



## Globalization, Governance and the Transnationalization of a Secondary Contender State

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### **Abstract**

‘Transnationalization’ is a challenging concept for several social science disciplines like sociology, political science, and anthropology. In many fields of the contemporary research, the concept intertwined with two others: ‘globalization’ and ‘governance’. It can be said that, at least, in political science the theorization of the latter concepts is more sufficient than that of the former. However, the theory of ‘transnationalization’ is in the making. In this paper, we suggest that these three concepts together constitute a ‘framework’ that can overcome the conceptual pluralism in the study of contemporary polity, policy and politics changes. A clear understanding of the relations between these three concepts therefore is essential. In this sense, a transnational historical materialism offers a useful perspective. In his recent book *Global Rivalries*, Kees van der Pijl presented an innovative approach that provides a historical and empirically rich ground for such an understanding within the context of capitalist restructuring. By combining van der Pijl’s arguments with Stephen Gill’s ‘new constitutionalism’ thesis, we argue that it is possible to shed important lights on this ‘framework’. Detailed empirical study focuses on the relationship between transnationalization and nascent governance structures in “Lockean heartland” and “Hobbesian contender” state/society forms is necessary to test and develop some features of this theorization. The paper aims at contributing, through a study of the transnationalization of Turkish secondary contender state/society and the role of transnational governance reforms in the process.

**Keywords:** *Heartland/contender structure, transnational capitalist class, transnational historic bloc, globalization, transnationalization of the state, transnational governance.*

**Jel Code:** *B51, F23*

## **Küreselleşme, Yönetişim ve İkinci Dereceden Bir “Hasım Devlet”in Ulusötesileşmesi**

Mehmet Gürsan Şenalp, Örsan Şenalp ve Esra Şengör

### **Özet**

“Ulusötesileşme” kavramı, sosyolojiden siyaset bilimine ve iktisattan antropolojiye uzanan sosyal bilimsel disiplinler açısından oldukça zorlu bir kavram. Güncel araştırmalar bağlamında kavrama iki farklı kavram daha eşlik ediyor: “Küreselleşme” ve “Yönetişim”. Siyaset bilimi disiplini bağlamında bu son ikisine ilişkin kuramsal çalışmaların ulusötesileşme olgusuna kıyasla çok daha gelişkin olduğu söylenebilmekle beraber, kayda değer bir ulusötesileşme kuramının da oluşum halinde olduğu açıktır. Bu çalışmada, sözü edilen üç kavramın birlikte bir kuram çatısı oluşturmakta olduğu ve bu çatının günümüzde siyasal ve iktisadi alanda yaşanan dönüşümlere ilişkin çözümlenelerde karşı karşıya bulunulan kavramsal karmaşayı aşmak bağlamında oldukça yararlı olabileceği iddiası öne sürülmektedir. Burada bu üç kavram arasındaki ilişkiyi doğru bir biçimde anlamak ve açıklamak için *ulusötesi tarihsel materyalizm*ın yararlı bir bakış açısı sunduğunu düşünüyoruz. Son kitabı *Global Rivalries*’de Kees van der Pijl, kapitalist yeniden yapılanma olgusunu anlamaya ilişkin zengin bir görgül çözümlenme zemininde, yenilikçi ve *tarihsel* bir yaklaşım geliştirmektedir. Van der Pijl’in bu argümanlarının, Stephen Gill’in “yeni-anayasacılık” tezleriyle birleştirilerek, sözü edilen kuramsal çatıya önemli katkılar yapılabileceğini öne sürüyoruz. “Lockecü Merkez Bölge” ve “Hobbesçü Hasım” devlet/toplum biçimlerinde “ulusötesileşme” ve “yönetişim yapıları” ilişkilerine odaklanan detaylı bir görgül analiz, bu kuramsallaştırmanın ana hatlarının geliştirilmesi ve test edilmesi için gereklidir. Dolayısıyla, bu çalışma Türk devletinin, ikinci derece bir hasım devlet/toplum kompleksi olarak ulusötesileşmesi olgusunu, ve bu süreçte ulusötesi yönetim reformlarının rolünü anlamaya çalışmaktadır.

**ANAHTAR KELİMELEER:** *Merkez bölge/Hasım yapıları, ulusötesi kapitalist sınıf, ulusötesi tarihsel blok, küreselleşme, devletin ulusötesileşmesi, ulusötesi yönetim*

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# Globalization, Governance and the Transnationalization of a Secondary Contender State<sup>1</sup>

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## I. INTRODUCTION

Following the 1990s three concepts became major elements of the discourse or meta-narrative of global capitalist restructuring: Globalization, Governance, Transnationalization. From ideational elements of a discourse structure, they were transformed into ‘real’ ontological entities -in an almost universalistic sense. This actually happened through a collective action of a transnational class agency acting within different state-society complexes and quasi-state structures like IMF, World Bank, etc. at the same time. While these concepts were adopted in various social science disciplines and sub-disciplines in order to study contemporary changes that are experienced in almost every aspects of social life, concomitantly they became subjects of scientific inquiry. Globalization and Governance (and later Global Governance) rapidly became substantive research fields. Many research networks with growing budgets flourished taking these fields of study under intense scrutiny. It can be argued that, at last for global/international political economy, focus on Globalization, Governance and Global Governance was more intense than that of on Transnationalization. However, increasing reach and structural power of transnational capital and continuous crises of global political economy in recent decades attracted much attention on this latter concept. Thus the theorization of transnationalization is in the making as well.

Relevance of these three concepts to almost every key subject of political science, anthropology, economics, sociology etc. makes it necessary to develop an adequate theorization of the relationship between them. With this study, by giving to the distinct arguments developed by Stephen Gill and Kees van der Pijl a central place, we would like to suggest that a transnational historical materialist perspective could offer such theorization. After establishing the theoretical perspective, we also implement it in a study of the transnationalization of the Turkish state/society complex.

## II. A TRANSNATIONAL HISTORICAL MATERIALIST FRAMEWORK

### a. Context: *Capitalist Restructuring and Neo-liberal Globalization*

Issues concerned in relation to Globalization today are discussed in the Marxist literature by reference to the ‘modern imperialism’ since the early 1970s. Some of the modern/new imperialism theories, following the insights provided by classical Marxist theorists like V.I. Lenin, Rosa Luxemburg, Rudolf Hilferding and Nikolai Bukharin have developed the concept of “internationalization of capital” (Radice, 1975). As it is well known in 1970s scholars like Mandel (1967), Rowthorn (1971) and others were trying to show in their analysis (based on the law of uneven development) capitalist development process was so unequal and uneven that it would inevitably

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produce a new challenge to American hegemony. According to Mandel, in the late 1960s, inter-imperialist rivalries were still exist and in these circumstances, formation of so-called a European super-state was not an irrelevant solution against question of American capital's strictly penetration into the Europe. Some argued that debates around Marxist theory of state in 1970s were the consequences of that kind of facts. From that point of view it can be said that the Communist Manifesto's instrumentalist interpretations on one hand (e.g. Miliband) and a structuralist one on the other (e.g. Poulantzas) long dominated the Marxist debate. In fact, in both approaches there were not much arguments developed about the internationalization of capital in order to understand the evolution of the capitalist state (see Overbeek, 2004: 124).

In this framework, the theorization of the worldwide spread of capital had to wait until the end of the Second World War. The post-war period can be defined by the pervasion of Keynesian policies and Fordist production techniques across the Europe and the making of an Atlantic unity. According to Radice (1984: 111) while the internationalization of capital re-emerged as an issue in the political economy of Britain during the mid-1960s, some politicians and trade unionists became aware of both the growing penetrations of US firms in Britain's economy, and the resurgence of capital exports by British industry and finance. After that the left intellectuals and politicians has faced and noticed the international firms, multinational companies (MNCs) and banks "as a sort of transnational, cosmopolitan corporate elite." Radice claims that this elite group's pursuit of self-interest in an increasingly unified capitalist world economy "undermines the ability of governments to manage individual economies and the ability of organized labour to bargain successfully with company management" (1984: 112). It has become apparent with the work of many socialist writers that contradictions between "national" and "international" in contemporary capitalism were deepening. Particularly, in the early 1970s, Robin Murray's influential work, which was appeared in *New Left Review* in 1971, was generally accepted as a privileged one among others. Murray's work, simply, asserts that the post-war internationalization of capital weaken the capitalist nation-state. He argued that there was an increasing territorial divergence between the activities of nation-states and those of large international firms and this was weakening the state and reduced its ability to control the major firms and the economy in general. In other words, the rapid post-war expansion of TNCs had led to a "territorial non-coincidence" between internationalizing capitals and their domestic states, which was reflected as a contradiction in the state form. In response to this view, Warren (1971) discussed that in the same period internationalization of capital dissolve the political and economic structures that the state was built on and therefore states were reacting by developing new powers and policies, in close relations with nationally located capitalist enterprises. It is stated by Radice (1984: 112), "as the decade progressed, socialists turned their attention to essentially separate analysis of capital (including especially the process of production or 'labor process') and of the state (including its 'relative autonomy')" (see also Palloix, 1975; Poulantzas, 1975, 1978). Some scholars argue that the debate took a new turn with the intervention of Nicos Poulantzas.

Poulantzas argued that the dominant trend was not the interpenetration of capital within Europe but penetration by American productive capital of the European economies. This penetration had far-reaching effects for the competitive position of the European firms and for

European class structures. Poulantzas pointed to a process of reconfiguration of class forces in Europe reflecting the fundamental dependence of European capital on its American counterpart, and leading to the reproduction within Europe of 'American' relations of production (Overbeek, 2004: 124).

Overbeek correctly underlines that, on one hand, Poulantzas' approach reminds us American super-imperialism thesis, but on the other, it opened a way towards the conceptualization of transnational relations that is one of the most important concepts provides a suitable ground for the foundation of school of transnational historical materialism. In short, Poulantzas today has a great influence on neo-Gramscian scholars not only because of his attention to the transnational relations or his Althusserian structuralism but also his efforts to understand the fractional decompositions appeared within the capitalist class.

Subsequently, there were many approaches and schools flourished in order to make any effective contribution to the literature on the internationalization question. A common theme has been that the increased internationalization of economic relations undermined political structures based on the national state and strengthened international state structures dominated by international (or transnational) capital (Picciotto 1991). On the other hand, the works of Antonio Gramsci, rediscovered in that period, has the seeds for the new conceptualizations related to current relations between world orders and social forces. Moreover, the Gramscian approaches are enriched directly by the works of some scholars from international political economy on the fractionations among bourgeoisie. One of the most important reflections of these attempts within the Marxist frame is called the 'neo-Gramscian turn' in IPE and IR. This critical-theoretical strand primarily rests on Robert Cox's writings (but not Poulantzas). Cox's two seminal articles (1981, 1983) and his valuable work dated 1987, *Production, Power and World Order* (hereafter PPWO), have provided a strong theoretical ground for the neo-Gramscian approach on the current issues of globalization. Furthermore, Cox's works should be taken into account because they have preceded ongoing debates on globalization and the New World Order at least a decade earlier. Cox's main concern in PPWO is a critique of state-centered and ahistoric character of the dominant neo-realist approaches in the IR discipline. In addition, Cox (1981, 1987) tried to explain the formulation of hegemonic projects around the structures emerge, in relation to 'changes in the global structure of social power generated by the internationalising of production' (Picciotto 1991: 44). As Leo Panitch pointed out, Cox, in PPWO, demonstrated a full-scale study of internationalisation of state on the basis of historical materialist understanding of the role of 'social forces in the making of history' (Panitch 1994: 68). Previously, in his another valuable work Cox (1983), in Germain and Kenny's words, "had introduced a generation of IR scholars to the work of Antonio Gramsci". Here, Cox argued "Gramsci's general conceptual framework provided the discipline with an alternative to the mainstream" (1998: 3). Most importantly, it offered IR theorists a number of innovative concepts that promised to illuminate the mechanisms of hegemony at the international level (Germain & Kenny 1998). However, some scholars were in doubt about increasing impact of Gramsci upon the study of IR, they admitted the importance of Gramscian concepts of hegemony, historical bloc and civil society while attempting to understand the social relations in world order in the post-1973 period (see Gillon 1999; Germain & Kenny 1998; Burnham 1991, 1997; Panitch, 1994;

Femia 2005). Cox strongly criticized the analysis of some eminent neo-realist and neo-liberal scholars such as Kenneth Waltz and Robert Keohane to be 'state-centered' and 'ahistoric'. Within this framework, as William Robinson puts it, Cox's analysis can be seen as an attempt to overcome the theoretical shortcomings of neo-realist approach in the IR discipline by using the Gramscian concepts. Cox's Marxism, as Shaw (2000) has noted, "was heavily centred on the concepts of 'production' and 'social forces', with 'states' and 'world orders' seen as dependent on the 'historic blocs' or configurations of social forces which underpinned them." In this manner, one can easily say that the works of Cox could be seen as the 'groundbreaking' contribution to the debate among the IR and IPE theorists (Apeldoorn 2004; Morton 2003).

This work follows this latter strand. It accepts Cox's suggestion that the expansion of social relations of capitalist production across the globe is the wider context in which any analysis of local institutional change needs to be located (Cox, 1986). Thus, the so-called capitalist restructuring and neo-liberal globalization processes are understood as manifestations of expanding capitalist norms and relations across the globe. The contextualization presented by Van Apeldoorn (2002: chapter 2) offers a clear vision, in this sense. In this historical analysis, the capitalist restructuring refers to the wide range of arrangements that were brought into the agenda after the crisis of 70s in the major capitalist countries. The arrangements first appeared in the UK under the Thatcher administration, and in the US under the Reagan administration. They later expanded towards the peripheral regions and states. Those reforms primarily displaced demand-sided Keynesian policies in favor of supply-sided monetary policies, and established the priority of market over welfare state functions in the Western capitalist economies. In order to increase the level of profitability and hence secure the capital accumulation, it was inevitable to deepen commodification and widen marketization towards all sites of human existence. In order to achieve this, the restructuring of state-market-society relations came into the agenda in the 70s, and it has started to alter existing political settings in many countries one after the other. The process expanded from the core towards the periphery. While the 'welfare' state forms in the West were 'transforming' into more liberal (neoliberal) and competitive forms, the process brought about a 'transition' in the Second World's socialist states and a 'structural adjustment' in the developmental state forms of the Third World. This perspective asserts that, any analysis of the nature of current politics, policy and polity changes needs to take the global restructuring of social relations of capitalism into account. According to Van Apeldoorn, this is especially important to demonstrate the 'social purpose' or content of the structural change in the European context (2002: 7). It can be argued that the same is valid for national and subnational level changes in the peripheral state-societies.

## **b. Concepts**

### ***Gramsci, Hegemony and Historical Bloc***

In the first quarter of the 20<sup>th</sup> century, Antonio Gramsci, by deriving insights from revolutionary experiences of Russia and some Western countries, believed the importance of the rethinking about new revolutionary/progressive political strategies. By doing this he developed several concepts such as *hegemony*, *historical bloc*, *passive revolution*, *organic intellectuals*, *war of position* and *war of*

*manoeuvre*. Indeed, Gramsci's work provided a remarkable contribution to the development of Marxist thought. This contribution is based on a critique of the economism and determinism, he saw deeply rooted in the Italian labour movement in the early twentieth century (Gill, 1990: 41). According to Gramsci that economic view, went hand in hand with mechanical determinism, treated to politics as if it is a simple reflection or a mechanical expression of economic developments. That sort of perception, in Gramsci's point of view, was one of the most important reasons of the passivity on the part of workers and this allowed the political initiative to remain with the ruling class. It is in this respect the concepts that developed and redefined by Gramsci, provide a significant critique of, and alternative to, the current dominant determinist tendencies in Marxist thought. Stephen Gill puts it as follows:

In Marxism a mode of production is normally conceived of as having three main 'levels' or aspects: economic, political and ideological. Gramsci adds another, "ethico-political" dimension to the idea of a mode of production through his concept of civil society. To achieve this innovation, Gramsci goes beyond the materialist conception in the *Preface to the Critique of Political Economy* (Gill, 1990: 42).

As it is well known, in the *Critique*, Marx noted that "the anatomy of civil society is to be sought in political economy" On the contrary that conception, Gramsci went back to Hegel's distinction between "private" civil society and "public" political society and showed that the private/public dichotomy is not the central issue. "Rather it is the contrast between *consent* (primarily characterizes civil society) and *coercion* (underpins, but does not constitute exclusively, the power of the state)" (Gill, 1990: 42). That is to say, Gramsci's theory of hegemony is simply asserts that people are not ruled by force alone, but also by the ideas. In Gramsci's words, "*the foundation of a ruling class is equivalent to the creation of a Weltanschauung*" (see Anderson, 1976; Simon, 2001 [1982]; Bates, 1975). Gramsci argued that in the advanced capitalist societies of West, the source of political power of ruling class can be found not only in direct control on coercive apparatus of state but also it diffused and situated in the myriad of institutions and relationships in civil society. According to Simon (2001: 24) the starting point for Gramsci's concept of hegemony is that a class and its representatives exercise power over subordinate classes by means of a combination of coercion and persuasion. It has become apparent with this formulation that hegemony is a relation, between classes and other social forces not simply of domination by means of force. Note that Gramsci distinguished between domination (coercion) and "intellectual and moral leadership". In *Prison Notebooks* he wrote:

(...) The supremacy of a social group manifests itself in two ways, as 'domination' and as 'intellectual and moral leadership'. A social group dominates antagonistic groups, which it tends to 'liquidate', or to subjugate perhaps even by armed forces; it leads kindred and allied groups. A social group can, and indeed must, already exercise 'leadership' before winning governmental power (this is indeed one of the principal conditions for the winning of such power); it subsequently becomes dominant when it exercise power, but even if it holds it firmly in its grasp, it must continue to 'lead' as well (Gramsci, 1989 [1971]: 57-58).

As it is stated by Gill (1990: 43), Gramsci modified the classical Marxist view which defined the central feature of the state as the use of coercion. He offered an original perception of the state as the fusion of consent and coercion. Following this conceptualization the importance of ideological and moral elements in society can be found in their roles in cementing different levels of a 'historical bloc'

which represents the complex interactions of various economic, materialistic, social and historical forces, ideas and social relations. Gramsci described *organic intellectuals* of the dominant social groups as 'superstructural functionaries' that realise the organic link between the socio-economic structure and the politico-ideological superstructure of historical bloc. According to him they do not form a class on their own, but are tied to the dominant class on the socio-economic level. Organic intellectuals, in Gramsci's words, "formulated and disseminated these intellectual and moral ideas transforming them into universal ones which would bind subordinate groups into the existing social order" (quoted in Overbeek, 2004). According to Overbeek, Gramsci's these theoretical efforts in order to recognize the crucial roles played by of the organic intellectuals within a historical bloc represent, considering the dialectical unity of *structure* and *agency*, very fertile ground to grasp the key importance of agency. In that context, Overbeek continues his analysis with underlining the remarkable contributions of Gramsci's interpretations within the issues of international political economy in the 1960s. He believes that Gramsci's preoccupations with the ideological dimensions, and particularly the consensual quality, of class rule in modern capitalist society provided a convincing answer to the questions arose from the revolutionary movements of the 1960s' in Western world (2004: 125). In the *Prison Notebooks* Gramsci showed the fundamental differences between the state-civil society relations within the Eastern and the Western contexts. As Perry Anderson (1976: 9) puts it, he "*proceeds to a direct counter-position of the course of the Russian Revolution and the character of the correct strategy for socialism in the West, by way of a contrast between the relationship of State and civil society in the two geopolitical theatres.*" What we can interpret from this point of view is that it is necessary to concern the concrete nature and the social class originalities of a given society before arriving at judgements or conclusions concerning political strategy (also see Kivilcimli, 1989). Thus,

In the East, the State was everything, civil society was primordial and gelatinous; in the West, there was a proper relationship between State and civil society, and when the State trembled a sturdy structure of civil society was at once revealed. The State was only an outer ditch, behind which there was a powerful system of fortresses and earthworks: more or less numerous from one State to the next, it goes without saying----but this precisely necessitated an accurate reconnaissance of each individual country (cf. Gramsci, Anderson, 1976: 9-10).

Starting from such a particular historical context, Gramsci conceived the state as "an entire complex of theoretical and political activities with which the ruling class not only maintains its dominance, but manages to win the consent of those over whom it rules." Therefore the state can be formulated as "political society plus civil society, hegemony armoured by coercion," or in other words *dictatorship plus hegemony*. After that Gramsci introduced, as Stephen Gill (1990:44) states "perhaps the most novel and complex concept, that of "historical bloc" to analyze constellation of social and political forces and to overcome some of misunderstandings that resulted from the traditional Marxist architectural metaphor (base and superstructure) for society. It is for this reason that Gramsci defined the concept of historical bloc in *Modern Prince* as "unity between nature and spirit (structure and superstructure), unity of opposites and of distincts". To put it simply, "structure and superstructure form a historic bloc" and this is a "dialectical unity of base and superstructure, theory and practice, of intellectuals and masses" (Buci-Glucksmann, 1980: 275; Forgacs, 1988: 424).

In this context, we need to contrast the different conceptions of Marx and Gramsci's on the relations between the base and superstructure so as to go beyond the fruitless and formal debates. At first, let us remember what Marx wrote in his much cited, a very famous passage which is appeared in the *Preface*:

In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life. It is not the consciousness of men that determines their existence, but their social existence that determines their consciousness (Marx, 1993: 23-4).

By contrast, Gramsci tried to recognize the reciprocal determination of base and superstructure and pointed out that the ideas, culture, politics, law, etc. are more than simple functions/reflections of the economic interests of those who controls all the production process. He believed that these superstructures have their own forces to exist independently of the structure. That is, the superstructures are not the single expression of a single contradiction in the economic base. For instance, in Gramsci's perception, "*the ideologies have the same energy as a material force*" (Sasoon, 1987: 120; see also Murphy, 1994 and Bobbio, 2004). Although Gramsci's simple formula about the levels of the historical bloc has been for a long time the object of various political-theoretical controversies, some argued that it is false to pose the primacy of one or other element in the bloc (Portelli, 1982). Thus, the point is to determine the inevitable (and also *historical*, or let say *temporary*) congruence between base/structure and the superstructure as the levels of a historical bloc. Gill makes it clear with the arguments below that to establish the congruity between the levels or to emerge the new historic bloc, the key elements (that is, the dominant classes) must engage in "conscious, planned struggle":

An attempt to universalize hegemony by politically synthesizing a range of class interests lies at the heart of the forging of a historic bloc. The historic bloc is, therefore, an organic link between structure and superstructure. Such a bloc cannot occur spontaneously, not simply as a result of the force of economic necessity. It needs leadership and action based on a highly developed political consciousness within the dominant social classes (Gill, 1990: 45)

Gramsci, again, was aware of the existence of an *organic link* between the base/structure (field of production) and the superstructure (institutions of political and civil society, culture and ideologies, etc.) in every specific period of history of man. Within this particular context, there was a new question rising: Who could frame this organic link? The answer, in Gramsci's view, is that those certain social groups or stratum that operate some superstructural activities in society. In other words, he was speaking of (organic) intellectuals. Here comes another crucial question: What would happen if the existed organic link between the base and superstructure break off? That is to say, if the intellectuals become incapable to frame that organic link, or put it in a different way, if the absolute congruence/harmony, just as presumed by Marx, between the levels of the bloc disappear, what would happen? The result would possibly be an *organic crisis*

### ***Organic Crisis, Crisis of Hegemony and the New Historical Bloc***

Robert Cox made a striking introduction to the issue of organic crisis in *PPWO* (see chapter 8) by developing a very didactic and also metaphoric narration dealing with the economics. He reminds us one of the most fundamental challenges that the economists faced with to distinguish an economic crisis from a cyclical fluctuation or a downturn. “In a period of crisis”, states Cox (1987: 273), “the economies must undergo some structural change in order to emerge from a crisis; in a cyclical fluctuation the same structure contains the seeds of its own revival”. Crisis, in this sense, signifies a fundamental disequilibrium, whereas the cyclical downturn, a moment in the diachrony of equilibrium. Cox argued:

In a more political vein, Gramsci wrote of ‘organic crisis’ and ‘crisis of hegemony’. What he identifies by these terms was a disarticulation between social groups and their putative political leaders, in sum a crisis of representation. In such a situation, old and new social forces coexisted, but the old ones had become detached from the political organizations that had formerly represented them, and the new ones had not produced organizations or ‘organic intellectuals’ who could lead them effectively and bring them into coalescence with existing social forces to form a new hegemonic bloc (Cox, 1987: 273).

The passage gives one of the best definitions of the organic crisis and, in our point of view, it is the basic point should be understood while someone is speaking of “*the death of the old and the delay in the birth of the new ones.*” According to Cox, there are two possible consequences of an organic crisis: “either constitution of a new hegemony or *caesarism*. The latter means the freezing of unresolved contradictions.” He concludes by pointing out that to form a new historical bloc and the constitution of a new hegemony are simply the identical facts.

Apparently, it is not possible to see every crisis within a historical bloc as an organic crisis. Gramsci noted that the break off should be related to the dominant and subordinate classes. So to speak, the antagonistic relations between labor and capital in a capitalist society imply the moment of an organic crisis, whereas a conflict/struggle among the fundamental class and its allies (some other social groups or fractions of classes) reflects a crisis in the historical bloc too, but in this case, not an organic one. That is because, the latter is likely to be solved by the constitution of a new consensus and compromise among them. That sort of crisis is nothing but the manifestations of the weakness of the subordinated classes (see Portelli, 1982). Hence, we can draw the moments of organic crisis from Gramsci’s writings as follows: 1) Capital-labour contradictions, 2) Incongruity or disharmony between the base and superstructure, and 3) The intellectuals’ incapability in framing the organic link. It can be added here the contradictions among the different fractions of the capitalist class as the source of a non-organic crisis. One can argue that in this current hyper-liberal moment (of course for the time being), the capital-labour contradiction does not constitute a deep crisis of hegemony. This fact can explain, to some extent, how the struggles between different fractions of the dominant class do become a diagnostic feature of the contemporary capitalism. While the weakness of the working class organizations and their progressive/revolutionary movements’ in our hyper-liberal age are given, the struggles among the hegemonic projects of the capitalist class fractions took a large part of place in the world politics. However, in Turkey just as in the world, there are sufficient numbers of convincing

evidences to believe these intra-class struggles are proceeding on behalf of the newly rising and increasingly organized, so-called “transnational” fraction of capitalist class (hereafter *TCC*).

### ***Transnational Capitalist Class***

Since the end of the 20<sup>th</sup> century, within the process of international expansion of the capital, the theoretical and empirical studies, focused on the change in the nature of the capitalist class, have presented a great tendency to grow. In this period, a growing number of social scientists have discussed the rise of an “international capitalist class”. For instance, in the 1970s, Stephen Hymer (1979) was writing of the emerging international capitalist class whose interests lie in the world economy as a whole and the system of an international private property, which allows free movement of capital between countries. Barnett and Mueller (1974) pointed out that newly rising corporate elite within the structures of “giant” multinationals, whereas Goldfrank (1977) argued that there are strong evidences to accept the owners and managers of the multinational enterprises as a powerful social class (see Robinson, 2004). In recent years, along with the remarkable number of theoretical and empirical works done on transnational relations of social classes, there is an increasing interest focuses directly on the transnational class formations. Within this framework the work of Cox (1986, 1987), Gill (1990) and Van der Pijl (1984, 1989, and 1998) sheds light on the formation of the class agency of transnational capital in the transatlantic context after the Second World War (for the concept also see Sklair, 2001 and Robinson, 2004). These analyses provide a dialectical understanding of neoliberal economic globalization as a political project and process (see Overbeek, 2003: 10) and *TCC* formation in terms of agency and structure on a rich empirical ground (see Carroll & Fennema 2002, 2004 and 2006; Carroll & Carson 2003; Kentor & Jang 2004 and 2006; Nollert 2005; Staples 2006, 2007 for empirical study of *TCC* formation). In this sense, the formation of the *TCC* refers to the unification of the largest capital groups around similar interests and perspectives in a raising transnational social space. It can be said that there is no consensus on the configuration of (members of) the *TCC* (Staples, 2006: 311) among the mentioned scholars. Yet there is an agreement on the idea that the *TCC* formation is in the making.

From this perspective, it is argued that the course and content of the capitalist restructuring will be outcome of a struggle between different fractions of the *TCC*, and between the *TCC* fractions and the counter programs of the other social forces -national capitalists, state elites, labor etc. Within the *TCC*, those interests of varying fractions are manifested in rival political programs or ‘concepts of controls’ (Overbeek, 1993: 3-5 and Van der Pijl, 1998: 4). For instance, some suggest that the project of the “money capital” -dominant fraction in the *TCC*- was embodied in the so-called Washington Consensus (Rupert, 2002: 10). Although varying interests of different fractions of the *TCC* struggle with each other, the common interest of those fractions lay in the expansion of capitalist relations towards the globe. To create a necessary climate for “free trade” and “market rule” worldwide by producing consent of the resisting groups and reconstructing existing structures is a common interest for all *TCC* fractions or *TCC* as a totality (Robinson, 2004: chapter 2).

### ***Transnational Historical Bloc***

According to Gramsci, in periods of crisis, apparatus of hegemony tends to break down (political parties become fragmented and no single group creates consensus to govern). Thus, the situation creates the conditions to shift in power and the construction or reconstruction of the apparatus of hegemony. Within this framework, Gill (1990: 48) suggested that the crisis in American hegemony of the late 1960s and 1970s, in the context of recession and the breakdown of co-operative action amongst the capitalist powers and the major transnational actors, provoked the need for a new or modified international structure. Consequently, the search for a new hegemonic consensus on the nature of international arrangements became an imperative. Cox called these circumstances as “the disintegration of the neoliberal historic bloc.” In his point of view, the economic crisis of 70s’ was a manifestation of an organic crisis in a Gramscian sense (see Cox: 1987: 279-285).

The social contract that had been unwritten constitution of the neoliberal state’s historic bloc was broken in all the advanced capitalist countries in the years following 1974-75. These years were a threshold in the class struggle. Governments allied with capital to bring about conditions that business people would consider favorable to a revival of investment, and they pushed labor into a defensive posture. (...) A new structure of production relations emerged that tended to polarize the working class into a relatively secure and protected minority, encompassed as a rule by enterprise corporatist relations, and a fragmented and relatively unprotected majority of non-established workers (Cox, 1987: 281).

On the other hand, he remarked that it would be too early to suggest the outlines of the new historical bloc likely to achieve certain durability as the foundation for a new form of state. Stephen Gill went a step further and defined the concept of “historic bloc at the international level”, established in post-World War II period. In a Gramscian way of thinking this refers to a political constellation of objective and subjective forces (Gill and Law, 1989; Gill, 1990). What distinguishes such a bloc from a “transnational class alliance” is its multi-class feature. That is to say, the elements of more than one class are involved, under the leadership of a forward-looking and internationally oriented class fraction.

Because of its trans-class nature, such a bloc is more organic and rooted in the social structure. It is also embedded in the modes of thought (ways of seeing and understanding the social world) of key individual in government, and of groups and institutions in various civil societies in strong as well as powerful nations (for example, the media and trade unions) (Gill, 1990: 48-9).

As it is well known, in post-War period there has been a rapid internationalization of production and significant integration of capital and exchange market in global scale. In this manner, Gill argued that both national governments, organized and non-organised labour are increasingly constrained by transnational capital and the hegemonic thoughts rationalize its rising hegemony. In this process, he recognized the emerging transnational capitalist class fraction that occupies the center of a new transnational historical bloc. Therefore, the period of 1970s can be seen in Gill’s works as “a transition from *international historical bloc* of social forces towards a *transnational historical bloc*.” The latter functions to forge links and synthesis of interests and identities not only beyond national boundaries

and classes but also creating the conditions for the hegemony of transnational capital (Bieler and Morton, 2004: 96)<sup>2</sup>.

In this paper, we also share some scholar's views that conceive globalization as an "epochal shift" in the history of capitalism (see Robinson 2000, 2001a, 2001b, 2004, 2005a, 2005b). According to that view, what makes the globalization such an epochal shift that is the fact that globalization of the production processes and relations. While this fact, that is to say, globalization of production (results in the change in the structure) is once accepted, then it becomes inevitable to accept, following both Marx and Gramsci, the necessity of a series of super-structural transformations, in return. That means the political, ideological and cultural processes/institutions (i.e. states) must be transformed, or restructured. Today there is a strong tendency among the scholars from different disciplines to study on such transformations, which are taking place in state/society complexes. On the other hand, the point is to underline that this transformation happens in order to overcome the incongruity, reflects an organic crisis in a Gramscian sense, between the levels of capitalist historical bloc. To make it clear, the fundamental aspects of the current transformations in state, a part of superstructural sphere, are deeply interrelated to the distinct developments (transnationalization) occurred within the structure. Hence, transnationalization of production on one hand, and transnationalization of the state on the other, must be conceived as the processes that dialectically determine each other.

### ***Transnationalization of the State***

[T]he borderlessness increasingly penetrates the traditional 'administrative and power' boundaries, flattens hierarchies of communication and networking, democratizes information and empowers people for greater participation and inclusion in a society.

(Ramachandran and Sean Ang, 2001: 7).

The state, in Cox's "state-society complex" conceptualization, is seen as "*expressions of particular configuration of social forces rather than 'actors' in their own right*" (quoted in Overbeek, 2004b: 126). This "surrealist" (as opposed to realist understanding of the state as a unified and homogenous actor of international relations) definition of the state allows us to underline the role of the agency in a social change processes and the interaction between different societal structures and actors. 'The transnationalization of the state' is a variation of Cox's conceptualization of the 'internationalizing of state' (1987). Cox first defined the concept as "adjusting national policies and practices to the exigencies of the global economy with particular state apparatus buttressing the changes in the sphere of production and finance" (quoted in Shields, 2004a: 11). After he reformulated this definition and added *institution building* and *institutional modification* aspects (Overbeek, 2000). Gill adopted Cox's definition yet preferred to say 'transnationalization' instead of 'internationalizing' (1990; 48).<sup>3</sup> He developed his 'new constitutionalism' thesis on this concept (1997, 1998). However, their definition, too,

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<sup>2</sup> Contrary to Gramsci, Gill argued that the transnational historical bloc has a position of supremacy but not hegemony. As Bieler and Morton (2004: 97) put it "this politics of supremacy is organized through two key processes: the new constitutionalism of disciplinary neoliberalism and the concomitant spread of market civilization" (see also Gill, 1993; 1998 and 2000).

<sup>3</sup> Later, Andrew Baker used the concept (1999) to analyze the restructuring of the British state. In his article, Baker focused on the penetration of the Bank of England and HM Treasury by private transnational economic interest in order to test Cox's concept empirically. The way Holman (1996, 2001, and 2004a) and Shields (2003 and 2006) applied the concept on peripheral European states is an adequate way with an emphases on the radical institutional change enforced by the different socio-economic and historical setting observed in those countries.

is more or less the same with Cox's. Although Cox's definition can be implemented on the capitalist core and peripheral state/society complexes for an early period of the capitalist restructuring, as Panitch argued (1997: 90-91), its 'outside-in' approach creates a theoretical problem. This problem occurs when we want to understand the role of transnationalizing social forces of a peripheral state society complex in its own restructuring.

The concept "transnationalization", in this sense, refers to the global process through which the political, economic and ideological forms of the relations among the societal actors increasingly transcend the nation-state borders. Economic globalization has brought about a transnational dimension to the restructuring of states and hence to the inter-state system. Although, transnational relations are embedded in the development of the modern capitalist state system, the so-called globalization process intensified the transnationalization of social relations of production (see Gill 1990; Van Apeldoorn, 2004). It is critical to see here that, in contrast to what Ramachandran and Sean Ang suggest above, the engendering global structure increases the asymmetries between some fractions of capital and its counterparts. The revolution in communication and transportation technologies and the unification of the financial markets and internationalization of production rapidly increases the structural power of *TCCs*' vis-à-vis nationally bounded social forces (Gill and Law, 1993). The theories of the *TCC* formation, and *TCC* struggle for hegemony were mentioned in the previous chapter. For the sake of the argument, what is crucial in those varying theories is the key role given to the transnational actors and their networks (*TCC* and the transnational historic bloc) in the restructuring of the individual states/society complexes.

Parallel to Gill's work, Van der Pijl developed a sophisticated tool in order to analyze the role of hegemonic non-hegemonic state forms in the world historical change (Van der Pijl, 1998: chapter 3 and 2006: 1-12). His ideal typical 'heartland/contender' structure provides us with a useful perspective to understand the transnational aspects embedded in *international* relations and in the *internationalization* process. In Van der Pijl's theorization, "the state/society complex sanctioned by the Glorious Revolution" in England in 1688, is "termed *Lockean* after the author of the *Two Treatises of Government*" and "the typical state/society complex of the countries resisting peripheralisation" is termed *Hobbesian* "after the author of *Leviathan*" (1998: 65). Both these states have never existed as pure state forms (Van der Pijl, 1998: 65); as analytical tools, they help us to grasp the transnational expansion of the bourgeois culture and politics. Lockean spirit of the heartland underlined with the principles such as "resistance to state encroachment, self-regulation under the law, and bourgeois control of parliamentary institutions, private property and free enterprise" (Van de Pijl, 2006: 10). Characteristics of the contender state model, on the other hand, were outlined as follows; "concentric development driven from above, a 'revolutionary' ideology mobilizing the social base, and a foreign policy backing up the claim of sovereign equality with a powerful military" (Van de Pijl, 2006: 12). In this sense, the English-speaking world originally constitutes the unified core of Lockean Heartland, and the Hobbesian Contender states challenge its expansion through the 'state-class' that holds on the state apparatus. The state-class is defined as the fusion of the under developed bourgeoisie and the state bureaucrats into one single class, whose drive is simply catching up with the transnational classes

of the Lockean Heartland (Van der Pijl, 1998: 78). Van der Pijl terms the incorporation of the state-class into the Lockean Heartland as ‘hegemonic integration’ (1998: 117).

Adopting this analytical tool, we argue that with its ‘secondary contender’ character Turkey has the ability to slowdown the reform process. The “state class”, in this form, has still strong institutional power vis-à-vis weak civil society on which the TCC hegemony needs to rest. Therefore, a radical institutional restructuring becomes prerequisite in order to further the ‘hegemonic integration’ of the state-class into the Lockean Heartland. In this sense, the traditional ‘strong state’ form (contender state/society complex) plays a historical role in the struggle between the social forces across the globe. The administrative institutions, which are becoming the castles of the resistance against neoliberalism, need to be transnationalized in order to transfer more social, economic, and political power from weaker classes to the TCC. Although Van der Pijl establishes that the Lockean Heartland was transitionally unified since the 17<sup>th</sup> century (1998: 67), it can be suggested that a re-transnationalization process in the Heartland after the Keynesianism was experienced in form of policy adjustments during the 70s and 80s. However, a radical restructuring of the formal state apparatuses was still necessary in the contender states/societies. Thus, while it is possible to speak of ‘transnationalization of the state’ in the Lockean Heartland from the 70s onward in terms of ‘policy adjustment’; the term can be applied to peripheral states like Turkey that have a contender posture for later decades and by adding an ‘institution building’ dimension. To do so, we need to identify the transnational linkages -not only actors and networks but also nascent institutions- that empirically connect different levels of power structures. Then it becomes plausible to suggest that the capitalist restructuring at the national and sub-national levels was/is designed and implemented by a transnational historic bloc in order to realize dominant TCC interest; the restructuring process was simultaneous beyond and within the national state and integral to the political struggle between the TCC fractions and their national counterparts.

By using this perspective, we can identify those ascendant transnational social forces that actually mediate the process by acting within an, what Van der Pijl calls, expanding ‘internal extraterritoriality’ (2006: 15) and Van Apeldoorn calls ‘transnational social space’ (Van Apeldoorn, 2004: 157-158). This elaborated concept of ‘transnationalization’ includes political power relations that transcend the traditional forms of spatial organization of social life, that is, the separation of external and internal social spaces by national borders. The perspective also considers the contradictions within the TCC, and between the TCC fractions and transnationalizing groups in the periphery. Relying on this perspective and looking at the cooperation between the governance mechanisms, which work simultaneously at different levels, we can provide a better understanding of the transnationalization of the Turkish [secondary contender] state-society complex. In terms of explaining the process, the actors involved in the process, and the social purpose of those actors; the ‘TCC’, the ‘transnational historic bloc’ and the ‘neoliberal hegemony’ are useful concepts. Yet, to describe how the project was implemented, it is necessary to extend our conceptual toolbox with the concept of ‘transnational governance’.

### ***Transnational Governance***

During the 1990s, 'governance' rapidly became a buzzword in various fields of social science practice. The wide spread usage of the concept in the mainstream literature to identify the new modes and types of steering, administration, management, government etc. gave the concept a somewhat neutral meaning. In this sense, it is commonly seen as an inevitable consequence of contemporary developments and a neutral reformulation of traditional ways of 'governing' (Senalp, 2003: 55). Sharing this premises the mainstream academic literature often used the term 'transnational governance' to refer those new types of "governance arrangements beyond the nation-state in which private actors are systematically involved" (Risse, 2004; 3). As an comprehensive concept, 'global governance' is used to refer to the "international regimes and international (inter-state) organizations, on the one hand, and to transnational arrangements, on the other, which involve non-state actors directly in rule-setting, implementation, and service provision" (Risse, 2004: 6). This definition suggests that, "We should only speak of transnational governance if and when non-state actors have a say in the decision-making bodies of global governance" (Risse, 2004: 4). Although Risse rightly locates the 'transnational' within the 'global', there is some conceptual confusion in his categorization that needs to be addressed. First, the separation of state and society (governments and nongovernmental actors) from each other, not only for analytical reasons but also empirically, makes it difficult to grasp the difference between the concepts of 'transnational' and 'governance'. Although, the letter underpins the involvement of non-state actors (Gaudin, 1998; Rhodes, 1996) to governing activities, mainstream definition distinguishes 'global' and 'transnational' forms of governance by merely looking at the character of the 'actors' who involve in those governing activities at the global level. As we know, there were international and inter-state regimes and organizations, and even transnational arrangements before the wide spread usage of the term 'global governance' (Murphy, 2000). Moreover, 'transnational arrangements' are not realized at the global level merely.

The critical perspectives agree on the hegemonic nature of the governance phenomenon (Cox, 1993b; Gill, 1998; Rupert, 2002; Overbeek, 2004a; and Pattberg, 2005). Different from the mainstream approaches (like the multi-level governance approach) and official definitions of the concept<sup>4</sup>, the critical interpretation of governance emphasizes the unequal power of societal actors who are the actual mediators and receivers of those new types of regulatory and administrative arrangements -which the term connotes. Because the term became wide spread and is used to indicate many apparently unrelated principles/processes in many different fields, it is difficult to develop one conceptualization that can comprehend its various meanings (Van Kersbergen and Waarden, 2004: 143). However, the critical understanding of the term makes it possible to identify what is common to those different arrangements that are related to 'ruling' practices: new types of governance mechanisms bring market like principles and norms into the policymaking and administrative, and other non-market processes (on this issue see also Djelic and Sahlin-Andersson, 2006).

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<sup>4</sup> The definition given by the European Commission's can be seen as an example for the official use of 'governance'; [http://ec.europa.eu/governance/index\\_en.htm](http://ec.europa.eu/governance/index_en.htm) (accessed on 01.07.2007)

On the other hand, according to the transnational historical materialist critique of the ‘actor-centric’ theorization of transnational governance (like Risse’s), what is novel in the process is the significant intensification of transnational relations and concomitant increasing structural power of transnational social forces (Van Apeldoorn, 2004: 159). According to this perspective, actor-centrism tends to neglect the *power asymmetries* between those ‘non-state actors’ and *domestic* and *non-domestic* actors that are suggested to be central to the transnational governance mechanisms. Because it does not count social structures as constraints on behavior of those actors, it becomes difficult to establish discursive and structural power of stronger social groups on agenda setting and in transnational policymaking. In reality, as Holman puts it, governance “is ... about control and authority but -unlike ‘government’ in democratic polities- not necessarily about legitimacy and democratic accountability” (2004: 716). Overbeek adds to this that the global governance supports the further consolidation of the worldwide rule of capital (2004a: 15).

Guler (2003a, 2003b and 2005), Senalp (2003), and Bayramoglu (2005), similarly, see the governance -in terms of public governance- as a strategy developed for restructuring and rescaling the traditional state apparatus in order to replace the interest of global capital with the interest of domestic/national social forces at the national level. These works provide systematic and strong data showing that the governance was designed as a model through which the political power is centralized and concentrated at the global level, while it is decentralized and dissolved at the (sub)national level. The term *global governance*, in this sense, refers to the institutionalization of a *power accumulation strategy* across the world. Both perspectives underline the class character of the governance, in a similar way, and define it as a *project* and a *process* at the same time. However, while the latter perspective does not identify those ‘global’ capitalist classes or deploys the existing theorization in the literature so far, the former one does. These two perspectives in a way complete each other and hence constitute a base for the definition of ‘governance’ on which this research relies. Consequently, in the thesis, the totality of the new forms of ruling and governing practices is seen as a “novel form of bourgeois domination” (Holman, 2004: 716). The ‘governance’ -alone- refers to the new forms of control and authority or new types of social and political power relations emerged in the West and are transferred to the periphery under the rubric of ‘good governance’. Neoliberal good governance, in this sense, “premised on a crystallization of sovereign capital on a global scale” (Van der Pijl 2006: 20). The spatially determined sub-national (local, micro-regional), national and supranational (macro-regional) levels are taken as different levels in which this novel form of bourgeois domination has been organized. Global governance, then, is seen as a worldwide ruling mechanism that is also the highest analytical level including the other levels of governance together with the transnational ties connecting them.<sup>5</sup> The term ‘transnational governance’, in the thesis, thus, is used to refer to those governance arrangements mediated by the transnational linkages which are formed by transnational actors and networks connecting the inside and outside of different state/societies in a transnational social and political space. It is through those actors and processes, those arrangements penetrate the national

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<sup>5</sup> Although we do not primarily focus on the possibility or formation of ‘global governance’ in our analysis, for clarity, we understand the term with reference to the totality of the spatial and temporal dimensions of governance, which comprehends various geographical scales, mediating actors/networks, institutions, cultures, and so on.

institutions/decision-making from inside and outside, and bridge them not only to each other but also to the other levels of governance.

Civil society is given a crucial role in this novel form of bourgeois domination. In the institutional setting of the transnational governance mechanisms, NGOs and business are seen as the most influential civil society participants. This approach seems more democratic, participatory and inclusive. However, because *capital* is defined as the most dynamic and progressive element of civil society and given a leading role (Guler, 2005: 159), in practice those mechanisms brought direct *participation* of capitalist class to the policy processes. The NGO (and TNGO) *participation* not only legitimizes the model, but it also plays a crucial role in embedding the capitalist interest into the national/subnational state/society structure. On the other hand, in the new institutional setting worker representation was foreseen to be decreased to a lower level than as it was in the traditional corporatist structures of prior periods. As Hirsch reminds: “Very often it is overlooked that the changes in the relationship between state and society which are associated with the development of structures of ‘governance’ signifies a fundamental transformation of relationships between the classes at both national and international levels” (Hirsch, 2003: 243).

To establish the novelty of this ruling model of the bourgeoisie, from a transnational historical materialist perspective, we need to stress the relation between the formation of the new authoritative mechanisms and the process of TCC formation. Then it becomes possible to develop the concept of ‘transnationalization of the state through transnational governance mechanisms’. The aim here is to understand the rising governance mechanisms as components of a neoliberal ruling model that redistributes political power in a way that favors the TCCs. Transnational governance should not be seen as an end goal in its own sake or an existing structure that appeared to solve transnational social problems. Instead, it must be seen as a cross border combination of mechanisms/relations/institutions that is build and utilized by a transnational historic bloc -under the moral and intellectual leadership of the dominant TCC fraction- to build a neoliberal hegemony in the targeted state/society complexes and thus across the globe. The promotion of a ‘governance’ model in the 90s, in this sense, is similar to the promotion of the ideas developed by John Locke in, *Two Treaties of Government*, in the initial expansion of the Lockean Heartland (Van der Pijl, 1998: 68). It provides the institutional forms that the transnational capital requires in the neoliberal era. Lockean ideas and institutional forms were spread to the English speaking Commonwealth before; this time the target is Hobbesian contender state forms. The conceptualization of ‘transnationalization of the state through transnational governance mechanisms’, in this framework, gives a clear vision of the interactions/relations (simultaneous struggle) between different level power structures in restructuring of the contender state/society complexes in the periphery.

### **III. AN EMPIRICAL STUDY: TRANSNATIONALIZATION OF THE TURKISH SECONDARY CONTENDER STATE/SOCIETY COMPLEX**

The main argument in this section is based on the assumption that the modern Turkish state was founded with a catch-up drive with the capitalist Lockean Heartland, which in return gave it a

'secondary contender character' (for the concept see Van der Pijl, 2006: 15). This means that the Turkish state/society structure provides a strong resistance (bargaining) capacity to the national social forces against the expansion of the Heartland. Although this resistance capacity influences the expansion strategy of social forces originated in the Heartland, it is not enough to challenge them politically. The founding cadre of the Turkish Republic were military and civil bureaucrats most of whom stemmed from the 'Ittihat ve Terakki' (Order and Progress) party.<sup>6</sup> The cadre who received a modern military and civil education, some of them in European countries, won the independence war against the Western imperial powers under the strong leadership of Mustafa Kemal Atatürk. At the end of four years (1919-1923) of resistance, the 'Kemalist' cadre and the Turkish army -which was built on the network of local resistance groups- has achieved the national independence.<sup>7</sup> Imperial rivalries among the western countries and the Revolution in Russia determined the preconditions and the limits of the independence of the modern Turkish Republic.<sup>8</sup> After the war, the leader cadre led a *democratic revolution* process from above in a *Jacobin* fashion. A concentric development of an 'independent market economy' was determined as the national economy policy under the leadership of the state. It was aimed to create a national bourgeoisie or develop its existing elements through state action. Some authors argued that the "strong state" tradition in Turkey impeded the development of national capital in Turkey (Keyder, 1987: 32), yet others like Boratav, in contrast, claimed that from the beginning the interest of the Turkish capital was strongly tied to the state (Boratav, 2005: 15). Boratav's perspective confirms the existence of 'state class' in Turkey. The development of the Turkish bourgeoisie, in this sense, was the state policy from the early days of the modern republic (see also Yalman, 2002: 14). The civil-military bureaucrats became bourgeois in time and formed the nucleus of the 'state class'. In accordance with Van der Pijl's definition (2006: 12); concentric economic development driven from above, the revolutionary ideology that mobilized the social base, a foreign policy backed up the claim of equal sovereignty with a powerful military, and the existence of the state class underlined the contender character of the Turkish state/society complex.

In later periods, the state class has developed, fragmented and constituted a hierarchical structure in itself within a system of national economy (Gulalp, 1993: 29-35). After the Second World War, the dominant segments of the Turkish capital started to intensify their ties with their international counterparts (Kivilcimli, 1996: 20-32). Apparently, in its relations, Turkish capital was depended on foreign capital. Nevertheless, it was still possible to talk about relative freedom; although Turkish bourgeoisie could not oppose the general interests of the dominant international capital, it had the chance at least to bargain the conditions of those relations (Savran, 1993: chapter 3). The Import Substitution Model has provided a rapid grow opportunity to the national bourgeoisie during the 1960s and the 70s. Within this period, a market economy was developed and established. This, in turn, triggered the emergence of new bourgeoisie and concomitant fragmentation within the state class.

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<sup>6</sup> Ittihat ve Terakki was the political organization of the Young Turk movement. It was also the last government of the constitutional monarchy of Ottoman Empire. The name of the organization came from the work of Aguste Comte; it underlies the *positivist* approach adopted by the Young Turks.

<sup>7</sup> The revolutionary ideology that was shaped during the war called Kemalism. Although Kemalist leaders stemmed from the Ittihat ve Terakki movement, they moved away from it in time. The Kemalist theses were based on the national independence, while the 'Ittihat ve Terakki' cadre believed in the survival of Ottoman Empire (Ottomanism).

<sup>8</sup> For the close relations between Kemalist Cadre and the revolutionary Bolsheviks see Kazanciyan (2004).

Expanding modern capitalist production relations and accumulation circuits brought about the incorporation of the *ancient* social strata into the ascendant challenger classes (Savran, 1992: 90). The first challenge of these classes came right after the Second World War and Truman Doctrine. In 1946, the Democrat Party (DP) was founded and it represented the interest of those challenger classes. The DP came to power in 1950. It maintained good relations with the US; supported the US foreign policy and pioneered the NATO membership. In 1961, the military forces took over the state administration and executed the Prime Minister and two ministers of the DP government. The junta, ironically, started a democratization process (Yalman, 2002: 15) that actually meant the adaptation of the contender character of the state to the new conditions by making new concessions. Although it has transformed radically during the 20<sup>th</sup> century, by interacting with the structural changes in the world system of capitalism, the secondary contender character of Turkish state/society complex lasted until today. Hence, the ‘hegemonic integration’ of the Turkish state-class with the Lockean Heartland is not completed. However, a systemic change at the global level has brought about new dimensions to the *integration* process since the 1980s. The thesis argues that the offensive of the transnational ‘Lockean’ social forces towards the ‘contender’ *state class* underpinned the state restructuring between 1999 and 2005 in Turkey.

The following section suggests that the concept ‘*transnationalization* of the state’ is useful to describe what happened to the state/society complex in this period, in continuity with the prior period. In this perspective, ‘internationalization’ and ‘transnationalization’ are seen as two distinct phases of the hegemonic integration. The concept, as it was defined by Cox, Gill and van der Pijl, is adequate to understand the pre-1999 period. Van der Pijl’s perspective of the role of ‘state forms’ in the social/structural change, helps us to understand the developments in a wider historical spectrum. Thinking his emphasis on the capital fractions together with Gill’s projection on ‘new constitutionalism’ provides us with the necessary tools to uncover the role of the governance phenomenon in the entire process and to understand the contradictory position of the ‘state’ in its own undermining. Based on this perspective, we focus on the transnational governance reforms and the main lines of the complex struggles -between social actors at the sub-national, national, international levels and in the transnational social space that cuts across and interlinks these levels- over the control of the state apparatus.

### **Transnationalization of the State through Governance Mechanisms: 1999-2005**

The year 1999 was a turning point in the Turkish state restructuring process. Comparing the last two decades the process has not only accelerated but also expanded its vision. The postponed privatizations re-launched in a more enthusiastic fashion. The Central Bank was restructured as an autonomous organ that can act independent from the legitimate political sphere/actors. The coalition government (DSP-MHP-ANAP), which came to power in June 1999, started with the Regulatory Reforms and prepared the legal and constitutional base for the Public Administration Reforms. These two policy packages included a sheer number of new laws, rules and constitutional amendments that

were radically changing the architecture and functioning of the traditional state apparatus.<sup>9</sup> The Regulatory Reform Package has established the independent regulators boards (IRBs) in order to regulate the key markets as banking, telecommunication, energy, sugar, and tobacco, etc. and aimed at ‘depoliticization’ of the economy ‘policy’ (Bayramoglu, 2005: chapter 2). The Public Administration Reforms foreseen a major change in the traditional bureaucratic structure of the central state, and also aimed to establish national, micro regional and local governance mechanisms like City Councils, Regional Development Agencies and Private Provincial Authorities (Guler, 2005: 161-203). Many of the legal changes were approved by the parliament in combination with the EU harmonization packages.<sup>10</sup> Although the requirements of EU membership have prominently underlined the legitimizing efforts of those reform proposals, both policy packages were manifestation of, in rhetoric, the ‘good governance’ principles (BSB Report, 2006: 3).

The state restructuring through *governance mechanisms* in Turkey can be better understood in continuation with the prior period. Hence, this study suggests that, by formulating the Regulatory and Public Administration Reforms, the ruling classes aimed at widening, deepening and intensifying the internationalization/state restructuring process. This new phase thus can be seen as ‘the transnationalization of the Turkish state/society’. Although in the prior period the state apparatus was targeted by transnational social forces, in this new phase, the TCC interest was aimed to be an *integral part* of the national state/society structure. To understand this we need to establish governance as a transnational capitalist project that was designed and implemented by the transnational social forces. That is, as the Turkish state/society approached to the Lockean Heartland, the transnational capital did not only penetrated the national social space by investing in Turkey -as an actor acting from outside towards inside- but it aimed at becoming a ‘local’ actor, which organized and promoted its interest against the other local actors. This, in return, triggered the resistance of the nationally bounded social forces. The prospected governance mechanisms, mainly aimed at undermining the state apparatus that blocked the hegemonic integration of the *state class* into the Lockean Heartland.

### ***The Governance Project and the Dominant Transnational Capitalist Class Fraction***

The governance project has risen as an alternative power model to solve the intensifying contradictions of capitalist restructuring and neoliberal globalization during the 90s, and introduced a radical constitutional and institutional changes at global, regional, national and subnational levels (Gill, 1995; Guler, 2005; Bayramoglu, 2005; Reyhan and Senalp 2005). The crystallization of governance as an ‘institution building’ project was interpreted, from a transnational historical materialist perspective, as embedding of the neoliberal norms into the institutional setting of the existing state/society structures. The project did not offer a ready-cut and homogenous solution package, which could fit in every situation. The term ‘embedded neoliberalism’, as it was coined by Van Apeldoorn, underpins a historical moment in the enduring hegemonic struggle among the dominant capital (TCC) fractions (Van Apeldoorn, 2001). Following Gill, we argue that the governance project was a product of a transnational historic bloc, which was formed under the moral and intellectual

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<sup>9</sup> See the BSB Report (2006) for the comprehensive list of the key legal texts that are included in these two policy packages.

<sup>10</sup> For the list of those policy-packages, see: <http://www.belgenet.org>.

leadership of the dominant TCC fraction at the global and regional levels, and its ascendant segments in the periphery. The project aimed at breaking down the contender state/society structures by embedding neoliberalism, hence at overcoming the resistance, through concrete *governance mechanisms*.

The governance model in general was formulized for the first time in a WB Development Report that was prepared on the African transformation (1989). During the 90s, 'good governance' became the key criterion for the World Bank and IMF credits; and like this the model spread over the developing world (Senalp, 2003: 55). At this level the structural adjustment, liberalization and deregulatory regimes became integral parts of the rising *governance project* as a total and hegemonic model. Towards the end of the 90s, following the consensus reached among dominant transnational capitalist fractions, the WB offered the 'governance matrix' in which the project crystallized with a clear vision of the single 'global governance' structure 'without' national governments. The 'Third Way' discourse prepared the ideological climate for the crystallization of the project and concomitant institution building, in order to embed neoliberalism into the peripheral contender state/society structures (see Cecen, 1999). The supranational implementation of the project was the institutional re-design of the EU as a multi-level polity. Some claimed that the ruling model that is based on the governance mentality required an American type of political structure (Guler; 2005: 17). Hooghe and Marks confirm that the model has long been debated (developed) in the US (Hooghe and Marks, 2003: 233). Others added to this that the OECD played an important role in importing this US originated model to Europe (Van Kersbergen and Van Waarden, 2004: 145).

The politico-strategic restoration of so-called intergovernmental/international organizations after the global financial crises of 1997 and 1998 was also reflecting the new consensus. In 1999, the IMF, WTO and WB agreed to work in a tighter coordination (Woods and Narlikar, 2001: 563). The EU accepted a 'White Paper on Governance' to define its contribution to the global governance and a key policy document besides the 'Lisbon Strategy' (European Commission, 2001). The UN launched Global Compact and Millennium Development Goals, parallel to other organizations. All these major global policy programs have underpinned by a governance discourse. It can be suggested that governance constituted a key argument in the raising strategy of those managers that occupied the highest positions in the Western governments and the international organizations that was dominated by those Western governments and transnational social forces.

The new consensus has influenced the political struggle between and within political actors at the lower levels. The major supranational institutions changed their approaches towards Turkey and this made a major impact on the national and local social forces. While the EU rejected Turkey's long waited candidacy at the Luxemburg Summit in December 1997, following the formation of the new consensus among the TCC fractions, only two years later (in December 1999), Turkey was officially declared as a member candidate. Simultaneously, the WB, for the first time since 1994, started to finance Turkish structural adjustment program, in 1999. A new and very comprehensive stand-by agreement between the IMF and Turkey was signed in 1999. In 2001, Turkey and the OECD started a 'volunteer country program' through which the OECD could supervise and support the Turkish

Regulatory Reforms. The new outlook of the TCC leadership at the global level has risen after the global economic crises and its manifestation was the changing strategies of the international institutions like the IMF, the WB, the WTO, the OECD, the UN and the EU. The rapid change in the attitude of the international institutions towards Turkey was not merely a result of a 'restoration' in the neoliberal restructuring strategy. The behaviors of the actors of the Turkish politics had changed as well.

The country entered 1999 with a new government, which was willing to accept this new consensus. In August and November 1999, two major earthquakes hit the most industrialized region of the country and claimed more than 50 thousand lives. The political economy became much more vulnerable to the threat of austerity, and external financial support became more essential. The situation made the public opinion and government more sensitive to the expectations of international organizations. The governance project came into Turkish political agenda in this conjuncture. Although the concept was introduced for the first time in a UN organized Conference in Istanbul (Habitat-II 1996), its implementation came right after December 1999, under the 'urgent action plans' and 'national programs' of new governments. In the eve of the new millennium, the WB, the EU, OECD and TUSIAD presented their *common project* in an assertive way in a collectively organized conference 'Towards the EU, Towards the Good Governance' (Guler, 2005: 34). In a close collaboration, after this date Turkish state/society has been witnessed a massive institution building process through Regulatory and Public Administration Reforms.

To display the patterns of the partnership between the key actors in the design and implementation of the project, the Gramscian concept 'historic bloc' with a *transnational* dimension is a helpful tool. Through this concept, we can explain the formation of the alliance between the 'transnationalist' segments of those supranational entities and the social forces at the national level. The key actors of the transnational historic bloc and their roles in design, adaptation and implementation of the governance mechanisms were established below. It is also demonstrated how those played a role at the national and supranational levels and in a transnational social space overlapping both contexts.

### ***Design of the Governance Mechanisms at the Supra-National Level***

*US (as the 'model' supranational Global Power) and the European Union (as the regional adaptation of the model)*

The US, as the global super power and the core of the Lockean Heartland, was built on a complex federal administrative structure that inspired the governance model. It was intended to adapt this US originated model to the peripheral and transitional economies in the late 80s (WB Development Report, 1989). The model was further developed in the 90s. It can be suggested that the governance model was also thought of for pacification of the surviving contender forces in the European Community, especially after the global crises of capitalism and collapse of Socialist Russia (see Gill, 1998). Yet, the full-fledged implementation of the project came after the global crisis of neoliberalism in the 90s. The OECD, after 1997, has played a central role in exporting the governance mechanisms

that suit the supranational European state system (Van Kersbergen and Van Waarden, 2004: 145). After it was re-launched on neoliberal principles in 1991 (see Holman, 1996), the EU has imposed the governance project upon the Eastern European countries. It also constituted a model for the other regional blocs. Influence of the EU on the Turkish national context, in this sense, cannot be understood without its Atlantic orientation. This implies that the US has an accumulated influence on the state restructuring process in Turkey and other regions.

By using its privileged position in the international organizations, the US government strongly determined the structural change in Turkey between 1999 and 2005. With regard to the governance reforms, the direct influence of the US can be observed in the demands of US Treasury. In order to continue financial aids, and the IMF and WB credits, the US Senate was the key institution -besides the US based transnational credit ranking firms owned by the transnational capital. The credit agreement between the US treasury and the Turkish government, which was signed in the IMF-WB meeting in Dubai in 2003, is a good example to understand the direct US influence. The conditions of the 8.5 billion US dollar aid agreement were identical to the EU and other supranational actors, with its demands regarding the institutional reforms in Turkey (Hurriyet, 23.09.2003 and Evrensel, 31.08.2004). The more the contender posture of Turkey undermined, the more US Treasury supported Turkey's candidacy to the EU membership. In this sense, the US has influenced Turkish politics sometimes directly and sometimes by using the EU card.

The regional governance of the EU influenced the Turkish political structure, after 1999, with its 'rule and norm transfer' model. This process is often called 'Europeanization' in the literature. The Copenhagen Criteria and European Monetary Union (EMU) were two major instruments that the EU utilized in Europeanizing the candidate's governance structures (see Schimmelfennig et. al., 2003). However, the Europeanization process between 1999 and 2005 was identical to the transformation that was foreseen by the US Governments and the international financial organizations (Guler, 2003a: 104). The EU conditionality, hence, was legitimizing the neoliberal state restructuring in the public eye. The principal of *subsidiarity* was central to 'polity transfer' and decentralization of the central state mechanism (Guler, 2003b: 109); decentralization would potentially discard the contender forces and open the way for transnationalization of the Turkish public governance. The main instruments the EU used to motivate the new members in the CEE were the European Social Funds and the EU Conditionality (see Vliegthart, 2007). These two instruments have served to keep the change in Turkey within the neoliberal path. The Pre-Accession Financial Assistance for Turkey and MEDA program (supplied equipment to the Regional Development Agencies 2005) were concrete contributions of the EU to the process of building governance mechanisms. According to the key principles and instruments of the EU, two *National Programs* were prepared in 1999 and 2001. These programs were translated into public policy (as the process of adoption of the EU *aquis communautaire*) by the current governments. As a result, a radical constitutional change came into the agenda in 1999, 2001 and 2002. The amendments constituted a ground for further implementation of the governance reforms. The Regulatory and Public Administration reforms were adopted from those programs accordingly.

*The UN System: Programs/Funds (UNCTAD, UNDP, UN-Habitat), Specialized Agencies (IMF, WB)<sup>11</sup> and the Related Organizations (WTO)*

The UN System; its programs/funds like the UNDP and the UNCTAD and specialized agencies like the IMF, the WB, and related organizations like WTO were/are the key organizations in design and promotion of the ‘governance’ concept across the world. Since the beginning of the 90s, they have played an important role in legitimizing the building of the new governance institutions/mechanisms in those states towards which the neoliberal market rule expands (Woods and Narlikar, 2001: 564). By doing so, these organizations aimed at spreading the Lockean norms and ideas towards the contender state/society complexes of especially Russia, China, and African, Eastern European and Latin American countries. Since the beginning of the 90s, these organizations have developed a bulk of institutions and networks at the international level to develop the governance project and to build its mechanisms in the member states. Global Compact and Millennium Development Goals were the two major programs that were launched by the UN Secretary General to support the institutional restructuring and rescaling processes. The Global Compact Program, for instance, offered legitimate channels for TNCs through which they could access the local level public policy by bypassing the national level governments (Guler, 2005: 120). Under this program, companies like British Petroleum (BP) became influential political actors that involved in the institution building process within the nation-state borders.<sup>12</sup> The BP example shows that TNCs not only involved in the creation of a neoliberal state structure -in terms of public governance- but they also supported the common interest of the TCC by connecting local actors to the institutions of transnational financial architecture.<sup>13</sup>

Besides these major programs, the Global-National-Local “Agenda 21” project series have provided ideological and technical material and ‘best-practices’ for a better implementation of the governance project. Although it was developed throughout the 90s, full implementation of the project came in the late 1990s. The main purpose of the Agenda 21 project series was declared as the strengthening of ‘local governance’ by ensuring that “*civil society participates in decision-making and influences local investment*”.<sup>14</sup> To this end, the project “*encourages to development of City Councils and Regional Development Agencies*”.<sup>15</sup> The intellectual and informational support for governing the transnationalization of national public governance structures is provided by building many information networks under the UN system.<sup>16</sup> The transnational political space, which was created by these inter-connected institutions and networks, provided an ideological framework through which the implementation strategies of the Regulatory and Public Administration Reform packages developed as they were created in the Turkish context (Guler, 2003a and 2005). Institutions like UNDP not only

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<sup>11</sup> The specialized agencies are autonomous organizations that are working with the UN and each other through the coordinating machinery of the ECOSOC at the intergovernmental level, and through the Chief Executives Board for coordination (CEB) at the inter-secretariat level. See: <http://www.un.org/aboutun/unchart.pdf>.

<sup>12</sup> It is referred here to the BP and UNDP led regional development initiative in Azerbaijan, Turkey, and Georgia. See the official UNDP website at: <http://www.un-az.org/undp/bulnews47/oil3.php>.

<sup>13</sup> Participation of giant business groups in the restructuring process of local authoritative bodies of ‘sovereign’ states reminds us of the role that the East Indian Company played in the past in building colonial institutions.

<sup>14</sup> See: <http://www.un.org/esa/sustdev/documents/agenda21/index.htm>.

<sup>15</sup> For more information on this program see: <http://www.un.org/esa/sustdev/documents/agenda21/index.htm>.

<sup>16</sup> The UNPAN (United Nations Online Network in Public Administration and Finance), Global Forum on Reinventing Government, etc.

organized many academic conferences collectively with Turkish capital groups and their peak organizations, but also developed common projects with national level NGOs to spread those reform ideas to influence the national public opinion.<sup>17</sup>

The World Bank (WB) and the International Monetary Fund (IMF) among the other intergovernmental and supranational organizations provided the most efficient tools through which the restructuring/rescaling of the state was realized in the TCC's best interest. Although the IMF and the WB have been working together in expanding the free market norms across the globe since their creation, they have established a strong institutional collaboration that was underlined with a global governance perspective in 1998 (IMF/WB Report, 2001; 2). They provided a fundamental financial, technical and ideological support to those governments in order to deepen the economic and political liberalization. The role of the WB in the process can be interpreted as building the infrastructure for the implementation of the governance project. During the first phase of state restructuring in Turkey, the Structural Adjustment Loans (SAL) and Special Structural Adjustment Loans (SECAL) agreements, and later the Programmatic Financial & Public Sector Adjustment Loans (PFPSAL) under the Public Expenditure and Institutional Review (PEIR) program served to this end (Guler, 2005: 127).<sup>18</sup> The IMF, on the other hand, has provided a financial framework for the restructuring/rescaling processes. The Regulatory and Public Administration Reforms constituted essential parts of the last three stand-by agreements that Turkey signed with the IMF (Guler, 2005: 121; see IMF/Turkey 1999 and 2001). While the long relationship between the Fund and Turkey intensified since the 1980s<sup>19</sup>, some claimed that the 17<sup>th</sup> stand-by agreement that was signed in December 1999 as an extension of the 1998 Staff Monitoring Program institutionalized the existence of the fund in Turkish political economy (BSB Report 2006: 11). A new policy arrangement set for the following three years with this agreement. The basic concern of the new agreement was constituting a disinflationary path and a growth trend at the same time (IMF/Turkey 1999). The implementation of these policies caused a severe economic crisis within a year. Ironically, at the end of the crises, the national economy management became more dependent on the IMF/WB programs. In 2002 the agreement was extended until 2005 (IMF/Turkey, 2002). As it is stated by the leading Turkish business organization (TUSIAD), the main precondition of these agreements provided a catalyst for the reform process (Beris and Gurkan, 2001: 7).

At the end of the Uruguay Round, the GATT was transformed into the World Trade Organization (WTO). The WTO was created as the only international organization with a legal enforcement power over its members. Within a short time, it became a universal body that included almost every state in the interstate system. It joined the close collaboration established between the IMF and the WB soon after it was established (IBRD, 1998). It fundamentally aimed to ensure that its members were

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<sup>17</sup> The UNDP's core services that support national processes of democratic transitions focus on: (1) Policy advice and technical support; (2) strengthening capacity of institutions and individuals; (3) advocacy, communications, and public information; (4) promoting and brokering dialogue; and (5) knowledge networking and sharing of good practices. See the official UNDP website: <http://www.undp.org/governance/index.html>.

<sup>18</sup> See the related section of the Bank's website at: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPUBLICSECTORANDGOVERNANCE/0,,menuPK:286310~pagePK:149018~piPK:149093~theSitePK:286305,00.html>

<sup>19</sup> See: [http://www.imf.org/external/np/fin/tad/extrans1.aspx?memberKey1=980&endDate=2007%2D08%2D15&finposition\\_flag=YES](http://www.imf.org/external/np/fin/tad/extrans1.aspx?memberKey1=980&endDate=2007%2D08%2D15&finposition_flag=YES)

provided with the conditions for a freer world trade, and free flow of capital. Besides this, the WTO can legally impose necessary behaviors on to states i.e. with regard to the organization of their public services or to the order of their redistributive instruments (Yilmaz, 2001: 34). Major agreements under the world trade system (like GATT, GATS, TRIMS, and TRIPS) extended commodification and privatization (Bayramoglu, 2005: 54), in accordance with the common TCC interest. It may seem that the WTO does not directly involve in the institution building, as it is the case for the IMF and WB. Yet, the WTO provides a global legal framework that enforces the essential conditions for expansion of capitalist relations. This enforcement power restricts and determines the traditional functions of the governments. For instance, under the GATS agreement, *the Plurilateral Agreement* enforces an international rule on governments when they regulate their national procurement procedure.<sup>20</sup> This means a radical loss of power for contender social forces. By disabling governments to pursue national, for instance, distribution policies that could favor national social forces, the WTO's legal framework completes the efforts of the IMF and WB in the state restructuring process. As Turkey became a member of the WTO in 1995, the trade liberalization proceeded. However, after the IMF-WB-WTO triangle was formed the pressures became much stronger on the Turkish state restructuring process (Yilmaz, 2000). As the other WTO member states, Turkey was counted as a direct signatory of the GATS agreement -as well as the other agreements under the WTO system. This obliged governments to marketize and privatize public services. The state was expected to treat the national and international firms equally (Guler, 2005: 132) when it deregulates this sector. In this way, it can be suggested, the WTO prepares the material and legal conditions at the national and local levels for the establishment of transnational capital interest.

#### *Organization for Economic Cooperation and Development (OECD)*

The OECD, in close collaboration with the other international organizations mentioned so far participated in the design and development of governance mechanisms through which the private actors articulate their interests against the contender segments of the state/society complex. As mentioned before, some authors claimed that the OECD played a key role in exporting the governance mechanisms to the advanced economies (Van Kersbergen and Van Waarden, 2004). Since the mid 90s, the OECD added Russia, China, Arabic, African and East European states in its 'reform portfolio' (Bayramoglu, 2005: 65-71). Especially, after the 1997 mandate by member country ministers, the OECD has established a specialized department (PUMA) in order to support and encourage governments in the member and non-member economies to make the Regulatory Reforms and Public Administration reforms. Member countries have joined the OECD program, opened their state bodies and mechanisms to OECD experts (according to this mandate), and received a 'consultancy' service from the organization with respect to their reform processes. The OECD's views are officially not obligatory for the applicant governments; however, in practice, those norms and ideas defined by the OECD (TUSIAD/OECD, 2002) strongly influence, and even determine, the content of the national restructuring processes (Bayramoglu, 2005: 70; Senalp et. al. 2003: 311).

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<sup>20</sup> See the official website of the WTO at: [http://www.wto.org/English/tratop\\_e/gproc\\_e/gp\\_gpa\\_e.htm](http://www.wto.org/English/tratop_e/gproc_e/gp_gpa_e.htm)

Turkey participated to the ‘Volunteer Country Program’ and opened its public administration system to OECD observation in 2001, right after the severe economic crises. Two important reports were prepared by the organization in 2002. The reports were published in Turkish language by the leading organization of the Turkish businessmen (TUSIAD) and OECD collectively (OECD, 2002a and 2002b). In those reports, the weaknesses of the Regulatory reforms and the existing Public Administration framework in Turkey were underlined and the best solutions to overcome those weaknesses were listed. The organization suggested clearly in these reports that the public opinion must be conceived that those reforms are not imposed from the outside; they should be told that the solutions offered by the OECD are actually developed by national actors (Senalp, 2003: 88). TUSIAD did not only publish these reports but it also pioneered the core ideas put forward in there as it was suggested by the OECD experts.

The state minister of the current coalition government Kemal Dervis had great influence on Turkey’s engagement in the program. Indeed Dervis’s economic program included identical aspects with the perspective drawn by the OECD -as well as with the other international institutions (Guler, 2003: 13). The OECD’s regulatory framework suggested governments to increase the role of the private sector, to create a better climate for foreign and domestic investors, maintain privatizations and deregulations (OECD 2002a: 11). The ideas that were emphasized in the economic program offered by Dervis (GEGP), TUSIAD’s policy papers and reports, IMF, WB and WTO perspectives and the OECD reports, were also underlined in the AKP’s ‘governance program’ (I return to this point below). In this framework, it is possible to say that within the last decade different governments implemented the policies that are based on transnational principles regarding the state restructuring in Turkey.

### ***A Transnational Historical Bloc in a National Context***

Transnational capital groups and NGOs were the key actors that maintained the harmony between the national governments and the international institutions in both design and implementation of the governance project. The relation between external capital and NGOs increasingly blurred during the 1990s and a transnational historical bloc was formed in the Turkish national context at the end of the decade. In this section I elaborate on those transnational actors that are unified under the moral and intellectual leadership of the dominant TCC.

#### *Transnational and Transnationalizing Capital*

The Foreign Investors Association (YASED) is the peak organization of transnational groups that invest in Turkey. It can be seen as the representative of the neoliberal concept of control (of the leading transnational capitalist class fraction) as the ‘general’ interest of capital. As it was mentioned before, YASED has been established directly after the 1980 military coup by fourteen multinational companies. However, especially from 1999 onward it became more active in the political arena.<sup>21</sup> It has defended and promoted the neoliberal politics that have become the ‘new normalcy’ to the other capital fractions in Turkey. The YASED, recently, accepted dominant Turkish firms that have

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<sup>21</sup> See YASED’s official website at: <http://www.yased.org.tr/page.asp?pageid=0>

established a transnational partnership with its members.<sup>22</sup> Among those firms that became a member of the ‘foreign capital’ organization, there are domestic business ‘national’ groups of the prior period like the Koc and Sabancı groups, which can be seen as ‘the most transnationalized fractions of Turkish capital’ today. These latter groups are also leading members of the nationally established peak business organizations. Those nationally founded peak business organizations are the Turkish Industrialists’ and Businessmen’s Association (TUSIAD), The Union of Chambers and Commodity Exchanges of Turkey (TOBB), The Turkish Confederation of Employer Associations (TISK), and The Council of Exporters of Turkey (TIM). These organizations can be seen as mechanisms that provide a sort of discipline and socialization of weaker elements of transnationalizing capital and national capital according to the interest of the most transnationalized segment.<sup>23</sup> These organizations shared most of the ideas and norms of the dominant TCC fraction regarding ‘governance’ reforms.

In order to understand the real influence of the TCC, and to not get stuck in an individualistic/pluralist analysis it is crucial to underline this hierarchical order among the fractions of capital as economic agents and political actors. The hierarchy among the capital fractions in the Turkish context can be observed through the acceptance of the ideas and norms -related to the governance project- by those peak organizations. Although it consists of fragmented/struggling interest of the given fractions, the TUSIAD represented a coherent view over the neoliberal governance reforms through its activities and intellectual material it produced (TUSIAD, 2002a, 2002b, 2004). As the most influential ‘national’ capital organization, it reflects the ideological and political leadership of the dominant TCC to its members and other peak organizations of capital. On firm base, the socialization was provided through the TIM and TOBB, which represent the interest of Turkish exporting trader and industry companies, in line with the TUSIAD and YASED. Although, there are contradictions among and within those groups, it can be suggested that those contradictions become invisible when the subject is ‘state restructuring’ and ‘governance’. Neoliberal ideas and policies, regarding ‘market openness’ and ‘inflation targeting’, were collectively promoted by those organizations at the domestic level.<sup>24</sup>

In 2004, transnational capital alliance (YASED-TUSIAD-TIM-TOBB) achieved to establish the Investment Advisory Council (IAC), a privileged access to the government at the highest level.<sup>25</sup> This strengthened the TCC’s position vis-à-vis other capital groups in terms of agenda setting and thereby pushing the national governments to pursue that agenda.<sup>26</sup> The pressure was increased as far as the development of governance mechanisms is considered. In several reports, many press releases, and public debates, TUSIAD called the governments for a sound regulation and public reform since the end of the 90s. TUSIAD did not hesitate to use the same discourse as the transnational capital and international organizations with regard to reforming the Turkish state/society relations (TUSIAD, 2003: 123). The agenda setting was traditionally exercised through informal channels, though in some

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<sup>22</sup> See: <http://www.yased.org.tr/page.asp?PageID=1076>

<sup>23</sup> The CEO’s of Koc and Sabancı Groups have occupied the leading positions in TUSIAD. for decades see TUSIAD’s official web site at: [http://www.tusiad.org/turkish/genel\\_bilgiler/tarihce.html](http://www.tusiad.org/turkish/genel_bilgiler/tarihce.html)

<sup>24</sup> See: [http://www.tusiad.org/turkish/genel\\_bilgiler/misyon.html](http://www.tusiad.org/turkish/genel_bilgiler/misyon.html) and <http://www.yased.org.tr/page.asp>.

<sup>25</sup> See the official website of the IAC at: <http://www.investinturkey.gov.tr/cms/ydk.index.php?l=1&c=56>

<sup>26</sup> For a comprehensive analysis of a class struggle that was experienced at the supranational level see Van Apeldoorn (2002).

cases publicity became necessary. A full paper-size advertisement campaign in which the TOBB called for urgent ‘public reform’ just before the 2002 elections was an example of this type of agenda setting (Savran, 2002: 45). However, the most efficient and influential way of promoting the TCC interest, is through the service of its think-tank/NGOs that were founded and/or funded by the TCC.

#### *Transnationally Oriented Non-Governmental Organizations*

The most influential NGOs in Turkey are the transnational-minded ones like the DEIK (Foreign Economic Relations Board), Foundation of Economic Development (IKV), Turkish Economic and Social Studies Foundation (TESEV), Economy Policy Research Foundation of Turkey (TEPAV), Foundation of History (Tarih Vakfı), Turkish Association of Education Voluntaries (TEGD), Turkish Informatics Foundations (TBV), etc. Although, these NGOs do not directly represent/defend capital interest they are either founded or fully sponsored by transnational and transnationalized capital groups and intergovernmental organizations.<sup>27</sup> In return, they promote the interests of transnational capital indirectly, by using various channels and instruments with support of the strong media corporations. Most of the time members or managers of these NGOs are CEOs of transnational and/or transnationalizing capital groups. This is consistent with the thesis that these NGOs defended the neoliberal reform process and integration with the world markets ideologically.

The transnationalist NGOs, in this sense, have played a crucial role in creating and manipulating the public opinion, especially by underlining the necessity and problem solving capacity of the transnational governance mechanisms. They organized many intellectual activities like seminars, conferences, panels (with the supranational level actors like the EU, OECD, IMF, WB, UN etc.) and publishing academic papers and research reports. In this way, they legitimized and normalized the transfer of socio-economic and political power to the dominant capital groups through these mechanisms. They supported the TCC project by organizing public actions and leading ‘civil’ movements when it was necessary. One remarkable example is the -IKV and TESEV led- NGO campaign for supporting the EU membership process after the crisis that appeared with the publication of EU ambassador Karen Fogg’s personal emails. The content of the emails were explicitly showing the corrupt relations between Fogg and some leading Turkish journalists (HaberX, 15.03.2007). The event has not only brought the ambassador’s dismissal and damaged EU’s credibility, but it also constituted a good example of the organic relations between the transnationalist societal actors. Globalist media, NGOs and business indeed condemned the publication of *personal* communication without seeing the *public* dimension of the event. According to Gramsci, organic intellectuals in the times of organic crises serve to harmonize the *material base* and *superstructure* (Portelli, 1982: 99). It can be argued that those think-tanks and NGOs have acted as ‘organic intellectual institutions’ of the dominant TCC fraction during the reforms. Thus, in an era of ‘institution building’, the organic intellectuals of capital were institutionalized under the ‘NGO’ label.

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<sup>27</sup> The DEIK was founded by the peak business organizations (and by managers/CEOs from business world). The TESEV was founded by Dr. Eczacıbasi who is the only Turkish member of the European Round Table of Industrialists (ERT). Among TESEV board members, there have been elite industrialist, academicians, and journalists. The other NGOs that are named here display a similar executive/membership configuration.

Among those NGOs, especially TESEV and Tarih Vakfi have contributed to the governance project, in terms of not only promoting the project but also solving the problems regarding the material and 'social' base of the project. Two of the key programs that TESEV conducted were called 'democratization' and 'good governance'.<sup>28</sup> Under these programs, TESEV published many books, reports and a regular bulletin called by the same name, to promote the governance project. Since 2004, it also has conducted several projects regarding the good governance issues.<sup>29</sup> The Tarih Vakfi joined TESEV's efforts with two major programs: *Local History* and *NGO and Democratic Citizenship Programs*.<sup>30</sup> While the former program aimed at strengthening the weak local cultures and individual/local consciousness –in order to provide a social base for decentralization- the latter program (financed by the UN) utilized international financial support to establish NGOs at the localities. The IKV, as mentioned above, has focused on the EU process and produced a bulk of information about the benefits of the EU membership to both Turkish citizens and Europeans.<sup>31</sup>

The transnationally organized Open Society Institution (OSI) of George Soros played a remarkable role in building the governance model in Turkey –in addition to the efforts of international organizations like WB and EU. Four of the major programs that the Turkish branch of the institution launched (political reform, democratization, developing civil society, and supporting local actors) are directly linked to the governance project. Under these programs an increasing number of the national and local NGOs, which share the liberal norms and 'transnational civil society' ideal, received both financial and intellectually/ideological support from the OSI.<sup>32</sup> Governance related projects of two of the NGOs mentioned above, TESEV and Tarih Vakfi, were funded collectively by the OSI, the WB and the EU (Hurriyet, 27.01.2004). The collaboration between the transnationally working OSI, as the prominent representative of the TCC, transnational minded NGOs and the supranational organizations indicates a shared vision regarding the governance project. According to this collective vision, Soros's foundation also financed and supported some influential communication networks and media components; like internet portals, radio and TV channels, (e.g. Open Radio [Acık Radyo], Open Website [Acık Site], Bia-Net) and academic units that specialized on civil society and the EU (Hurriyet, 27.01.2004). It also provided funds to some other organizations that maintain technical support for the local NGOs, like Civil Society Development Agency.<sup>33</sup>

### ***Local Implementation of the Project: Linking the Levels of Governance***

The alliance between the capital fractions and transnational NGOs indicated the formation of a transnational historic bloc in a national context. When we look at the implementation of the governance project, we can identify a *collective action* of the elements of the bloc that aims to embed the neoliberal norms and practices into the state structure by connecting the different levels of governance. It was intended to achieve this by locating the transnationally oriented civil society actors and institutionalized organic intellectuals of the bloc into the rulemaking processes as well as defining

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<sup>28</sup> The other TESEV programs are named *Democratization and Foreign Policy and International Relations*.

<sup>29</sup> See the official website of the TESEV at: [http://www.tesev.org.tr/etkinlik/iyi\\_yon\\_anasayfa.php](http://www.tesev.org.tr/etkinlik/iyi_yon_anasayfa.php)

<sup>30</sup> See the official website of the Tarih Vakfi at: <http://www.tarihvakfi.org.tr/ayrinti.asp?StrId=6>

<sup>31</sup> See the official website of the IKV at: <http://www.ikv.org.tr/ikv.php>

<sup>32</sup> See the official website of the OSI at: [http://www.osiaf.org.tr/router.php?sayfa\\_id=01ideal](http://www.osiaf.org.tr/router.php?sayfa_id=01ideal)

<sup>33</sup> See the official websites of the Civil Society Development Agency: <http://stgm.org.tr/fondetail.php?fundid=76>

those new governance mechanisms according to the liberal market norms. The Regulatory and Public Administration Reform packages were designed and implemented accordingly. With the establishment of the Independent Regulatory Boards (IBRs) at the national level, and the Regional Development Agencies (RDAs), City Councils (CCs) and the Private Provincial Authorities (PPAs) at the sub-national level it was intended to embed container actors of the neoliberal norms into the state/society complex. The intention was to give the peek business organizations and transnationally oriented NGOs a dominant role in the new rule-making mechanisms. Connecting the different levels of governance in a way that excluded the other social forces was actually aiming to favour the transactional capitalist class.

Following the formation of the transnational historical bloc, the national governments began to implement the governance project.<sup>34</sup> The 57<sup>th</sup> coalition government (formed by the nationalist MHP, conservative ANAP and nationalist-left DSP), and the 58<sup>th</sup> and 59<sup>th</sup> AKP governments played a major role here.<sup>35</sup> However, this did not mean that those governments were not sensitive to the opposing demands of the national social forces. The DSP-MHP-ANAP coalition felt this pressure much more directly, because it benefited from the rise of nationalist feelings in the election.<sup>36</sup> The raising nationalism also increased the opposition towards the IMF and WB policies; however, ironically, right after it came into the power in June the nationalist/conservative coalition government opened the playing field to the ‘transnational’ social forces. Two ‘National Program’s<sup>37</sup> were declared as main documents through which the regulatory reforms were drafted as it was envisaged at the supranational level (Bayramoglu, 2005: 411). The increasing pressure of the nationalist/contender forces towards the end of 2000 resulted in an indecisiveness of the 57<sup>th</sup> government in the implementation of the reforms. However, this indecisiveness has been reversed by two severe crises (Beris and Dicle, 2004: 8). After the shocks of November 2000 and February 2001, Kemal Dervis, the vice president of the WB, has been put in charge with putting the Turkish economy into the track as the new economy minister (Milliyet, 23.05.2001). After two economic crises, the hesitations of the 58<sup>th</sup> government disappeared and it returned to a ‘reformist’ position. While Prime Minister Ecevit was complaining that the government cannot control the actions of regulatory boards, after the crises his government mediated the establishment of the new ones (Bayramoglu, 2005: 345). Between June 1999 and November 2002, according to the mentioned programs, nine constitutional amendments were enforced and concomitantly six key IBRs were established in order to meet the EU, IMF and WB conditionality, OECD and UN suggestions. These powerful boards were given the authority to regulate and control those markets of which size reached up to sixty per cent of the entire national economy. As Bayramoglu discussed, the corporate interest was defined as the priority in these new public policy making bodies (2005: 301). The business representatives were given a seat in the management boards of some of the key IBRs while the other seats were shared among independent and privileged

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<sup>34</sup> The present research covers the first half of the AKP ruling period, between 2003 and 2005, in which the government practiced the most productive period of ‘governance’ reforms.

<sup>35</sup> The AKP is declared as a ‘conservative democrat’ party in the 59<sup>th</sup> Government Program (AKP, 2003: 1).

<sup>36</sup> The capture of Abdullah Ocalan -the leader of the armed forces of the PKK - in Kenya, and the negative attitude of the EU towards Turkey propelled the nationalist feelings in the country (Gurkan and Beris, 2001: 3).

<sup>37</sup> The second National Program is called as Program of Transition to the Strong Economy (GEGP, 2001).

bureaucrats, who were educated most of the time in a foreign country and an amalgam of NGOs including the ones that were backed and financed by capital (Guler, 2003: 9)

The major contribution in terms of building governance mechanisms came from the 58<sup>th</sup> and 59<sup>th</sup> AKP governments. Right after winning the majority in the parliament in the November 2002 elections, AKP formed the 58<sup>th</sup> government and declared an action plan in which the restructuring of wholesale state apparatus according to the governance project was formulated systematically (AKP, 2002). After Erdogan was elected to the parliament from the Siirt province in April 2003, and form the 59<sup>th</sup> government, the reform process has reached another stable phase. The new government expressed its dedication to the governance project in the government program (AKP, 2003). In terms of privatizations and deregulation of the key markets, the government showed a high initial performance. In 2004, the government brought a draft law on Public Administration Reform into the agenda. The draft texts were proof of the government's main direction. In these texts, business actors defined as leading societal actors in line with the governance discourse and 'citizenship' and 'public goods' were defined in terms of market relations.<sup>38</sup> The establishment of the CCs, PPAs and RDAs were central to the constitution of the new relations between the market-oriented society and the state. These bodies were envisaged in terms of decentralizing the central state power (Guler, 2005: 227). In this sense, it was foreseen to transfer the state authority towards the non-governmental societal actors. Although it seems more participatory and democratic to suggest such a allocation of political power, considering the emphasis of these draft laws on the priority of the private sector in societal development these governance organs can be seen as the mechanisms through which the economic, social and political power is aimed to be transferred to capital.

As discussed before, Turkish capital has been engaged to the dominant TCC project by the leading *transnationalizing conglomerates* that control not only the internal markets and production change but also the peak business organizations. Although these organizations included the majority of the national firms, they could take almost a homogenous position regarding the state restructuring, in line with the TCC view. While, the peak organization of the export companies, the TIM adopted the neoliberal open market structure easily, the most inclusive business organization TOBB needed to socialize and discipline part of its members that are based on the national capital accumulation circuits thus have disadvantaged position in the competition. This does not necessarily mean that the TOBB achieved to suppress the material interest of those national groups during the implementation of the governance project. Within the TOBB, the Ankara Trade Chamber (ATO) has traditionally led the anti-governance, anti-EU, anti-IMF front (Evrensel, 23.05.2005). In addition to ATO, the confederation of Turkish Tradesmen and Craftsmen (TESK), which represents the small sized capital groups, consistently resisted the reforms.<sup>39</sup> The YASED, TUSIAD and TIM harmonically and openly defended the Regulatory and Public Management Reforms and the development of new types of institutions, while the TOBB was silent about the measures of the reforms. Consequently, the TUSIAD and TOBB

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<sup>38</sup> See *Kamu Yonetiminin Temel İlkeleri ve Yeniden Yapilandirilmasi Hakkinda Kanun* (Law on the Fundamental Principles of the Public Administration and Its Restructuring) Law No. 5227, Date 15/07/2004 and *Kamu Ihale Kanunu* (Public Procurement Law), Law No. 4734, *Official Gazette*, No. 24648, Date 22/01/2002.

<sup>39</sup> See the related section of TESK's official website at: <http://www.tesk.org.tr/tr/haberler/113.html>.

directly participated in the preparation of the legal texts that are the institution building process (Haber Ekspres, 08.01.2004). While the transnationalizing capital directly influenced the lawmaking process with regard to IBRs and the new Public Administration structure through the peak business organizations, opposition of the capital groups like ATO and TESK were excluded from the process. On the other hand, the TESEV led the academic and public campaign to support the establishment of the transnational governance mechanisms.<sup>40</sup>

The other groups excluded from the governance process were the domestic societal organizations. The existing and truly domestic NGOs or NGO-like organizations in Turkey are traditionally weak entities. They, most of the time, have financial problems resulting from the lack of members and irregularities in fee payments and are usually not significantly sponsored or supported by the private sector. A waste amount of societal organizations, like local and national level consumer associations, and a wide range of foundations and solidarity associations can be counted in this group. These locally organized groups normally represent very narrow/focused interests in specific fields, and they act through lobbying in Ankara. While more nationally organized ones have a wider interest field, like general macro economy. These organizations do not have a membership to international peak organization, or if they do, they are often passive members, because of the lack of financial, intellectual and human resources. Therefore, the involvement of those groups on the national or local level governing practices is extremely limited in contrast with transnationally originated and capital funded NGOs. Trade unions, on the other hand, became one of the NGOs in the civil society definition of the new institutional setting of governance (for an alternative definition see Hirsch, 2003). Reyhan and Senalp (2005) called this situation the “NGOization of trade unions”. Four peak organizations of the labor movement in Turkey represented a fragmented position in the formulation of the governance mechanisms. Turk-Is as a traditional organization of workers from the Stated Owned Enterprises reflects the corporatist structures of the ISI model of the 70s. After the military coup, Turk-Is became the sole worker organization that had a official recognition and a license to lead a collective negotiation. DISK and KESK are social democrat organizations that support the EU process in the name of democracy and development of the civil rights, while they oppose the neoliberal project.<sup>41</sup> Hak-Is, on the other hand, was founded in the early 1990s with a religious discourse and was politically close to the AKP (Haber Ekspres, 08.01.2004). Although no labor representative is given a role in the IBRs, trade unions were though of among the other the NGOs in the prospective executive structure of the CCs, RDAs and PPAs. Considering the fact that the AKP has favored the Turk-Is and Hak-Is in the national level social dialogue mechanisms as recognized trade unions, and excluded the DISK and KESK systematically (Reyhan and Senalp, 2005: 137), it would be reasonable to expect a similar implementation in the prospective governance mechanisms that are linking different levels of governance.

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<sup>40</sup> See the related section of TESEV's official website at: <http://www.tesev.org.tr/etkinlik/konferanslar.php> and <http://www.tesev.org.tr/etkinlik/tesevgorusu.php>.

<sup>41</sup> See the official DISK website at: <http://www.disk.org.tr/default.asp?Page=Content&ContentId=127>

#### **IV. SOME REFLECTIONS**

Theorizing the relationship between Globalization, Governance and Transnationalization from a transnational historical materialist perspective, and analyzing the state restructuring processes in different state forms by using this theorization offers useful tools to establish fractional contradictions among capitalist groups especially with regard to state apparatus. We find this inquiry extremely important in order to develop political strategies to resist and alter capitalism. Considering the success of the divide and rule strategy traditionally used by the rulers, it can be claimed that this type of analysis is necessary to gain structural social power of subaltern social forces...

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