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# Anatolian Tigers or Islamic Capital: Prospects and Challenges

ÖMER DEMİR, MUSTAFA ACAR and METIN TOPRAK

Turkey has been witnessing a new and interesting phenomenon in recent decades: the emergence of what some call *green capital* or *Islamic capital*. Others call the same phenomenon *Anatolian tigers*. The economic formation originated in those business circles that disapprove of interest and interest-based financial institutions. This is an important issue not only for academic researchers analysing Turkish society and policymakers researching solutions to the problems of the Turkish economy, but also for those who worry about the economic future awaiting them in this country.

Within this framework, this article investigates the roots and emergence of Islamic capital and discusses its challenges and prospects. First, it evaluates in a general context the characteristics of physical and human capital inherited from the Ottomans. It goes on to review factors facilitating the formation and rise of Anatolian capital. Lastly, characteristics of the pious-conservative rich are discussed along with their related problems and future prospects.

As is well known, the main source of production in the Ottoman social formation was agricultural land. In addition, military-related jobs were for many years the most favoured social professions. As a result, the two major economic and social activities for the Muslim subjects of the Ottoman Empire were farming and serving as an army soldier. Other professions were usually left to non-Muslims. For instance, engineering services were generally undertaken by Ottoman subjects of Hungarian origin, financial services by Jews, commercial activities by the French, British and Italian 'Levantine' and the Greeks, and finally, artisanship and jewellery by the Ottomans of Armenian origin.<sup>1</sup> In other words, trade and artisanship, which together formed the basis for industrial transformation, were controlled by the non-Muslims.<sup>2</sup> Since the classical Ottoman land management system called *timar* did not allow capital accumulation, agricultural surplus did not give way to the emergence of a powerful aristocratic class.<sup>3</sup>

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As a consequence of many social and political factors – religious reasons being utmost – *Seyfiye*<sup>4</sup> (the military) was the most prestigious social profession in the early periods. By a method called *devsirme*<sup>5</sup> (recruitment) the most healthy, clever, and physically well-shaped children were brought together in institutions – the *Enderun*.<sup>6</sup> This was the main source of human capital for the *Janissary* army and other state bureaucracy. It was an efficient way of creating a strong army and dominant bureaucracy by the participation of individuals who are ‘rootless’ in the sense that they put the state at the very centre of their social life. To expand and protect its vast land throughout three ancient continents – Asia, Europe, and Africa – the Ottoman political system based on *continuous conquest* and *gaza* (holy war) made war-making and related activities the most important and *prestigious* profession.<sup>7</sup> In addition to *Ilmiye*,<sup>8</sup> *kalemiye*<sup>9</sup> was also included in this list over time as diplomacy and bureaucracy developed.

In sum, the characteristics of physical and human capital inherited by the Turkish Republic from the Ottoman state tradition are:

- A population, the vast majority – over 80 per cent – of whom were villagers and ‘unskilled’ labour in the sense of lacking any economically productive abilities;<sup>10</sup>
- A highly weakened skilled labour composition due to wars, natural disasters and new demographic resettlements resulting from population exchange,<sup>11</sup>
- A private sector with almost no entrepreneurs;
- An economy with insufficient capital accumulation and financial institutions;
- A heavy debt burden stemming from unsuccessful economic policies and long-lasting wars;
- A production structure heavily dependent on outside forces due to the dominance of non-Muslims as well as the existence of capitulations.

The process of creating agricultural surplus could not be initiated during the Ottoman period or in the early years of the Republic for various institutional and cultural reasons. The infrastructure necessary for such a process (i.e. transportation, communication, and agricultural technology) was insufficient. Moreover, because of the feudal characteristics of land-tenure structure,<sup>12</sup> the Republican elite were suspicious of those policies that propose to achieve capital accumulation by strengthening landlords.<sup>13</sup> Such concerns gave rise to proposals for achieving the capital accumulation needed for economic development via state-centred policies. Therefore, *statism* was the determining principle in shaping development policies until the multi-party period. What that meant for the market players was that the road to money and wealth passed through the government. For this reason, throughout the Republican period, business people with established ties or proximity to the

state were brought close to money and wealth as well. The private sector and political elite intermingled, and wealth and power were concentrated in the hands of a few. Hence the existing bourgeoisie was transformed, in a sense, into a 'protected-favoured' bourgeoisie.

With the transition to a multi-party system, business owners discovered for the first time that politics could be used as a tool in protecting their interests. Aspirations for ruling the state began to emerge dramatically, leading to ever-growing costs on the government budget. Political parties coming to power did not hesitate to use the state apparatus to redistribute wealth in favour of their supporters. Transferring funds to social segments with no wealth in order to get their votes became the normal and even necessary means of gaining political advantage. As a result, Turkey has seen little change in the leading political figures through the decades, so that grandfathers and their succeeding generations have had the experience of dealing with politics under the same political figures.<sup>14</sup>

Mechanization in agriculture started in the 1950s, much later than in industrialized countries. Hence, transition to an industrial society could not be achieved. Peasantry as a stage of social development continued to be the dominant characteristic of Turkish society. Cities grew rapidly, yet their populations were not urbanised.

Since the Ottoman land management system did not favour private property, and wealth was subject to confiscation for various reasons, this system did not allow the accumulation of private capital. Past experience has made the general population constantly suspicious of the state, which it sees as having protected wealth in the Republican period as well. Even today, confiscating private property by nationalization or expropriation is among the most frequently observed human rights violations in Turkey.<sup>15</sup> Confiscation and political murder are not simply historical facts; they are alive today as 'legitimate' means resorted to by the authority<sup>16</sup> to shape the political and economic environment, so much so as to be the subject matter of the highest-rating TV series in Turkey.<sup>17</sup> One should note, however, that the situation has improved considerably in recent years, partly due to the efforts in preparation for the EU membership.

The 1980s were a turning point for Turkey in many ways. The process of transformation gained substantial momentum with the help of external, rather than internal, factors. Policies of openness have led to economic restructuring and shifts in the society's economic centre of gravity. It is this breakthrough which has contributed most to the emergence of Anatolian capital.

Following several unsuccessful partnership attempts in the 1960s and 1970s,<sup>18</sup> a boom has been observed in production and capital accumulation by companies with many shareholders in Konya, Yozgat, Denizli, Çorum, Aksaray and Gaziantep provinces of Anatolia among others after the 1980s.

Although this is primarily a culmination of the past twenty some years, it may not be enough to explain this economic boom throughout Anatolia, which has received no direct governmental support, by relying only on the events of the 1980s. The origins of the developments since 1980 go back even further. Nevertheless, this study discusses the facts that have become more visible in the past twenty some years.

Before going any further, however, one thing needs to be emphasized: not all Anatolian capital that has been identified as 'green' can be considered part of a single homogenous category. There are major differences within Anatolian capital in terms of characteristics and dynamics. Categorization by Kemal Can seems quite plausible in this respect. Can divides Anatolian capital into three main groups:

- i conservative, religious businessmen,
- ii companies owned by religious sects (*tariqats*) or religious communities, and
- iii companies with many shareholders.<sup>19</sup>

Although these three capital formations are interrelated, they do not share exactly the same background. In this study, common denominators are analysed. More detailed studies focusing on different aspects of these groups would, of course, be useful for a deeper understanding of the phenomenon.

The process of opening the economy to the outside world began with the 'Özal Period,' an important starting point in the formation of Anatolian capital. Starting with this period, small- and medium-scale enterprises (SMEs) at local levels have formed a new business community by improving their business practices, learning technology, and searching new markets. Even without direct support from the government, the advantages brought about by openness have triggered a process of production and capital accumulation in Anatolia.<sup>20</sup>

Factors such as the diminishing role of government in the economy as well as growing and strengthening markets made various sections of the private sector, including religious sections, more visible.<sup>21</sup> It was an interesting transition wherein children of those fathers who learned reading and writing during their military service in their early twenties went to good schools; graduates found jobs in public bureaucracy as well as the private sector; and henceforward, both bureaucracy and the business world faced a 'new' and somehow 'different' generation.<sup>22</sup> Demands and expectations of this generation have given rise to new and different patterns of consumption, and hence different production areas. That the new generations of conservative-religious social segments have now become well-educated has radically transformed their consumption patterns and expectations. This

transformation – which initially began with religious books, religious music, and religious outfits – eventually took the form of ‘religious style,’ ‘religious fashion shows’ and finally commercial-based ‘international fairs.’<sup>23</sup>

No doubt the most visible aspect of this change for the average citizen was the increasing number of female students with head-coverings at the university gates. The amount of headscarves in the public square indicates the stage of vertical social mobility reached in Turkey.<sup>24</sup> The desire for higher education by children of religious parents as a result of rapid social change has compounded socio-political stress. The so-called ‘Turban<sup>25</sup> problem’ is considered by the ruling secular power elite as a threat to the regime, and hence has rapidly become one of the most important problems in the country. On the other hand, male students from openly religious families have not faced the isolation and discrimination experienced by their sisters. This fact can best be understood in the context of the ancient formalist acceptance and exclusion processes in the country.<sup>26</sup>

In short, liberalization policies of the Özal period had a transforming and accelerating influence over the formation of Anatolian capital, which was highly promoted and became visible after the 1980s.

Remittances sent by Turkish citizens working in the European countries play an important role in the Turkish economy even today. These remittances come partly via the Central Bank, and partly through companies with multiple shareholders.<sup>27</sup> This constituted an important source for the accumulation of Anatolian capital.<sup>28</sup> Those workers sent abroad saw protecting local beliefs and values as important to their survival as a subgroup, particularly in an alien society far better organized and institutionalized, and in many ways superior to their own. As a result they placed significant weight on protecting their religious identity.

Various Turkish religious groups, with the help of the relative religious freedom guaranteed by the European states, have been organized rapidly among workers there. Workers’ savings initially solicited to finance religious services back in Turkey were then collected and brought to Turkey for setting up companies and building an alternative economic power. Workers’ foreign exchange holdings were invested in real estate in the early years, and then switched to other investment areas. Those giant companies which grew rapidly in Anatolia, such as Kombassan, Büyük Anadolu Holding, Yimpaş, Endüstri, Sayha, Ittifak and Jet-Pa, were founded primarily with the savings sent by workers abroad. Some of these companies exploited their workers’ trust and eventually went bankrupt. Failure to strengthen the legal status of multi-partner companies contributed heavily to this exploitation process. Conservative-religious capitalists and businessmen who became aware of this danger attempted to develop an early-warning system among themselves.<sup>29</sup>

Interest-free banking has been allowed by Turkish law since 1983 to set up institutions (IFBs) (or, as they are sometimes called, Special Finance Corporations) and let them engage in banking activities. These corporations have served as an important medium to attract those domestic savings that do not favour giving and taking interests and turning them into investments.<sup>30</sup> Many entrepreneurs who avoided using bank credits because of their sensitivity against interest developed friendly relations with the banking sector through special finance corporations' current and fund-lending accounts; they then began utilizing all varieties of credit dependent on finance costs. As of the year 2000, the share of six IFBs in banking sector was around 4 per cent.<sup>31</sup>

Interest-free special finance corporations served in two ways in the process of capital accumulation. First, they attracted the savings of religious persons who did not use traditional banks, hence bringing new funds to the system. Secondly, they provided funds to the religious business circles not using banks for capital loans, hence contributing to their development. IFBs were founded first as foreign-owned investments (for example, Al Baraka, Faisal Finans, Kuveyt Turk); then, after a certain period of trust-building and stability, Anatolian capital started to show some interest in the field.<sup>32</sup>

IFBs since their inception have never been included in the Deposit Insurance Fund. However, following the February 2001 banking crisis, especially after Ihlas Finance's bankruptcy, they needed to establish a guarantee fund to utilize in case of emergency. Accordingly, Interest-free Banks' Guarantee Fund – a twin to the Deposit Insurance Fund – has been in place since end-May 2001. In other words, all deposits in the IFBs currently are under protection by the Turkish banking system.

Islamic sects and religious community structures also have an important role in the formation of Anatolian capital. Intra-community solidarity not only helps business constituents share religious beliefs and practices, but also develops an environment of cooperation and mutual support. Religious groups or communities, while building mosques, Qur'an courses, schools and student dormitories with the money collected from members or friends, who give to charity out of religious duty, also prepare a customer and capital base for the schools, businesses, and enterprises of their members.<sup>33</sup>

Charity given by a member of the community for the common good turns into an economic value over time, as other community members join him in philanthropy. Under these circumstances religious communities convert to economic cooperation spontaneously and rapidly. In this way, Islamic sects turn into companies as community members form organizations reinforcing existing informal structures, hence reducing the transaction costs.<sup>34</sup>

Since the influence wielded by a system of belief and the practice reflecting this belief is closely related to the adherents' economic power,

*tariqats* and communities have encouraged and supported each other to widen the extent of that economic power. This process, while creating a suitable social atmosphere for the religious people engaged in economic activities, at the same time – by legitimizing the pursuit of economic well being – accelerated the process in which religious people engaged in economic activities.<sup>35</sup>

Mass media such as newspapers, magazines, and radio and television channels create a suitable environment in which social groups can be informed more easily and cheaply, as well as build up a certain degree of power. Media expansion from magazines to local radio and TV has played a crucial role in religious groups' organization in Anatolia. Such media make it possible for these religious groups to promulgate a visible identity and make a public name for them. Gaining a known, legitimate identity is followed by easy and 'reliable' communication, commercials and other advertisement, growing familiarity with the shared message and practices, and solidarity. Commercials that declare or imply that primary food items, including especially meat and meat products, butter, margarine, chocolate biscuits, are made in accordance with 'Islamic methods' should be understood within this context.

Those page-long greetings published by local newspapers during religious holidays and special nights greeting 'the holiday/night of the whole Muslim world' also provide important hints. Informal sharing of information regarding which newspapers publish whose commercials, which firms appear on which local radio or television networks, is quite invaluable for internal and external communication by different religious groups.

That religious-conservatives came to power in local administrations in Turkey provided an alternative for dealing with and finding solutions to local problems. In this context, municipalities governed by politicians from RP (Welfare Party) and FP (Virtue Party) were quite successful and gained superiority in the local elections. This transfer of power not only brought differentiation in services provided, but also changed the composition of local companies awarded with contracts to provide local services.

Municipalities governed by the local religious-conservative politicians not only extended a chance to people with similar political views to benefit from local financial opportunities, but also learned through this process what kind of opportunities await them and how they can enjoy these opportunities. This learning process gave rise to allegations of corruption and providing unfair gains through nepotism.<sup>36</sup>

The fact that those social segments which had been deprived of power and its advantages entered this arena by gaining power in local administrations led them to engage in a higher degree of real politics by which they learned how to make economic gains and jointly carry out political struggle. The

reciprocal nature of the relationship between political and economic power became known to them. So after gaining certain power, the local capital – for which polity provided opportunities for its development – started financing first the local, and then national political actors.<sup>37</sup>

The factors mentioned above contributed at varying degrees to the economic rise of religious groups. But it is open to debate whether they are sufficient to establish a one-to-one relationship between religiosity and economic success. Moreover, one can even say that all of the above factors could be a result, rather than a cause. In this case, a thorough analysis is needed of the motives affecting the behaviour of the religious-conservative rich as the actors of Islamic capital. It would not be realistic to reduce this motive to the suggestion that some of the main Islamic duties (such as *Zaka: compulsory charity*, and *Hajj: pilgrimage*) can be carried out only by the rich. In this regard, it would be useful to stress the unexpected, undesired, and certainly unfavourable result of the authoritarian project<sup>38</sup> by the Republican elite based on social engineering.<sup>39</sup> This unexpected result was that the feeling of deprivation created by the exclusion of religious existence from public life led to, what Aktay calls, a moral Diaspora effect.<sup>40</sup> One can say that this sentiment of deprivation, spelled out in the famous verse ‘Stranger in his own home, slave in his own motherland’ by the late Poet Necip Fazil, provided the religious with a strong motivation towards solidarity, as well as the need to prove themselves not only by surviving but by getting stronger. This can be observed in most of the success stories of the leading actors of Islamic capital.<sup>41</sup>

Rising Anatolian capital led to the formation of a new class of religious-conservative businessmen with their summer resorts, fitness and beauty centres, popular culture and entertainment products, private schools, fashion shows and professional associations.<sup>42</sup> The main characteristics of this conservative bourgeoisie can be summarized as follows:

- They are loyal to religious values, but open to change,<sup>43</sup> defining themselves as ‘progressive conservatives.’<sup>44</sup> Journalist Cüneyt Ülsever calls them ‘conservative reformists.’<sup>45</sup> A synthesis has been made in this regard: they favoured institutional change because they believe that changing the current system will be to their benefit, while they view loyalty to traditional values as a virtue.
- A class of businessmen with a high degree of economic rationality, choosing profitable areas of activity according to cost-benefit assessments only and favouring those areas which would bring material rewards, rather than idealistic activities such as art and cultural products.<sup>46</sup>
- Their entrepreneurial vision favours capital accumulation using their own resources, i.e., setting up new enterprises in the form of family-owned

companies or partnerships with their own funds or with the help of personal loans.<sup>47</sup>

- Their ability to transform government power to monetary benefits is quite low, since they come from a social base with almost no experience of intermingling with the state elite, and are too far from politics and bureaucracy to enable them to get credits from the government, or get benefit through quotas, tariffs, or other means of rent-seeking.
- They are not very comfortable with state intervention in the economy. The concern that these interventions would transfer more funds to those who intermingle with the government, rather than leading to redistribution to benefit them as well, is dominant. Therefore they are well aware that any government expansion increasing tax burden will bring an unfavourable redistribution.<sup>48</sup>
- Their composition is predominantly comprised of Small and Medium Sized Enterprises. For example, according to the MUSIAD publicity catalogue for the year 1995, only 20 out of 1900 members employ more than 500 workers. Over 1500 of these firms were small businesses which employed between 1–49 workers.<sup>49</sup>
- They have an outward-looking economic philosophy,<sup>50</sup> predominantly open to the outside world in those areas where they can compete with small-scale production. Even though they do not invest much in technology and market research, they try not to lag behind their rivals in technology transfer.<sup>51</sup>
- They support right-wing conservative parties in general but do not like giving the impression that they are a complementary part of a given political party.
- They put a high priority on education and want their children to attend private schools or get a foreign education whenever possible. A lot of private schools offer quality education with incomparable technical facilities *vis-à-vis* public schools in many big cities including Istanbul, Ankara and Izmir. Most of the financial resources are obtained from those who get service from these institutions. Tuition and fees for these schools are comparable to those at their foreign counterparts. Children of those religious conservative primary-school-graduate fathers, who themselves did not have a chance at higher education, are now receiving a high-quality education, becoming university graduates who speak at least one foreign language fluently.

When these characteristics are taken into consideration, one cannot argue that the rising conservative–religious bourgeoisie constitutes a stumbling bloc before the Republic’s most important project, i.e. modernization and ‘catching up with contemporary civilization’. It could, in fact, be an antidote

for the radicalism threatening the system.<sup>52</sup> The new bourgeoisie promotes foreign language-based modern education through private schools and colleges.<sup>53</sup> Their business organizations clearly express in the reports the idea that the government should step out of production of goods and services and limit itself to legal rules and regulations to ensure the functioning of an efficient market economy.<sup>54</sup>

The religious-conservative bourgeoisie is well aware that it can guarantee its future within a market economy based on competition. On the other hand, the movement also has the potential to make life difficult for the Republic's secular elite, reducing their monopoly in every aspect of social life, hence resulting in a smaller share for them in the pie of national wealth.<sup>55</sup>

Therefore, one should bear in mind that labels such as 'religionist capital,' 'green capital,' or 'reactionary capital,' which have accusing, denigrating or humiliating connotations for conservative-religious bourgeoisie have to do more with 'class' interests, rather than national interests, spelling out class-based mentality and tendencies disguised within the expressions of universal values.<sup>56</sup>

As in many other places, the understanding that it is perfectly legitimate for the businessman to pursue profit is yet to be internalized in Turkey. Self-interest and working for the sake of money are not regarded as positive moral values in general. That is why businessmen are extremely careful not to mention as their ultimate goal making money and increasing their wealth.<sup>57</sup> In other words, all businessmen and entrepreneurs are in need of a legitimate cause for pursuing profits. One frequently preferred alternative is to refer to the social common good instead of economic gains. Since it is widely believed that a person motivated by self-interest cannot be useful for the nation, businessmen take every opportunity to say that they work 'to serve the nation and the glorious motherland.' Another frequently used way of demonstrating legitimacy is to set up a non-profit making charitable organization, a foundation or an association, and declare that economic activities are a means to support these organizations. By this tactic they become a respected element of society working for the common good, while incidentally earning money. This need for legitimacy is probably more crucial for the religious-conservative bourgeoisie.

There are two legitimacy bases for the religious-conservative bourgeoisie to pursue economic gains: religious and nationalist. Religious bourgeoisie use religious arguments to address their social support base, while they use nationalistic arguments when dealing with the government and secular elite. The religious legitimacy basis for starting a business or making money is established with a discourse centred on the idea that 'a giving hand is superior to a taking hand',<sup>58</sup> and that to work and be self-sufficient is a form of worship. In this regard, *zakat* – compulsory charity given as part of religious

duty – cleanses the wealth, while alms-giving and other voluntary charitable activities reduces the rich–poor polarization.

The nationalist basis for the legitimacy of wealth, on the other hand, is established with a discourse that emphasizes development, the opportunity to become a major world power, and the necessity of work and production in order to gain self-sufficiency against the western world and realize the nationalist aspiration of becoming a truly independent country. Anatolian businessmen, in this context, often stress that they work for the benefit of the nation, their biggest goal being to provide ‘more jobs and bread’, and that they try their best for the development of the country and the provision of jobs and bread for all.<sup>59</sup>

The reasons that explain why religious–conservatives face so many major problems can be found in their quickly-gained economic achievements. These problems can be categorized into three main groups, one external and two internal.

The first problem, namely the conflict in which so called ‘Istanbul capital’ squares off against ‘Anatolian capital’, has to do with the social balance of power, which should be seen as a result of the ongoing socio-economic process rather than the actions of either party. There is a serious conflict between Anatolian and Istanbul capital on many fronts. First of all, Istanbul capital, which emerged and grew with the help of state support, has the ability to influence state elite against Anatolian capital. Using this influence, they could get favourable legislation passed at the expense of Anatolian capital in such areas as investment reductions, import-export permissions, and tax exemptions. Anatolian capital’s only advantage is its competitive power under free market conditions. Istanbul capital, moving hand-in-hand with the state elite – especially military and civilian bureaucracy – media and the secular elite, makes a difficult-to-reconcile major rival power for the conservative–religious bourgeoisie. Such conflict creates a highly tense atmosphere wherein a waste of national resources on a macro scale becomes inevitable. Treating commercial companies like illegal political organizations, using police force to search their offices on the basis of accusations that they support reactionary movements, shows the extremes of logic this conflict may reach.<sup>60</sup> Paradoxically, a growing and power-gaining Anatolian capital would both increase the tension and necessitate reconciliation.<sup>61</sup> The direction of social evolution will depend on which of these effects becomes dominant in the Turkish economy. The leading elite on both sides have important roles and responsibilities under these circumstances.

Secondly, it is highly difficult to achieve permanent success under the open and competitive environment brought about by liberalization without using modern methods of business management, finance and marketing. The Anatolian bourgeoisie’s accumulation of business culture is relatively weak

and they are inexperienced at using alternative finance methods, employment of skilled labour, publicity marketing and promotion. In this context, initiating reliable accounting systems and adopting other requirements of a legal-recorded economy is not just a technical matter: it calls for a change of mentality or understanding, and for planting and nurturing a business culture. One should not expect a smooth transition.<sup>62</sup> If Anatolian bourgeoisie cannot achieve an accumulation of human capital that would transform their success in producing goods into a success in marketing and other related services, there seems to be little chance of getting their desired share of economic success. It is not yet clear whether Anatolian bourgeoisie are aware of this issue in its entirety.

Thirdly, it was far easier to control the business and money flows in the early stages, for these companies had only a limited number of shareholders, and business practices were based on personal trust. However, as the businesses grew and entered new industries, both management and audit of the companies became increasingly difficult, and trust was eroded as the number of partners and managers increased. At the beginning, such holdings were set up through a synergy created by the genuine efforts of a few good friends who had good features that produced 'positive' externalities, such as good morals, a religious-conservative personality, and patriotism. However the same 'positive' features could potentially be misused because the partners did not need to fulfil some of the formal but important requirements of trust-based economic enterprises.<sup>63</sup>

In addition, some of these multi-partner enterprises or holdings invest in those areas where it takes a few years to construct, get ready for production, and pay back. However, in the meantime, they pay 'profit shares' with a high rate of return to their partners, calculated in ways not very clear to an outsider. It is certainly a mysterious way of generating unrealistically high profits within such a short period of time. The most plausible explanation is that they did not actually pay the profits realized by the projects, but rather distributed out of the new money coming in from new – or existing – partners. The most important danger is that this brings high risk of the entire system's collapse when the new funds fall through for various reasons. Just as when the new funds stopped coming in after the November 2000 and February 2001 crises, some of these companies declared bankruptcy.<sup>64</sup>

The religious-conservative bourgeoisie, which has become more visible in the past two decades, is one of the most important outcomes of social change and development in Turkey. There is little chance for any effort to exclude these social segments with quality education, wealth and skills from government benefits or decision-making processes in the long run. This is because this new class, with the help of globalization, demands more freedom with a more comfortable life and a more democratic society, but wants to realize this without losing its religious identity.

It is too early to predict how exactly a better education and more comfortable life will transform religious beliefs and practices of the people. Islamization practices of the modern way of life starting with *Haşema's*<sup>65</sup> is rapidly being legitimized and spreading throughout other aspects of social life including body-cover (*tesettür*) fashion shows, veiled doctors, lawyers, athletes, TV and radio speakers, air hostesses and drivers. An ever-growing and modernizing religious appearance targeting primarily Muslim-conservative families has been observed in all walks of life ranging from holiday villages, green pop or outfits to the internal design of private homes. This process, while making an Islamic religious lifestyle more visible in society, at the same time transforms traditional forms of religious mentality.<sup>66</sup>

One can argue that the perception by secular social segments of a growing threat against themselves presented by this ever-rising religious appearance in various walks of life is quite exaggerated. It is obvious that any social segment engenders destructive sentiments against wealth and power to the extent that they are kept away from that wealth and power. This is because no one can know who will lose what and how much by destroying the status quo. Social segments in a given society who think that they share the wealth and power legitimately in accordance with their contribution will not threaten the established system, nor will they find it beneficial to be perceived as a contrary element.

A member of the religious-conservative rich trying to guarantee house, car, separate summer and winter resorts, and education of his or her children, etc. will keep away from a radical discourse and practices to the extent that he is acknowledged with his different ethnic or religious identity and allowed to engage in politics legitimately. As his personal wealth grows, the need for cooperation to protect it will become more of a necessity. The religious, as long as they feel that they share the costs but not the benefits of the established socio-economic system – even though this might be an illusion – continue to look at the legitimacy criteria of the society with a *takiyyeci* or self-concealer<sup>67</sup> approach. This is because as long as the power elite continue their oppression against 'others', with an attitude of arrogance that shows no tolerance for differences, it will be extremely difficult to express these differences openly. Hence, everyone will be role-playing – in order to survive – as if they share the same values, symbols and norms of the power elite. Those who cannot survive outside the officially accepted way of life, despite their desire otherwise will attempt to use those state-imposed taboo values and institutions – such as secularism, Kemalism, democracy, freedom, patriotism, etc. – as a protective shield to disguise themselves. This situation makes self-concealing the best and the most functional instrument adopted by individuals against authoritarian or totalitarian state power,<sup>68</sup> and lies, insincerity and two-faced discourses become predominant in the public

sphere. The first and foremost outcome is an environment where no one can predict precisely the direction of social change, hence an atmosphere of instability and uncertainty.

The second outcome would be that different social segments would attempt to build up social safe heavens into which 'others' cannot penetrate. This obviously leads to a waste of social and economic resources. Furthermore, going one step further and attempting to control state apparatus to create more secure domains for a particular social segment prevents society's human capital from being converted into production, hence rapidly turning bureaucratic and political processes into a negative-sum game. In such an atmosphere, the elite from different social bases who are positioned at various ranks of the state apparatus spend their energy in undermining each other's position via harsh campaigns, instead of improving the functionality of the bureaucratic and political mechanisms.

The first step in preventing this vicious circle and waste of resources is to abolish the state rent-seeking mechanism and put an end to the current system in which the state is the largest employer with an unsustainable welfare system. The second step is to make sure that the state holds an impartial position amongst the various social segments. Everything might seem all right at present since lies prevail in the public sphere and individuals view preference falsification as the best way to go, while social consensus is achieved by eliminating freedoms, oppressing all other social segments and imposing the desires of a particular powerful segment on all.<sup>69</sup> However, a consensus based on falsehood does not lead to a permanent, efficient and productive social cooperation. Therefore a successful state can be created only when social consensus is made permanent and efficient.

In any society, those social segments who can keep their relative share in income distribution as well as production will tend to protect the existing system. In this regard, the emergence of Anatolian or Islamic capital should be seen not as a threat, but as a new opportunity with permanent implications for a truly democratic state and a liberal economic system. Ensuring the continuity of wealth is as important as creating it in the first place. It is obvious that the relatively high contribution of the religious to national wealth will bring forth an atmosphere for new demands arising from them. However, this will expand the common ground they share with others, hence strengthening the experience of coexistence.

Without this experience, it is impossible to spend human capital in mutually beneficial ways for people who know each other not through face-to-face relations but through various filtered images. They need to diffuse growing concerns and even anxieties about negative hidden intentions – whether they are real or imaginary – against one another. Only this way they can convert their potential into socioeconomic gains from which every

segment of society can benefit.<sup>70</sup> Only those who know and trust each other can sacrifice for common goals. An atmosphere of mistrust will only trigger an economy in which individuals spend their intellectual capacity and human capital to defend their social positions against perceived or imaginary enemies, and thus they will be unable to utilize their scarce resources efficiently.

In light of this argument, one should view the rise of Anatolian capital in Turkey as a hope the Turkish nation needs, and a necessary foundation for social consensus. This rising bourgeoisie represents the dynamic productive force that has the potential to bring the nation into economic parity with contemporary civilization. They have the psychological, religious, sociological, and financial prerequisites for such a transformation. Any attempts to block Anatolian capital will prevent Turkey from realizing its potential as a modern country. Such attempts would in fact reinforce its undesirable position as an isolated Third World country. Furthermore, an ever-shrinking national wealth and deteriorating distribution of income will do equal harm to the existing power elite.

Therefore what must be done to create a peaceful, highly developed and powerful country desired by most Turkish people, is to establish a free market economy based on competition, to promote those entrepreneurs who work well in conjunction with traditional local values and who could integrate Istanbul and Anatolian capital, and to eliminate the hindering blocs before a pluralist liberal democracy. This is the most desirable option for all, and probably the one the ruling elite will be compelled to adopt in the long run.<sup>71</sup>

#### NOTES

1. See Orhan Güvenen, 'Türkiye Ekonomisi ve Zaman Dinamiğinde Sosyal Sermaye Eksikliği Kapsamında Bazı Yorumlar', *Doğu ve Batı*, Vol.4, No.17 (2001).
2. We should note that religious and ethnic discrimination is a much more determining criterion in the national-state context compared to the previous forms of government. In this regard, with the rise of a national-state, classifications on the basis of religion (Muslims and non-Muslims) have been replaced by 'accepted majority' and 'suspicious minority.'
3. Muslim-Turks started to engage in commercial activities after the *Tanzimat*, but failed to achieve significant accumulation of capital by this way. See Zafer Toprak, *Türkiye'de Ekonomi ve Toplum (1908-1950)*, *Milli İktisat-Milli Burjuvazi* (Economy and Society in Turkey (1908-0)), National Economy-National Bourgeoisie), (Istanbul: Tarih Vakfı Yurt Yayınları, 1995).
4. *Seyfiye* is the military class in the Ottoman social formation. See Ahmet Tabakoğlu, *Türk İktisat Tarihi* (Turkish Economic History), (Istanbul: Dergah Yayınları, 1986).
5. *Devşirme* means recruiting boys of non-Muslim origin for the Janissary corps.
6. Until the *Tanzimat*, the most important institution in raising Ottoman bureaucrats was *Enderun*. It was a school in the Ottoman Palace where *devşirmes* were educated and prepared for public service. Starting from the Murat I period, the Enderun School served as the main institution preparing public servants until the Mahmut II period. Ottoman bureaucrats, especially those graduated from Enderun, were rootless in the sense that they did not have a social support base, and isolated from society because of their ignorance about their parents'

ethnic or religious origins. This made them a class that would always favour the interests of the state rather than of society. Despite all their populist discourse, Republican bureaucrats are primarily elitist and statist. This is much more visible in the military bureaucrats of the Republic with their separate schools, transportation vehicles, residencies and special outfits. For the purpose of protecting the status quo, it was 'Shari'ah' (the Islamic code of life) at stake then, and now it is 'secularism'. In the past it was the Janissaries to protect Shari'ah against the *Ulema* (Islamic Scholars); now it is the military elite to protect secularism against people!

7. Şerif Mardin, *Türkiye'de İktisadi Düşüncenin Gelişmesi (1838–1918)*, (The Emergence of Economic Thought in Turkey (1838–1918)), (Ankara: AÜ SBF Maliye Enstitüsü, 1962). Grand ceremonies for bidding good-bye to young boys joining the army organized to this day throughout Anatolia are evidence that this understanding is very deep-rooted in Turkish society. In the Republican period, the military in addition to performing defence-related tasks also functioned as an educational institution teaching reading and writing and providing job-related training as well. It was the military service that gave many young men the chance to leave their village and gain wider experience. By the same token, many adults learned reading and writing, driving, and other jobs like tailoring, hairdressing, and mechanical repairs during their military service. However, the level of development achieved today almost totally eliminated the need for such supplementary functions for the military.
8. *İlmiye*: The concept used to describe Scholars in the Ottoman social structure.
9. *Kalemiye*: Bureaucrats in the Ottoman social structure.
10. The following provides some evidence on labour skills and relative shares of Muslims and non-Muslims in economic sectors:
 

*Domestic trade*: According to annual fiscal records (*Vilayet salnameleri*), in 1912 of the 18,000 businesses engaged in domestic trade only 15 per cent belonged to Turks; 49 per cent to Greeks; 23 per cent to Armenians; and 19 per cent to Levantines and other non-Muslims and Muslims.

*Foreign trade*: In 1922, only 4 per cent of foreign trade business companies, 3 per cent of transportation companies, 15 per cent of wholesale traders, and 25 per cent of retail traders belonged to Muslims in Istanbul.

*Manufacturing*: Among roughly 6,500 manufacturing businesses including artisan shops, 12 per cent belonged to Turks; 49 per cent belonged to Greeks; 30 per cent belonged to Armenians; and 10 per cent belonged to others.

*Personal services/private professionals*: Among 5,300 private professionals including doctors, engineers, and accountants, only 14 per cent were Turks, whereas 44 per cent were Greeks, and 22 per cent were Armenians. In Western Anatolia, among 3,300 manufacturing businesses, 73 per cent belonged to Greeks whereas 85 per cent of the 22,000 workers working in these places were also non-Muslims. Greeks and Armenians were better equipped to develop export-oriented production and introducing new techniques in Anatolian agriculture. Literacy, education and health conditions were much better among non-Muslims than the Muslim–Turks. See Metin Toprak, 'Osmanlı'dan Devreden Kriz Potansiyeli ve Tek Parti Dönemi Ekonomik Krizleri', (Potential for Crises Inherited from the Ottomans and Economic Crises in the One-Party Era) *Türkler*, (Ankara: Yeni Türkiye Yayınları, 2002), Vol.17.
11. The fact that the skilled minority population – among whom the literacy rate was high and who had the necessary skills relevant to newly emerging jobs at the time – has left the country, via population exchange, has resulted in a substantial human capital loss. For more details on the qualitative changes in the population, see Metin Toprak 'Osmanlı'dan Devreden Kriz Potansiyeli ve Tek Parti Dönemi Ekonomik Krizleri', (Crisis Potential Inherited from the Ottomans and Economic Crises in the One-Party Era) *Türkler*, (Ankara: Yeni Türkiye Yayınları, 2002), Vol.17. pp.598–614. The population exchange agreement required that all Greeks (except for the Greeks living in Istanbul and Turks living in Western Terrace), living in Turkey as of 10 Oct. 1918 were to leave Turkey while all Turks living in Greece as of the same date were to leave Greece. As a result of this population exchange, approximately 1.5 million Greeks living in Anatolia migrated to Greece while 380,000 Turks living in Greece migrated to Turkey. This event highly affected the rural–urban population statistics, as well as the skilled–unskilled labour composition in Turkey. In a sense, Turkey became, to a great

extent, a country of peasants after the exchange since the vast majority of the population to leave the country during 1914–27 period was urban-skilled labour. In 1927, 99 per cent of the population was Muslim, whereas 110,000 Greeks and 77,000 Armenians remained to stay in Turkey – almost all of whom were living in Istanbul. As of 1912, there were 52 cities having a population higher than 20,000 and only 17.8 per cent of the total population of 14 million lived in these cities. The reduction in population of these cities reached as high as 35 per cent. The literacy rate according to the 1927 census results was as low as 10.6 per cent. 81 per cent of the population was employed in agriculture, 5 per cent in manufacturing industries, 9 per cent in construction, and 5 per cent in trade services. Unfortunately, a relatively high rural population of around 35 per cent persists even today, and one can say that this is one of the biggest obstacles to constructing a rational economic system in the country.

12. Metin Toprak provides the following information regarding the feudal structure in land-tenure: When we look at agricultural land as of 1913, one can see that the cultivable lands were divided into small portions, with the relatively bigger plots owned by those landlords who lacked management and entrepreneurial skills. 39 per cent of lands were controlled by the feudal lords, 26 per cent by the landlords and 35 per cent by the villagers. 87 per cent of farmers owned only 35 per cent of the land, while 8 per cent of the farmers had no land at all. Feudal lords and landlords combined constituted only 5 per cent of total farmer population. However, one should be cautious about the exactness of these figures. Landlords and feudal lords were the two major elements of the feudal structure. Most of the feudal lords lived in Istanbul and made up of bureaucrats, *Ulema* and military officers. (Metin Toprak, *Cumhuriyet Dönemi Türkiye Ekonomisi, 75. Yıl Armağanı* (Turkish Economy in the Republican Era), (Ankara: Kara Harp Okulu Yayınları, 1999)). And see also Mehmet Genç, 'A Study of the Feasibility of Using Eighteenth-Century Ottoman Financial Records as an Indicator of Economic Activity', in Huri İslamoğlu-İnan, (ed.), *The Ottoman Empire and the World-Economy*, (Cambridge: Cambridge University Press, 1987).
13. Ayşe Buğra *Devlet ve İşadamları* (State and the Businessmen) (trans. by Fikret Adaman) (Istanbul: İletişim Yayınları, 1997).
14. Former (9th) President Süleyman Demirel is the most prominent among them.
15. A number of applications have been made to the European Court of Human Rights against Turkish state. See the web page of Ministry of Justice of Turkey ([www.adalet.gov.tr](http://www.adalet.gov.tr)), and Vahit Bıçak, *Avrupa İnsan Hakları Mahkemesi Kararlarında İfade Özgürlüğü* (Freedom of Expression in the Judgments of the European Court of Human Rights), (Ankara: Liberte Yayınları, 2002).
16. For instance, The Malki Murder case, the Susurluk accident, weapons lost in Batman, and the bloody Hizbullah organization which captured the public attention with grave-houses.
17. TV Series such as *Deli Yürek* (*Brave Heart*) and *Kurtlar Vadisi* (*Valley of Wolves*) are good examples of this.
18. For example 'workers' companies' in the 1970s based on savings by labourers working outside.
19. Kemal Can 'Yeşil sermaye' laik sisteme ne yaptı?' (What did green capital do to the secular system?), *Birikim*, Vol.99. (1997), pp.59–65.
20. For studies stressing the fact that foundation and growth of MUSIAD (the Association of Independent Industrialists and Businessmen, founded in 1990 to represent conservative Anatolian capital) overlapped with the process of opening, see Haluk Alkan, 'Türkiye'de Baskı Grupları: Siyaset ve İşadamı Örgütleri (Odalar, TÜSİAD, MÜSİAD)' (Interest Groups in Turkey: Political and Businessmen Organizations – Chambers, TUSIAD, MUSIAD), (Ph.D. Thesis, Marmara University, 1998); Berrin Koyuncu, 'Küreselleşme ve MÜSİAD: Eklemlenme mi Çatışma mı?' (Globalization and MUSIAD: Integration or Conflict?) in Fuat Keyman (ed.) *Liberalizm, Devlet, Hegemonya* (Liberalism, Government, Hegemony), (Istanbul: Everest Yayınları, 2002), pp.358–76; Cihan Tugal, 'Islamism in Turkey: Beyond Instrument and Meaning', *Economy and Society*, Vol.31, No.1 (2002), pp.85–101; Menderes Çınar, 'Yükselen Değerlerin İşadamı Cephesi: MÜSİAD', (The Businessmen Front of the Rising Values: MUSIAD) *Birikim*, Vol.95 (1997), pp.52–6. Gül Berna Özcan and Murat Çökgezen, 'Limits to Alternative Forms of Capitalization: The Case of Anatolian Holding Companies', *World Development*, Vol.31, No.12, pp.2061–2084, (2003).

The *Anatolian Tigers Business Association* (ASKON) founded in 1998 has parallel goals with MUSIAD. The association states the following as their main principles (*ASKON's* publicity pamphlet, 1998): integrity, respect for business ethics, freedom, opposition to extravagance, quality in production, fair distribution of income, and faithfulness. More religious, community-based businessmen associations like AGIAD (Anatolian Young Businessmen Association) and ISHAD (Business Life Solidarity Association) are two other examples of business associations in this realm.

21. One of the factors contributing to the rapid development of a religious-conservative class after 1980 was the fact that the generals, who conducted military intervention on 12 Sept. 1980, favoured strengthening religious sensitivities in Turkey in the context of struggling against communism and socialism. Likewise, the following activities can be regarded as examples of state-led promotion of religious affiliation: The President of the time, General Evren, delivered speeches adorned with verses from the *Qur'an* and Prophet's sayings; announcements and messages supported with verses and religious sayings were at times distributed in various regions by plane and helicopter; and compulsory religion classes were embedded in the primary and secondary school curricula.
22. It is open to debate whether this difference is a qualitative one, and what might be its potential for sustainability. Nevertheless, it was a different synthesis between religious tendencies and modernism, one we could call a hybrid pattern. See Nilüfer Göle, *İslam ve Modernlik Üzerine Melez Desenler* (Hybrid Patterns on Islam and Modernity), (Istanbul: Metis Yayınları, 2000).
23. MUSIAD organizes annual international fairs and travels abroad to facilitate the attempts of its members to open up their activities to the outside world.
24. One should bear in mind that the headscarf problem at the universities – one of the enduring hot topics on the nation's agenda – is a sociological phenomenon, rather than political reaction, of social change by which children of hitherto invisibles in the public square came out carrying their parents' sensitivities with them. For a collection of her writings with a journalist's insights in regards to this issue, see Gülay Gökçürk, *Gidemeyenlerin Ülkesi* (The Country of Those Who Couldn't Leave), (Ankara: Liberte Yayınları, 2001). As an example of individual autobiographies, see Zekiye Oğuzhan, *Bir Başörtüsü Günlüğü: ODTU Anıları* (A Headscarf Diary: Memoirs of METU), (Istanbul: İz Yayıncılık, 1996). For a study reflecting the diaries of head-covered women on these issues, see Yıldız Ramazanoğlu, (ed.) *Osmanlıdan Cumhuriyete Kadının Tarihi Dönüşümü* (Historical Transformation of Women From Ottoman Times to Present), (Istanbul: Pinar Yayınları, 2000).
25. Another name used to describe headscarf.
26. There were compulsory rules that regulated the way people dressed even in the Ottoman period, the purpose of which was, for religious reasons, to ensure that different social segments keep their social status. Therefore, the form or appearance has always been important in social change or transformation projects since Ottomans. One can say that this perception as a modernizing force makes life more difficult for the state to achieve its goals or at least decelerates the process. See Abdurrahman Arslan, *Modern Dünyada Müslümanlar* (Muslims in the Modern World), (Istanbul: İletişim Yayınları, 2000). Reformist Sultan Mahmut II was named 'gavur Padişah' (Sultan the non-believer) by the people because of his dress code reform. 'Gavur' means the one who disbelieves in God, His Messengers, the angels, all the holy Books, the Day of Resurrection and the *Fate* (Divine Preordainments). Interestingly enough, once this new dress code had been accepted, it was perceived as an indication of being religious. In the Republican era, dress code reform was introduced as an important transformation project, wherein Western-style dress codes attempted to strengthen this new social hierarchy. Because these reforms ensured controlling the appearance, the new social formation gave weight to – and reactions concentrated on – the formal elements. Society has steadily spent much time and energy on formalist struggles. In this context, the headscarves worn by female students at the university level were perceived to represent a symbol of opposition – that is, an uprising against the hierarchy imposed in the public square – so it drove a harsh overreaction from the secular elite. One should notice the greater intensity of reaction at the top levels of the social hierarchy. It is possible to view this overreaction against the girls with 'turban' – on the grounds that it is a political symbol – as

- clear acknowledgement that elimination of the distinctly religious appearances of the political subjects will lead to their elimination as well.
27. Workers remittances that came to Turkey through Central Bank between 1990 and 2000 range between 3 and 4.5 billion dollars annually. According to a survey conducted in Germany, the total savings of Turkish citizens in Germany are estimated to be around 164 billion Deutsche marks. See *Ekovitrin*, May 2001, p.23.
  28. It is not exactly known how much money is transferred to Turkey by means other than normal bank transfers, e.g. cash brought carried by suitcases. According to the popular press, German authorities estimate that over 1 billion marks were brought to Turkey from Germany alone by such off-the-record ways in 1999. See *Hürriyet*, 10 June 1999.
  29. MUSIAD President Ali Bayramoğlu states that MUSIAD had a meeting with 18 members of Anadolu holding representatives in which it was decided that these companies should avoid using Islamic materials in their publicity activities. Those who violate this rule will be warned first, then their membership will be cancelled and the public will be informed. See *Ekovitrin*, *Anadolu Holdingleşiyor* Special Supplementary Issue, April 2000, p.28.
  30. As of end Sept. 1999, total funds collected by SFCs amounted to 2.6 billion dollars. See *Bankalar Kanununda Özel Finans Kurumları: Değişikliğin Kamuoyuna Yansımaları* (Interest-Free Banks in Banking Act: Reflections of the New Changes), (Istanbul: Özel Finans Kurumları Birliği, 2000).
  31. Nazım Ekren, 'Değişen Çevre Koşulları ve Özel Finans Kurumları: Yeni Tercihler ve Stratejik Öncelikler', in *Türkiye'de Özel Finans Kurumları: Teori ve Uygulama*, (Changing Conditions and Interest-Free Banks: New Choices and Strategic Priorities, in Interest-Free Banks in Turkey: Theory and Application), essays submitted to the Symposium on 31 May 2000 (pp.29–61), (Istanbul: Albaraka Türk Yayınları, 2000).
  32. For example, İstikbal group bought Anadolu Finans, while Ulker group bought Family Finans (formerly Faisal Finans).
  33. Many sects or religious communities started setting up certain formations based on economic cooperation. In this process *mürüt*, or the brother in religion, is reintroduced to his/her community as a customer. It is interesting that this economic cooperation went so far as to force the religious followers by a *tariqat* leader to market the 'stew pots' produced by the factory he founded. See Kemal Can, 'Yesil Sermaye Laik Sisteme Ne Yaptı?' (What Did Green Capital Do to the Secular System?), *Birikim*, Vol.99 (1997), pp.59–65.
  34. Some of the formal organizations of the religious groups aim primarily at avoiding possible pressures from the state. The ban on getting organized as a religious group has led to getting organized by means of publishing or broadcasting institutions, commercial companies as well as political parties, e.g. Bağımsız Türkiye Partisi (Haydar Baş circle), Millet Partisi (Aykut Edibali circle), and Dirilis Partisi (Sezai Karakoc circle) the last two of which have not been very active in recent years.
  35. In a survey conducted to determine entrepreneurial characteristics and religious-cultural values of Anatolian businessmen, 4.4 out of 5 respondents valued the statement 'the road to earning the Hereafter passes through this world.' See Hüsnü Kapu, *Orta ve Güneydoğu Anadolu'da Yaşayan Girişimci/Yöneticilerin Yaşam ve Girişimcilik Değerleri* (Life and Entrepreneurial Values of Central and South-Eastern Entrepreneurs/Managers), (Ph.D. thesis, Marmara University Institute of Social Sciences, 2001, p.238).
  36. There is always a possibility for corruption or irregularity in allocating public resources, regardless of who holds the power. However, operations by the central government in Turkey toward limiting local politicians' opportunities seem to aim at blocking resources from going into the hands of 'others', rather than to avoid corruption.
  37. The experience of political power by the religious, while strengthening them through power, ensures that they get acquainted with and internalize the rules of political struggle, hence integrate with the political system. As money and power increase, the need to depend on religious legitimacy seems to decrease. Examples of this are changing employment policies of the growing Islamic firms, and the political formation that come out along the lines of RP-FP-AKP (Welfare Party, Virtue Party, Justice and Development Party).
  38. In the context of the all-comprising Republican change project, there has always been a conflict – even though the intensity might vary – between traditional values and social

institutions and those introduced by the new Republic, some in essence but mostly in appearance. This conflict was based on pure ideological factors resulting from different world-views, rather than ideological class differences with an economic nature related to the industrialization process in other countries. One might say that social, rather than economic, factors were determining ones in this conflict, and that they gave rise to a social polarization expressed in a progressive–reactionary discourse based on social class interests.

39. The following can be given as examples of undesired – even just the opposite of what was expected – results of social engineering applications in the Republican period: İmam-Hatip schools, which were founded to generate religious clergy who would be functional in keeping religion under strict state control, created a suitable ground where an educated religious elite would be a voice or organizing power for a stronger social opposition. The *coup d'état* of 1960, the primary purpose of which was to remove Democratic Party (DP) from power, indisputably handed the power for the following 20 years to the inheritors of DP. Likewise, the generals who conducted another military intervention on 12 Sept. 1980 strengthened the position of those political leaders whom they wanted to permanently dispel from the political arena: Süleyman Demirel, who served as the leader of Justice Party up to 1980 and True Path Party up to 1993, and became President thereafter which he remained for seven years; Bülent Ecevit, leader of the Republican People's Party up to 1980 and Democratic Leftist Party from mid-1980s up until 2004; Necmettin Erbakan, leader of the National Salvation Party up to 1980 and Welfare/Virtue/Happiness Party – the latter being the incarnation of the former consecutively – until recently; Alparslan Türkeş, leader of the National Movement Party until his death in 1997). Moreover, it turned out that without the help of these once-unwanted-leaders it became ever more difficult to keep the status quo – the efforts to extend duration of Demirel's presidency in the early 2000, and indisputable coalition leadership of Ecevit despite his serious health problems between 1999 and 2002 – are all examples of this observation in the political arena. Another observation in this regard is that 'reactionary' firms who were deemed a threat to secularism and the nation's security – hence excluded from government bids for public projects, government subsidies, incentive premiums or tax reductions, exceptions and exemptions – were unintentionally forced to turn to outward-oriented policies. This process helped them become stronger firms which could survive in the face of harsh international competition. Also, some of these firms started to generate enormous revenues, achieved a national and even international reputation, something directly opposite of what was aimed at the campaigns orchestrated against these firms in the first place. Another example is the pressure against religious educational institutions. Some private schools – such as the Fethullah Gülen colleges, as they are known by the public – were facing extreme hardship within Turkey, so they went abroad and gained a valuable experience in becoming globally competitive educational institutions, which was certainly not a purpose of the campaigns conducted against them.
40. Yasin Aktay, *Türk Dininin Sosyolojik İmkani* (Sociological Possibility of a Turkish Religion), (Istanbul: İletişim Yayınları, 1999).
41. Two founders of leading holdings that come to mind as far as the Islamic capital is concerned, Haşim Bayram (Kombassan) and Dursun Uyar (Yimpaş) began their road to success as former teachers with no financial capital or business experience at all.
42. The social segments that are called Islamist do not constitute one single homogenous group, but a number of sub-groups distinguished by their consumption patterns and life styles. For a study on this issue, see Özlem Sandıkcı and Güliz Ger, 'Fundamental Fashions: The Cultural Politics of the Turban and the Lev', *Advances in Consumer Research*, Vol.28, pp.146–50.
43. Hüsnü Kapu, *Orta ve Güneydoğu Anadolu'da Yaşayan Girişimci/Yöneticilerin Yaşam ve Girişimcilik Değerleri* (Life and Entrepreneurial Values of Central and South-Eastern Entrepreneurs/Managers), (Ph.D. thesis, Marmara University, 2001), pp.238–41.
44. Berrin Koyuncu, 'Küreselleşme ve MÜSİAD: Eklemlenme mi Çatışma mı?' (Globalization and MUSIAD: Integration or Conflict?) in Fuat Keyman (ed.) *Liberalizm, Devlet, Hegemonya* (Liberalism, Government, Hegemony), (Istanbul: Everest Yayınları, 2002).
45. Cüneyt Ülsever, 'Muhafazakar Değişimciler ve Demokratik İslam', (Conservative Advocates for Change and Democratic Islam) *Görüş*, Nov. 2001, pp.55–9. Ülsever states that the Turkish Republic, which aimed at creating an 'independent bourgeoisie' in the Izmir

- Economic Congress in the early 1920s, achieved this for the first time in 50 years, in Anatolia. See Cüneyt Ülsever, 'Bu Ülkeden Neden Umutluyum?' (Why Am I Hopeful for This Country?) *Hürriyet* 26 March 2001; Cüneyt Ülsever, 'İlkokul Mezunu Hacıbabalar ve Beyazyakalı Oğulları', (Primary School Graduate Religious Fathers and Their White-Collar Sons) *Hürriyet*, 29 Dec. 2001.
46. This is quite obvious from the breakdown of activities in the membership publicity catalogue of MUSIAD, a major business organization of religious-conservative businessmen. See *Müstakil Sanayici ve İş Adamları Derneği Üye Tanıtım Kataloğu* (Association of Independent Industrialists and Businessmen Membership Publicity Catalogue), August 1994.
  47. Adem Esen and Kemalettin Conkar, *Orta Anadolu (Konya, Kayseri, Sivas ve Tokat) Girişimcilerinin İşletmecilik Anlayışları ve Beklentileri Araştırması* (Survey on Entrepreneurial Ideas and Expectations of Central Anatolian Entrepreneurs), (Konya: Konya Ticaret Odası Yayını, 1999).
  48. The President of the Konya Chamber of Commerce, Hüseyin Üzülmez, expressed this in the following words at a meeting honouring the highest tax-paying members in the province of Konya in 2000: '[The] economic system virtually punishes those who stay out of the rent-distribution mechanism', *İpekyolu*, Vol.15, No.167 (2002), pp.14-23.
  49. Aydın Uğur and Haluk Alkan, 'Türkiye'de İşadamı-Devlet İlişkileri Perspektifinden MÜSIAD' (MUSIAD from the Point of View of Businessmen-Government Relations in Turkey), *Toplum ve Bilim*, Vol.85 (2000), pp.133-55.
  50. It can be argued that the desire to open up is motivated not only towards economic success, but also towards increasing the potential for realization of the transformation projects in Turkey. That is because when there is a powerful central authority, external factors have always had quite an important role in any kind of demand for change that has a potential to weaken the authority. It is obvious that all decisions made or legislation passed regarding the structural reforms to recover the bankrupt economy are carried out 'involuntarily' by the ruling elite under pressure by the EU, IMF and the World Bank. (The situation was to be somehow different under AK Party government later.) For this reason, the tendency to rely on external factors in transforming social institutions has been steadily growing. This is also confirmed by the findings of surveys conducted by public opinion survey institutions such as ANAR, Strategy-Mori and SONAR. For example, a vast majority, as high as 70-80 per cent, of the people would like to join the EU, but at the same time 65 per cent of them think that government does not make a strong enough effort to perform its duty. For more information, see *Türkiye Gündemi 2000 Araştırmaları* (Public Surveys on Turkey's Agenda), (Ankara: Anar Yayınları, 2000 and 2001). [www.anararastirma.com.tr](http://www.anararastirma.com.tr).
  51. MUSIAD's international fairs and business trips are a good indicator of this perspective and efforts. Most conservative entrepreneurs organize business trips and participate in fairs abroad, see Esen and Conkar, *Orta Anadolu*, pp.122-4.
  52. See Can, *Ibid*, 64.
  53. Private schools owned by the religious, such as Samanyolu, Fatih and Yamanlar, in addition to offering a good foreign language education, win awards from TUBITAK - a public institution to promote scientific projects and technical research - and their students are granted honorary degrees in international inter-high school competitions in physics and mathematics. A case in point is Samanyolu Educational Institutions, one of the high school chains operated by Fethullah Gülen group, which won 171 awards in scientific contests in the period 1993-2002. Being the most successful and highest-ranking award winner in Turkey with 60 medals won during international science Olympics, the Samanyolu Educational Institutions also hold a record with 111 medals won in national science Olympics organized by TUBITAK. See [www.samanyolu.k12.tr](http://www.samanyolu.k12.tr).
  54. MUSIAD, *Türkiye Ekonomisi 2002*, pp.94-145.
  55. It can be argued that in developing countries, most of the tension of domestic reactions against the local secular elite - who brought Western ideas, institutions and values to their countries - do not stem from those values *per se*, but the fact that the secular elite consider themselves as a privileged class carrying these values. This thesis provides a plausible framework to explain the tension between Istanbul (the elite) and Anatolia (ordinary citizens) in Turkey.

56. The view that the main fight behind the *February 28 process* (in 1997, Refahiyol government witnessed a new style military intervention sometimes called 'post-modern military *coup d'etat*') was a cake-sharing struggle between Istanbul-based and Anatolian-based capitalists, and that the Refahiyol government was the victim of this struggle, has circulated among the politicians for some time. See Meral Akşener, Minister of Internal Affairs for the Refahiyol government in 1997, 'Söyleşi', [www.derinanadolu.com](http://www.derinanadolu.com).
57. See Buğra, *Ibid*, pp.58–9.
58. This is a saying of Prophet Muhammad.
59. Businessman Mahmut Çalık of Malatya, who was awarded a 'high quality service medal' by the state, gives this interesting answer to the question 'What makes you most happy in the business world?': 'I feel very happy when I see my workers having lunch' (*Ekovitrin*, Special Issue 'Anadolu Holdingleşiyor', April 2000, p.20). Çalık continues, 'We are not working just for food, but also for contributing positively to the country as well. Our national flag will be red as long as the Turkish economy performs well. Then we will have a better status in the world. To live ten years longer in this world is not so important. But it is important whether Turkey has a better place among world nations, and whether my country is happy and great.'
60. Harsh political oppression against persons or legal entities engaged in economic activities may well lead to the exact opposite results than desired. For instance, it is possible for some companies that do not follow the legal procedures – hence leaving their shareholders totally unprotected in case of an irregularity – to exploit the demands of public institutions like the Capital Market Board, to fulfil the legal requirements and record all their transactions. They might use such demands as a means to reach new shareholders or new funds, saying that these demands are all for oppressing the religious-conservatives.
61. Both conflict and reconciliation are outcomes of power gain. There will be neither conflict, nor a need for reconciliation, if there is no power. There will be reconciliation if the effectiveness of the actors who would like to play a role in the social and political decision-making processes is proportional to their power. Otherwise, conflict is inevitable.
62. Ülsever says this problem, though important, can be solved by their well-educated children of the new generation, as long as they are allowed by their religious fathers. (Ülsever, 'İlkokul Mezunu Hacıbabalar ve Beyazyakalı Oğulları', (Religious Fathers of Primary School Graduates and Their White-Collar Sons) *Hürriyet*, 29 Dec. 2001.)
63. If small companies of self-declared 'holdings' based on workers' savings from abroad compete with big holdings in collecting funds and start paying 'profit shares' as dividend many times higher than the return on other investment instruments, it is quite likely that over time people would start directing funds they get from foreign banks in the form of loans or consumer credits, or credits they get from pension funds with a lower interest rate to these institutions. It is possible for these holdings, collecting large amounts of money and hence promising a high rate of return, to start working as a *happiness chain* – everybody wins as you distribute the money flow coming from the new members to the existing ones, provided that new funds keep coming – by leaving economic rationality aside. And this will be a great risk of losing trust not only for these companies themselves, but for all multi-partner Anatolian-based companies. This actually partly has taken place in recent years when the Turkish economy ran into two major crises in Nov. 2000 and Feb. 2001. Money flow from abroad stopped and these companies had to freeze the resources at their disposal, rejecting any demand for withdrawals of the principal money for quite some time. Three years after the crisis, they are still in the process of healing in 2004.
64. Among those who declared bankruptcy comes Jet-Pa holding, known for its sensational promotions and sports activities by the public. By the same token, İhlas Finans – another interest-free banking institution – declared bankruptcy after reaching a share as high as 50 per cent in the IFB system by distributing high profit shares as a result of illegal operations such as funding the owners' other companies. This strikes out as another significant handicap of this system.
65. 'Ha-şe-ma' is the shorthand word for 'Hakiki şariat mayosu', which means 'the true Shari'ah-type swim suit.'
66. Whether this form of religiousness could be reconciled with Islam will depend on the understanding of what is religiousness and what is not. The understanding that reserves a

little space in society argues that this modernization will bring secularization, hence going away from religion. On the other hand, the understanding that religiousness is possible in every aspect of social life unless forbidden openly by the religion sets forth the idea that with wealth, religiousness will find new forms and grow in influence. In any case, the common point shared by both 'outsiders' and 'insiders' with respect to the religious gaining wealth is that getting richer generates a different type of religious person. Whether this is a 'true' religiousness is a different matter. Insiders have worried that the meaning of giving charity, one's daily bread and waste has shifted and the famous principle set by Prophet Muhammad, 'the person who goes to sleep full when his neighbour is hungry is not from us' is being set aside rapidly, see Abdurrahman Arslan, *Modern Dünyada Müslümanlar* (Muslims in the Modern World), (Istanbul: İletişim Yayınları, 2000). The outsiders, on the other hand, are astonished at not seeing anything other than a naive, inexperienced attempt at becoming capitalists. (Ümit Kıvanc, 'İslamcılar ve Para Pul: Bir Dönüşüm Hikayesi' (Islamists and the Money: A Story of Transformation), *Birikim*, Vol.99 (1997), pp.39–58). It seems hard to resolve this debate, but two points must be underscored. First, viewing religiousness as a way of life that could appear only in an ideal social model, rather than something that could be reproduced continually in various social, economic and political situations may lead to methodological mistakes. Second, putting such concepts or processes as becoming secularized, capitalist, and modernized at the centre when explaining the wealth-gaining practices of the religious will result in serious epistemological problems in explaining a 'religious' attitude.

67. *Takiyye* means self-concealing, i.e., hiding one's real preferences, ideological or religious values for achieving a goal or avoiding certain difficulties, especially possible political oppression.
68. Timur Kuran conceptualizes this phenomenon as *preference falsification*, and shows very successfully its devastating outcomes in the case of various countries. See Timur Kuran, *Private Truths, Public Lies: The Social Consequences of Preference Falsification*, (Cambridge: Harvard University Press, 1997).
69. With reference to the collapse of communism, overthrow of the Iranian Monarchy and the French Revolution, Timur Kuran shows nicely how preference falsification leads to social turmoil (Kuran, 1997, Chapter 16).
70. For the relationship between trust and welfare, see Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, (New York: Free Press, 1995).
71. In this regard, the outstanding economic as well as political performance that has been observed in Turkey recently under a conservative–democrat government whose leadership have strong ties with traditional–religious values, in effect, indicates the merit of this argument clearly. Within less than two years – between the end of 2002 and mid-2004 – during the current democratically elected conservative–democrat government under the leadership of 'pro-Islamist' Mr. R.T. Erdoğan, long-lasting chronic inflation fell from around 30 per cent to 9 per cent, hitting one-digit levels for the first time in the last three decades; interest rates on government bonds decreased from around 80 to 25 per cent; the economy grew in real terms by 7–8 per cent annually; radical political reforms were initiated by the Parliament; and international diplomatic relations have been handled so smoothly that the long-desired integration with the EU becomes an ever-closer possibility.