise in their pay checks.

**Table 5. Minimum wage and price index**

<i>Year</i>	<i>Nominal minimum wage</i>	<i>CPI (1963=100) in Istanbul</i>	<i>Real minimum wage</i>
1972	21.80 liras	213.7	10.20
1974	40.00	301.8	13.25
1976	60.00	429.6	13.96
1977	110.00	541.3	20.32
1979	180.00	1,433.1	12.56
1981	333.00	3,831.2	8.69
1983	540.00	6,548.7	8.24
Jan. 1984	540.00	7,424.6	6.81

Source: *Yanki*, no. 677 (March 19-25, 1984), p. 21.

The junta, by keeping the labor unions, universities, the press, student organizations, civil organizations and societies under tight control by legislation and by martial law, was ready to move toward civilian rule and a "guided democracy" under the newly created legal system.<sup>19</sup> The new legal system gives broad rights and freedom to capital, and constricts labor. These legislations not only have provided a framework for civilian rule under the generals' control, but have also prepared the ground for export-oriented industrialization.

Ever since the military coup in 1980, unemployment has remained high, (around 20%) and price increases have been twice that of wage increases. As long as unemployment remains high, there is very little hope for the working class to improve its economic lot. "Official social security figures suggest that Turkey's workforce has witnessed a decline in income of 40 per cent since 1980. . . . What is beyond doubt is that the standard of living of many Turks has declined since 1980 and that unions are still tied...in a manner which still allows little room for manoeuvre."<sup>20</sup> As *Yanki* reports: "1983, from an economic point of view, was the year of the middle class' impoverishment. At the beginning of the year inflation was estimated to be 25%, and wages and farm support prices were adjusted accordingly. At the end of the year, inflation, approaching 50%, lowered workers' and peasants' real income by 20%."<sup>21</sup>

The domestic economic difficulties are exacerbated by the changes in external economic factors. Due to foreign exchange shortages, tight money and declining demands in the domestic market influenced investment decisions in the private and state sectors. The state sector has revised its investment plans every year since 1980. In 1981 the realized investment in the state sector was 94% of the planned investment. In 1983 it declined to 85%.<sup>22</sup> The total state investment, in constant prices, declined from 963 billion liras in 1981 to 924 billion liras in 1982 and 863 billion liras in 1983.<sup>23</sup> In the private sector, according to the Istanbul Chamber of Industry (ISO) research,<sup>24</sup> industrialists are not planning to make new machinery expansion until they eliminate the present excess capacity. The private sector preferred to use the existing excess capacity, rather than to make additions to the capacity. Because of this, the share of private investment in the total investment has continuously declined since 1978. Private investment, as a percentage of the total investment, declined from 53% in 1978 to 44.0% in 1980 and 39.7% in 1983.<sup>25</sup>

In 1983 Turkish industry had an excess capacity in the range of 40-60%. In key industries the idle capacity was 50%. In others, every 6 machines out of 10 were idle: "Many factories are working at one-half to two-thirds capacity because of the depressed domestic market. Power cuts are again plugging production, and will worsen if industrial output picks up. Financing costs, running at 35-40% in real terms, are driving an increasing number of firms into bankruptcy."<sup>26</sup>

Turkey's foreign exchange difficulties, which have been building ever since the 1950s, will not simply go away when Turkey fully implements its export-led industrialization policy. Turkey moved with full speed to export-oriented industrialization with the January 24, 1980 declaration. In order to earn more foreign exchange, to pay for the rising imports and the fast climbing foreign debt, the government discouraged domestic consumption so that more of the domestic production could be exported. This has caused enormous pain to the working-class, as many consumer goods are no longer available due to these exports, and what little commodities remain for local consumption are priced beyond their reach. Despite the much emphasized export drive, Turkey's foreign exchange difficulties will not go away even if its export policy is successfully implemented, since Turkey's imports have historically grown twice as fast as her exports. Turkey's principal imports are machinery, industrial raw materials, and energy, which are needed for the industries established under import-substitution industrialization (ISI). The import-substituting industries will, in the future, require the continuation of imports if these industries are to be operated to the designed capacity. The ISI has done next to nothing to establish heavy industries to produce fixed capital goods and industrial raw materials. And there is also nothing in the government's export promotion policy to establish capital-goods producing industries, which had been neglected by the ISI program, to reduce Turkey's dependency on imported machinery.

The ISI, initially, was designed to take care of the local capital's demand for income elastic luxury goods and some light industries for consumer goods. Many joint ventures with foreign transnational corporations (TNCs) were set up (mostly in assembly line operations where the main components are imported), to satisfy the demands of the upper class, rather than to provide the production of goods which are necessary for internal, self-sustaining, capital accumulation. Many factories in food processing, textiles, pharmaceuticals, chemicals, automobiles, and tires were established in this manner. Turkey's demand for industrial goods and for energy will continue to grow, as will her foreign exchange needs. Fuel imports and debt-service payments, as percentage of total imports, have increased from 31% in the 1970s to 64% in the 1980s. And the current account deficits and debt service payments take 85% of her export earnings. This increase in Turkey's external imbalance has taken place despite a substantial fall in oil prices.

As Turkey's industrialization continues, her external debt will grow further and with it so will her debt service. Now Turkey is in a bind: more money flows out than fresh loans come in. That is, total exports plus external borrowing is less than total imports plus debt service payments. In other words, for the left and right side of the equation to balance, it is required that new fresh loans (external borrowing) match current account deficits plus debt service payments. When a country like Turkey becomes heavily indebted as a result of her lopsided

industrialization strategy, then a rise in the U.S. interest rate would increase Turkey's debt service burden significantly. For instance, a 1% rise in the U.S. interest rate would increase Turkey's interest payments by one-quarter billion dollars for a \$25 billion debt. Thus, a rise in the U.S. interest rate could increase Turkey's refinance requirements substantially, leading her into the depths of perpetual debt bondage.<sup>27</sup>

Turkey's economic growth in the first half of the 1980s has been affected by the slow growth of world economy, particularly the European economy, which has historically been the market for Turkey's exports. The buoyancy in world economy is now over. Unemployment in Europe, which is on Turkey's doorstep, has been rising for some time, creating problems for Turkish guest-workers in the European Economic Community. Each community government, particularly the W. German government, encourages (with cash bonuses) Turkish workers to leave. According to *The Financial Times*, European unemployment had reached 18.1 million (10.6%) by the end of 1983, and it was expected to rise to 19.5 million in 1984.<sup>28</sup> Turkey has been trying to re-orient her exports from the developed industrialized countries to the oil rich Middle East and African countries. But declining oil prices and the continuing Iran-Iraq War has dampened the prospects for expanding exports to this region. It is ironic that Turkey's trade deficits rise despite the fact that energy prices have fallen considerably.

Rapid economic growth in Turkey in the 1960s and 1970s did not solve her unemployment problem, and the slowed-down rate of growth in the 1980s will make it worse. The industrialization policy pursued has not created jobs fast enough to meet the growth in population. According to the World Bank, Turkey's population grew at an annual average of 2.5% in 1960-1970, 2.3% in 1970-82, and is expected to grow at 2% in 1980-2000.<sup>29</sup> The labor force growth rates during these periods are 1.4%, 2.0%, and 2.3%, respectively. Turkey's employment grew 11.9% from 1970 to 1982, which is about one-half the labor force growth rate (24.3%). The rate of unemployment rose from 5% in 1970 to 18% in 1982. (See Table 6).

**Table 6. Turkey: Labor force statistics, selected years**

	1970	1975	1980	1982
1. Civilian labor force (10 <sup>3</sup> )	14544.0	16040.0	17180.0	18081.0
2. Total employment (10 <sup>3</sup> )	13820.0	14698.0	15310.0	15467.0
3. Unemployment rate (%)	5.0	8.4	10.8	18.1
4. Labor force participation rate (%)	72.7	68.4	65.3	63.5

Source: *OECD Economic Surveys: Turkey* (various years).

As Turkey has moved along into export-oriented industrialization, her reliance on transnational corporations (TNCs) has significantly increased with the liberalization of her foreign investment regulations in order to attract direct investment. As a result, foreign direct investment in Turkey has tripled since 1980—from \$300 million prior to 1980 to over \$900 million in 1983.<sup>30</sup> The problem with direct foreign investment, as opposed to foreign loans (or portfolio investment), however, is that it requires a higher rate of return (and a higher amount of profit-repatriation as opposed to interest payments). As direct foreign investment accumulates, the total amount of profits to be repatriated increases like an avalanche. In addition, direct foreign investment does not necessarily bring in fresh new capital, but capital is often created in the host country.

The availability of external funds, through direct investment vs. loans, presents another problem. The control of decision making shifts from the host country (Turkey) to the home base. As a result, the TNCs become the main actors, and decide what to invest and where to invest it as they pressure the country to provide economic concessions and to establish tax-free "Free Trade Zones." As Folker Frobel et al point out, "For the first time in centuries the underdeveloped countries are becoming sites for the manufacturing industry on a vast and growing scale. Concomitantly the new international division of labor entails a growing fragmentation of the production process, into a variety of partial operations performed worldwide at different production locations."<sup>31</sup>

The Free Trade Zones opened in Turkey for the TNCs plants do not solve Turkey's problems of unemployment and foreign exchange shortages, neither have they done so elsewhere. The export-oriented production in free trade zones requires a considerable amount of raw material imports. In addition, export oriented facilities in free trade zones require infrastructural investments, and these investment projects are completed usually with external loans which have to be serviced. The net gain comes from the labor's exchange value (i.e. wage) which is not significant. Since profits are to be transferred abroad, the companies resort to transfer pricing mechanisms beyond the legal limit imposed by the host country. Turkey's debt service as a percentage of its total exports increased from 8.4% in 1967-69 to 16.7% in 1970-79, and to 40.9% in 1980-83. As the decade closes, the percentage is expected to go to well over 50%. Hence, the success of the ELI strategy, as it is being implemented, is highly questionable.

There are further obstacles to the success of ELI. Turkey has managed to follow an IMF stabilization program since 1980 under the junta and Mr. Ozal's governments. Turkey, by rescheduling her debts and increasing exports, has gained breathing-space to restructure the economy. She succeeded in increasing exports (25% in value and 34% in volume per annum) during 1980-85 through artificial encouragements. The World Bank study concludes that "increased export incentives were instrumental in stimulating export growth. These incentives included a continuous depreciation of the exchange rate, often in excess of inflation

differential between Turkey and her major trading partners, the payment of export tax rebates...access to subsidized export credits, and duty free imports of necessary inputs for exporters.<sup>32</sup>

Since the January 1980 stabilization program the exchange rate has depreciated 586%, from 76 liras to 522 liras per dollar during 1980-85. Never before has the Turkish lira seen such a rapid depreciation in such a short period of time. It was the magnitude of the devaluation of the lira which was partially responsible for the export growth, particularly more so in volume than in value. The cheapening of export prices did not generate desired growth in foreign exchange earnings. The cheapening of exports is boosted further by the increasing tax rebate system, rebates from 9.2% in 1980 to over 21% in 1985.<sup>33</sup> To provide further incentives to exporters the government enlarged the list to include more products in the tax rebate system. The tax rebate system not only increased genuine exports but fictitious exports as well. "The amount of fictitious exports was estimated at 5 to 10% of Turkey's total exports with a tendency to increase.... In 1984 the value of fictitious exports was estimated at about \$1 billion which was 14% of the total exports.<sup>34</sup> Through both devaluation and tax rebates, Turkey channeled more of the production from domestic consumption to export markets. Whatever could not be exported, i.e., poor quality merchandise, is left for home consumption. The very process has created tremendous shortages and astronomical prices for the home market, and a "boom" for exports. All this is done in the name of economic development!

Continuing for eight years and with no end in sight, the Iran-Iraq war created a major problems for Turkey's export. "It is true that Turkey's interest have been served favorably by...the Iran-Iraq war.... The revolution cut Iran off from its major suppliers, and necessitated a reorientation of its trade. The war, thanks to the geographical proximity with Turkey, [increased]...exports to Iran and Iraq...from \$220 million in 1980 to almost \$1.7 billion in 1984 (a rate of growth of 66% per annum)... Although it is probable that the Turkish export performance would have been, in the absence of these two development, less impressive...."<sup>35</sup>

Turkey's exports, due to a spectacular increase in petrodollars, found relatively easy markets in the Middle East, particularly in Saudi Arabia, Iran, Iraq, and Libya. Turkey's share of exports share in these areas increased from 17% to 40%, replacing the EEC as the largest trading bloc for Turkey. But recent declines in oil prices cut Turkey's exports to this region. The Middle East is no longer a rich and reliable market, and its share in Turkey's exports are declining from the peak of 44.2% in 1982. Turkey has been trying very hard to find new markets in Asia but to no avail. There is a slump in the Asian markets induced by the slow-down in the U.S. economy.

Turkey has come to the limits of promoting her exports with incentives. Turkey tried to export everything she produced, and thereby deprived her people of consumption. The further increase in exports is unlikely, even if Turkey could

meet internal demand and produce for export. The obstacle is the unavailability of soft and growing markets. Turkey now has to compete in the markets of developed countries, particularly in the EEC where competition is keen and quality standards are high. Turkey must be able to produce high quality goods cheaply in order to compete successfully with other countries. This she has not done and it will be more difficult to do once the government withdraws export incentives. This brings back the debt dilemma.

What has Turkey achieved under the ELI strategy? This study concludes that Turkey has failed to cut the rate of unemployment, inflation, trade deficits, and has also failed to lessen the external debt burden. There are indications that the latter two will continue to rise during the remainder of the decade. As the new data indicates that debt service payments exceed new fresh loans received since 1983. That is, she has to borrow to service the old loans.<sup>36</sup>

Turkey's economic development policy is in a dilemma now. In addition to rising debt, trade deficits, unemployment and inflation, the liberal economic policy which has been put to the test since 1980, with the IMF's blessing, has also worsened the income inequality. Hence, Turkey has seen the failure of another variant of capitalist economic development. For more than three and a half decades Turkey has been experimenting with different industrialization policies without much success. The question is for how much longer will the people of Turkey be guinea pigs, and endure the pains of the misguided policies of their politicians? The answer is up to the people.

### *The Unfolding Class Struggles*

Where is Turkey going? Turkey had embarked upon a self-reliant economic development strategy in the 1930s, a strategy that was unique to her social and historical conditions, encompassing broad-scale national development. The 1950s and 1960s saw the beginning of a new industrialization (ISI). Now in the 1980s we have export-oriented industrialization based on the TNCs.

Throughout these developmental stages, lopsided capitalist industrialization has caused immense dislocations in Turkey, uprooting many people from their homes in rural villages and towns and forcing them to urban centers. Urbanization has increased as a result of massive emigration from the hinterland. Rural migration has continuously changed the population composition everywhere. Many people have traveled great distances for the first time, lived in far away places, seen different people, places, and economic and social lives. Many have gone to Europe and come back. There is some awakening in people now, an awakening that is primarily due to industrialization, and the replacement of feudal institutions by capitalist ones. There is a class-conscious industrial proletariat and a progressive student body and intelligentsia in Turkey now. At the moment Turkey has a population which is mobile, more knowledgeable and more aware of the changing world. The populace of today is more conscious, independent and politicized, and

it plays a more progressive role in Turkish politics. It is very difficult to control such people under an iron fist for too long.

The Turkish State, under the grip of the military, is an authoritarian state. The Government owns and runs the radio and television stations, the press is under censorship through various means, while the state controls the diffusion of information. The educational system, from primary school through college, is under the tight control of the government. Textbooks have been rewritten and course syllabi have been revised, to reflect the reactionary and fundamentalist philosophy of the government. Ideological brainwashing takes place on a massive and organized scale unseen before.

On the other hand, the working-class is becoming more militant. In the past it challenged the authority of the bourgeoisie and the state in certain areas, but it lost to the brutal force of the military. Some of its leaders are now in prison and those who escaped the Junta's brutality are in exile. As one looks at other experiences in Latin America and South East Asia, one sees that the authoritarian and repressive regimes have been in power for more than twenty years.<sup>37</sup> There is a positive correlation between the rise in the authoritarian nature of the state, and the capitalist economic growth in the Third World. Turkish history also confirms this. Ever since the 1971 and 1980 military coups, the Turkish State has become more authoritarian and repressive with the continued development of capitalism. At the same time capitalist economic development has torn the old institutional structure of society apart and penetrated deep into the rural periphery. Capitalist development in Turkey, as everywhere, is thus leading to the intensification of the class struggle between labour and capital. The class struggle will be further intensified as industrial development proceeds, progressively increasing the size and power of the working class. The workers are becoming more class-conscious and more politicized as the repression of capital and exploitation increase. The outcome of the struggle in Turkey will depend on how the working class sums up past experiences and whether it makes a correct analysis of them. A correct analysis of recent Turkish history is essential for any successful future strategy towards the overthrow of the regime, and to be able to open the road toward socialist reconstruction. To do this, as Marx said in his *Theses on Feuerbach*: "The philosophers have only *interpreted* the world, in various ways; the point, is to *change* it." A correct analysis of the past in Turkey is crucial for the success of the forthcoming class-war; a war which is unavoidable. As Marx correctly said, as long as there are classes in society, the class struggle between them is inevitable. The class-struggle in Turkey has been continuing quietly since 1980 under the powerful force of the repressive state, but it will intensify and become violent as Turkey moves into the next stage of her transition to democracy. For this class war, the right has already begun re-grouping its forces, and alliances similar to the 1980 pre-coup periods are developing.<sup>38</sup>

The rightwing is re-grouping itself as the 1988 General Elections approach,



and the Presidential Election a year later come close. As 1985 came to an end, Turkish political history witnessed the birth of another right-wing political party, the Nationalist Work Party (NWP). The NWP was founded by the young cadres of the now defunct fascist Nationalist Action Party (NAP). This party claims legacy to the NAP's ideals, and has already attracted considerable support from the NAP's constituencies, particularly in rural regions. An increase in bickering and feuding among different factions in the Motherland Party (MP) of Mr. Ozal, and eventual departures of some, (who were supporters of the NAP), from the MP will increase the NWP's strength considerably. This grass-roots organization, and support for it, must be reckoned with by any political force, particularly the left-wing. During the 1970s, it was the NAP's vicious commando attacks which inflicted heavy losses on the left. The NWP must be watched closely by the left in the 1980s and beyond.

Another re-grouping on the right is taking place around the True Path Party (TPP), which attracted some parliamentarians of the now defunct Nationalist Democracy Party (NDP). The NDP was replaced by the Free Democratic Party with a new leader, Mehmet Yazar, a former businessman. The success of the TPP could present a genuine challenge to Mr. Ozal's MP, and could even play a major role in toppling Mr. Ozal from power. If they lose the General Elections in 1988, the MP, who have represented the interests of big urban bourgeoisie, the religious fundamentalists, and the petty bourgeoisie in post-coup Turkey, could not maintain its strength as it has up to now. One faction would go to the NWP, and a small group of Islamic fundamentalists to the Welfare Party (WP). On the right there are now five political parties who will compete for 50-60% of the electoral votes. Under this scenario, the real competition among the right-wing parties has already begun, and their class base will become more clarified as the General Elections approach. A new political spectrum on the right is reproducing the pre-coup situation. The most significant development on the right is the ascendancy of neo-fascism, led by the NWP who pursues mass mobilization around the issues of nationalism, communism and anti-Westernism, and who are supported by the petty bourgeoisie. What the left has to do is to not only watch the rise of the NWP, very carefully and closely but also to *avoid* their own errors in the 1970s. And to do this, the left must begin to organize itself now.

What is the left doing? We have to distinguish the left as a social democratic left and a socialist left. The left we use here means the socialist left. The social democratic left appears to have become united since the merger between the Populist Party (PP), and the Social Democracy Party (SODEP); and this new party is called the Social Democratic Populist Party (SDPP). After this merger was completed, some followers of the RPP, particularly the people close to Bulent Ecevit, formed a new "grass-roots"(?) party, called the Left Democratic Party (LDP) headed by Rahsan Ecevit, Mr. Ecevit's wife. As of now, these two parties are trying to appeal to the same base—the social democrats. The social democratic

tradition in Turkey was cultivated by the RPP in the 1960s, and especially in the 1970s under Mr. Ecevit's leadership. Their strength reached around 40% in the 1977 General Elections. The present position of the left appears to be more united than that of the right, and there is even enormous public pressure to unite the SDPP and the LDP.

Apart from the social democrats, there is a genuine left who now remains outside the political process, because of the new Constitution. These outsiders are the supporters of the Workers Party of Turkey (WPT), the Workers and Peasants Party of Turkey (WPPT), the radical trade union confederation, DISK, and other organizations. All of these organizations were legal prior to the 1980 coup. There were still other organizations, illegal ones which engaged in revolutionary struggles, and who remain outside any political currents even today. The present position of the socialist left is now shattered, divided, and disorganized; most of the leaders are either in prison, in exile or banned from politics. As they are disorganized they cannot function, as a legitimate group, under the Constitution. Since they cannot participate in elections, the socialist left is likely to support the social democratic party(ies) rather than sitting out the election.<sup>39</sup>

What lessons are to be learned from 25 years of struggles that have seen two reactionary military coups? Each coup set the struggles of the working class back by years, and then pulled the rug out from under them. The 1980 coup was the most damaging of the two. It has established an entirely new superstructure (legal and political), whose change is difficult and time consuming. Taylan says: "following the coup, the dictatorship carried out step by step its historical mission: to create a durable framework for the restructuring of capital and to reorganize the entire political superstructure in order to create a regime adequate to the future needs of the accumulation of capital."<sup>40</sup> The new Constitution, adopted in 1982, had the veiled rule of the military. The Constitution "heavily restricts the rights to strike and form trade unions, prohibits legal socialist activity, equips the president of the republic with quasi-dictatorial powers (including control over the legislature), destroys the independence of the judiciary, and stipulates the full suspension of...democratic rights....Here lies the most important aspect of the balance sheet of the military dictatorship. It has accomplished the task that no bourgeois political force was able to carry out in the last fifteen years: it has demolished the post-1960 system which was the very stake of the stormy class-struggles of the 1970s. It has, thereby, sealed the victory of the bourgeoisie over the working-class, and set up the legal and political framework which is meant to perpetuate, to constantly reproduce, the new balance of class forces in Turkey."<sup>41</sup> Thus, post-coup Turkey is reshaped in favor of capital by the Junta's Constitution.

Above Taylan summarizes post coup Turkey well. The left was badly defeated in the last coup, partly because they genuinely lacked the grass-roots support, and the organization which the NAP and the NSP on the right admirably had.

The left remained utopian, theoretically weak and divided. Some leftists expected to make changes by working within the RPP's establishments. Others believed in armed struggle and guerilla warfare, without creating the necessary grass-roots organization and getting mass support. Thus, in the end, the working-class distanced itself from both the RPP and the revolutionary vanguard organizations.

Since the left in Turkey never clearly understood the nature and the context of the class struggle, and never understood the unity of theory and praxis, it has committed major errors. It failed to make a critical evaluation of its own past activities, and failed to sum up its experiences. The Turkish left has been unable to be self-critical, partly due to its lack of democratic tradition. Ideological differences among them are resolved either through expulsion from the organization, or by silencing dissidents with a gun. No theoretical education, no self-criticism, and no analysis of the concrete and historical conditions of Turkey have been made or offered for public debate. The left were always busy fighting with each other, and lost sight of their struggles and the common enemy. The left always became fractionalized, sectarian and utopian. Hence, they were defenseless when the army moved against them. They received no support from the people or any group, and not even from each other. These are some of the reasons for their easy and quick defeat by the army. The left has not succeeded in establishing strong support among the industrial proletariat, hence there was a lack of solidarity between the proletariat, the intelligentsia and the so-called vanguard organizations.

The left, prior to the coup, had degenerated into sectarian camps, and each camp carved out a place for itself in cities called, "liberated zones," liberated from fascists and from each other. The degeneration of the left in this period was pathetic. The individualistic and terrorist nature of the left's struggle damaged their cause immensely, because they offered no direction, or well-thought out, articulate program to the working-class. They substituted slogans for programs of clearly identified issues. Their fights seemed aimless to the masses.

When we look back, the following stands out:

1. The left should have evaluated their activities in the late 1970s very seriously and found the answer to why they had failed so miserably. It appears that the leaders of the 1970s movements were short in theory. The political and intellectual maturity of the vanguard revolutionaries, and their ability to guide the masses, depends on their sophistication and the digestion of Marxist theory and its applications to concrete problems. The Turkish left demonstrated that they did not have this. They, like ostriches, were uninterested in Marxist theory and praxis. They took short, simplistic, and naive approaches to complex and difficult problems. Their lack of education was clear, because a great many of the left cadres were just students. They were unable to draw lessons from the revolutionary struggles around the world, and could not implement these lessons to Turkey's realities. How have the working classes come to power in some countries, and how have others failed? What was missing, in the left's revolutionary activities in Turkey, was a lack of direction and a lack

- of unified force led by a vanguard Marxist-Leninist party.
2. The left did not have grass-roots organizations, as the NAP on the right had. Guerilla warfare was launched by the revolutionary groups who were mostly university students, a great many of whom did not come from the working-class. These guerilla fighters (urban or rural) under the slogans of "people's war," "peasant revolution," etc. did not have organizations among workers or peasants, and received no support from the working people in cities and villages.
  3. The lack of grass-roots organizations and a clearly-defined cause, reduced the credibility of these vanguard organizations among the working-class and the intelligentsia, who were left defenseless against the murderous attacks of the neo-fascist gangs encouraged by the NAP, and protected by the police, the gendarmes and the army. According to Salah, "the guerilla activities gave neither morale to revolutionary cadres, created no enthusiasm, sympathy or interest in the masses, nor caused panic among the fascists and the police forces."<sup>42</sup>
  4. The lack of a vanguard Marxist-Leninist party to lead the working-class, not to power in the short-run, because Turkey's realities were not conducive to it, but to mass mobilization and the building of strong organization was the major factor in the defeat of the socialist movement in Turkey in the 1970s. With such organization in cities, towns, villages, and among workers and other groups as well, the left could have built the solid base of a political and social structure which would have defended itself against the fascist attacks. With this base the left could have moved Turkey more towards a democratic direction. A more democratic Turkey, defended by the masses, could have resisted the encroachment of the military more successfully.
  5. The left was unconsciously aiding the right-wing propaganda which was that the left was responsible for the "terror" and the "anarchy," and the right themselves were trying to establish law and order on the side of government forces. This powerful propaganda delegitimized the left in public opinion.

What lessons should be drawn by the Turkish left for the 1980s and beyond?

**LESSON 1:** The left should separate long-term objectives from short-term ones, because the latter's immediate needs are different from the former's. The left must be able to break the shackles put on them by the present regime. The left's immediate agenda is to change the regime, its Constitution, legal codes and decrees which have created an environment in which the left cannot breathe. All these discriminatory legal legislations against the left must be repealed, so that the left can function like any other organization. To do that, the post-military civilian order and the present MP government must be toppled from power by defeating it in the coming General

Elections. In its place a social democratic party must be brought to power. The social democrats themselves must struggle to convince the public, with their genuinely different, and workable, alternatives to Mr. Ozal's programs, and with economic programs emphasizing more production as well as more egalitarian distribution. The left must support the social democrats, and participate in the political process by taking some responsibilities at the grass-roots levels, since the left cannot participate in the elections with a party of their own.

**LESSON 2:** The left must recognize the importance of education from the start, and educate leaders of the social democratic party as well as their cadres, so that grass-roots pressure can be exerted on the leadership to introduce democratic changes.

Once the social democrats come to power, the legal system must be revised to be on a humanitarian and democratic par with the West. All the repressive and anti-democratic legislations must be repealed, the military must be depoliticized, the top military echelons must be replaced with liberal-minded young personnel. The curricula of military schools must be revised completely, to include courses in humanities taught by civilian instructors. The change in education in the military schools is difficult, but not impossible to accomplish, because there are not many liberal-minded people in the military, due to cleaning operations in the 1960s after Colonel Talat Aydemir's two unsuccessful coup attempts. Attention can be given in the short-run to civilian replacements in classes other than the military strategy courses. Once educational reform in the military is completed, along with the depoliticization process, then the influence of the military on politics, along with their self-serving belief that they are the ultimate guardians of the Republic, can be lessened. Once their legitimacy as the guardians is removed, their meddling in politics can be eliminated.

Another job that the social democratic government must achieve is in the area of education from elementary through university levels. Education must be liberated from conservative, authoritarian and fundamentalist influences. This is a monumental task by itself, but here the socialist left can contribute the most.

A fourth front that the social democratic government must tackle is economic affairs. Turkey's economy is in a shambles because of decades of mismanagement and waste. Economic reform and restructuring is needed, but not according to the IMF line. The economy must be reformed to serve the masses, by producing goods that a broad section of society consumes. Economic reforms must include decentralization of the economy, along with the decentralization of the control of public and private enterprises. The decentralization must increase local and worker control. A lack of space here does not allow me to explain other reforms, (e.g., tax reform and other social

reforms), which are all important and essential for a durable political democracy, conducive to the social democrats.

**LESSON 3:** The social democratic left must begin the land reform which has been on the political agenda ever since the 1960 military coup. Every government, since then, has attempted to pass a land reform legislation, but has failed. A genuine reform that would eliminate poverty in the countryside, and make Turkey as self-sufficient in foodstuffs as she once was is necessary. The first phase of this reform must guarantee adequate land for a peasant family to live from and on. This might take several forms. One possibility might be similar to countries like Japan, South Korea, and Taiwan, where no family is allowed to own more than 4-6 acres of land. Another form of land reform might be in the direction of farm cooperatives.

A genuine land reform, implemented with other economic and social reforms, would solidify the social democratic party's political control in the countryside. This would then prevent the right from coming to power, when the reforms benefit the masses in agriculture, industry, and service.

**LESSON 4:** The left in general, and the working-class in particular, cannot and must not trust the social democratic parties, the SDPP and LDP. For a short period, the RPP came to power for a second time in the 1970s, in the midst of economic and political crises, by promising peace, social justice, democracy, and being the people's only hope, etc. Hence, during the turmoils of the last decade the RPP was identified with those slogans, and the RPP *appeared* to represent the interests of those who were oppressed and disenfranchised by the system and by the right-wing government of Mr. Demirel. But the left had to understand that the social democratic RPP, under Bulent Ecevit before the 1980 coup, could not have represented the working-class, because the party structure also included the interests of workers, peasants, petty commercial bourgeoisie and even the big industrial bourgeoisie. Its inheritors now, both the SDPP and the LDP are advocating the interests of the same classes. The left must not have illusions about the social democrats. They can do only limited things for the working class. It must be remembered that they do not intend to replace the capitalist system with socialism. The populist character of these parties would not let them be the chief defender of the working-class, and particularly the industrial working-class whose number is not large enough to bring these parties to power. The working-class can articulate and defend its interest only through its own party, no other party can do that.

Once these points are accomplished, then Turkish society would be democratic enough to allow the left to organize itself and grow. I consider this stage under the social democratic government, in the medium-term, a transitional stage from today's anti-democratic and repressive regime.

**LESSON 5.** The Turkish left must not use short, simplistic and utopian approaches. The road to glory is never simple and smooth, but arduously long and complicated. The left has to learn the Marxist-Leninist theory well, and apply it methodically with a concrete program to gain respect among the working-classes. Slogans as practiced generously in the past are not substitutes for deeds. The Turkish left must also turn its eyes away from imitating Moscow, Beijing, Albania, or Trotskyist idealism to Turkey, and be creative. Furthermore, the left has a better chance of being united when they are independent of any sectarian ideological camp. Taking a sectarian position toward any camp weakens unity and create inevitable desertion and alienation. The Turkish left, at this moment, cannot afford to be sectarian. The cost of disunity is otherwise too high. The left cannot use the Soviet, Chinese or Albanian blue-prints for a successful socialist revolution in Turkey. This has to be created in Turkey itself, from Turkey's ingredients, although the lessons from outside, if properly summed up, can shed a light when the occasion arises. As Marx said: it is not up to us to provide a blue-print for the future socialist society. That is up to the future generation. This is very true for Turkey today. The left must identify the causes for struggle and unite the people around them, then chart a path to a socialist society.

**LESSON 6:** The left, in order to be a candidate for power in the long-run, must establish a coalition of all the forces which are fighting against imperialism, oppression, chauvinism, machoism, and racism. Class alliances among the progressive forces in Turkey such as; workers, peasants, women, teachers, engineers, agricultural technicians and specialists, architects, and lawyers, etc. are necessary in order to create a strong unified force of the working-class who have a common interest against capital and its protector, the state.

Thereafter, the left ought to move in one direction and form a party of its own, created by the working-classes, supported by the grass-roots organizations. It is such a party that can assume a vanguard role, and provide direction in order for the masses to come to power. There are already signs among the left leaders to assess the past and move in the direction outlined above.<sup>43</sup> Alas! This is not an easy task. The left must not be utopian and expect quick results. The task is monumental and all the leftists must recognize this. But it has to be done, the sooner the better. No dictatorship in history has ever allowed itself to be dismantled, and no elite group in power has ever shared its power and privileges with the people and the toilers voluntarily. Gains for the masses have always come through arduous, bitter and sometimes violent struggles. Turkey will be no exception to this historical rule.

## Notes

1. The Republican People's Party held power from 1923 until 1950 and was Turkey's only party until a RPP splinter group formed the Democrat Party in 1945.
2. See Dogan Avcioğlu, *Türkiye nin Düzeni*, vol. 2, Istanbul: Cem Yayınevi, 1973; Korkut Boratav, *Türkiye'de Devletçilik*, Istanbul: Gerçek Yayınevi, 1974; Berch Berberoglu, *Turkey in Crisis: From State Capitalism to Neo-Colonialism*, London: Zed Press, 1982; Fikret Ceyhan, "Economic Development in Turkey since 1960: A Critique," *Economic Forum*, Summer 1983; Z.Y. Hershlag, *Turkey: An Economy in Transition*, The Hague: Uitgeverij van Keulen N.V., 1958; Ozlem Ozgur, *Sanayilesme ve Türkiye*, Istanbul: Gerçek Yayınevi, 1975.
3. International Monetary Fund, *International Financial Statistics Yearbook*, 1972 and 1981. OECD, *National Accounts of OECD Countries: 1950-1979*. Vol. 1 (Paris: 1981). Rates of growth in investment and GDP were calculated for 1950-1980. The 1954 decline in GDP was the largest in the last 30 years. The next largest declines were 3.5% and 3.8% in 1979 and 1980, respectively. For the most recent data, see OECD, *Economic Surveys 1981-1982: Turkey*. (Paris:1982).
4. For number of strikes, strikers, and strike days lost, see Ronnie Margulies and Engin Yildizoglu, "Trade Unions and Turkey's Working Class," *Merip Reports*, no. 121 (February, 1984), p. 18. There was a significant increase in the number of strikers and work days lost from 1969 through the March 12, 1971 military coup.
5. Prime Minister Demirel ruled Turkey from 1965 to 1980, with brief interruptions by the military in 1971 and the RPP coalition governments in 1973-74 and 1978. Hence, the period 1950-80 marks its imprint in Turkey as conservative, pro-private enterprise, and pro-U.S.
6. Turkish workers, who, in 1961, began immigrating to Western Europe to obtain jobs, reached one million in 1981. The workers' remittances also climbed as emigration from Turkey continued. By 1981, the Workers' cumulative earnings repatriated to Turkey exceeded \$15 billion—an average of over \$2500 per worker per year. See: Is ve Isçi Bulma Kurumu Genel Müdürlüğü, *İstihdamda 30 Yil* (Ankara: 1976), pp. 11 and 15, and *Yurt Disindaki Turk Isçileri ve Donus Egilimleri*, Yayin No. 114 (Ankara: 1974), p. 4; Turkish Industrialists and Businessmen's Association, *The Turkish Economy 1982*, pp. 56 and 219.
7. As can be seen from the table below, Turkey's capacity to service her debts and to import has been declining consistently since the 1960s. Row #4 indicates that two-thirds of the export earnings in the 1980s go to the debt service and current account deficits. In order to continue to import she has to resort to more debts.

	1967-70	1971-75	1976-80	1980-85
1. Debt service	528.0	1,098.0	2,731.0	11,964.0
2. Current account deficits	333.0	1,199.0	7,632.0	11,565.0
3. Total exports	2,782.0	8,295.0	16,121.0	34,596.0
4. [(1+2)/(3x100)]	30.2	27.7	64.3	68.0

Source: IMF, *International Financial Statistics*, Yearbook 1985 and *OECD Economic Surveys: Turkey*, Paris: May 1984.

8. Labor agitation reached its peak in 1980. The number of strikes, strikers, and work days lost reached a historic high. See Margulies and Yildizoglu.
9. The leaders of the NSP and NAP were freed in 1985 and 1986, respectively.
10. Feroz Ahmad, "The Transition to Democracy in Turkey," *Third World Quarterly*, vol. 7, no. 2 (April 1985), p. 216.
11. According to the 1982 constitution, labor unions cannot "pursue a political cause, engage in political activity, receive support from political parties or give support to them and they shall not act jointly for these purposes with associations, public professional organizations and foundations." See *Financial Times*, May 20, 1985, special section on Turkey, p. 11. The constitution and the labor legislations enacted thereafter provided the government legal means to declare any strike illegal or postpone it indefinitely.



12. "Since the military intervention of 1980, the ministerial Turkey-BEC Joint Association Council and its parliamentary counterpart have not met...From the Community's side, human rights issues are seen as a major sticking point. A number of controversial trials have ensured that \$530 million of economic aid, due under the Fourth Financial Protocol has been blocked since 1981." *The Financial Times*, Section III, Financial Times Survey, "Turkey: Trade and Industry," December 24, 1984, p. 6.
13. David Tonge, "Turkish Industry: New Scope for Investment," *The Financial Times*, December 19, 1983, Section III, p. 1.
14. David Tonge, "Labour: Unions tied hand and foot," *The Financial Times*, December 19, 1983, Section III, p. 5.
15. *Ibid.*
16. *OECD Economic Surveys: Turkey*, various years.
17. *Ibid.*
18. *The Financial Times*, Section III, Financial Times Survey, "Turkey: Trade and Industry," December 24, 1984, p. 8.
19. As Feroz Ahmad points out, "the NSC [National Security Council] permitted the formation of new political parties to contest the general election in November, it vetoed hundreds of 'new' politicians, apart from the 723 ex-politicians who had already been barred from the election." See Feroz Ahmad, "The Transition to Democracy in Turkey," *Third World Quarterly*, vol. 7, no. 2 (April 1985), p. 214.
20. *The Financial Times*, December 24, 1984. p. 8.
21. *Yanki*, no. 666 (January 2-8, 1984), p. 32.
22. *Yanki*, no. 674 (February 27-March 4, 1984), p. 20.
23. *Ibid.* 24. *Ibid.* 25. *Ibid.*
26. David Tonge, "Economy: Competitiveness the first priority," *The Financial Times*, December 19, 1983, section III, p. 2.
27. During 1973-82 period Turkey's foreign debt grew by 417.4% and interest payments by 903.5%. See *World Debt Tables*, 1983-84 edition.
28. *The Financial Times*, "World Economy," September 17, 1984, Section III, p. 2.
29. *World Development Report*, various years.
30. OECD, *Foreign Investment in Turkey: Changing Conditions Under the New Economic Programme*, (Paris: 1983), p. 7. The 1954 foreign investment law no.6224 was updated by government decrees: Decree 17 in 1983 and Decree 30 in 1984. These decrees made foreign investment economically attractive through tax concessions and subject to less bureaucratic controls. Among the benefits given to foreign investment are "exemption from customs taxes and duties for the importation of machinery and equipment; exemption from taxes and duties from medium and long-term credits; an investment allowance (up to 100 per cent of fixed investment is deductible from corporate taxes); exemption from consumption tax and cash rebate made by the central bank out of fixed investment expenditures up to 20 per cent....Foreign companies can repatriate all of their profits and there is no bar to repatriation of capital over time." See *The Financial Times*, May 20, 1985, special section on Turkey, p. 7.
31. Folker Frobel, Jurgen Heinrichs, and Otto Kreye, "Export- Oriented Industrialization of Underdeveloped Countries," *Monthly Review*, vol. 30, no. 6 (November, 1978), p. 23.
32. Branko Milanovich, *Export Incentives and Turkish Manufactured Exports, 1980-1984*, World Bank Staff Papers, no. 768 (1986), abstract page.
33. *Ibid.*, pp. 18-20. 34. *Ibid.*, p. 12. 35. *Ibid.*, p. 72.
36. World Bank, *World Debt Tables*, 1984-85 Edition.
37. Ferdinand Marcos's dictatorship in the Philippines collapsed in February 1986 after the presidential election; Marcos stayed in power for more than 20 years.
38. This portion of the paper draws heavily on Salah's and Taylan's articles cited above.
39. According to *Nokta* (December 22, 1985, pp. 26-28), the leaders of the WPT, WPPT, DISK and other leftists agree to get together and work toward forming a left-wing party. Interviews and statements by these indicate the recognition of the establishment of a unified left, but genuine disagreements among them still remain. It is doubtful that the left outside the social democrats can be united under one umbrella organization or party when the divisions among them remain

genuine and non-conciliatory. Then there is another question: they disagree about the interpretation of the constitution regarding the formation of a socialist party.

40. Taylan, op. cit., p. 34.

41. Ibid, p. 39.

42. Salah, op. cit., p. 112.

43. See interviews with some leftist leaders about party building in *Nokta*, December 22, 1985, pp. 26-28; search for a socialist party, summary discussions in *Nokta*, May 25, 1986, pp. 18-20; "A Socialist Party," a commentary by Ugur Cankocak in *Yeni Gundem*, June 9-15, 1986, pp. 38-39. Following the discussions among the leftists in Turkey about establishing a socialist party, one gets the impression that the left has not learned its lessons. They still remain fractionalized and sectarian. They come to discussion with rigid ideological preconditions. It also appears that a genuine socialist party cannot be formed at this time because of the constitutional barrier. The constitution bans political parties from giving and receiving support from trade unions. A political party which has no connection with the working class organizations is not a working class party, no matter what it may be called.