Formation of the “Competition State” as a New Capital Strategy in Turkey

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Introduction

It may be argued that the Turkish economy has been experiencing a “big transformation” in the last decade leading to the formation of a more competitive structure. One of the main characteristics of this transformation is the internationalization of productive capital. Therefore, the notion of both international and domestic competition has become the driving force of the era. Accompanying this change in the production process, a radical transformation of Turkish state structure towards a competitive state, has also been experienced. In this paper, I am going to use the concept of competitive state for uncovering the recent so-called success story of Turkey, especially after 2001 crisis. For this aim, first I will briefly mention the theory of the competition state and second, I will focus on the process of formation of the competition state in Turkey.

The Neoliberal Turn at 1980s in Late Capitalized Countries

It should be underlined that the rising of competition state can be seen as a response of internationalization of capital especially after the crisis took place at the 1970s. In this respect, debt crisis of late 1970s and early 1980s can be seen as a trigger of this transformation process is late capitalized countries. Therefore, the logic for implementation of neoliberal policies in the late capitalized countries depend upon installing the export oriented development strategy which arguably acknowledged as a foreign currency gaining model (Balassa, 1981). However, as a result of their technologically depended structure to the early capitalized countries, there left only a few options for late capitalized countries for gaining an internationally competitive position. The most conventional two options are wage suppression and depreciation of exchange rates. However, there remains a paradox for these countries and for the neoliberalism as well. Since they are depending on the decreasing wages and depreciating exchange rates, there are always some other competitor who are following precisely the same path. Therefore as a result of this export promoting policies, the process of “race to bottom” has been created. Indeed, such policies which deteriorate both working conditions and wages not only in the late capitalized countries, but also eventually in the early capitalized countries.

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The Competition State as a New Form of Capitalist State

At this point, I argue that the competition state has been rising as a new form of capitalist state. In fact, different from majority of the competitive state literature, our argument is derived from Poulantzian state theory and especially his claim of “authoritarian statism”. I argue that basic trends, which were claimed by Poulantzas (1978) in State, Power, Socialism, are still relevant to a large extent for the recent process of restructuring of the state. “Radical decline of the institutions of political democracy” (203) and rising of a structure within the state called “specialized economic apparatuses” (171) that are equipped to cope with the problems of capital accumulation can be given as examples of these trends. In this framework, I claim that technicalization of decision-making process, depolitization as a new governance policy, and thus, the narrowing of terrain of politics are the most prominent features of this newly emerged competition state. In addition, these trends also tend to result in increasing exploitation of labor power and its exclusion from the political arena. Indeed, the rising importance of the state institutions that are specifically internalize the imperatives of international competition according to the demands of the dominant fraction of capital (Tsoukalas, 2002: 233), is another substantial feature of the competition state. From this perspective, I argue that, the main tendency of the current state restructuring is the “shift in the hierarchy of state apparatuses” (Panitch and Gindin, 2005: 110). It moves the power centers within the state from the ministries of industry, commerce, labour, health, welfare, education, and the national planning agencies, which become subordinated in the new era, towards the offices of presidents and prime ministers, treasuries, and central banks in each of the individual nation state (Cox, 1992: 30-31; Barrow, 2005: 128). Last, it should be underlined that internal reorganization of the state institutions is accompanied by the process of depoliticization of the politics. As a leading ideology, the notions of the ‘neutrality’ of the state and the ‘universal laws of the economy’ and “national competitiveness” become amalgamated, and in this way, the new “techno-authoritarian discourse” is generated with the rising of the competitive state (Tsoukalas, 1999: 73; Harvey, 2006: 28). Therefore, it can be

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2 The concept of competition state is originally contended for explaining of recent transformations of the nation state in the era of globalization (Cerny, 1990, 1997, 2000, 2010). It can be observed that although it is a newly developed literature, many scholars who come from various academic disciplines try to expand this framework. However, as Evans and Lunt (2010: 1) indicate that the proposition of competition state is not a coherent and completed theory; rather it is a “heuristic” explanation. It is aimed in this paper that making a contribution from Marxist perspective to the incomplete and open theory of the competition state.
argued that as a fundamentally significant process, “the historical link between capitalism, nation-state and liberal democracy seems to have broken. (Hirsch, 1997: 57).

**Formation of the Competition State in Turkey**

If we looking in to how the competition state is formed in Turkey, it would be fair to say that Turkey has experienced a radical transformation since 1980 with implementation of the radical neoliberal reform program. Nevertheless, it should be emphasized that 2001 crisis turned out to be a crucial momentum for consolidation of the competition state.

**Main Features of post-2001 Period in terms of Capital Accumulation Process**

One of the main features of the post-2001 period that Turkish economy has entered is a relatively high and sustainable growth path. I argue that the integration of productive capital as the last phase of internationalization of domestic capital has been occurring this term. In 2001, Turkey has launched a disinflationary economic program for overcoming the crisis. The basic features of this program are the followings.

One of the main tools used by central bank for reducing inflation was the interest rates. Along with rising interest rates, domestic demand has dramatically shrinked and by this way the productive capacity of the economy has been reoriented towards external demand. Another result of high interest rate policy was appreciation of TL which has become an attractive investment instrument for foreign investors. Therefore, with the high interest rate policy, exchange rates have been kept under control at a stable level. An unequivocal result of this policy was the facilitation of the import activity. With this strong domestic currency, big holding companies have tended to renew their industrial capacity by transferring new technologies. Thus, high interest rates policy, facilitation of import, strong domestic currency and technological renewal were some significant features of this period (Akcay, 2009).

However, this model of accumulation is not free from contradictions. Indeed, even though high rate of growth has recorded during this period, high rate of current account deficit and of unemployment have appeared as internal contradictions of this model. In this respect, in order to compete against international competitors, internationally integrated domestic capital groups have intended to rise labor productivity, efficiency and competiveness by the way of technological regeneration and the economic policies that were pursued by the government(Akcay, 2012).
Orienting Internal Organization of the State towards Pro-Competition

As I mentioned previously main features of the competitive state such as technicalization of decision-making process, depolitization as a new governance policy and thus, the narrowing of terrain of politics are observable in the Turkish case as well. Therefore, following the basic trends in capital accumulation and its forms of integration to the international capital accumulation process, it can be observed that, the state has transformed itself in order to respond to demands of dominant fraction of capital which has oriented to internationalization and faced with fierce international competition.

In this context, the process of central bank’s gaining independent status can be seen as an important step for formation of competition state structure. Moreover, it is important not only in terms of losing the ground of democratic policy arena but also it has become one of the main components of both industrial transformation and low wage policy (Akçay, 2009).

As to independent regulatory agencies (IRAs), we can evaluate that their positioning in the state system is another part of the depoliticization of the economic management and the process of formation of the competition state. Various crucial sectors, such as banking, telecommunication, energy, and different sub-sectors in the area of agriculture started to be regulated by the new IRAs after 2001 crisis. In this way, these sectors posited outside of the political interference as well. Moreover, the main rationale of these institutions is to regulate relevant areas around the concept of national competitiveness. Therefore, it can be argued that IRAs have become an important part of the specialized economic apparatuses in the course of the formation of the competitive state (Bayramoglu, 2005).

Third, the formation of the “Coordination Council for the Improvement of the Investment Environment” (CCIIE) can be seen as a hallmark of the competition state structure. The main purpose of this platform is empowerment of competitiveness of Turkish economy by eliminating obstacles in the business climate and improving of productivity of industry. What is important in terms of components of the CCIE is that it is functioning as a broader platform which brings together high level state bureaucracy and different capital fractions. Furthermore, as a new institution, Investment Advisory Council of Turkey (IACT), has been created for representation of international institutions and multinational firms under the umbrella of CCIE at 2004. Last, “in 2012, the structure is fully updated according to the needs and priorities of the private sector. Ministry of Justice, Ministry of Transport, and Ministry of
Energy are among the new members of the CCIE Platform” (YOİKK, 2012). Therefore, as it could be understood from the composition of the participants of the platform that this committee has assembled the different components of the ruling classes under the aim of reaching “national competiveness” (Oguz, 2011). The other significant feature of the CCIE is that it has paired up both legislative and executive functions and has become a main decision-making body as a specialized economic apparatus in the new competitive state structure.

Finally, the new Labor Law legislated at 2003 might be seen the most substantial part of the formation of the competition state after 2001 crisis. One of the main features of the new law is the legalization of flexible, part-time work conditions, and sub-contracting relations. In this way, labor relations have changed according to requirements of the new stage of capital accumulation, and necessities of international competitiveness (Yaman Öztürk and Öztürk, 2011). Therefore, it can even be argued that this restructuring of labor relations constitutes of the real base of both internationalization of domestic capital and in this line reconfiguring of the state towards a competitive one.

**Conclusion: Uncovering the so-called “Success Story” of Turkey**

Eventually, I argued that the one of the main characteristics of the competitive state structure as a new form of class domination, increasing exploitation of labor power and exclusion it from political arena in the name of reaching a more competitive position in the international scale. In this context, generally speaking, the project of the competitive state can be defined as a strategy of capital which is located in each individual state, aimed to have absolute control over working class to improve surplus extraction as a main tool in the international competition, and in this line, the process of state restructuring tended to exclude working class politically from the governance processes by the practices of technicalization and depoliticization of formulation and implication of economic policies.
Bibliography


