State rescaling, exclusion and temporality of neoliberalism
The case of Turkey

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I. About temporality of neoliberalism

If we are to investigate the temporality of neoliberalism, a better departure point, I think, is to use the term "neoliberalism" to denote a set of emergent tendencies in policy-making and implementation to ensure the continuity of capitalist social relations, which cannot be totally controlled and determined, but could only be contained or shaped by the capitalist state. Thus, we could avoid the danger of constructing "neoliberalism as a coherent, stable regime of state-society or state-market relations" that represent the ultimate stage in the evolution of the capitalist political economy, leaving us with the task of investigating the dynamics of how this "ultimate form" is actually changing, or being transformed, as if it is "a radical break with the past".

A second caution to be introduced is about the geography of this temporality. Although one could well detect certain prevalent tendencies across the globe affecting different capitalist states and societies, especially given the increased exposure to the pressures or crises radiating from the centres of the capitalist world (like the US), and/or the emergence of global agreements to establish free-market economy as the economic basis of policy schemes, the pace of integration with the global free-market economy varies from one country to another due to the uneven geography of capitalist development (and even varieties of capitalism in the developed capitalist world), and unevenness of political geographies, renders the periodisation/temporality problem geography specific.

To get back to our initial point, a better strategy, then, could be to problematise the relationship between the capitalist state - not the nation state - and social relations reinforcing, or shaped by capitalist relations of production and exchange; and to narrow our focus down to the raison d'etre of the capitalist state, ensuring continuity of a set of social relations, which are inherently crisis-ridden. Thus, we can construct our analysis of temporality of neoliberalism by focussing on this continuity problem, and could begin to conceptualise the relationship between different stages of neoliberalism and the story of state rescaling during the 1980s and onwards.

In this regard, underlying the raison d'etre of the capitalist state is a basic tension, that of building a stable policy environment in the midst of a crisis-prone set of socio-economic relations (capitalism). This tension has two dimensions. First, there is the necessity to develop intervention schemes that will enhance its policy-making and implementation capacity while not harming the capital accumulation processes and the social relations they are embedded into. Second, the capitalist state has to maintain its legitemacy in the eyes of the socio-economic actors subject to intervention while maximising the autonomy of its policy-making and policy-implementation organs. The current round of spatial restructuring of the capitalist state (including its rescaling), then, could be read as a move to enhance the policy capacity of the capitalist state in a policy environment increasingly characterised by socio-economic instability, and by the presence of an increasing multitude of external and internal actors/institutions aiming to influence the policy process. Then, whose move is it? Is this current round of rescaling an instinctive move by an eternal creature animated by a central logic, adapting to the changes in its habitat? Or is it like a puzzle, whose blue-print is being re-made by more than one puzzle solver? The answer is discussed below.

II. Politics of state rescaling: top-down or bottom-up, or ...?

State rescaling is a political process. This means two things. First, it involves redistribution of authority across different layers of government, introducing new ones, dissolving ossified ones, reviving yet others. This means a radical challange to the political balances internal to the institutional structure of the capitalist state, while redesigning the political geography of the capitalist state. Second, it is a conflict ridden process as it could create more policy (and social) problems than it could probably solve, unsettling existing interests groups/networks, shifting the class balances, etc. In fact, it could be seen as a reinscription of inter- and intra-class balances into the spatiality of the capitalist state (Bayırbağ, 2007), as boundaries between the state and civil society are being re-drawn (Jessop, 2002). Hence, state re-scaling is subject to, and a product of, political struggles, as it also opens up new conflict areas, new fields of political struggle.

In those regards, Brenner's conception of state rescaling as a political strategy constitutes a fruitful departure point. This political strategy, according to Brenner, aims to contain systemic failures of capitalism mainly by intervening in urban areas and urban governance. Yet, once implemented, such strategies mostly create new problems, produce new crises, even to the degree of undermining the policy measures implemented by this rescaled capitalist state and the socio-political bases upon which it has been built. To quote Brenner, who refers to his earlier work,

> My hypothesis was that, as with other systemic regulatory problems under capitalism (for instance, the commodification of labour, the reproduction of capital, the circulation of money and so forth), urbanization processes would engender contextually specific forms of sociospatial dislocation and crisis formation, as well as corresponding strategies of political intervention designed to confront the latter. Building on approaches to state theory that emphasized the contradictory character of state intervention under capitalism (e.g. Jessop, 1990, 2002; Lefebvre, 2009; Offe, 1984; Poulantzas, 1978), I assumed that state strategies to regulate the urbanization process would frequently engender dysfunctional, even self-undermining, sociospatial consequences rather than an effective management of territorial development. (Brenner, 2009: 127)

I argue that such interventions produce new instabilities, sometimes deepening existing problems caused by past (neoliberal) policies, because they do not aim to create an ultimate stability, of the sort regulation approach would tend to describe. The aim is rather to relocate existing problems that take the form of crisis – as well as the costs incurred by measures taken to solve them - across space and time. Thus, any attempt to rescale the state will inevitably produce

new problems, some other time, somewhere else, not because they are ineffective, but because they are designed to relocate those problems. Hence, past problems will assume new geographical forms, only to trigger another round of state rescaling in future.

Moreover, following Cox (2009 - see below) to a certain degree, I argue that this regulation problem does not necessarily constitute the sole impetus behind state rescaling. In fact, if we are to look for the sources of impetus, we need to pay equal attention to the current demands for rescaling that actually come from those who suffer from the consequences of earlier, centrally designed rounds of state rescaling, those who are excluded from participating in, and from reaping the benefits of, the rescaled policy process. Thus, if we are to take state rescaling as a political strategy, we need to ask, first, whose strategy it is. And then, question whether of not a coherent state rescaling strategy, with internally consistent goals, could ever emerge given the conflict ridden nature of institutional reform in administration.

To start with the latter, according to Pinson and Le Gales (2005; Also see Martinez-Vazquez and Timofeev, 2009: 90), we should be investigating the political dynamics, struggles, competition (or "political expediency") behind the state restructing and decentralisation instead of searching for a broader economic logic (like increasing the fiscal efficiency of the state, or pursuit of a coherent accumulation regime) shaping the state rescaling process. Pinson and Le Gales further argue that "[s]tate rescaling is only one dimension of state restructuring" and that

> state rescaling takes different forms, for instance: decentralisation reforms and institutional, territorialisation of public policies, financial pressure on local and regional governments, the development of territorial policies aiming at fostering growth, policies to deal, control, support the poors, new urban policies, whatever that means, Europeanisation of segments of the state, debates about territorial and fiscal redistribution, pressure to limit spatial and regional differentiation, increased political competition and cooperation between level, reforms of state bureaucracies, the rise of horizontal European networks, the strenghtening of the core executive of the state (such as the Ministry of finance), the changing goals (both territorial dimension and types of firms) of industrial policies ..." (2005: 2).

In the French case, they indicate that decentralisation tendency is a product of political struggle (competition and bargaining) between different political actors located within the institutional boundaries of the state, including for example the political leaders controlling already existing levels of government (like mayors and mayors' associations). The emergent rescaling tendency reflects an intra-state power-balance.

Their discussion provides us with valuable insights, first about the conflict ridden nature of state rescaling, as not necessarily being designed around a central logic; as a multi-dimensional process, which take different forms from one policy field to another with different political actors involved in the politics of state rescaling in that field. Hence the rescaled state as an ensemble of institutions (Jessop, 1990) reflects a new power-balance, mainly among institutionalised political actors. Yet, the focus of their analysis restricts politics of state rescaling down to intra-state politics, ignoring the fact that state rescaling also involves a redrawing of boundaries between the state and civil society, inviting certain social interests as new political actors to the policy process, while excluding some other interests. Such a narrow focus will not allow us to examine how demands from those excluded by public policies and market relations are formulated into a state rescaling project, and to what extent their claims to rescale the state are incorporated at the end of the day.

Then, how to proceed? I think the following lengthy quote from Kevin R. Cox, who is critical of the state rescaling literature's account of state interventions to local development to promote a broader accumulation strategy, provides us with a useful beginning point:

All this, however, assumes a particular model of local economic development: one in which the emphasis is placed on building up what Brenner calls 'productive capacities'. Yet, if there is indeed a 'new' model of local economic development, then its precise form has to be more debatable. Rather, there is clearly one other that is *bottom-up rather than the central state-instigated changes* emphasized by Brenner, and whose agendas are more complex, in part because of the *class alliances* that they bring together. The most apparent agendas are ones of *distribution*. What are at stake are interterritorial transfers. Here, the rallying cry is not so much growth through the enhancement of competitive capacities as territorial justice. This is a highly divisive politics. The politics envisaged by most of the 'rescaling the state' literature retains a sense of national purpose; of policies that are supposed to work to the benefit of all, if only through some sort of trickle down. But what is equally apparent if not more so is a highly territorialized form of the politics of local and regional development which focuses on the supposed exploitation of one region by another and sometimes calls not so much for a rescaling of the state as for separation and the creation of new states altogether. (2009: 114, emphases added).

I agree, and disagree! I definitely agree with the author on his emphasis on the bottom-up nature of decentralisation dynamics, and on his argument that such bottom up mobilisations are rather formed around (re)distributive issues, not ony regulation to enhance productive capacities. The politics of state rescaling, thus, does not aim influence the effects of state rescaling on capitalism itself (in the economic realm), but directly target the state itself, the public resources, rents controlled and distributed by the state. Yet, what is missing in the above observation (or remains unexplored) is the fact that the class alliances producing such bottom-up challenges could well be formed around both concerns of supporting productive capacities, and concerns about the territorial distribution of public resources, even though they may be in conflict with each other, as in the case of Turkey during the post-mid-1990s. Moreover, such bottom-up mobilisations could gain a national character, aiming to impose an alternative national agenda on the central government, by forming new political parties, benefiting from the political representation structure in the country under concern, two major points Cox himself actually sees worth further investigating (2009: 118).[1]

Rianne Mahon's recent works provide us with a fruitful framework to initiate a further investigation into how such bottom-up pressures could produce alternative national agendas to challenge the neoliberal policies deepening social exclusion, by rescaling the state, especially in the field of social policy. This is what we turn to in the following section.

III. Alternative state rescaling projects: The exclusion question

According to Mahon, "path-shifting reforms can be launched as actors draw on ideas formed at other scales of action". If transnational and international policy transfer is one possibility, "ideas and experiences drawn from subnational scales" constitute another (2005: 346). This is also the case with the story of state rescaling in Turkey, especially during the post-mid-1990s era. I would like to further build my analysis upon the following observation made by Mahon, who argues that major urban nodes

> can become veritable laboratories of experimentation, as *urban denizens* struggle to fill the gaps in existing arrangement revealed in their encounters with the novel. In the process, *new rights claims* arising out of these urban experiences may lead to the emergence of forms of urban citizenship at odds with national welfare regimes. Under certain circumstances, *innovations at the urban scale may in fact contribute to the 'path-breaking' developments at the national scale (*emphases added).

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[1] Thus, Brenner's insights deserve more credit than they are given in Cox's article.

Below, I develop the analytical framework of the paper by re-interpreting some of the points made in the above quote, adapting them to the Turkish case:

a)   While such gaps could lead to 'path-breaking ' developments at the national scale, they could, depending on the context, serve to produce 'path re-inforcing' arrangements, or their path-breaking claims on emergent policy-schemes could take a different form, or better said, could be modified once such claims find a chance to be formulated into a national policy scheme. Here, spatio-institutional structure of policy-making in the country of concern, and the nature of the political representation structure (cf. Mahon, 2007: 74; Cox, 2009) plays a critical role.

b)   In this regard, the place of local governments, and especially municipalities, in the broader politico-administrative structure of the country, as well as in local politics, and the role of political parties as the major channel of political representation become significant. In the Turkish case, the role played by national political parties in local government and politics have had a subversive effect in translation of denizens' claims to local and national welfare policy schemes. While, as in the cases of Toronto and Vancouver (Mahon 2005; 2007; 2006: 460 - 461), progressive alternatives to neoliberal minded national policy schemes could be put forward by locally formed social-democratic alliances as a result of civil society activism, in the major metropolitan centres in Turkey, municipalities played a more central role in the formation of such alternative agendas. Party affiliation of the mayor, her/his autonomy from the party headquarters and the relative policy autonomy of municipalities from the central government (cf. Scarpa, 2009) played a central, obstructive or facilitative, role in promoting such claims. Here we can talk about a trade-off between the capacity of the local government/mayor to translate and transmit such claims/demands to the national government, and the degree of deviation from the mainstream policy priorities.

c)   Thus, while in major urban nodes such experimentation could create, or emphasise new social rights for denizens, once it has a chance to be formulated into a systematic, widespread policy scheme to be implemented by the local government and/or the central government, it could be corrupted. This corruption could result in regressive effects for the population suffering from the negative consequences of neoliberal economic policies, and could well make new additions to the ranks of urban poor/the excluded.

d)   It is important to recognise that major urban nodes act as centres of innovation in social policy by posing challenges to the established policy-schemes in a neoliberal context. And, their central role in our analysis of state rescaling has also much to do with the fact that "urban governance has served as a major catalyst, medium, and arena of state rescaling processes" (Brenner, 2004:174). Yet, I think, there is a need to stretch the spatial focus of our analysis if we are to grasp how the formation alternative social policy agendas and demands for inclusion on the part of the excluded are related to the changing geography of capitalism under neo-liberalism. Mahon's intra- (2006) and cross-national (2005) comparisons provide us with a fruitful departure point in this regard. Although this paper does not aim to undertake such a task here, it suggests that we could better explicate our problematic by discussing how the history of uneven development in a country produces different forms of socio-spatial exclusion and could trigger the emergence of such alternative agendas, while "the territorial organisation of ... [different countries'] welfare systems has differently affected their trajectories of development" (Scarpa, 2009: 67 - Abstract), thereby producing different scalar arrangements in the social policy making and delivery in response to the uneven geography of capitalist development. In our case, along with the major urban nodes like İstanbul and Ankara, the smaller urban centres called Anatolian Tigers (Gaziantep, Konya, Kayseri, Denizli, etc) that have thrived in economic terms during the

neoliberal post-1980 era in Turkey and the mainly rural Kurdish populated Southeastern and Eastern Anatolia (Asia Minor) regions have constituted the geographical framework, home to different social groups strongly affected by the neoliberal transformation in Turkey.

IV. Politics of distribution in Turkey: state rescaling, exclusion and bottom-up mobilisations

(i)

The post-1950 history of Turkey has been characterised by periodic economic crises soon followed by political crises, and subsequent rescaling of the policy-making and implementation process in the country. These crises originated from within the state, and their roots could be traced back to the earlier rounds of state restructuring/rescaling. The moves to rescale the state, as a way out of these political-economic crises, prepared the grounds for new policy failures, while each created new forms of exclusion in the society, while reinforcing some of them. According to Keyman and Öniş,

> "populist cycles" and periodic fiscal crises of the state have emerged as persistent features of the Turkish economy ever since the Menderes era of the 1950s [1958-59; 1978-1979; 1994; 2000/2001]. Democratically elected governments have typically initiated populist cycles in order to establish broad electoral support. The resultant fiscal inequilibrium and high inflation, in turn, have been followed by a balance of payments crisis and an inevitable encounter with the IMF. The difficulties inherent in applying a severe monetary contraction and deep cuts in government expenditures in the midst of a major economic crisis resulted in the collapse of the democratic regime and its replacement by military rule. In the absence of distributional contraints, military rule has been effective in terms of restoring macroeconomic stability. However, eventually, restoration of democracy has brough to the surface the accumulated distributional claims, thus, marking the upward trend in the populist cycle" (2007: 103).

Cox (2009)'s observations about the current neo-liberal round of rescaling apply tot he pre-neoliberal era in Turkey. Distributional concerns have been at the heart of those pre-neoliberal policy failures, while they also played a key role in finding a way out of the crisis through state rescaling. What was the main feature of the state rescaling of these past periods, then? Confirming Martinez-Vazquez and Timofeev's point (2009: 90), every stage of state restructuring out of earlier rounds of state-centred crises led to further centralisation of policy-making powers and the control of resources. And in countries like Turkey where state restructuring has been facilitated by military interventions, centralisation tendency gets stronger, and tends to endure during periods of stability. Yet, decentralisation claims responding to the emergent exclusionary policies also appeared, twice in Turkey's history: during the 1970s, and during the mid-1990s. This is what we are going to talk about in the remainder of this paper. Yet, before we do this, we are going to take a closer look at the 1960-1980 period to detect the roots of these bottom-up mobilisations, whose influence has continued up to present, ultimately carrying the Justice and Development Party (Adalet ve Kalkınma Partisi – the AKP) to power in 2002, as the implementer of the current neoliberal roll-out program (Peck and Tickell, 2002).

(ii)

The Coup D'état of 1960 marked a critical turning point in the history of Turkish political economy. The post-1960 era witnessed the emergence of a protected economic regime, in which industrialisation was explicitly adopted as a state strategy, i.e, the Import Substituting Industrialisation (ISI) strategy, and "planning" as a form of state intervention (Önder, 2003:

271).[2] The ideological emphasis on planning located bureaucracy at a more central position in decision-making processes and in implementation of the economic policies. In this regard, the changing form of intervention was associated with significant changes in the internal organisation of the state. A key development was establishment of the State Planning Organisation (Devlet Planlama Teşkilatı - DPT), which was placed directly under the Prime Minister's office, by-passing the existing bureaucratic apparatus of the state, thus rescaling policy-making by further centralising the decision-making structure.

The economic and social policies pursued through such a centralised policy-making structure created two different forms of exclusion, corresponding to the changing geography of capitalism in Turkey: a) the exclusion of emerging smaller scale industrialists located in non-metropolitan cities across the country, themselves product of the period's industrial policies, from the rents created by the Import Substituting Industrialisation strategy; b) prioritisation of industrialisation over urbanisation - and needs of inmigrants from rural areas, increasingly concentrated in metropolitan centres of Turkey – as public resources were spent (Şengül, 2001). These two forms of exclusion created two different bottom-up mobilisations under the umbrella of two different national political parties, the Islamic oriented "National Salvation (earlier Order) Party" (Milli Selamet (Nizam) Partisi) capitalising upon the reactions of those industrialists, and a reinvigorated "Republican People's Party (Cumhuriyet Halk Partisi – the CHP)" – founded by Atatürk - which restructured itself as a left party deriving its strength from the poor masses living in the squatter areas of metropolitan cities.

To start with the story of the former, according to Bruton, import substitution "is a means to end, not an end itself (1989: 1604). Hence, restrictions on imports and the sectors are to be carefully selected and framed (cf. 1989: 1605-1606). This was the scheme that the first Turkish planning team had in mind. Protection was intended for a few, strategically selected sectors and was to be ended after 8 years. Yet, the economic policies and the 5-year development plans followed a different course that ended with a number of policy failures. The most dangerous mistake was to implement a rather universal protection regime, which turned state protection into a considerable source of rent, eventually igniting heated fights inside the bourgeoisie over this source (Sönmez, 2003: 39-40).

Indeed, the general re-orientation in the national accumulation strategy and the subsequent increase in the profitability of industrial production resulted in the emergence of local industrialists in the Anatolian cities. Yet, their relationship to the accumulation regime was not as flexible as the multi-sectoral İstanbul-based capital, as their livelihood depended upon industrial production. They faced a number of challenges, which could only be overcome with active state support and protection. Yet finding access to the central nodes of decision-making was particularly difficult. A brief look at the political scene of the era indicates that it was mainly the Justice Party of Süleyman Demirel - *Adalet Partisi (AP),* which held the upper hand in forming national governments. The AP, as the ideological successor of the Democrat Party overthrown by the 1960 coup, came to office in 1965. Demirel aimed to establish a harmonious policy-making atmosphere by prioritising a corporatist scheme of representation (Levi, 1991: 140), and he benefited from the advantages of controlling a centralised decision-making process. He worked in close collaboration with the national representatives of various social groups, which included the TOB (Türkiye Odalar Birliği – The Uniion of Chambers of Turkey), and thereby

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[2] The roots of this strategy shift could be traced back to the late 1950s when the DP government had been exposed to pressures from international organisations like the OECD and developed countries to follow a measured state investment strategy. The aggressive, yet unplanned, infrastructural investment strategy of the DP governments and the increasing number of state economic enterprises they established had already started to create huge debts. In the context of an open economic regime, this resulted in a balance of payment crisis, culminating in the crisis of 1958 and the subsequent devaluation of the Turkish Lira (Bulutay 1981; Barkey 1990; Ceyhun 1992; Çilingiroğlu 2003, 22-24).

aimed to maintain their loyalty, while also using populist distribution schemes (Boratav, 2003: 123-126). Such a representational structure did not work well for the up-and-coming industrialists from Anatolia, who began to raise their voice to redefine the political and territorial reference points of "national" bourgeoisie and national economic interest, in their favour. The ISI regime, which was being corrupted, had to be fully operationalised by redressing the geographical unevenness of economic development and industrialisation.

The rise of Necmettin Erbakan's National Order (later Salvation) Party - Milli Nizam (Selamet) Partisi - was an expression and end-result of this fight, mainly waged within the TOB (see Barkey, 1990; Levi, 1991). Erbakan has been an ardent promoter of Anatolian capital, with a vision of 'heavy industrialisation movement'. His discourse had a political Islamist tone, accusing big capital, mainly located in İstanbul, of being in collaboration with the 'Capitalist West', while seeing Anatolian capital as the real actors of 'National Development'.[3] Erbakan seized upon the gap between the expectations created by the ISI and the demands of the Anatolian industrialists (Barkey, 1990: 150-151). In the 1969 TOB elections, he was elected as the general secretary by the rebelling TOB members. In response, Demirel withdrew the import quota allocation privileges previously assigned to the TOB. Demirel's government also changed the semi-public status of the TOB, de-legitimising it as a representative of business. This move frustrated the Anatolian industrialists, and eventually pushed Erbakan into the political arena, first as an independent MP in the 1969 national elections, and then as the leader of the National Order Party in 1970 (Barkey, 1990: 152-153). He was later to return to the scene of national politics in the 1990s as the prime minister, and the AKP, the party in power now, was formed as a splinter from his movement, and the industrialists whose interests he had long defended, played the key role in this process.

(iii)

Local elections of 1973 witnessed rise of the left oriented CHP, which was able to capture the control of virtually all municipalities in the metropolitan cities, flocked by the in-migrants from countryside in the hope of finding better life opportunities there. The party's dominance continued until the coup d'état of 1980. This success was a result of the 'left' urban strategy which directly targeted the urban poor. During this period, municipalities tried to develop alternative local policies which would favour the urban poor/working class by developing a strong criticism of the right-controlled central government policies, which ignored the basic needs of the working class/urban poor populating the squatter areas surrounding the city centres. This challenged involved expanding the responsibilities of municipalities, and politicising local government as part of a broader (nation-wide) class struggle. For example, in the financial report of Ankara Municipality (1976), it was argued that municipality of the day was municipality of the capitalist society and that this understanding had to be criticized. This argument was radically expressed by the mayor of Gültepe district in İzmir who declared that they perceived the municipal practice as an area of class struggle (Keleş, 1993: 269-270). The engine of this municipalism was activist socialist mayors who waged their struggles both to transform their own party (CHP); and to provide by-pass the strict financial control by the central government.

One of the prominent advisors of Ankara Municipality formulated the maxims of new municipalism in 1977 as follows: a) Democratic and emancipatory municipality; b) Productive municipalit; c) Consumption regulating municipality; d) Unifying municipality; e) Resource creating municipality (Tekeli, 1992: 89). The first principle envisaged active participation of people to decision making, implementation and monitoring processes. Consequently, municipalities supported by people's active consent would become autonomous policy-makers

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[3] The MSP - and its successors - called themselves as the 'National Outlook Movement' (*Milli Görüş Hareketi*).

and could, for example, introduce and levy taxes. Thus, democratic and autonomous municipalities/ 'people' would be able to determine how much resource should be spent for collective purposes. This principle was a reflection of the desire to increase the financial sources parallel to the expansion in responsibilities of municipality. This point was also expressed by the fifth principle. Direction of this expansion was determined by the second principle. It was argued that municipalities had to produce public services like roads, drinking water and sewerage systems, health, education and housing services. According to this principle, municipalities also had to produce market goods to prevent the formation of monopoly rents and institutional rents in the city. Besides, forms of collective consumption, like consumption cooperatives and public markets had to be developed and favoured against the consumption patterns of priviliged groups in the city. This point was expressed by the third and and the fourth principles (cf. Tekeli, 1992: 86 - 91).

This expansion had to confront two rivals, namely, the central state and local interest groups who benefited from urban rents. Although the Municipality Law no. 1580 had defined a large area of responsibility for municipalities, their financial capacity had been strictly restricted by the central state, especially after the coup d'état of 1960. As mentioned earlier, due to the planned development model adopted during this era, there was a centralization tendency in resource allocation (Ersoy, 1992: 332). This situation did not create a real conflict until the local elections of 1973, when the central-local government relations turned bitter. For example, the Law no. 1902 introduced in 31.05.1975 declared that municipalities had to repay all their debts to the central government, including the interests for these debts since 01.01.1975 (see Alada, 1990: 135-137). Thus, although the Law no. 1580 was flexible in that "municipalities could undertake new responsibilities for the sake of their citizens and settlement, accomplishing their compulsory duties" (1580/19), the central government controls would make it difficult for the activist mayors to pursue their socialist municipal strategy. Yet, in this context, municipalities began to develop alternative forms of service provision and financing by establishing municipal firms, for example, to produce cheap bread (the basic staple of a working class family), and deliver cheap fuel.

Second, the socialist mayors of the CHP had to confront the small entrepreneurs who benefited from urban rents. Those small entrepreneurs controlling the urban consumption markets were strongly represented in the municipal council and the local branches of political parties, including the CHP. This situation produced tensions between mayors and munipal councils, and between mayors and their parties. Despite such a resistance, the policies favouring the working class and against these entrepreneurs could be developed. This was due to the fact that they were developed and formulated independently by the strong mayors and their brain teams (see Göymen, 1990; Tekeli, 1992; Şengül, 2001). Indeed, the Law no. 307 (1963), which had ruled that mayors would be elected directly by people, but not by the municipal council (Aytaç, 1990: 99), had defined a strong position for the mayor vis-a-vis the council.

Despite all difficulties encountered in the pursuit of this bottom-up mobilisation, the activism of CHP mayors indicated that local governments could in fact serve as strategic agents of political change and legitimacy building to pursue a national policy agenda, and as effective means of public service delivery. Thanks to its mayors' efforts to expand the policy responsibilities of the municipalities, and their services directly targeting the urban poor, Ecevit's CHP eventually captured the control of the central government in 1978.

V. Roll-back neoliberalism: Subversive state rescaling and (re)distribution

(i)

1980 marked a critical turning point in Turkey's political-economic history. First, a new economic regime was introduced, replacing the Import Subsituting Industrialisation (ISI) strategy. Known

as the "measures of January 24", this set of "roll-back" (Peck and Tickell, 2002) measures imposed by the IMF envisaged a liberalised, open market economy. Privatisation and New Public Management became dominant discourses of public sector reforms (Aksoy, 2003; Güler, 1996). Protection of domestic industries ended and the currency regime was liberalised. The balance of payments crisis, the product of an improperly implemented the ISI strategy (Boratav, 2003) made Turkey vulnerable in financial terms, and increased its dependency on the IMF. Thus, prescriptions of the IMF were translated into the policy measures of January 24. At the same time, the unstable political atmosphere of the country made it quite difficult to implement these measures. Not surprisingly, approximately 8 months later the second coup was staged. The Coup D'état overthrew the government, and brought the end of leftist mobilisations that had taken root within a growing proleteriat and the squatter areas of rapidly industrialising cities, bringing the end of the CHP mayors' new mucipalism.

The military junta, which lasted for three years, banished the active political parties and introduced a 'technocratic' government. The transition government immediately put the economic measures of January 24 into effect. Turgut Özal, who had devised those measures as the top bureaucrat of the economy, later served, first, as the minister of economy in the transition government, and then as the Prime Minister, after the elections of 1983. Özal himself established a new right-oriented party (the Motherland Party, in power between 1983 and 1991) that introduced liberal reforms in economy, promoting a pro-business, anti-labour political atmosphere in the country, strengthening the ideological pillars of the neoliberal hegemony.

The subsequent state rescaling, once again, involved further centralisation of policy-making. Yet, this time, the centralisation project occurred at both levels of government. At the central level, Prime Minister Özal, an old bureaucrat with a DPT background, further centralised the decision-making powers, while creating new and specialised agencies to implement his government's economic policies. And, despite its pro-business attitude, the Motherland Party of Özal was not pleased to see the rise of organised business representation. They preferred clientelist relations over the organised institutional representation of business interests (Buğra, 1994; Barkey, 1990: 184; cf. Ergüder, 1991: 165). In this process, the centralisation of distribution of export incentives and other state benefits introduced to stimulate export rendered public resources more important than ever for capital accumulation.

In this scheme, the prospects of accumulation were in danger for the industrialists of Anatolian Tigers. First, the open economic regime rendered them vulnerable to competition. Second, the increased profit margins in rent-seeking economic activities, such as land-development and banking, decreased the popularity of "industry", making it as a rather risky field of investment (Boratav, 1990: 223). Third, they were not strong enough to find individual access to the top executive of the state. Hence, they constituted the excluded fraction of the bourgeoisie during the Özal era. Their response was to get further politicised mainly under the MÜSİAD (the Independent Businessmen and Industrialists Association – Müstakil Sanayici ve İşadarmlari Derneği) (Gaziantep would make an exception though), which was established as the business arm of Necmettin Erbakan's National Outlook Movement in 1990 (Öniş, 1997; Demir et al, 2004).

(ii)

The military regime, and then Özal's Motherland Party paid special attention to local governments capitalising upon the lessons from New Municipalism. Ironically, the result was the birth of much stronger municipalities and mayors. At the local level, some major changes have been introduced concerning the structure, authority and financial capacity of municipalities.

Law no. 3030 introducing the metropolitan municipalities for big cities was one of them. Although this law was prepared by the Motherland Party and legislated on 23.03.1984, its roots may be traced back to the Junta Period. Smaller municipalities were annexed to bigger

municipalities by the National Security Council via the Law no. 2561, on 04.12.1981 (see Alada, 1990: 140). There were two reasons: 1) to regulate and to control the urban areas, which were perceived as the main sources of disorder and anarchy; 2) and "to have the fundamental metropolitan services such as energy, water for all uses, sewerage, transportation and public works provided efficiently and adequately within an integrating plan, and in such a way that the services are in harmony with one another (Article no. 1 of the Law no. 2561, Quoted from Keleş, 1988: 22). The emphasis on these "fundamental services" was in harmony with the post-1980 accumulation strategy formulated and implemented by Özal. Later on, the 1982 Constitution, prepared by the Military Rule, allowed the establishment of 'special forms of administration for big settlements' (article no. 127). Upon this legal framework, the Motherland Party introduced a hierarchial two-tier metropolitan municipality model, being 'the Metropolitan Municipality' as the first tier, and the district municipalities as the second one.

When we analyse the article no. 6, which lists duties of the metropolitan municipality, we find two main themes: a) planning, programming and implementation of 'large scale investments' concerning the construction sector; b) and, preservation of 'health and security' within boundaries of the metropolitan area In fact, 'redistributive duties' were not emphasized in the law. Only, in the paragraph f, 'provision of social services' was mentioned in an ambigous manner. As noted, this new set of responsibilities indicated that especially metropolitan municipalities were to play a key role in the implementation of the post-1980 economic strategy. In sharp contrast with the preceding era, urban areas and urbanisation were at the core of the new accumulation strategy. In fact, during the period from 1980 to 1996, the manufacturing investments at the national level declined. Public and private investments targeted the sectors of energy, communication, housing and construction, which initiated the urbanisation of capital in Turkey (Şengül, 2001; also see Altıok, 1998: 262). Along those lines, considerable improvements were made in the financial capacity of metropolitan, municipalities.[4] The increases were clearly reflected on the volume of investments realized by the metropolitan municipalities: "For instance, the Ankara metropolitan municipality increased its investments close to twenty times from 1981 ... to 1986, at current prices" (Kalaycıoğlu, 1994: 92). Moreover, munipalities were downloaded the authority to make, ratify and implement their own urban development plans, a move to speed up the urbanisation of capital (Şengül, 2001).

Another important point to be underlined was the strong position of metropolitan mayor vis-a-vis the metropolitan council. According to the article no. 14, mayor of the metropolitan municipality was separately elected by the electorate within the metropolitan boundaries. Besides, all decisions taken by district councils and the metropolitan council were to be examined by the mayor. The mayor could refuse and return these decisions to the council (if the council insist on the decision with 2/3 majority, then, it becomes definite). In fact, municipal firms were directly controlled by these strong mayors. When we refer to the Law no. 3030, we see that it was the mayor's responsibility "to have the municipality, its subsidiaries and its enterprises run effectively, regularly and quickly" (Article no.14d). This led to the birth of the metropolitan mayor as a true

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[4] First of all, the Military Rule legislated the Law no. 2464 in 27.01.1982, whose "overall consequence ... was to increase the revenues of the municipalities by almost threefold from 1981 to 1984, and the municipalities' share of the state's tax revenues rose by 313,6 per cent between 1980 and 1990" (Kalaycıoğlu, 1994: 91). Following the Military Rule, the Motherland Party introduced new legislation to increase municipal revenues. In this respect, the share allotted to municipalities (including the metropolitan ones) from national revenues was increased twofold, from 5% to 10,3% (the Law no. 3004) in 1984. In addition, the 3% share from the national revenues collected within the metropolitan boundaries, which were allotted to that municipality according to the law no. 3030, was increased to 5% in 1985 (Ersoy, 1992). Besides, "Two other acts, prepared in the same year, aimed at increasing local governments' own resources. With law no. 3239, the tariffs mentioned in the law on Municipal Revenues (No. 2464) were increased by about tenfold. ... Municipalities were (also) given the authority to collect property taxes within their boundaries" (Ersoy, 1992: 335).

entrepreneurial urban manager, thus further building upon the strong mayor tradition of the CHP municipalism, with subversive consequences in terms of the policy agenda pursued.

The national economic policy pursued during the roll-back era favoured commercial and financial capital (or rather the rent-seeking capital) to the disadvantage of industrial capital (Öngen, 2003: 185; Boratav et al, 1995: 5-6; İlkin, 1992), and to the disadvantage of the working class/urban poor whose size continued to grow thanks to the anti-labour policies of Özal resulting in sharp falls in real wages, and the continued in-migration from rural areas.

Nevertheless, even though austerity policies were being implemented, with cuts in public spending, the Özal government still employed redistributive mechanisms, having regressive effects in urban politics. Increasingly scarce public resources were channeled into large scale infrastructure, transportation projects contracted to construction companies. The lion's share went to the capital. The working class/urban poor's share was not tangible resources controlled by the government, but urban rent created by the municipalities' increased control over development rights. The triumph of exchange value of urban land over its use value during the post-1980 was a result of introduction of private property on invaded treasure land, by distribution of title deeds to the inhabitants of squatter areas, for some reasonable amount, and implementation of urban re-development plans turning squatter areas into multi-storey, legalised, apartment-building blocks whereby a squatter owner would give her/his land to a developer, who would construct the building with a promise to give around half of the housing units to the land owner, and to sell the rest to her/his own gain. The inhabitants of squatter areas were thus bribed into the emergent neoliberal policy-scheme (Şengül, 2001; also see Buğra, 1998). Yet, this wealth increase was selective, restricted to the land owners. For the newcomers, there was not much treasure land to invade, and the urban land had become so expensive to buy and develop own housing on it. This considerably lowered the access of the new urban poor to cheap accommodation, while increasing the amount of rent to be paid to the landlord (cf. Buğra, 1998). Thus, unaccessible, yet excess amount of housing stock was to emerge. As we shall later see, this problem was one of the reasons behind the new housing program of the AKP government, which was formulated as a major pillar of its broader, populist, social policy.

(iii)

Populism at the central level made a come back later, towards the end of the 1980s, when Özal's deregulation agenda ran out of its political legitimacy. But, the end of the roll-back era was not immediately followed by roll-out measures. A painful decade of economic crises and unstable coalition governments had to pass in between (see table 1).

While Özal's populist turn created a short period of relief, the following decade of economic crises and policy paralysis created by unstable coalition governments, the urbanisation policy of Özal's Motherland party, and integration of big metropolitan cities like İstanbul deepened socio-economic polarisation (Keyder, 2005) while turning urban poverty into a sustainable one, creating pockets of extreme poverty in metropolitan cities with no hopes of finding a way out (Işık and Pınarcıoğlu, 2001; 2003; Yılmaz, 2008a; 2008b). Increasing polarisation, both among the social classes, and among different regions of the country, further emphasissed the unevennes of capitalist geography in the country. Keyman and Öniş note that

> "For instance, the monthly income of the richest in Turkey is 236 times more than the poorest [as of 2001]. Furthermore, the upper-middle class segment of the society, constituting 16 percent of the population, uses 25 percent of the gross national product (GNP), whereas the lower-income groups (lower-middle class and the poor) constitute 80 percent of the population and utilize only 42 percent of the GNP. Similar discrepancies can also be found among the geographical regions in Turkey. While İstanbul and the Marmara region is the richest in Turkey by getting 38 percent of the GNP, in the south-easti wherein the Kurdish problem has originated, the monthly income

can go down to USD 40, and the percentage of the utilization of the GDP is at most 4.5 percent (Sönmez 2001: 31)" (253-4).

And, by the end of 1990s, the governments realised that the populist policies became unsustainable, as "the fiscal crisis of the state appeared to have reached its limits" (Keyman and Öniş, 2007). Hence, populist distribution schemes implemented by the central government to contain the negative impacts of economic neoliberalisation on the working class and the urban poor would not be able to function, thereby deepening the gap between the demands of those sections of the society and the amount of public resources available to meet them. In this context, now stronger municipalities, once again, stepped in to fill in the gap. This development was associated with a fundamental change in the scene of party-politics in Turkey. This is what we discuss below.

VI. Roll-out neoliberalism (1): an alternative rescaling agenda in the making

(i)

The crisis-ridden political-economic environment of the 1990s witnessed the birth of political Islam as a systemic critique of the socio-economic order created by the roll-back era. The National Outlook Movement of Necmettin Erbakan (section V), which remained a rather smaller and marginal political mobilisation during the 1980s, made a remarkable come back in an attempt to establish itself as the major political party of the country. The local elections of 1994 constituted the turning point, in this regard (Öniş, 1997: 743; Mecham, 2004). Still subscribing to the ideals of a Keynesian past by criticising the inequality between different fractions of bourgeoisie (to the disadvantage of a – now more powerful and prosperous – Anatolian industrial bourgeoisie) (Bakırezer and Demirer, 2009), the party also began to promote a discourse of "Just Order" to attract the urban poor and the working class to the party. And this discoursive move was substantiated by the pursuit of an active incursion into the field of social policy by the mucipalities controlled by the Welfare Party (Refah Partisi – the RP). Apparently, the movement had learnt from the lessons of CHP municipalism and leftist mobilisation tactics. According to Tuğal, reporting the findings of a field study conducted in poor neighboorhoods of İstanbul,

> mobilization strategies of the party are neither completely religious (characterized by worship, belief, and faith) nor exclusively "Islamic" (in the sense of having premises only in Islamic history). They are partially borrowed from the strategies of the revolutionary Left, attesting to the willingness of Islamists to learn from their contenders. Yet, the activists of the party have made this strategy of mass militancy their own by injecting religious and familial patterns into it. Particularly interesting is the combination of door-to-door propaganda with what has been one of the basic practices of Islam for centuries: *sohbets*, or religious talks in informal settings, preceded and followed by communal prayer (2006: 265).

That sort of a mobilisation required a sort of a party structure, and a spatial mobilisation strategy, quite different than the mainstream national parties. Unlike such parties, the Welfare Party developed a very strong, militant grassroots organisation that could reach every corner of the country. Çakır states that the party was organized in a systematic, disciplined and rigidly hierarchical way. For example, in the intra-party elections no alternative lists would appear and always only one list, determined by the headquarters, were to be voted for the administrative posts within the party. Disciplined militants (and especially youth and women branches) were actively involved in propoganda activities. Every door was knocked by the militants during election campaigns, and even 'places of sin', like taverns and brothels, are visited. Besides, the

party tries to make all symphatisan voters its actual members, thus to increase the militancy of its own electoral base (cf. Çakır, 1995: 1266-7; also see Mecham, 2004: 343).

This militant local organisation not only served to enhance the party's voter support, but also worked as an informal arm of the local governments in service delivery to the urban poor. In fact,

> The huge financial resources at RP' s disposal played an important role in this context. Material benefits were offered to potential voters, typically poor people on the outskirts of major metropolitan areas, in the terms of food, shelter and jobs, as well as contributions to weddings and other social occasions. These organisational tactics provided strategic advantages to RP where other parties, notably the social democrats, were in organisational disarray, clearly neglecting issues relating to voter mobilisation at the grassroots level." (Öniş, 1997: 755-6).

The party's financial strength came from its effective utilisation of Islamic business and Islamic order networks, and the emphasis on religious charity. The financial contributions to the party was to help the believer to guarantee a place in heaven! And as the party consolidated its power at the local scale, transfer of public resources controlled by the municipality to the party-affiliated business (in return for informal contributions to the party and the municipality) and charity organisations further contributed to its financial base.

<center>(ii)</center>

The municipalities controlled by the WP, thus, opened up a room for social policy at the local scale, turning municipalities into a key actor in social policy. The interventions mainly targeted the realm of consumption, and involved provision of the 'public bread'[5] below the market price, regulatory foodstuff sale, mobile coal sale, provision of free meals and fuel for the poor have been significant examples. Plus, recreative services like entertainment and sport facilities/activities, public parks, etc ... have also played an important role in the municipal practice of the WP. Meanwhile, large scale investment infrastructure and transportation projects initiated during the previous periods have continued, and some of them were finished. Yet, during the early periods, the priority was given to social care type of interventions targeting the urban poor and the working class. This municipal practice has had an irreversible impact on the role of local governments in social policy, initiating an ever-deepening engagement of municipalities with social policy problems since mid-1990s. This endeavour culminated its heights during the local elections of 2009.

Hence, social policy has slowly been rescaled, through the opening of a room for social policy at the local scale. The nature of this rescaling movement during the 1990s was not a result of decentralisation of policy-making powers in social policy down to municipalities, but was rather a bottom-up movement opening up a room for maneuver in 'service delivery', without a broader policy blueprint, or conscious policy agenda (compare with Büchs, 2009), although there was an albeit ideological discourse behind it. For these pragmatic policy delivery efforts to turn into a broader, and ideologically consolidated, national policy-agenda blueprint, almost another

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[5] For example, we see that the municipal 'public' bread produced by Ankara Metropolitan Municipality became very widespread during the Welfare Party period. In fact, the municipal bread factory was established in 1979, as part of the socialist CHP municipalism. The WP controlled Ankara Metropolitan Municipality effectively used this municipal firm as part of its social policy. While volume of production of these higher quality and cheaper breads tripled between 1993 and 1998, number of bread sale units doubled between these dates especially in relatively poor parts of Ankara Metropolitan Area. This expansion in the volume bread production and consumption made the municipal bread a serious rival for the private sector, suppressing the price of the bread sold by private producers (Bayırbağ, 1999).

decade had to pass. This became possible following the economic crisis of 2000/1 and the national elections of 2002, which brought to power a brand new political party with a consistent state rescaling agenda. This is the issue we will turn to below.

VII. Roll-out neoliberalism (2): an emerging hybrid?

(i)

The Welfare Party was able to control the central government for a short while as the major partner of a coalition. Yet, the military memorandum of 28 February 1997 removed the party from the office (the party was being accused of a conspiracy to install Shariah and to destroy the secular basis of the state and the country), which was eventually shut down by the constitutional court, to be replaced by the Virtue Party (Virtue Partisi – the FP). This systemic challenge to the party unsettled its earlier ideological premises and initiated a process of self-criticism inside the party. This self-criticism involved re-thinking the party's take on neoliberal values, globalisation, the European Union, the secularity question, etc. Two camps emerged in the process: the traditionalists and the reformists. While the former subscribed to a pro-equality discourse and a cautious approach to globalisation, hence sticking with the earlier Keynesian concerns of the National Outlook Movement, the latter adopted a radically different approach to such questions, a pro-EU, pro-globalisation discourse, while still retaining the emphasis on solidarity (cf. Mecham, 2004: 346-7). This internal disagreement resulted in the split of the party and the birth of the AKP (the Justice and Development Party) in 2001. The MÜSİAD, whose membership had actually grown stronger during the post-1980 period, and were ready to join the ranks of the big business, was the midwife in this split, by withdrawing their support from Erbakan, who had raised the flag on their behalf long ago, and throwing their full support behind the new party (for an in-depth insider account of the split, see Bekaroğlu, 2007).

The birth of the AKP was a compromise between the political Islam and the neoliberal secular state, taming the radical edge of this movement and channeling the discontent of the masses, well served by the WP/VP municipalities, to an active support for the second neoliberal program introduced soon after the 2000/2001 crisis by a former World Bank official Kemal Derviş as the boss of the new economic policy. Quoting a columnist from the radical wing of the political Islam – then represented by the interim Virtue Party, Tuğal notes the true nature of this tranformation

> When the Virtue Party lays claim to the spirit of Özal [former president, initiator of neo-liberalism in Turkey], it will have channeled *the strength and power it has taken from the ghettos*, to those [liberals] who have made our country into a land of ghettos. . . . The Özalist turn of the Virtue Party is a *treachery* against the tradition of 'just order'. ... (Atilla Özdür, *Akit* 11 March 1999, emphases added [by Tuğal]).(2002: 106).

In fact, the pressure caused by distributional claims, and further deepened inequalities was present in the 2002 elections. Before the elections, it was obvious that two parties would stand out, the AKP of Recep Tayyip Erdoğan and the CHP, whose economic mastermind was Kemal Derviş. He was already aware of the social consequences of the earlier round of neoliberal policies and the consequent social polarisation in the country. Hence, when he joined the CHP, before the 2002 election, he formulated the social-liberal synthesis as a broader policy blueprint to be followed. Yet, his was a rather universalistic, top-down scheme, without a solid party organisation and grassroots support behind. The question of who would have the upper hand was dependent upon the roots and the content of the rescaling projects they have proposed (cf. Agnew, 1997: 99): former deriving its strength from a rather bottom-up mobilisation promising a set of non-universal distributional measures targeting spatially designated, and differentiated

constituencies (cf. Öniş, 1997: 748), the other top-down, with a universalistic, social democratic citizenship discourse. According to Keyman and Öniş, "The contrast between Derviş, the former World Bank official, and Erdoğan, the ex-mayor of İstanbul, sums up the asymmetry" (2007: 169). The AKP won the national election, capturing the 2/3rd of the parliamentary seats, thanks to the 10% electoral treshold, introduced by the 1982 coup constitution to stabilise the parliament.

(ii)

The AKP was supposed to meet two inherently conflicting targets, that of completing the neoliberalisation of the economy and the state apparatus, interrupted by the coalition years, and to serve social justice (Atasoy, 2008: 121). In fact, behind the AKP's success was a cross-class alliance facilitated by a moral Islamic discourse of solidarity addressing two different types of social exclusion, whose story has been told in the preceding sections. According to Öniş,

> The religious symbolism associated with political Islam provides the unifying bond that helps to engineer a cross-class alliance, bringing together individuals with markedly different status in society. What is common to both groups is that they are part of the `excluded', but excluded in a very different sense of the term. The poor and the disadvantaged who form the principal electoral base of political Islam are excluded in the sense that they do not share in the benefits of growth in the age of globalisation. The professionals, the businessmen and the intellectuals whom we would classify as the rising `Islamic bourgeoisie', are clearly benefiting from globalisation and modernity, yet also feel part of the excluded by not being part of the real elite in society." (1997: 748)

Soon after the AKP came to the office, a new wave of legal and administrative reforms were initiated to meet these two conflicting targets. The aim to strike a balance between them compelled the AKP government to take a set of measures to rescale the state in Turkey. The lessons learnt at the local scale were quickly translated into a selective rescaling agenda whereby the scale of policy-making/delivery was differentiated on the basis of the policy-field, and depending on the constituency targeted, while a new scalar division of labour introduced in the field of social policy. In this process, the geography of the cross class-alliance determined the territorial framework of the rescaling of policy-making power (cf. Şengül, 2003: 214).

The social policy of the AKP has had three major components: reforming the social security system, introduction of housing as a social policy instrument, and turning the locally initiated charity schemes into a national one. The social security reform indicated that the AKP's had clearly left behind the Keynesian concerns of it National Outlook past, pushing for a truly neoliberal social policy agenda.

Universalisation of these charity schemes was also complementary to this broader policy blueprint. The design of this new social policy is an attempt to incorporate the concerns of different groups within the party around a coherent policy scheme. As Tuğal (2002: 98-103) indicates there are alternative discourses among the political Islam, subscribing to different conceptions of capitalism, ranging from moral capitalism of those who are cautious about the negative impacts of capitalism on the meaning world of the believer and the society, arguing for the supremacy of faith over profit-making, seeing economic activity in the service of such moral goals; to Islamic bourgeoisie's version, that of alternative capitalism (closer to Asian capitalism, See Keyman and Öniş, 2007); finally to moral anti-capitalism, which could be more readily associated with the National Outlook tradition of the Welfare Party, to a certain extent. These different versions exist together within the AKP (Bayırbağ 2008) and tend to influence the social policies pursued by different levels of government in Turkey. While the alternative capitalism version is more influential in the determination of legal arrangements of labour policies and social security policies, centrally coordinated by the government, the moral capitalists and the anti-

capitalists are more concerned about the distribution question, operationalised through the social aids of municipalities, where religious orders are more readily involved in service provision, and in the selection of service recipients. In fact, this tacit division of labour, and attention, parallel the general trends in the emergent neoliberal policy-making and implementation schemes elsewhere, increasingly characterised by fragmentation of policy fields around issue based networks (cf. Elander and Strömberg, 2001).

(iii)

A closer look at the emerging 'charity state' indicates that once formulated into a national policy agenda, policy practices emerging at the local scale could create subservice effects both for the policy autonomy of the local governments, and for the policy recipients, the urban poor and the working class.

Departing from the findings of two recent, tour-de-force pieces on poverty and social transfers in Turkey by Köse and Bahçe (2009 a, 2009 b), we can talk about three major trends at work especially during the 2000s, when the AKP quickly began to implement Derviş's neoliberal economic program: a) increasing dispossession and further proletarianisation of the population at a faster pace, both in the urban and the rural settings; b) sharpening of income polarisation on the basis of objective class positions of population; c) the sections of the working class are increasingly running huge deficits in meeting the minimum requirements to exist biologically (basic needs for physical survival), and socially (finding access to public services), turning the working class into working poor dependent on the social policies of the AKP (2009a: 403-413; 2009 b: 497-501), slowly transforming the citizen into the needy.

In this regard, the authors' analysis of the share of the governmental transfers in the income of different classes find that, for example, transfers that are not made as a result of past-employment or service, ie those transfers that are independent from the household's employment or place in the labour market, now constitute 75.3 % of the income of the urban unemployed, and 73.9 % of the income of the rural unemployed, while the share of households that benefited from such transfers rose from 35.4% in 2002 to 48.8% of the country total in 2006. As of 2006, around 4 million working class households benefited from such transfers (2009b: 503-506). According to Yıldırım, in three years, the share of the in-kind transfers increased from 2.4% in 2002 to 19.29% in 2005 (the end of the year value); and that between 2003 and 2008, a total of 42 million and 663 thousand (individual) citizens (more than half the country population) benefited from state aids in the categories, ranging from food, clothing, fuel, disasters, education, health, orthopedic help, project-support, survival, to aids that are periodic, and those that are given only-once (2009: 97, 99).

Here, we should introduce a caution, though. This "charity state", as various authors call it (Köse and Bahçe, 2009a; 2009b; Bakırezer and Demirer, 2009) does not mainly and simply rely on the individual charity of the affluent sections of the society, but actually, are organised by the central state through alternative funding systems[6], and/or by informalising the funding of such services and transfers by keeping the budgets of the agencies operating such interventions (like the Mass Housing Agency and the General Directorate of Social Solidarity and Mutual-help, both controlled by the Prime Minister) out of the general budget (Bakırezer and Demirer, 2009; also see Geray, 2009, especially for housing; and Yıldırım, 2009 for local government finance). This agressive expansion of the charity state was made possible through centralisation of policy-

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[6] Here, municipalities, just like the Vancouver case (Mahon, 2006), increasingly rely on alternative and innovative measures, like compelling the private firms in the bidding process for municipal services to transfer part of their payments back to the foundations established by the municipality or the civil society associations closer to the party; or asking the land-developers to make contributions in cash or in kind to such foundations or municipal firms (delivering bread and coal) in return for more profitable development rights.

making powers while policy implementation was increasingly decentralised. Yıldırım, quoting a recent report by a think-tank, mentions that the total amount of transfers from the central budget to local governments increased from 4 billion Turkish Lira (TL) (1.3% of National GDP) in 2002 to 19.6 billion TL (2% of the national GDP) in 2008 (2009: 89).

Given the size of the task and the amount of fiscal resources to be distributed, municipalities and mayors' active cooperation was to be secured. Given the relative autonomy of mayors as elected political figures, the AKP and the Prime Minister Erdoğan began to adopt a more heavy-handed approach in determination of the party's mayor candidates, asking for their ultimate loyalty if they were to be nominated from the party, an approach which became publicly visible during the local elections of 2009. This is, apparently, a huge blow to the figure of mayor as an autonomous policy-maker. However, given the fact that there is no guarantee to control all municipalities and mayors forever, alternative mechanisms of service delivery were also developed. In this regard, the government's increasing reliance on the governor's office, and elected provincial governments headed by this governor - directly appointed by the government – in delivering those charity services become meaningful in this respect.[7] Downloading of considerable amount of financial resources and authority, as well as the transfer of the field offices of certain ministries and central state agencies, to the provincial local governments (NUTS 1 level) was also a response to the EU's regional development and cohesion policy, which required the member states and the candidates to establish regional administrative units to distribute the structural funds. As Şengül (2003) notes this decentralisation agenda was also a move to better incorporate the local interests closer to the party, especially those represented by the MÜSİAD, into the policy-making process in both economic and social policies. In this regard, introduction of regional development agencies (NUTS 2 level) was also an important development (see Gündoğdu, 2006). Yet, some time has to pass before we can begin to assess the policy impacts of this controlled decentralisation process.[8]

VII. Conclusion

If we are to understand the temporality of neoliberalism, the temporal focus of our analysis should not be the neoliberal period per se. Our investigation has to go a bit further back, so as to detect the roots of dynamics that shape the state rescaling process during the neoliberal era, as I hope to have shown in the empirical part of this paper. And, our discussion of the history of state rescaling in Turkey reminds us that "state rescaling as a political strategy" is not a novel development peculiar to neoliberalism, and nor is it a product of a central design. It is a conflictual and evolutionary process.

Here, it becomes important to pay attention to the questions of distribution and exclusion problem, and to the role played by bottom-up responses to centrally installed policy schemes. Nevertheless, this should not give us a wrong sense of dynamics of state rescaling as an oscillation between progressive and regressive agendas, or simply as the fine tuning of a centrally designed (neoliberal) scheme by further incorporating certain local demands (for redistribution) selectively into the policy-making and delivery structure. In fact, this fine tuning process has its limits, too, especially when the implementer of the neoliberal agenda has originated from within the ranks of critiques of capitalism/neoliberalism.[9] Instead, we could talk about historical layers

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[7] Here, it should be noted that provinces constitute the territorial framework of the organisation of the central government, since the republic was established in 1923.

[8] Currently, regional development agencies are being established in pilot regions. While their executive board involve local business interests, they are still headed by the governor of the central province and their regional development plans/programs are negotiated and approved by the state planning organisation.

of state rescaling, each one building upon the basis of the preceding period, sometimes by modifying the inherited scalar structure of state, by assigning certain scales of government new functions, sometimes totally dissolving them etc.

Another important conclusion is that roll-out neoliberalism, as a rather organised and interventionist policy scheme, is not necessarily the first, logical reaction to the negative consequences of the roll-back era. This logical relationship would hold true, if the major question was really the enhancement of productive capacities (see Cox, 2009). We see that, in the Turkish case, the roll-back era was not immeditaly followed by roll-out measures, but by a prolonged era of populist containment strategy, without rescaling the state. And, the roll-out phase came as a result of a double-pressure, both from below (the National Outlook Movement) and from above (the IMF and the World Bank).

Table 1: Three phases of Turkish neoliberal experiment (partly quoted)

	External actors and their involvement	Domestic political context
Phase I "De-regulation phase" 1980-1989	IMF, World Bank and the OECD are heavily involved in the early 1980s; their influence diminishes following the recovery process; EU is in the background.	Authoritarian interlude followed by transition to democracy; continuity of leadership under Özal; strong executive and firm commitment to reform at least towards the end of the decade.
Phase II "Rhetorical transition and institutional crisis" 1989-2001	IMF temporarily involved after the 1994 crisis; EU is weakly involved through the Customs Union,both the IMF and the EU became important in 1999, however their real impact is not immediate. New bureaucratic agencies were introduced but they have not emerged as strong and autonomous players in their regulatory territory.	Weak coalition government unable to impose fiscal discipline; lack of commitment to reform but go along with the Customs Union as a necessary step to EU membership.
Phase III "Re-regulation phase" POST-2001 era	Both the IMF and the EU become powerful anchors in the post-2001 era, the World Bank is also important but secondary. [also the social policies + urban policy, housing, local governments]	Government commitment to reform increases considerably, particularly following the victory of the AKP. Majority government for the first time for over a decade, conducive to economic stability.

Source: Keyman and Öniş, 2007:140

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[9] The MÜSİAD and the pro-Islamist Hak-İş, the third largest national workers' union in the country, have had important tensions, to the degree that the Hak İş representatives argue that the most difficult encounter with the employers take place in the workplaces of the MÜSİAD member employers, seeing their activism as one of treachery, betraying their patriarchal superiors (See Buğra, 2004; Doğan, 2009; Bakırezer and Demirer, 2009).

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