

**Transnationalization of Governance and Governance of Transnationalization
Capitalist Restructuring, Neoliberal Globalization and the Transnationalization of the Turkish
'Secondary Contender' State through Governance Mechanisms***

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Abstract

After indicating some weaknesses of the literature that adopts Europeanization and 'multi-level governance' approaches in studying state reforms in Turkey, the paper develops an alternative account of 'transnationalization of the [Turkish] state through transnational governance mechanisms' by adopting a transnational historical materialist framework. The empirical analysis focuses on the years between 1999 and 2005, and on the role of 'governance reforms' in the restructuring and rescaling of the Turkish state. I discuss that the year 1999 constitutes a turning point in the reform process in the country with the completion of a 'transnational historic bloc', in a neo-Gramscian sense, which was led by a dominant fraction of the transnational capitalist class. I tried to establish that the objective of the group of actors and networks that constitute the historic bloc was to realize the interest of transnational capitalist class through the governance of further transnationalization of the states/society complex.

Keywords: Transnationalization, governance, state, capital, class

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I. Introduction

There have been important reforms in the Turkish state-society relations taking place since the early 1980s. However, the introduction of ‘governance’ concept as a comprehensive solution for Turkey’s governability crisis (at the Habitat-II Conference in 1996) and the declaration of official candidacy to the EU (in December 1999) were signifying a qualitative change in the nature of the reform process. ‘Good governance’ and ‘EU membership’ rapidly became two major discourses that are used by the governments to legitimize the restructuring of the traditional state institutions and the establishment of new ones. By referring to *globalization, governance, EU standards, democratization* and *liberalization* simultaneously and supported by capital, recent governments managed to pass a large number of laws, rules, and amendments from the parliament. Regulatory Reforms founded the Independent Regulatory Boards (IRBs) at the national level in order to deregulate/re-regulate the most profitable and strategic markets as banking, finance, telecommunication, energy, sugar, and tobacco (Bayramoglu, 2005). The enormous changes in the regional and local level bodies were envisaged in the Public Administration Reform (PAR) package. The reforms were the major policy packages that decrease the macroeconomic policymaking autonomy and decision taking capability of the traditional government and state bureaucrats, by taking away many of the tasks and duties from the ministries and other administrative organs (Guler, 2003a; 8). However, the governments and certain part of the bureaucracy implemented those reforms, that is, some segments of the state. This apparent contradiction constitutes the main problematique that the present paper tries to understand and explain.

The paper claims that approaches that conceive the state transformation from the perspectives of merely local or merely external, be it global or regional, dynamics and do not consider social classes as relevant actors are not sufficient to grasp contradictory and complex interactions between the different levels of power structures that are underlying the apparent reality. To engage with the key actors from subnational, national, and supranational levels and their cross-border struggle, and political and social consequences of this multi-level struggle adequately, we need a theoretical framework that considers the social classes, and, that deal with the ‘transnational’ phenomenon. It is argued in the paper that the change process in the Turkish state structure can be better grasped and explained by a transnational historical materialist perspective and through the conceptualization of the ‘transnationalization of the state’. The concept refers to the emergence of a new social and institutional setting that is determined by the ideas, norms, identity, and thus, the interest of the transnational social forces vis-à-vis nationally bounded traditional social forces. The institutional dimension of the process is about the embedding of the interest of transnational capitalist class (TCC) in the national, regional and local level decision-making structures/polities. In this sense, it is claimed in this paper that, what is experienced in Turkey is not merely a decrease in state power or change in its role and functions, but both at the same time. Through a restructuring and a rescaling (projects/processes) of the state, major ‘governance reforms’ were dedicated to transform traditional public goods into market goods

and to create an attractive climate for foreign investment, thus embedding neoliberalism into the national context. Apparently, capital in general benefits most from the governance reforms. Yet, the paper argues that especially the TCC gained more economic and political power vis-à-vis opposite social forces, such as labor, national capitalists and traditional state elite. Although the TCC is not a unified entity at the global level yet and different TCC fractions pursue different political projects, those TCC fractions have a common interest in expanding neoliberal market rules and practices throughout the globe. Hence, the Regulatory and Public Administration Reform packages were designed (and continuously redesigned) and implemented by transnational social forces to restructure and rescale the Turkish state according to the common TCC interest. The paper defends that this perspective can offer a better explanation for the contradictory behavior of the state in its own restructuring.

1. EU Anchor and Critique of the Problem Solving Theories

In recent years, the size of the literature on the transformation of the Turkish political economy expanded. In this sense, during the 80s and 90s, many scholars took the effects of the IMF-WB led structural reform and policy transformation process in Turkey under scrutiny. However, after the Helsinki summit in 1999, increasing influence of the emerging EU governance as ‘conditionality’ and ‘rule transfer’ (Grabbe, 2001 and Schimmelfennig and Sedelmeier, 2004) has dominated the mainstream research on Turkish reforms. A large part of the reviewed literature uses an ‘Europeanization’ perspective to analyze the structural and regulatory reforms. Thus, most of the researchers consider the EU anchor, or EU conditionality as the main ‘external’ dynamic of the change (Emek, 2005; Ertugal, 2005; Ertugal-Loewendal 2005; Yazıcı, 2004; and for critical point of view Onis, 2003). However, this approach provides a limited understanding, because it neglects the wider context in which the EU itself is embedded. One of the significant consequences of this negligence is that the role of transnational actors who exist outside or above the EU and strongly influence the Turkish accession process. The paper argues that it is vital to acknowledge that the global, macro-regional, national and sub-national power structures and the transnational linkages connecting those levels have strong constraints on the conditions in which the EU, its members and the candidate countries are located. Therefore, it is essential to take them in to account when analyzing the structural change at any national level.

The mainstream EU integration and democratization theories -informed by mainstream comparative politics, public policy analysis, public administration, IR, and IPE theories- have a large influence on the studies mentioned above. Indeed, theoretical frameworks of the reviewed papers often informed by liberal constructivism (Glyptis, 2005), liberal intergovernmentalism (Ertugal, 2005), historical institutionalism (Kubieck, 2005; Ertugal-Loewendal, 2005), rational-choice-institutionalism (Hadjit & Maxon-Browne, 2005; Lejour, 2004) or varying combinations of these frameworks (Ulusoy, 2005;

Schimmelfennig, 1999; Schimmelfennig & Sedelmeir, 2002; and Schimmelfennig et. al. 2003). Taking Robert Cox's and others' criticisms into consideration (Cox, 1986; Bieler & Morton 2001; Ryner & Cafruny, 2003; Van Apeldoorn et. al 2003), I suggest that those studies offer an inadequate understanding of the structural change. On the one hand, due to the 'problem solving' nature of the mainstream theories they adopt (Cox, 1986; 208), they do not address the inequality between power of the social actors and its consequences on determining the content or social purpose of the reform processes. On the other hand, as mentioned above, in some of those studies -state centric and intergovernmentalist accounts- the 'transnational' phenomenon could not be grasped ontologically. Hence, the role of the actors that are able to act transnationally and influence the social change at the national level is missed.

The 'multi-level governance' approach is a relatively new approach that is used increasingly (Marks et. al., 1996; Hooghe & Marks, 2001 and 2002) to describe the emerging European polity. Strongly influenced by the institutionalist perspective, it is able to solve the levels of analysis problem and it acknowledges the role of transnational actors. Yet this approach is limited to the European framework. By focusing on the outcomes of the new generation reforms and regulations, it provides a reliable description of the raising EU polity as a novel form of 'multi-level governance', as well as empirical insights about the way this polity functions. Some argued that this perspective would be useful to explain the EU integration and enlargement processes. It was used to analyze the effects of the EU governance on the policy, politics and polity transformations in the candidate countries, including Turkey (Kohler-Koch, 2003; Ertugal, 2005). However, the empirical knowledge generated by this descriptive perspective does not shed much light on the structural change -in the nature of power relations that results from the capitalist expansion at the global level- that actually compels the EU to transform into a multi-level governance system in the first place. In this sense, by not taking the asymmetrical power distribution among social classes into account multi-level governance approach shares the fallacy of the mainstream theories. Because they strongly influence the course and the content of the structural change in state-society relations, it is very important to acknowledge the existence of these asymmetries and incorporate them into the analysis. In short, it can be argued that the multi-level governance perspective, too, fails to provide a sufficient explanation of the structural change especially in terms of power relations, asymmetries among key actors, and the social purpose of the regulations both at the EU and individual state levels (Van Apeldoorn et. al., 2003; 28).

2. Contribution of Critical Approaches and Transnational Historical Materialism

The multidimensional character of the state/governance transformation processes forces scholars to think and practice in a multi-disciplinary fashion. Van Kersbergen and Van Waarden, rightly argued that the governance as a social science phenomenon is a bridge between disciplines (2004). Yet, as Cox and the others show for IR and IPE sub-disciplines, the meta-theoretical foundations of

mainstream perspectives do not allow them to transcend the sub-disciplinary and disciplinary borders to benefit from the other perspectives that are developed beyond their own fields. In addition, the mainstream theories are not capable to provide a critical knowledge of increasing social inequalities and the other contradictions embedded in the existing system, and they are not interested to think of possible alternatives. In opposition, the critical perspectives question the problems embedded in the existing system. They try to understand and explain how and why existing inequalities between the social classes were institutionalized and preserved, and how they may be changed. By transcending the borders that artificially separate social science disciplines, the reviewed critical approaches endeavor to produce this kind of knowledge.

Scholars like Boratav (2005), Cizre & Yeldan (2000), Keyder (1987), Savran (2002), Saybasılı (1992), Yeldan (2002) and others have significantly elaborated on the neo-liberal restructuring of the state-society relations in Turkey and its social consequences from varying critical perspectives. By recognizing the cooperation between the IMF, the WB and the EU in the process from a class analytical perspective (Boratav et. al. 2000, Savran, 2002; Ercan, 2005 and 2006) some very important insights were provided. Others, by underlining the key-role of the ‘governance’ regulations (Guler, 2003a, 2003b and 2005; Bayramoglu, 2005; Senalp, 2003) in the restructuring process, contributed to the understanding of the dynamics of change in the formal state institutions. Because it primarily aims to uncover the nature of unequal power relations that strongly influence the course and social content of the change in Turkey, this type of critical approach is crucial for the present paper. Among the reviewed ‘critical’ literature, the latter works of Bayramoglu, Guler, and Senalp are of special importance for the paper because of the way they incorporate the *governance perspective* to the critical analysis of the state transformation in Turkey. Yet including theirs, the reviewed critical literature does not consider the ‘transnational’ phenomenon. There is no single work over Turkey that utilizes the concept ‘transnationalizing of state’. Only, in her prominent article, Nilgun Onder (1998) applies Robert Cox’s conceptualization of ‘internationalizing of the state’, to analyze the integration of Turkish economy with the global markets. Her analysis provides that the transformation of state architecture in the 80s and 90s constitutes a starting point for my argumentation. However, in order to establish how the power structures of different levels of governance interacted in the restructuring and rescaling the Turkish state-society relations simultaneously after the 90s, I argue that, the analysis needs to go beyond Cox’s conceptualization.

Theorizing ‘transnationalization’ or contemporary ‘transnational relations’ in a sufficient way a distinct critical IPE perspective, namely transnational historical materialism, offers a clearer understanding of the structural change, both in state-society relations and in the interstate system (Gill, 1990; Overbeek 2000; Van Apeldoorn 2004). As it was coined by Stephen Gill and Kees van der Pijl and developed many other individual scholars, the transnational historical materialist approach

overcomes mentioned empirical and meta-theoretical shortcomings of the mainstream perspectives. It helps to comprehend the transnational character of the contemporary power practices and the social content of the structural change. Emphasizing the formation of a transnational capitalist class (TCC) and the struggle between social forces (among others Holman and Van der Pijl 1992; Van der Pijl 1984, 1989, and 1998; Overbeek, 1993 and 2004b; and Van Apeldoorn 2001, 2002) “in making of the history” it makes the neo-liberal/capitalist content of current structural change explicit. This approach has been applied to the peripheral European state-society complexes in recent years (Holman, 1996, 2001 and 2004a; Bieler, 2000; Bohle, 2005; and Shields, 2003 and 2006). The ontological tools offered by this approach are necessary to make the conceptual connection between ‘transnationalization’ and ‘governance reforms’ and the ‘levels of governance’; in other words, to describe the transnational linkages that are connecting the global, regional, national and local level power structures. In their recent articles, Holman (2003, 2004b) by emphasizing on the ‘asymmetric transnational governance’ regulations and Shields (2004a, 2004b) by using the ‘transnationalization of the state’ as the key concept developed this theoretical framework in a way that it can be applied to the contemporary transformation of peripheral state/society complexes. Analyzing the recent state reforms in Turkey by adopting this framework can be seen as a contribution to the literature.

II. Theoretical Framework

The theoretical framework of the paper is informed by transnational historical materialism. First, as it was discussed, because it provides useful meta-theoretical equipments to integrate the different levels of governance into one analysis and to acknowledge the role of transnational actors at the same time. It can be said that most of those equipments stem from Cox’s formulation of “ideas-material capabilities-institutions” (Cox, 1986) and his application of this analytic formulation on “world orders and transnational labor-capital relations” (Gill, 1990; 46). The strong explanatory power of this holistic approach helps us to comprehend the parallel levels of governance, their interactions, and simultaneity (Van Apeldoorn et. al. 2003; 39). It does acknowledge the ontological primacy of social relations of production and emphasizes on the role of the class agency in social change (Overbeek, 2000; 169). Secondly, because its nature is interdisciplinary: it is able to transcend the borders between and within the social science disciplines. Thus, this approach benefits from varying perspectives engendered in different disciplines and sub disciplines that work on similar social phenomena (i.e. sociological study of classes and especially the TCC). Finally, because of its ‘critical’ character: it can correctly address the social purpose and the content of the structural change, and its underlying power relations (Gill 1990; Ryner & Cafruny, 2003; and Bieler & Morton, 2001). These three qualities are crucial for answering the research question addressed above.

1. Capitalist Restructuring and Neo-liberal Globalization

Issues that are thought in relation to the 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 the classical Marxist theorist like V.I. Lenin, Rosa Luxemburg, Rudolf Hilferding and Nikolai Bukharin have developed the concept of “internationalization of capital” (Radice, 1975). The concept was thought, not only in terms of expansion of capitalist relations on a world scale but also, as Christian Palloix puts in his pioneer work, in terms of capital strategy (1973; 64) that aims at creation of a ‘world market’. The economic power, held by the capitalist classes, and the political power of the state are not understood as separate entities in these approaches. In parallel, Robin Murray’s analysis of the internationalization of capital process in respect to the national state (Murray, 1971) has indicated the *space* problem in analyzing the power structures. Murray’s argument on the *territorial non-coincidence* and *international functions* of the state made a great impact on the Marxist ‘state debate’ of the 70s (Clarke, 1991). Following Murray and Palloix, Nicos Poulantzas further elaborated on the relations between the state and ‘internationalization of capital’ (Poulantzas, 1974). Poulantzas’ attention on the social relations that transcends the national state borders has inspired the later theorization of the ‘internationalization of the state’. Some Marxist critics of contemporary capitalism have developed a distinct understanding of ‘capitalist restructuring’ and ‘neoliberal globalization’, by merely relying on the concept of ‘internationalization of capital’. Scholars like Robert Cox, Stephen Gill and Mark Rupert (so-called the Italian School) and the Amsterdam School, on the other hand, by adopting Gramsci’s key concepts (see Gill, 1993 and Cox’s contribution in this volume) have further developed the theorization of the ‘transnational class formation’ and ‘internationalization/transnationalization of the state’.

This paper follows this latter strand. It accepts Cox’s suggestion that the expansion of social relations of capitalist production across the globe as 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. Elaborating the Amsterdam IPE Project Van Apeldoorn draws on the global structural change in which the EU integration after 1990s is actually embedded. 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 Thatcher, and in the US under Reagan administrations. 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 the 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 ‘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.

The paper argues that structural change in Turkey strongly tied to the global developments. The 1980s brought about the displacement of the Import Substitution Industrialization (ISI) model with the Export Oriented Industrialization model. The entire socio-economic and political setting of the country was transformed in the following period; rebuilding of the new socio economic and political setting has been taking place since then. Besides the IMF and the WB programs, the EU accession process constitutes an important structural dimension in the Turkish reform process, especially in the post-1999 period. However, it would be a mistake to take the influence of EU governance on Turkey, as it is independent from the developments at the global level. While the chosen theoretical approach describes the structural context in which any analysis of social change of the Turkish political economy should be located, it also develops the analytical tools to uncover the role of the transnational social forces in the process. Below, it is elaborated on those conceptual tools that are central to the paper.

2. The TCC, the Transnational Historic Bloc and the Struggle for Hegemony

“[T]he thrust of the Washington Consensus is to enhance economic liberalization and to adapt the public domain –local, national and global– to market-leading institutions and processes” (Held, 2006; 161).

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 (TCC) 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 economic globalization (as a political project and process [see Overbeek, 2003]) 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; and Staples 2006 for empirical study of TCC formation). In this sense, the formation of the TCC refers to the unification of the largest capital groups around the 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) 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' (see Overbeek, 1993 and Van der Pijl; 1998; 4). For instance, some suggests 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). This insight brings us to the concept of 'neoliberal hegemony'.

'Hegemony' is another key concept, developed by Antonio Gramsci and after Cox's contribution (1993a), adopted by the neo-Gramscian scholars in order to analyze global level power relations and historical change. The term, as it is described and used by Gramsci (1971; 161), underlines the 'consent' instead of 'coercion' as the *key principle* in a ruling practice. In contrary to coercion, the principle of consent rests upon concessions and compromises that the rulers make against resisting or counter social forces. In a neo-Gramscian sense, the concept of 'neoliberal hegemony' refers to the establishment of the conditions that favor the TCC the most. Thus, it underpins the concession and compromise that the dominant TCC fraction make in order to produce consent of the other groups who would otherwise resist the contemporary change that imposes market rules and principles globally. The conceptualization of a 'transnational historic bloc', an adoption of the Gramscian concept, becomes a very useful tool (Overbeek, 2000; Embong, 2000) to understand the production process of the neoliberal hegemony by the dominant TCC fraction. According to Overbeek, the term refers to the alliance constituted among social strata and class fractions that share TCC's moral and ideological leadership in building neoliberal hegemony (Overbeek, 2004b; 125). It means more than an alliance between classes or class fractions. Therefore, the 'moral and ideological leadership' needs to be emphasized (Bieler, 2000; 14). Hegemony is always under construction and never established or consolidated, or needs to be reproduced continuously; we can talk about its existence when coercion is not necessary for the ruling class at that moment. From a Gramscian perspective, it can be argued that *transnational organic intellectuals* play a crucial role in the constitution of 'moral and ideological leadership' of the (currently) dominant TCC fraction. Thus, it would be plausible to say that struggle for hegemony is an open-ended process that takes place in parallel to the TCC formation. This means that the course and final destination of the overall structural change is not determined from the

beginning in a teleological manner, yet what dynamically determines the outcome of the process is the ongoing struggle between opposing social forces.¹

3. 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 oppose 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 term ‘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 (for elaborate discussion on the concept 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 paper, 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.

The term ‘transnationalization of the state’ is a variation of Cox’s conceptualization of the ‘internationalizing of state’. While Cox 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), Gill used (1990) the term ‘transnationalization’ without changing Cox’s definition. Later, Andrew Baker used the concept (1999) to analyze the restructuring of the British state. In his article, Baker focused on the penetration of Bank of England and HM Treasury by private transnational economic interest in order to test Cox’s

¹ See Overbeek (2004b) for a discussion on the subject.

concept empirically. The way Holman (1996, 2001, and 2004a) and Shields (2003 and 2006) applied the concept on peripheral European states is the most adequate way for this paper; with an emphasis on the radical institutional change enforced by the different socio-economic and historical setting observed in those countries. However, their definition, too, is more or less the same with what Cox gave decades ago, in which he concerned with the state-societies located in the capitalist core. Although Cox's definition can be implemented on the capitalist core, and peripheral state/society complexes for an early period of capitalist restructuring, as Panitch argued (1997), its 'outside-in' approach creates some theoretical problems, mainly, when we want to understand the role of transnational social forces that are stemmed from any national context.²

Inspired by Cox, Van der Pijl develops sophisticated tools 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 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, "termed *Lockean* after the author of the *Two Treatises of Government*" and "the typical state/society complex of the countries resisting peripheralisation" 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, 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 originally from 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, I 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

² I am thankful to Arjan Vliegthart for reminding me Panitch's criticism of Cox's work.

state-class into the Lockean Heartland. In this sense, the traditional 'strong state' form (contender state/society complex) play a historical role in the struggle between the social forces across the globe. The administrative institutions, which are becoming the castles of the resistant against neoliberalism, needs 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 from the beginning (1998; 67), it can be suggested that the re-transnationalization process of the Heartland after the Keynesianism was needed through policy adjustments during the 70s and 80s. However, a radical restructuring of the formal state apparatuses was still required 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 has 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 concerns with 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'.

4. 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. has given the concept a somewhat neutral, if not merely positive, meaning. In this sense, it is commonly seen as an inevitable consequence of contemporary developments and neutral *reformulation* of traditional ways of 'governing' (Senalp, 2003; 55). Sharing this perception 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 encompassing concept, the 'global governance' is used to refer 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 the state and the 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 latter 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 concept³, the critical interpretation of 'governance' emphasizes on 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).

³ The definition that is given by the European Commission's can be given as an example for the official use of 'governance' concept; 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 account 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 concept 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 latter perspective does not identify those ‘global’ capitalist classes or deploy 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 paper, 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. These relations are transferred to the periphery under the rubric of ‘good governance’. AS Van der Pijl states “Neoliberal ‘good governance’ ... 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. Than ‘global governance’, as worldwide rule mechanism of capital appears to be as the highest analytical level of the structure that would include

the other levels, together with the 'transnational' linkages connecting them.⁴ The term 'transnational governance', in the paper, thus, is used to refer to those governance arrangements mediated by the transnational linkages which are formed by transnational actors and networks to connect the inside and outside of different state/societies.

The novel form of the bourgeois domination through transnational governance mechanisms is attained by the increasing role that was given to the *civil society*. The NGOs and the *capital*, in the new institutional setting, constitute the most influential civil society participants. Although it apparently is more democratic, participatory and inclusive, in practice this power setting brings direct *participation* of capital to the policy processes, besides the state bureaucracy. On the other hand, in the new institutional setting worker representation foreseen to be decreased to a lower level than as it was in the traditional corporatist structures of prior period. Through those actors and processes, these arrangements penetrate the national institutions/decision-making from inside and outside, and bridge them not only to each other but also to the other levels of governance. Hirsch reminds us that, "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). The *governance* discourse defines the *capital* as the most dynamic and progressive element of the civil society and gives to it the leading role (Guler, 2005). 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.

To explicate the novelty of this ruling model of bourgeoisie, from a transnational historical materialist perspective, we need to stress on 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 in to do so is to understand the rising governance mechanisms as the components of rising neoliberal model that redistributes political power in a way that favors the TCCs. 'Transnational governance' then should not be seen as an end goal for 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 in the globe. The promotion of 'governance' model in the 90s, in this sense, is similar to the promotion of the ideas developed by John Locke in, *Two Treaties of*

⁴ Although I do not primarily focus on the possibility or formation of 'global governance' in my analysis, for clarity, I 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.

Government, in the initial expansion of the Lockean Heartland (Van der Pijl, 1998); it provides the institutional forms that the transnational capital needs in the neoliberal era. Lockean ideas and institutional forms were spread to the English speaking Commonwealth before, and this time the target is Hobbesian contender state forms. The conceptualization of ‘transnationalization of the state through transnational governance mechanisms’, hence, 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. Transnationalization of the Turkish Secondary Contender State/Society Complex

My main argument is based on the assumption that the modern Turkish state was founded with a catch-up drive with the capitalist West (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 Lockean 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.⁵ The cadre who has 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) long resistance, ‘Kemalist’ cadre and the Turkish army -which was built on the network of local resistance groups- has achieved the national independence.⁶ Imperial rivalries among the western countries and the Communist Revolution in Russia determined the preconditions and the limits of the independence of the modern Turkish Republic.⁷ After the war, the leader cadre led the *democratic revolution* process in a *Jacobin* fashion. A concentric development of an ‘independent market economy’ determined as the national economy policy under the leadership of the state. It is aimed to create a national bourgeoisie or develop its existing elements through the state action. Some authors discussed that the “strong state” tradition in Turkey impeded the development of

⁵ 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 Auguste Comte; it underlies the *positivist* approach adopted by the Young Turks.

⁶ The revolutionary ideology that was shaped during the war called Kemalism. Although Kemalist leaders stemmed from Ittihat ve Terakki movement, they moved away in time from it. While the Kemalist theses were based on the national independence, the ‘Ittihat ve Terakki’ believed in the survival of Ottoman Empire (Ottomanism).

⁷ For the close relations between Kemalist Cadre and the revolutionary Bolsheviks see Kazancıyan, 2004.

national capital in Turkey (Kayder, 1987), yet others like Boratav, in contrast, claimed that from the beginning the interest of the Turkish capital strongly tied to the state (Boratav, 2005). 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. 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 mobilize the social base, and foreign policy backing up the claim of equal sovereignty with a powerful military, and 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 (Boratav, 2005; Yalman, 2002). After the Second World War, the dominant segments of the Turkish capital started to intensify their ties with their international counterparts (Kivilcimli, 1996). Apparently, in its relations, Turkish capital was dependent on the foreign capital. Nevertheless, it was still possible to talk about a relative freedom. Although Turkish bourgeoisie could not oppose the general interests of the dominant international capital (Boratav, 2005), it had enough power at least to bargain the conditions (Savran, 1993). 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. Expanding modern capitalist production relations and accumulation circuits brought about the incorporation of the *ancient* social strata into the ascendant challenger classes (Kivilcimli, 1996). The first challenge of these classes came right after the Second World War and Thruman 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 that actually meant the adaptation of the contender character of the state to the new conditions by making new concessions (Yalman, 2002; 32). Although it has transformed radically during the 20th century, by interacting with the structural changes in the world system of capitalism, the secondary contender character of Turkish state/society complex has lasted until today. Thus, the 'hegemonic integration' of the Turkish state-class with the Lockean Heartland is not completed. Yet, a systemic change at the global level has brought about new dimensions to the *integration* process since the 1980s. The new configuration of the 'state class' is of central important to understand the 'opening up' or 'internationalization' process that indicates a qualitative change in this decade. I argue that the offensive of the transnational 'Lockean' social forces towards the 'contender' *state class* underpinned the state restructuring between 1999 and 2005 in Turkey.

Below, the analysis of the Turkish state restructuring process after 1980 is divided into two periods. The first section of this chapter presents a story of the early phase of the process until 1999. In order to underline the ‘ups and downs’ of this period, a sub-division is added to the analysis. The subdivision is not arbitrary here; both 1989 and 1999 indicates major turning points in the political economy strategy of the country. To re-establish this early phase, I rely largely on Nilgun Onder’s account (1998). In her article, Onder along with an analysis of the integration of the country’s political economy with the global market, gives the main course of the parallel processes of the changing role and the functions of the state and internationalization of production and national capital, from a Coxian perspective. Building on the work of prominent experts of Turkish history, economy, and politics (whose works I also refer), she demonstrates how the existing class configuration in Turkey has been altered in parallel to the wholesale change in the national political economy during the 80s. Onder’s analysis convincingly shows how the social change in a national context is mediated by the dialectical interaction between the national dynamics and the current ‘historical structure’ -as Cox describes the phenomena for the world context (1987). She also convincingly explains why the 90s turned into a lost decade for emerging/internationalizing capitalist classes in Turkey. The term internationalizing/internationalization of the state⁸ is explicitly used in analyzing the transformation of the Turkish state-society structure as the first time in this work.

The second section of the chapter focuses on the post-1999 period and suggests that the concept ‘*transnationalization* of the state’ better fits when describing what happened to the state/society complex in this period, in continuity with the prior period. In this perspective, ‘internationalization’ and ‘transnationalization’ is seen as two distinct phase of the hegemonic integration. While former concept of Cox is adequate to understand the pre-1999 period, Van der Pijl’s elaborate historical understanding of the place of ‘state forms’ in the social/structural change helps us to understand the later developments. His emphasis on the capital fractions (and transnational historic bloc), provides with us the necessary tools to uncover the role of ‘governance’ phenomenon in the entire process and to understand the contradictory position of the ‘state’ in its own undermining. Based on Van der Pijl’s conceptualization, the second section focuses on the transnational governance reforms, and draws on the main lines of the complex struggles -between social actors at the sub-national, national, international levels and in the transnational social space that cut across and interlinks these levels- over the control of the state apparatus.

1. Early Phase of Restructuring and Its Limits: Internationalization of the State

⁸ As Overbeek indicates (2000; 176-177), Cox first uses ‘internationalization’ but later the he shifts the term with ‘internationalizing’ without explaining why. My guess would be that Cox has wished to emphasize the role of the agency in the process of structural change.

The Turkish experience of parliamentary democracy disturbed three times in the post Second World War period (in 27 May 1960, 12 March 1971, and 12 September 1980), by three military interventions. The Turkish society could not develop a stable political system within this period, but it deployed a stable economic growth strategy. In accordance with the current world order (*Pax Americana*; see Cox, 1987), Import Substitution Industrialization (ISI) was the main characteristic of the Turkish political economy throughout the 60s and 70s. The ISI model was a protective and inward-looking economic growth/capital accumulation strategy and it was based on a specific configuration of social classes and an interventionist state form (Cox, 1987; chapter 10). The given set of classes for Turkey was national industrial capital and growing working class and state elite (Onder, 1998; Boratav, 2005). A specific set of political and civil institutions, which were identical for the ISI model, like State Planning Organization, existed and through those organizations given set of actors exercised their power (Ercan, 2002). At the end of 70s, following the structural crisis in the global political economy, and concomitant restructuring of capitalism, Turkey abandoned the ISI model (Boratav et. al. 2000; 23).

The transition to the new setting has not been smooth. Although the structural political and economic conditions that the new world order required prepared the climate for change, only after the military coup (of 12 September 1980) actual transition could get started. The existing class configuration and interest/power relations of the ISI model has transformed within a decade. The new principles and actors became dominant within the framework of the Export Oriented Industrialization (EOI) accumulation model. The new model was constructed, largely, by the international actors (like the IMF and the WB) (Senalp, 2005; 39). The qualitative change of the Turkish political economy that started with this shift is often referred by the concepts as *liberalization, economic adjustment, deregulation, privatization, integration with the global markets* et cetera. Yet, these terms connote merely the economic dimension of the structural change. They neglect the political dimension that is integral to it. To emphasize the integrity of political and economic dimensions within the context of *capitalist restructuring* and to characterize the given process Cox's key concepts 'internationalizing of the production' and 'internationalizing of the state' (1987) are helpful. Indeed, the change, which is understood as the integration of the political economy with the global markets, was underlined by the opening up of national production, distribution and accumulation processes to the participation of international actors. Increasing existence and influence of international capital within the new socio economic and political setting in the 80s is, therefore, the key for understanding what happened in the country in the later periods.

1.1. Revolutionary 80s: From ISI to EOI 'Policy and Practice Adjustment'

Foreign exchange crisis of 1977-79, which manifested itself as balance-of-payment difficulties, high inflation and unemployment rates, and decline in capacity utilization (Onder, 1998; 45), structurally

defined the initial conditions of the restructuring process in Turkey. Severe conditions of the crisis and an urgent need for foreign exchange forced the left Republican Public's Party (CHP) government to sign a standby agreement with the IMF in 1979. Following the other underdeveloped countries, Turkey was pushed to accept the new norms and rules that international financial circuits require. However, the change was not imposed directly from external structural conditions or actors; domestic actors played an essential role in the process (Boratav, 2005; 82 and Ercan, 2005; 4).

The current CHP government was not willing to implement the austerity program as it was imposed by the IMF agreement. Hesitance of the government attracted destructive criticisms from big -industry oriented- Turkish business. Those groups who benefited from the ISI model at most have shifted their opinions during the crisis (Manisali, 2003; chapter 5). They mobilized a great opposition against the Prime Minister Bulent Ecevit, who was then seen as a national hero.⁹ The government had to resign at the end of this mobilization. Its reluctance in meeting the requirements of the transition towards the new accumulation model resulted in displacement of Ecevit Government with a right wing minority government in 1979 by-elections. The new government seemed more motivated to implement the IMF's recipe (Onder, 1998; 47). Its economic program, known as '24 January Decisions', was translating the standby agreement into the actual public policy. According to Boratav et. al. (2000; 4), in this program, series of reforms were described in order to overcome the crisis by integrating Turkish economy with the world markets. *Liberalization, adjustment reforms* etc. were the manifestations of the shift envisaged in the 24 January policy package. This suggests that capital played a key political role at the initial moment of the restructuring and 'opening up' process. Especially without the strong support of domestic capital, it would not be possible for the IMF and other external forces to impose such reforms. Towards the end of 70s, the opinion of the dominant Turkish industrial conglomerates (organized under TUSIAD) approached to the will of its external counterparts (Onder, 1998; 46).

However, the consent of the dominant Turkish bourgeoisie was not enough to open up the Turkish circuit of capital accumulation to the outside world completely. State elite and other social forces also had to be convinced before implementing the measures of the economic program that brings austerity for low-income groups. The minority government was unable to maintain political stability and proceed with the reforms. The coup in 1982 has created the adequate climate for the launching of the reform package. The junta directly adopted the austerity program as its own and appointed Turgut Ozal as vice prime minister who charged with the implementation of the program (Onis, 2004; 116). The junta also closed down all existing political parties and mass organizations, and oppressed all democratic means of social opposition -demonstrations, strikes etc.- (Senalp, 2005; 2). However,

⁹ Ecevit government has led the Turkish army to intervene in Cyprus in 1974, in the expense of losing Turkey's Western alliances including US.

while some 23.657 public associations were closed shortly after the coup, the TUSIAD, peak organization of the dominant industrial capital- did not cease to exist. Besides, as the first time in the history of modern Turkey, 14 multi-national companies established an interest organization, Foreign Capital Association (YASED), right after the coup. It was striking that while the new constitution did not let any public organization become member of any foreign peak organization (until decades later), the foreign capital could establish its own interest organization. This was an indicator of the class bias of the state and its changing nature (Onder, 1998; 61-62). The severe crisis conditions convinced the most nationalist party, the army, to lead the restructuring process in favor of the foreign capital and dominant national capital, at the expense of much larger part of the society. The oppressive and neoliberal essence of the coup was 'constitutionalized' in 1982.

In 1983, Ozal was elected as prime minister by 'restricted democratic elections'.¹⁰ Before this position, Ozal served as the economy minister in the military administration and he was the undersecretary of the State Planning Organization (SPO) before that. Between 1971 and 1973 he worked for the Industry Unit of the World Bank (WB) and joined to the preparation process of the 24 January austerity package. Ozal was an internationally minded bureaucrat. His personality and background brought him a warm welcome from the international institutions (Onis, 2004; 117). Besides the agreement with IMF, Ozal Governments signed five Structural Adjustment Loan (SAL) agreements with the WB, for every year between 1980 and 1985. In addition, the Organization for Economic Cooperation and Development (OECD) celebrated Ozal's election, and supported his consistency about the reforms. During the 1980-87 period Turkey's foreign debts reached up to 30 billion US Dollar. According to Boratav, there is no any other country, in recent history, supported this much under the structural adjustment programs (Boratav, 2005; 84). The formation of such a coalition - between international financial institutions, dominant national and international capital, (military junta) and (later) the Ozal government- was indicating continuity of the consensus reached before the coup among these actors on the content of the restructuring.

The neoliberalism was the content of the reform program on which those actors agreed. The concrete measures of the program were adjusting the economy policies and practices to the exigencies of global economy. First step was the *liberalization* of the existing import regime. The government deregulated and liberalized the strict trade regime of the ISI model gradually during the 80s (Boratav et. al. 2000; 11). The reforms abolished the protection walls around the internal market and let external capital penetrate Turkish consumer good markets.¹¹ Regulations on imports (controls, substitutions, tariffs

¹⁰ The elections were restricted because all political parties and their leaders that exist before the coup were excluded from the elections and so from the political space.

¹¹ Imports were restricted to production materials such as heavy machinery and high technology raw materials until that time (Ercan, 200).

etc.) were abandoned systematically, in order to prepare national producers and capital for external competition. While the certain state apparatus “buttressing” the process, the consent of the national social forces had to be considered. As Senses put it, “gradual import liberalization did not produce serious upheavals at the industrial front although a chronic pessimism has prevailed within the industrial segment of the Turkish bourgeoisie up till the late 1980s” (quoted in Onder, 1998; 52). In addition to coercive preconditions that the military administration has created this was essential to produce the consent of the weak national capital, because the new setting meant the abolishment of the strict import regime that was protecting weak national capital from strong external competition. Gradual liberalization of the import regime continued until today in the form of reduction of tariffs. Turkey’s membership to World Trade Organization (WTO) and EU-Turkey Customs Union, in the 90s, has deepened the trade liberalization. In a much freer context for trade, dominant segments of the Turkish capital developed and strengthened its ties with their external counterparts.

In parallel to the liberalization of the import regime, *export promotion* was accepted as the main strategy for capital accumulation and resource allocation. The state initiated various incentives to support export-oriented industries and creation of big exporting companies. In order to adjust requirements of the export regime and to receive direct and indirect state support, national industrialists re-arranged their production systems (Onder, 1998; 46). Export orientation was placing the Turkish economy and its actors into the global production and consumption chain, hence defining its position in the new international division of labor (Ercan, 2002; 24). Here, too, state power was the key. Especially the government and several key agencies belong to Prime Minister’s office played central role in redistribution of sources in a way that favors the national dominant capital and some segments of the nascent bourgeoisie (Onder, 1998; 64). While Turkish big industrial capital -like Koc and Sabancı groups- had the advantage of scale and infrastructure (i.e. existing nation wide distribution network), the government used its strong position to transfer great amount internal and external -IMF and WB credits- resources to newly rising and ‘outward looking’ capital groups -like exporters (Boratav, 2005; 96). ‘Fictitious export’ phenomenon manifested not only in inegalitarian character of the state but also its changing class bias. Some argued that within the period, approximately 100 billion US Dollars were transferred to capital -from the tax revenues and the international credits- in forms of direct and indirect incentives (Manisali, 2003; 87).

The financial liberalization (and other deregulations) and major privatizations were the structural preconditions (of neoliberal globalization). They were thought as essential for the completion of the wholesale liberalism in the Turkish restructuring. Although the first steps towards this direction were taken in the 80s, the financial liberalization of capital markets and full convertibility of Turkish Lira was realized in 1989. This was a significance change in terms of capital accumulation because it meant disappearance of the differences between foreign and domestic capital. The target was opening the

national accumulation circuit to the world. However, the privatization of the banking sector could not be realized. Although privatization of the large scale state owned property was key to capitalist restructuring, as it was declared as integral part of the liberalization program, its implementation had to be slow. The government postponed the transfer of the property of the strategic state owned enterprises to capital as part of a political tactic (Onder, 1998; 56). Moreover, the deregulation of insurance system, the second big step in changing national financial architecture, also had to be delayed.

It can be argued that the internationalization of production and of the state in Turkey initiated by external capital and financial institutions and strongly supported by the dominant national capital, but that the actual process was implemented directly by the state itself. The state in the hands of the military administration, between 1980 and 1983, stabilized the course of neoliberal restructuring, as it was mentioned before. Besides the anti-democratic 1982 constitution, the junta did a massive judicial work to create the politico-judicial framework and infrastructure on which internal and external capital will discover their mutual interest. The legal restructuring brought a concentration and centralization of power in the office of Prime Minister. The capital fractions that were characterized with their willingness to connect and work with the international conglomerates were privileged and awarded, while others -like industrial sector producing for the internal market- were being ‘punished’, by given segments of the state (Onder, 1998; 64). Although the government promoted its policy as it was for the well-being of capital and society ‘in general’, in reality the government served the interest of dominant industrial capital and newly engendering groups at the expense of nationally based industries, workers and other groups (Boratav, 2005; chapter 4). Following the military coup, the partnerships and mergers between national and international capital groups increased rapidly. Political economy strategy shifted from industrial development to trade, financial activities and services (Ercan, 2002; 32). This shift can be interpreted as the adjustment of “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”. Thus, as Cox suggested, the neoliberal restructuring of the political economy brought about internationalization of the production. This simultaneously triggered the rise of internationally oriented capitalist groups in the national context. In return, growing roots of international corporations in the national soils actually brought the rise of ‘internationally minded’ segments within the state. That is, Turkish states society complex, to a certain extent, has been internationalized in the 80s.

1.2. Conservative 90s: Crisis of Neoliberalism and Resistance

The revolutionary change that has started in the 80s slowed down in the 90s. The crisis in the global political economy coincided with the legitimacy crisis of the state at the national level. On the one hand, the contradictions of the neoliberal austerity program brought the mobilization of mass

opposition. On the other hand, the conflating interests of varying capital fractions have created imbalances in the internationalization process. The traditional segments of the state apparatus become the major obstacle before the neoliberal change as well as the moment of the struggle between fragmenting forces.

As it was shown above, the internationalization process has altered the state bias and changed its functions, through the agency of government and certain state institutions, during the 80s. This, in return, brought about a fragmentation between the societal interests of various groups in the public policy, especially in terms of the resource allocation/redistribution (Onder, 1998; 59-60). For the survival of the neoliberal reforms, the democratization and development of the civil society was two essential instruments. Ironically, the anti-democratic 1982 constitution, which was guaranteed the launch and implementation of the neoliberal reforms, became an obstacle before the reforms. Attempts to democratize the state-society relations, according to imperatives of liberal market, paved a way to the mobilization of workers and other social groups that were excluded from the redistribution and democratic participation mechanisms in previous period (Onder, 1998; 67). The opposing social forces of late 80s embodied a counter movement in the 90s. Workers have mobilized and rallied several important protests. At the beginning of the decade trade union movement rearticulated, the banned unions reopened. Beside these developments, the inegalitarian character of the economy policies indirectly supported the resurgence of Kurdish separatist movement and the Islamic fundamentalism (Onder, 1998; 69), and concomitant increasing terrorist and counter-terrorist activities. It is common opinion that those Islamic groups and the PKK (Kurdish Workers Party) found much of their supporters among the lowest income groups, especially in the eastern rural part of the country.

Ozal's main policy was balancing between the national dominant capital and international capital by strengthening competitiveness of national capital. While this strategy worked out in the 80s, at the end of 80s it lost the trust of government's allies. The arbitrary approach of prime minister in choosing which capital groups will be supported by the state incentives increased the tension between the capital fractions (Boratav, 2005; 89). The neoliberal discourse of the government did not match with the type of interventionism that the government pursued. Resources were transferred to selected capital groups through various state channels, while the others were punished (Manisali, 2003; 151). Among the dominant capital classes -of the prior period- those big industrial conglomerates that could have their own banks become, structurally, more advantaged vis-à-vis other groups within the rising monetarist neoliberal context (Ercan, 1998; 29). Ozal's major contribution to internationalization process, in this sense, was the constitution of financial liberalization and deceleration of full convertibility of the Turkish lira in 1989 (Cizre-Sakallioğlu and Yeldan, 2000; 484). As the elections approached, Ozal returned to the populist policies (Boratav et. al. 2000; 12). The alliance between

external transnational capital, some segments of national dominant capital and Ozal government weakened.

The contradictions of the process inevitably influenced the multi-party system and paved a way to the appearance of new political cleavages. As the politicians who were banned by the military administration have returned to the political arena and formed the political opposition, the political arena became more fragmented. In 1989, Ozal was elected as the President of Republic. However, his ideological and personal leadership over his party continued until the 1991 elections, which replaced the ANAP government with a social democrat-center right coalition. During the 90s, the political instability and coalition governments become normalcy. No single part could enjoy a majority position in the parliament. Increasing social resistance, weak loyalty of coalition governments to the commitments, and the instability in political life consequently disturbed the market opening process. The severe fragmentation of the state apparatus between nationally and internationally oriented social forces created a decade long legitimacy crises. While the new *elite* that share the norms, identity and interest of international social forces controlled the new agencies connected to the Prime Minister's office, the counter forces build an alliance against those ascendant groups that represent the neoliberal project. The bureaucrats who hold the traditional state institutions like the National Security Council and high courts strongly supported by the Army led the nationalist resistance front. After the sudden death of the Ozal in 1994, conservative leader Suleyman Demirel became the new president. This event strengthened the position of the nationalist fraction of capital for short time.

The economy political consequences of these developments were striking for the endangering transnational capitalist groups. Due to the destabilization of the political sphere and severe financial crises, the 90s turned into a 'lost' decade for the neoliberal reforms (Beris and Gurkan, 2004; 2). Although this counter movement could not stop the wholesale liberalization of the Turkish political economy, as Polanyi would have, it slowed down the process. The WTO membership in 1995 and Customs Union agreement with the EU in 1996 has deepened the trade liberalization, and hence further integrated the Turkish economy to the global markets. Yet, financial liberalization and deregulations could not been realized within the political chaos atmosphere of the 90s. May be, in terms of social relations of production, the internationalization process went deeper, but the privatizations of large-scale state enterprises were delayed and establishment of "self-regulating" financial system failed. These two fields were critically important for the construction of the neoliberalism based on the monetarist philosophy and market principles, in the national context.

The major obstacles before the strategic privatizations and financial deregulation came from the National Security Council through which the Military Commanders made their voice about the government policies; high courts that did not allowed the selling of the strategic SOEs; and the President who used his veto right against almost all critical laws regarding the privatizations and

financial deregulations. Thus, historical conditions and existing national socio-political structure in relation with the global dynamics defined the limits of the neoliberal restructuring in Turkey. In other words, the ‘secondary contender’ character of the state/society complex, in dialectical relation with global developments, determined the limits of the internationalization process. The shift in the state bias and later developments showed that that internationalization process actually has altered the configuration of the “state class” that was formed in the prior period. The old class members became more internationally oriented classes whose interest rest more in the open economy, and who positioned against the new “state class” that is consisted of nationally bounded social forces claiming more protection.

2. Transnationalization of the State through Governance Mechanisms: 1999-2005

After 1999, the state restructuring process has not only accelerated but also expanded its vision. The postponed privatizations of the prior decades 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 has come 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 are radically changing the architecture and functioning of the traditional state apparatus.¹² 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 have foreseen a major change in the traditional bureaucratic structure of the central state, it 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.¹³ 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 a continuation with the prior period. Hence, this section 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, but in this new phase, the TCC interest was aimed to be an

¹² See BSB report (2006) for the comprehensive list of the key legal texts included in these two policy packages.

¹³ For a documentation of these harmonization packages see Belgenet website: <http://www.belgenet.org>

integral part of the *national state/society* structure. To understand this we need to establish the ‘governance’ phenomenon as a manifestation of a transnational capitalist project, which is described below, was designed and implemented by the transnational social forces. As the Turkish state/society approached to the Lockean Heartland, the transnational capital did not only penetrates the national social space by investing in Turkey -as an actor acting from outside towards inside- but it aims at becoming a ‘local’ actor, which organizes and promotes its interest against the other local actors. This, in return, triggers the resistance of the nationally bounded social forces. Through the prospected governance mechanisms, it was mainly aimed at undermine the state apparatus that block the hegemonic integration of the *state class* into the Lockean Heartland.

2.1. 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 institutional change at global, regional, national and subnational levels (Guler, 2005; Bayramoglu, 2005; Reyhan and Senalp 2003). The crystallization of the governance as an ‘institution building’ project was interpreted, from a transnational historical materialist perspective, as embedding of the neoliberal norms into 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). The paper argues that, from this perspective, the governance project was a product of a transnational historic bloc that was formed under the moral and intellectual 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 formulized for the first time in a WB Development Report that was prepared on the African transformation (1989). During the 90s, the ‘good governance’ became the key criteria for the World Bank and IMF credits; and by this was the model has 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 confirms 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 the 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; 3). 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, in parallel to other organizations. All these major global policy programs have underpinned by the 'governance' concept. It can be suggested that 'governance' constituted a key argument in the raising strategy of those managers who occupy the highest positions in the Western governments and the international organizations which was dominated by those Western governments and transnational social forces.

The new consensus/condition has influenced the political struggle between and within social forces at the lower levels. The changing approach of the supranational institutions, and other global actors towards Turkey, and in its internal effects, 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 after two years (in December 1999), Turkey was officially declared as a member candidate. Simultaneously, the WB, first time since 1994, has 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 have 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. In parallel, the behaviors and characters of the actors of the Turkish politics have changed.

The country has 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 the external financial support became more essential. The situation made the public opinion and government more sensitive to the expectations of the

international organizations. The governance project has entered to Turkish political agenda in this conjuncture. Although the concept was introduced as 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 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 adoption of the Gramscian concept ‘historic bloc’ with a *transnational* dimension provides with us an invaluable 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. Below, those key actors of the transnational historic bloc and their role in design, adaptation and implementation of the governance mechanisms were established. It is also demonstrated that how those roles played at the national and supranational levels and in a transnational social space overlapping in both those contexts.

2.2. 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, itself was built on a complex federal administrative structure from which the governance model was inspired. It was intended to adapt this US originated model for to the peripheral -African and Eastern European-transitional economies in the late 80s (WB report 1989). The model was further developed in the 90s. It can be suggested that governance model also thought for the in order to suppress the potential contender social forces in the European Community, after the global crises of capitalism and collapse of the Socialist Russia. Yet its implementation came after the global crisis of neoliberalism in the 90s. The OECD, after 1997, has played an essential role in exporting of the governance mechanisms that suit to 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; Gill 1998), the EU become a bridge to pass the model to the Eastern European countries as well as 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 continuation of the 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 IMF-WB meeting in Dubai in 2003, is a good example to show direct US influence. The conditions of the 8.5 billion US dollar worth agreement were identical with the EU and other supranational actors, with its demands regarding to the institutional reforms in Turkey (Hurriyet, 23.09.2003 and Evrensel, 31.08.2004). The more contender posture of Turkey transformed into a neoliberal one, 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 utilizes in Europeanizing the candidate's governance structures (Schimmelfennig et. al., 2003). However, the Europeanization process between 1999 and 2005 was identical with the transformation that was foreseen by the US Governments and the international financial organizations (Guler, 2003a). 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); decentralization would potentially discard the contender forces and open the way for transnationalization of the Turkish public governance. The main EU instruments to motivate new members in the CEE were the European Social Funds and the EU Conditionality (Vliegthart, 2007). These two instruments have served to keep the change in Turkey within the neoliberal path. The Pre-Accession Financial Assistance for Turkey (Further Development of Civil Society, 2005) and MEDA program (supplied equipment to the Regional Development Agencies 2005) were concrete contributions of the EU to the process of building governance mechanisms, and NGO actors those mechanisms required. According to the key principles and instruments of the EU, two *National* Programs were prepared in 1999 and 2001. These programs were translated into the public policy (as the process of adoption of the EU *aquis communicaire*) by the current governments. As result, a radical constitutional change came into the agenda in 1999, 2001 and 2002. The amendments constituted a ground for larger implementing the governance reforms. Regulatory and Public Administration reforms were deduced form those programs accordingly.

The UN System: Programs/Funds (UNCTAD, UNDP, UN-Habitat), Specialized Agencies (IMF, WB)¹⁴ 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). By doing so, these organizations acted for the spread of 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 for developing the governance project and building its mechanisms in the member states. Global Compact and Millennium Development Goals were the two major programs that are launched by UN Secretary General to support the institutional restructuring and rescaling processes. The Global Compact Program, for instance, has offered legitimate channels for TNCs through which they would 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 can involve in the institution building process within the nation-state borders.¹⁵ 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.¹⁶

Besides these major programs, 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, fully implementation of the project came in the late 1990s. The main purpose of the Agenda 21 project series were declared as the strengthening of the ‘local governance’ by ensuring that “*civil society participates in decision-making and influences local investment*”.¹⁷ To this end, the project “*encourages to development of City Councils and Regional*

¹⁴ Specialized agencies are autonomous organizations 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 (<http://www.un.org/aboutun/unchart.pdf>).

¹⁵ It is referred to the BP and UNDP led regional development initiatives in Azerbaijan, Turkey, Georgia, Indonesia (see related section of the official UNDP websites).

¹⁶ Participation of giant business groups in the restructuring process of local authoritative bodies of still ‘sovereign’ states reminds the role of East India Company in designing the institutions of British Empire in the colonial world.

¹⁷ See, <http://www.un.org/esa/sustdev/documents/agenda21/index.htm>.

Development Agencies".¹⁸ 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.¹⁹ The transnational political space, which is created by these 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). The institutions like UNDP²⁰ not only 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.

The World Bank (WB) and the International Monetary Fund (IMF) among the other intergovernmental and supranational entities provided the most important tools for developing the 'enforcement capacity' of the transnational actors to realize the restructuring/rescaling of the state according to TCC interest at the national level. Although the IMF and the WB worked in a harmony to expand free market relations among the nations, since their creation in 1998, these two organizations have established an institutional collaboration based on the global governance perspective (IMF/WB Report, 2001). 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 the building of the infrastructure for the implementation of the governance project in the national context. During the first phase of restructuring in the 80s, 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). The IMF has provided a financial framework for the restructuring/rescaling processes in the developing countries. 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). The long relationship between the Fund and Turkey intensified since the 1980s. Some argued that the 17th stand-by agreement that was signed in December 1999 -as an extension of the 1998 Staff Monitoring Program- institutionalization of IMF/WB existence within Turkish political economy (BSB report 2006; 11). In 1999, a new arrangement was set for coming three years. The new

¹⁸ More information on this program see: <http://www.un.org/esa/sustdev/documents/agenda21/index.htm>.

¹⁹ UNPAN (United Nations Online Network in Public Administration and Finance), Global Forum on reinventing Government, etc.

²⁰ UNDP's core services to 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 UNDP web site).

agreement was aiming at disinflation and growth at the same time (IMF/Turkey 1999). The implementation of the arrangement caused severe crisis within one year. Ironically, at the end of the crises, the national economy management became more dependent to the IMF/WB programs; the agreement was extended again until 2005. 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 includes almost every state in the interstate system. It has joined to 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 provide the conditions for freer world trade, and free flow of capital. Besides this, it can legally enforces those necessary behaviors in organizing public services and ordering state initiatives as redistributive instruments (Yilmaz, 2001; 34). Major agreements under the world trade system (like GATT, GATS, TRIMS, and TRIPS) underline the main TCC interest (Bayramoglu, 2005; 54). 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 the capitalist relations. This restricts and defines the major traditional functions of the governments through an enforcement power. For instance, under the GATS agreement, *the Plurilateral Agreement* enforces international rule on governments when they regulate their national procurement procedure.²¹ By doing so, it completes the efforts of the IMF and WB in restructuring state apparatus and the way they make national public policy. Especially for the contender state form, this means a radical loss of power that diminishes the chance of pursuing national policies, as distribution policies that could favor national social forces. As Turkey became member of the WTO in 1995, the trade liberalization went further. However, after the IMF-WB-WTO triangle was formed the pressures become much stronger on the Turkish state restructuring process (Yilmaz, 2000). As a WTO member states, Turkey is a direct signatory of the GATS agreement -as well as the other agreements under the WTO system- this obliges Turkish governments to marketize and privatize its public services. In doing so, the state was expected to treat the national and international firms equally (Guler, 2005; 132). In this way, it can be suggested, the WTO prepares the material 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 institutes mentioned so far participated in the design and development of governance mechanisms though which the private actors articulate

²¹ Information on the Plurilateral Agreement can be found on the related website of the WTO.

their interests against the contender segments of the state/society complex. 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).

Turkey participated to 'Volunteer Country Program' and opened its public administration system to OECD observation in 2001, right after the severe economic crises. Two important reports 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). The weaknesses of the Regulatory reforms and the existing Public Administration framework in Turkey were underlined in those reports and the best solutions to overcome those weaknesses were proposed. The organization openly suggested 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.

It was discussed that the state minister of the current coalition government Kemal Dervis had great influence in Turkey's participation to the program. Indeed Dervis's economic program was including 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 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, also underlined the AKP governments 'governance program' (I return to this point below). Changing governments have exercised the transnational principles of the state restructuring process in a consistency.

2.3. A Transnational Historical Bloc in a National Context

Transnational capital groups and NGOs were the key actors who maintain the harmony between the national governments and the international institutions in design and implementation of the governance project. The relation between external capital and NGOs increasingly blurred and a form of transnational historical bloc appeared in the Turkish national context.

Transnational and Transnationalizing Capital

The Foreign Investors Association (YASED) is the peak organization of transnational groups that invest in Turkey, 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 after 1999, it became more active in the political arena. It defended and promoted the neoliberal politics homogeneously. Its ideas, or the ideas it represent, indicated the 'new normalcy' to the other capital fractions in Turkey. The YASED, recently, has accepted dominant Turkish firms that have established a transnational partnership with its members. Among those firms that became a member of the 'foreign capital' organization YASED, we see domestic business 'national' groups of the prior period, like the Koc and Sabancı groups, which can be seen as 'the most transnationalized fractions of the Turkish capital' today. The 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.²² The ideas and norms of the dominant TCC fraction regarding 'governance' reforms shared among these organizations the most. The hierarchy among the segments of the TCC fractions -in the Turkish context- can be reflected through the acceptance of the ideas and norms -related to governance project- by those peak organizations.

In order to understand the real influence of the TCC, and do not lead to an individualistic/pluralist analysis it is crucial to underline this hierarchical order among the fractions of capital as economic agents and political actors. 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 produces (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 the firm base, the socialization was

²² Executive members of Koc and Sabancı Groups have occupied the leading positions in TUSIAD for decades (TUSIAD web site).

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, regarding to the 'open market' and 'low inflation', were collectively promoted by those organizations at the domestic level ().

In 2004, transnational capital alliance (YASED-TUSIAD-TIM-TOBB) has achieved to establish the Investment Advisory Council (IAC), a privileged access to the government at the highest level.²³ This strengthen the transnational capitalist class position, which had already structurally the most advantaged position vis-à-vis other capital groups, in terms of setting the political agenda and pushing the national governments to pursue it.²⁴ The pressure was increased as far as the development of governance mechanisms considered. In several reports, many press releases, and public debates, TUSIAD has called the governments for a sound regulation and public reform since end of the 90s.²⁵ In its warnings, TUSIAD did not hesitate to use the same discourse with the transnational capital and international institutions (TUSIAD, 2003). The agenda setting activity traditionally conducted in a face-to-face manner or through informal channels, though in some cases publicity was necessary. TOBB's full paper-size advertisement campaign that called for urgent 'public reform' -just before the 2002 elections- was a radical example for this type of agenda setting (Savran, 2004; 45). However, we can observe the most efficient and influential way of promoting the TCC interest, through the service of its think-thank/NGOs that were founded and/or funded by the TCC.

Transnationally Oriented Non-Governmental Organizations

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 Vakfi), Turkish Association of Education Voluntaries (TEGD), Turkish Informatics Foundations (TBV), etc. that are funded by capital. Although, these NGOs do not directly represent/defend capital interest they either founded or fully sponsored by transnational and transnationalized capital groups and intergovernmental organizations.²⁶ In return, they promote the

²³ See the official website of the IAC.

²⁴ For a comprehensive analysis of how a similar class struggle that was experienced at the supranational level see Van Apeldoorn (2002).

²⁵ See the official website of TUSIAD.

²⁶ The DEIK was founded directly by the peak capital organizations and its executive board comes 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 managers, there has been elite industrialist, academicians, and journalists. The other NGOs that are named here display a similar executive/membership configuration.

capitalist interests indirectly, by using various channels and instruments with a support of the strong media corporations. Most of the times their members often managers of these NGOs are the CEOs of the transnational and/or transnationalizing capital. Consistent with this and the paper, these NGOs championed the neoliberal reform process and integration with the world markets in Turkey, not only ideologically but also by directly involving in its implementation.

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. In critical points, they did not hesitate to support to the TCC project by organizing public actions and leading ‘civil’ movements. One remarkable example of this was the -IKV and TESEV led-NGO campaign for supporting the EU membership process after the crisis that appeared with the publication of the EU ambassador Karen Fogg’s personal emails. The content of the emails were explicitly showing the corrupt relations between the EU ambassador and some leading Turkish journalists (HaberX, 15.03.2007). The event has not only brought Fogg’s dismissal and damaged EU’s credibility, but also constituted a good example of the organic relations between the transnationalist societal actors. Globalist media, NGOs and business indeed condemned the publications of *personal* communication without seeing the *public* dimension in the event. According to Gramsci, organic intellectuals in the times of organic crises serve for harmonizing the *material base* and *superstructure* (Portelli, 1982; 99). It can be argued that those think-thanks 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 are institutionalized as under the ‘NGO’ label.

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 three key programs TESEV conducts called ‘democratization’ and ‘good governance’.²⁷ Under these programs, TESEV published many books, reports and a regular bulletin called with the same name, to promote the project. Since 2004, it also has conducted several projects regarding the good governance issues.²⁸ The Tarih Vakfi joined TESEV’s efforts with two major programs: *Local History* and *NGO and Democratic Citizenship* Programs.²⁹ While the former aimed at strengthening the weak local cultures and individual/local consciousness -to provide a social

²⁷ The other TESEV programs are named *Democratization* and *Foreign Policy and International Relations*.

²⁸ See the official website of the TESEV.

²⁹ See the official website of the Tarih Vakfi.

ground for decentralization, the letter program (financed by the UN) actually utilized the international financial support to establish NGOs at the localities. The IKV, as mentioned above, has focused on the EU process and produced the bulk of information about the benefits of the EU membership to both Turkish citizens and Europeans.³⁰

Transnationally organized Open Society Foundation (OPF) 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 foundation launched (political reform, democratization developing civil society, and supporting local actors) are directly linked to the governance project. Under these programs 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 OPF.³¹ Governance related projects of the two of the NGOs mentioned above, TESEV and Tarih Vakfı, are funded collectively by the OPF, the WB and the EU (Hurriyet, 27.01.2004). The collaboration between the transnationally working OPF, 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, the Soros’s foundation also finances and supports some influential communication networks and media components; like internet portals, radios and TV channels, e.g. Open Radio (Acık Radyo), Open Website (Acık Site), Bia-Net and academic units that are specialized on the civil society and the EU (Hurriyet, 27.01.2004). It also provides funds to some other organizations that maintain technical support for the local NGOs, like Civil Society Development Agency.³²

2.4. 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 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

³⁰ See the official website of the IKV.

³¹ See the official website of the OPF.

³² See the official websites of the OPF and the Civil Society Development Agency.

complex. The intention was to give the peak business organizations and transnationally oriented NGOs a dominant role in the new rule-making mechanisms. Connecting the different levels of governance in such a way that exclude 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.³³ The 57th coalition government (formed by the nationalist MHP, conservative ANAP and nationalist-left DSP), 58th and 59th AKP governments played a major role here.³⁴ 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.³⁵ The raising nationalism also increased the opposition towards the IMF and WB policies; however, ironically, right after it came to the force in June the nationalist/conservative coalition government has opened the playing field to the 'transnational' social forces. Two 'National Program'³⁶ 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 57th government in the implementation of the reforms. However, this decisiveness has been reversed by two severe crises (Beris and Dicle, 2004). After the shocks of November 2000 and February 2001, Kemal Dervis, the vice president of the WB, has been charged with putting the Turkish economy into the track back as the new economy minister (Milliyet, 23.05.2001). After two economic crises, the hesitations of the 58th 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 IRBs 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 the size of which reaches up to sixty per cent of total economic activities in Turkey. As Bayramoglu discuss, the corporate interest defined as the priority in these new public policy making bodies (2005; 301). The business representatives took an equal seat in the management boards of some of the key IBRs and other seats were shared among independent and privileged bureaucrats, who were educated

³³ 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.

³⁴ AKP declared itself as 'conservative democrat' in the 59th Government Program (AKP, 2003).

³⁵ 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).

³⁶ The second National Program is called as Program of Transition to the Strong Economy (GEGP, 2001).

in a foreign country most of the time, and an amalgam of NGOs including the one that were backed and funded by capital (Guler, 2003; 9)

The major contribution in terms of building 'governance' mechanisms came from the 58th and 59th AKP governments. Right after winning the majority in the parliament in November 2002 elections, AKP formed the 58th government and declared an action plan in which the restructuring of wholesale state apparatus according to governance project was formulated systematically (AKP, 2002). After Erdogan elected in Siirt province in April 2003 to the parliament, and form the 59th government, the reform process has reached to another stabile phase. The new government expressed its determination 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 government's determination. In these texts, business actors defined as leading societal actors in line with the governance discourse and 'citizenship' and 'public goods' determined in terms of market relations.³⁷ 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 business 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 it was discussed before, the 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, 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

³⁷ See Kamu Yonetiminin Temel İlkeleri ve Yeniden Yapilandirilmesi Hakkinda Kanun (Law on the Fundamental Principles of the Public Administration and Its Restructuting) 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..

the Turkish Tradesmen and Craftsmen (TESK), which represents the small sized capital groups, consistently resisted the reforms.³⁸ While the YASED, TUSIAD and TIM harmonically and openly defended the Regulatory and Public Management Reforms and the development of new types of institutions, the TOBB was silent about the measures of the reforms. Consequently, the TUSIAD and TOBB directly participated in the preparation of the legal texts that are the institution building process (Haber Ekspres, 08.01.2003). 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 camping to support the establishment of the those transnational governance mechanisms.³⁹

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 result form the lack of member and irregularities in fee payments and usually not sponsored or supported by the private sector significantly. Waste amount of societal organizations, like local and national level consumer associations, wide range of foundations and solidarity associations can be counted in this group. These locally organized groups normally represent very narrow/focused interest in specific fields, and they act through lobbying in Ankara. While more nationally organized ones has a wider interest field, like general macro economy. These organizations do not have membership to international peak organization, or if they have, they are often passive members, because of the lack of financial, intellectual and human resources. Therefore the involvement of those groups to national or local level governing practices are extremely limited in contrast with transnationally originated and capital funded NGOs. Trade unions, on the other hands, became one of the NGOs in the civil society definition of the new institutional setting of 'governance' (Hirsch, 2003). Reyhan and Senalp call this NGOization of trade unions (2005). Four peak organizations of the labor movement in Turkey represent a fragmented position in the formulation of the 'governance' mechanisms. Turk-Is as traditional organization of workers from the stated owned enterprises (SOEs) reflects the corporatist structures of ISI model of the 70s. After the military coup, Turk-Is became the sole worker organization that has the official recognition and license to lead a collective negotiation. DISK and KESK are social democrat organization is origin. Democracy and development of the civil rights and civil society thus they support EU process while they oppose neoliberal project. Hak-Is, on the other hand, has founded in the early 1990s on a religious discourse. While no labor representative is given role in the IBRs, trade unions are though among the NGOs in the prospective executive structure of the CCs, RDAs and PPAs (Reyhan and Senalp, 2005;

³⁸ See the official website of the TESK.

³⁹ See related sections of the official website of TESEV at: <http://www.tesev.org.tr/etkinlik/konferanslar.php> and <http://www.tesev.org.tr/etkinlik/tesevgorusu.php>.

137). This relativized participation right, in practice, is given to the Turk-Is and Hak-Is selectively in the other forms of governance mechanisms at the state level, DISK and KESK were excluded systematically. It will be plausible to expect a similar treatment for the prospective mechanisms that are linking different levels of governance.

IV. Conclusion, Implications and Recommendations

Within this limitations and restrictions, the present study of the recent changes in the Turkish state/society complex showed that a hectic process of transnationalization of national state apparatus between has been experienced 1999 and 2005 through the establishment of governance mechanisms. Historically these mechanisms can be linked to the hegemonic integration process that has started in the early 20th century. More specifically, the governance reforms can be seen as the new phase of the ‘internationalization of the state’. As the empirical evidence showed in the development of the governance mechanisms the EU and the other international institutions played a collective role. This, however, did not mean the state restructuring completely imposed from outside. Instead, it has been managed mainly by transnational actors and in favor of the transnational capital. Within the process, the national and local level parties confronted each other in a transnational social space created by the collective action of those mobile actors that can act in different national and subnational contexts at the same time. To be able to understand the interaction between those actors, from different level of governance, and grasp their effect on each other in a holistic view, the concept ‘transnationalization of the state through governance mechanisms’ was useful. It helped to advance a dynamic analysis of the complex political change process. The concept has potential to uncover the *transnational rivalries*, that is, the severe struggle between and among local, national and transnational social forces over the implementation of neoliberal hegemonic project of the TCC, by the enforcement of the transnational governance mechanisms (regulatory and public administration reforms in this case). Thus, the concept has proved its potential to identify preconditions for possible counter hegemonic strategies.

One critical limitation of the present research is its relatively narrow focus on the change in formal regulatory processes. Although transnationalization is a multi-dimensional phenomenon that consists of crucial social, cultural, economic, and political dimensions, this work elaborates only on the latter two dimensions. Transnational historical materialist approach adopted as the best suiting approach because of its trans-disciplinary nature (Jessop and Sum, 2001), yet it would not be true to suggest that this specific analysis covers all of the mentioned features. Moreover, the exclusion of the ‘regional’ struggles among the TCC fractions and the impact of American unilateralism or ‘imperial turn’ after the 9/11 from the analysis can be identified as weak point of the analysis. ‘Imperial turn’ at the global level economy politics made serious effects on the local level power struggles and political change.

After the occupation of Afghanistan and Iraq, for instance, anti-Americanism and nationalism has fostered in Turkey, which in turn influenced the political cleavages inevitably. Struggles within the EU integration project also made a great impact and supported nationalist upheaval in the country. Within the limited space, it was not possible to widen the time scope of the analysis so it could cover the 'imperial turn', or it could include the regional and inter-regional struggles. This would require much larger space and further development in the theoretical framework. Therefore, the paper was restricted with a time scope and with a national context.

Transnational governance and democratization

Although the discourse of good governance associated concepts like participation, efficiency and legitimacy, studying Turkish experience showed that various dimensions of governance phenomenon were underlined by the private interest. The study displayed that the multi-dimensional arrangements were designed in a high-level harmony between intergovernmental organizations and capitalist forces that are acting transnationally. This means that the influence of policies, political relations and state restructuring brought about an increasing power towards transnational actors, especially towards capital. In terms of democratization dimension of the reforms, it became difficult to talk about the consolidation of western type liberal democracy in the Turkish context. Further research, in this sense, is necessary to examine the wider influence of the transnational governance 'offensive' towards 'contender' states like China, Russia, African, Arabic and Latin American state/society complexes. A special attention in this sense should be on the impact of this phenomenon on global, national and local level democracy perspectives. The significance of the expanding governance framework for more just and equal relations between societal actors needs to be taken under scrutiny.

Importance of bridging the concepts and debates among social science disciplines and sub-disciplines

The present study conformed that if we are to examine the state-society relations we need to overcome disciplinary fragmentation. In this sense, the 'transnationalism' and 'governance' appear to be two concepts that can penetrate the fences between many disciplines and sub-disciplines of social sciences in order to explain and understand the political, economic, social and cultural relations and their change. Among others disciplines and sub-disciplines like sociology, migration and ethnic studies, political economy, international relations, international political economy, public administration, public policy analysis, comparative politics, managerial and organizational science, etc. utilize these concepts in various ways and with various meanings in order to understand more specific subject matters. However to understand these concepts their selves and the relations among the reality they correspond, one need to be able to transcends the artificial borders between these disciplines and use the insights. Although it has certain shortcomings the present exercise can be seen an attempt to do so.

In this sense, further research needs to be extended toward cultural and social sites of life and to the other contender state/society structures.

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