In the 1980s, Turkey, like many other countries similarly situated in the world economy, had changed its economic strategy from a protectionist model characterized by heavy state intervention to a more outward-looking and market-oriented one. This change is often interpreted in terms of a basic dichotomy between the state and the market, and in this article I explore the changing place of the economy in Turkish society to highlight the limitations of the dichotomy in question.

“The place of the economy in society” is a phrase introduced and used by Karl Polanyi to investigate the basic coordinates of the livelihood of the individual in society. For Polanyi, economy is “an instituted process,” and the way it is instituted in a given society can be analyzed by looking at the relative importance played by the integrating principles of exchange, redistribution, and reciprocity in the allocation of resources. Exchange denotes the nonenduring and unbinding relations between anonymous individuals on competitive markets. Redistribution characterizes the role that the state plays in the economy via taxation and government spend-
Exchange and redistribution acquire their significance in the formal and legally binding context of market allocation and state intervention, while reciprocity is, in its nature, personal and informal. In general, relations of reciprocity follow the family metaphor in their different manifestations among fellow townspeople, neighbors, religious or ethnic community members, or within mafia-like organizations formed to realize illicit gain for their members.

This theoretical approach guides Polanyi’s account of the nineteenth-century market economy as a unique and unnatural phenomenon incompatible with human society. This observation does not refer to the economic role played by markets in many different societies in history, but approaches the market society as one where the economy as a whole is instituted as a series of self-regulating markets. In an attempt to develop this idea, Polanyi highlights the qualitative difference between exchange on the one hand, and redistribution and reciprocity on the other. The supporting institutional patterns of the latter are not only, or primarily, economic in nature. Hence, the state and kinship or community exist prior to, and independently of, whatever economic roles they play. On the other hand, market, the supporting institutional pattern of exchange, is solely economic in function. In a setting where resource allocation takes place primarily in self-regulating markets, economy appears “disembedded” from society. Such a self-regulating market economy implies the commodification of land, labor, and money. This, for Polanyi, is an unusual state of affairs, which (a) could not spontaneously occur without deliberate intervention and (b) is bound to exercise a disruptive impact on the social fabric. Exchange, in other words, could hardly form the basis of social integration and should be complemented with either one or both of the two other integrating principles for the formation and containment of the market. On the basis of the nineteenth-century circumstances he has investigated, Polanyi mainly discusses the way redistribution has assumed this double task and reciprocity receives limited attention in this regard.

However, state intervention could at times leave a large area of regulation to networks of social relations, as in the case of many late-industrializing countries of the twentieth century. In this case, the principle of reciprocity indeed plays an important role in defining the place of the economy in society and shaping the nature of rights and entitlements of people, as illustrated by the Turkish case. But the case of Turkey also shows that reciprocity relations, where they play an important economic role, tend to permeate
market exchange and state intervention, shaping the formal framework of the latter in conformity with their informal and personal character. In Turkey, in the post-1980 period, this particular way of instituting the economy has undergone a certain transformation without, nevertheless, leaving its essentially reciprocity-based character. What I am suggesting here is that the degeneration of state-business relations in this period, often explained by using terms such as corruption and cronyism, could be analyzed by observing the changing role of reciprocity relations in economic life. Especially after the financial crisis that hit the country in February 2001, the socioeconomic order in question has proven to be increasingly unsustainable. The discussion presented in this article develops this observation and highlights the obstacles faced by the attempts to build a formal redistributive framework in which people’s entitlements would be redefined as citizenship rights.

Reciprocity As the Main Principle of Socioeconomic Integration in Turkey

In the 1980s, the emphasis of the problems engendered by heavy state intervention was central to economic policy debate in Turkey. Market reforms undertaken in this period had, as their main point of reference, the necessity of a new strategic orientation involving the retreat of the state and advance of the market. Yet, a closer look at the structure of employment and the nature of state involvement in the economy could easily reveal a different set of problems that the desired transition to a market economy had to address. For large segments of the population, it was neither their opportunities at the market place nor their rights as citizens, but their position in family or family-like relationships that defined the basic coordinates of economic life. In a parallel fashion, the role of the state in the economy had a personalized character, with rule-based, formal mechanisms of intervention often dominated by ones conforming to the informal principle of reciprocity.

In 1980, over 50 percent of employment in Turkey was in the agricultural sector, and small peasant holdings were still dominant. Hence, it was not agricultural workers but small peasants on family farms that formed the bulk of the workforce. Employment in the manufacturing sector was a mere 11 percent of total employment, and small firms played a very important role. Nearly one-third of manufacturing labor was in microenterprises
employing less than ten workers. In commerce, the significance of microenterprises was even more important, with workplaces employing one or two workers constituting the typical business unit in this branch of activity. The management of microenterprises, even when they do not actually use family labor, is significantly based on reciprocity. Consequently, not only do they typically exclude unionization, but they often exhibit tendencies to deviate from the rules regulating the labor market. In this regard, it is revealing that the State Institute of Statistics of Turkey currently estimates the scope of the informal sector on the basis of production and employment in microenterprises. However, references to labor market informality would not really be adequate to describe the society-specific setting of work relations in Turkey. In this setting, where wage and salary earners remained numerically much less important than the self-employed and unpaid family workers, labor did not really appear as a market commodity.

Limited commodification of labor also had to do with employment in state-owned enterprises (SOEs). From the early years of the republic to the 1980s, these enterprises remained an important instrument in the attempts to develop national industry. In this regard, underpriced industrial inputs supplied to private firms were of particular significance in the development of the private sector in Turkey. However, their role as an “employer of last resort” was also quite important. In the manufacturing sector, SOEs provided over 30 percent of employment. Access to such public sector employment has often been contingent upon connections with political party circles, not excluding those at the lowest echelons of the party hierarchy. All types of institutions in which reciprocity relations are typically rooted, from family to ethnic or religious communities, have played a significant role in the access to political decision-making processes in the deployment of labor in the public sector.

State intervention, then, contributed to a setting where commodification of labor was limited. This was not achieved, however, by formal redistributive processes assuring the stability of employment and income as observed in the case of welfare state practices in developed Western countries. It was based, rather, on the basis of the principle of reciprocity, with the state both taking part in a reciprocal exchange of votes for favors and helping to sustain family and family-like relations in their significance for the economic life of the individual.

Agriculture constitutes an important area where the state has contrib-
uted to the survival of economic relations based on the principle of reciprocity. Historically, in many high- and middle-income countries, taxes imposed on agriculture, along with the state support given to infrastructure and technology development, have led to the concentration of land holdings and elimination of small peasantry. In Turkey, we see a rather different development. One of the first economic policy decisions, and probably the most important one, taken by the founders of the Turkish Republic was the elimination of the tax in kind on agricultural produce. The enormous loss of public revenue implied by this decision was not really compensated by other taxes later imposed on the sector, given the exemptions accorded to small producers. The Land Reform bill enacted by the parliament in 1946 consolidated the status of small farm holdings, and in the following decades, the distributional conflicts between small peasants and large landowners have invariably taken place in a political environment favorable to the small peasants.

In the meantime, agriculture was supported by subsidies. While the burden these subsidies place on the state budget is often emphasized in the current policy debate, the general level of subsidies has remained quite low, at least until the 1980s, compared to those in most OECD (Organization for Economic Cooperation and Development) countries. Moreover, contrary to the situation prevailing in the OECD region, the burden of agricultural subsidies fell not on the taxpayer, but on the consumer. In Turkey, then, it was largely a policy of leaving agriculture outside the state redistributive system that has prevented the disappearance of peasantry and has kept a large portion of the workforce employed in small farms.

The commodification of labor was limited not only by keeping people employed in agriculture. As long as small peasants were not forced to sell their land, rural-urban migration has not necessarily implied a total rupture from the countryside. Hence, new immigrants in urban centers could continue to rely on in-kind, if not pecuniary, income supplements received from their relatives who had remained in the village. Small landownership has also created a situation where urban workers could seasonally leave their jobs to participate in agricultural production on their family farms. Livelihood in the urban environment, in other words, has not been fully determined by the logic of the labor market.

The fact that economic survival in the city has not depended entirely on labor market relations relates to another aspect of the society-specific role
of the Turkish state in the economy. Housing constitutes a very important problem that social policy is often in a position to address in the course of industrial development. In Turkey this problem, too, has not been handled through formal redistributive processes. Nevertheless, gecekondu (irregular housing) has appeared as a crucial mechanism of integration in the urban society. While such irregular settlements are found in many other countries of Asia, Africa, and Latin America, the state has played a much more significant role in the development of gecekondu in Turkey, through the vast supplies of public land in and around the cities. Neither privatized nor used for social housing projects, these vacant public plots of land have been treated as “commons” and appropriated by successive waves of immigrants from rural areas. This situation has provided ample room for the reciprocal exchange of entitlements to invaded public property with votes. In this process, the gecekondu has ceased to be the site of the precarious existence of marginal segments of population and has become the typical form of popular housing in the country. Moreover, the irregular settlements built on individual plots of land could expand or be converted into apartment buildings. They could thus constitute a mechanism of supporting future generations by providing them with a place to live or a source of rental income for the family.9

The “employer of last resort” role played by the SOEs, agricultural policies that have contributed to the survival of small family farms, or the gecekondu solution to the urban housing problem do not, of course, constitute a formal policy of income and employment comparable to standard welfare state practices in the West. Yet they have been quite successful in keeping unemployment and worse forms of poverty under control. They have also kept in place a socioeconomic order where family solidarity could compensate for the absence of a formal social security system that could effectively deal with risk situations such as unemployment, sickness, or old age.

Changing Character of Reciprocity Relations in the 1980s

In the 1980s, when a neoliberal agenda for market reform was set, there was little room in it for social security provisions. Neither was there much concern for a restructuring of the redistributive system in conformity with social and economic objectives. The objective of reform was simply defined in terms of radically reducing the economic role of the state to make the
unregulated market the main mechanism of resource allocation. That this was not such a smooth process could be realized only a decade later, after many unexpected and undesired developments.

As in many countries similarly situated in the world economy, structural adjustments in Turkey involved price deregulation, especially the deregulation of major macroeconomic indicators such as the foreign exchange rate and the rate of interest, as well as attempts to privatize the SOEs, trade liberalization, elimination of barriers against foreign direct investments, and, finally, elimination of controls against international capital movements. While the ideological environment in which these policies were implemented was hostile to employment and income support policies, it was not unfavorable to measures taken to support private sector development. Hence, outward-looking international trade policies involved not only the elimination of barriers against imports but also significant subsidies provided to exporters of manufactured products. Other than exporters, real estate developers and investors in tourism benefited from diverse types of preferential treatment.

Since 1980, agriculture has ceased to be the leading export sector in the country, while the manufacturing sector has come to account for over 75 percent of the country’s exports. Improving agricultural productivity had never been a policy priority in Turkey. But agriculture was hit especially hard by economic and political developments in the last two decades, and it has become increasingly difficult to keep the majority of people employed in peasant holdings. The developments in question pertain, first, to liberalization of imports of agricultural products, particularly meat imports, which had an important negative effect on the sector. Second, in the 1980s, when tourism and real estate appeared as the main engines of growth, the most fertile plots of land in the western and southern regions of the country were sacrificed to tourism or real estate developments for summer residences. Then came the devastating impact of the war with Kurdish nationalist forces in the southeast. At the end of the 1990s, the result of these developments could be easily seen in agricultural productivity. In fact, Turkey is one of the few countries in the world where there have been no productivity improvements in agriculture between the early 1980s and the late 1990s.

The dissolution of the countryside has also manifested itself in the rural-urban migration trends. Between 1980 and 1999, urban population has increased dramatically, with the number of people living in urban areas
increasing from 44 to 74 percent of the total population. Many of these migrants had to leave their villages in eastern and southeastern Turkey because of the military conflict in the area. For them, as well as for the rest of the new immigrants, “push factors” such as the threat of violence or complete loss of livelihood, rather than the attraction of urban opportunities, were behind the decision to come to the city. Unlike the earlier immigrants, they did not necessarily come to established networks of family or fellow townsmen that could help them find work and shelter.

Shelter, in particular, has become a problem for all new immigrants. By the end of the 1980s, the gecekondu had lost its basis of legitimacy as the society-specific form of social housing. Appeal to the indisputable need for shelter no longer seemed sufficient to morally justify the invasion of public land or self-built houses on peripheral land without regular construction permits. Irregular construction activity has not been limited to popular dwellings; it significantly extended to middle-class residential areas. This, however, has not helped generate more sympathy for the urban poor in need of shelter. On the contrary, the poor have found themselves in intense competition over urban land with real estate developers catering to the middle-class housing market. With the geographic expansion of the cities and the new popularity of suburban middle-class residences, irregular access to peripheral land has become increasingly difficult for the new immigrants.

At the same time, working conditions in the industrial sector have undergone a radical change. After the military coup in 1980, the activities of labor organizations have been significantly curtailed and the most radical labor union confederation, DISK, was closed. As a result, industrial wages fell steadily until 1988, when political life was, at least to a certain extent, normalized. Soon after the reversal of the downward trend in wages, however, a new trend, in conformity with the characteristics of flexible production, set in, controlling labor in a much more effective fashion than mere political repression could. Relations of subcontracting and outsourcing have led to a further shift of employment away from large enterprises to smaller firms. Piecework allocated to women working at home on a totally informal basis and for extremely low wages has also become very significant. In other words, adoption of a market-oriented strategy in Turkey has not resulted in the formalization of labor relations but has led, on the contrary, to a situation where employment in the formal manufacturing sector has shrunk in
size. This has resulted in a massive informalization of the labor market. Even official statistics, which always underestimate the extent of labor market informality, indicate that irregular work now extends to well over half of the total labor force. While deregulation has thus come to characterize the employment scene, production relations reflect less the principle of market exchange than the family metaphor. Reciprocity relations, in their personal and informal character, define the conditions of access to employment and determine the rhythm and remuneration of work both at home and in small enterprises.

While reciprocity relations remain important for employment, recent demographic trends indicate that the family, the typical institutional context of such relations, today appears to be under considerable pressure. While politicians still like to refer to the “young and dynamic” population of the country, statistics show declining fertility rates and an aging population. The observed decline in fertility rates leads to two developments, both with serious implications for social policy. First, the number of people in the labor force—people between fourteen and sixty-five years of age—continues to increase. Second, the number of those above sixty-five is also increasing. These trends place a double burden on social policy given both the pressing need to create jobs for a growing labor force and the measures needed to care for the elderly. In the meanwhile, the nuclear family has become the norm and family solidarity hardly covers the extended family anymore. Under these circumstances, it ceases to be realistic to expect family support and care to continue to substitute for formal social safety nets.

We observe, in other words, a certain change in the role of reciprocity relations in defining the coordinates of the livelihood of the individual. As family ceases to be an effective mechanism of social protection, its role in the unregulated context of flexible production is enhanced. A parallel change could also be depicted in the ways in which reciprocity relations infiltrate redistributive processes to shape the character of state intervention in the economy. I have discussed how the informal mechanisms through which the Turkish state has traditionally attempted to sustain need satisfaction began to be abandoned in the 1980s. This has not led, however, to a formalization of state-society relations in line with the formal and impersonal character of the principle of redistribution. Instead, the decade
has witnessed an intensification of particularist relations between the state and private sector actors with claims on public resources. Exporters who were supported by tax rebates, investors in tourism and real estate benefiting from preferential credits, and the bidders for public sector enterprises in privatization deals have all appeared as important actors in newly emerging networks among public authorities and private businessmen. Liberalization and deregulation have provided ample opportunities for the mobilization of such networks for private gain, and what was critically labeled populism has given way to downright corruption.

As a result, through the 1980s, while many steps were being taken toward liberalization and deregulation, government spending increased considerably. The budget deficit, which was 1.8 percent of GNP in 1981, had reached 5 percent by the end of the decade. Internal borrowing was financed by issuing government bonds and treasury bills, which, unlike the case in most high-income market economies, had higher returns than bank deposits or private securities. At the end of the 1980s, 90 percent of the transactions on the Istanbul Stock Exchange involved government securities. After a decade of market-oriented structural adjustment and stabilization efforts, the presence of the state in the economy appeared as the most significant factor explaining chronic double-digit inflation in a highly unstable macro-economic environment.

**Economic Crisis in the Absence of Social Protection**

It was in this environment that capital account was fully liberalized in 1988. As several economists have since remarked, financial liberalization before achieving fiscal restraint could only be a recipe for further instability. Financial crises that hit many Latin American and Asian countries in the 1990s have shown that unregulated short-term capital flows could cause instability even in the absence of fiscal imbalances such as the ones characterizing the Turkish economy. However, the society-specific dynamics of the crisis, which hit Turkish economy in February 2001, were clearly related to the factors that link a practically bankrupt state to a poorly regulated and irresponsible banking sector.

Since the decision to liberalize the capital account, productive activity in the manufacturing sector has been significantly dominated by financial operations. While foreign direct investment has remained negligible,
portfolio investment has grown considerably.\textsuperscript{21} Financial liberalization has also enabled the banking sector to incur external borrowing in order to invest in public securities. The latter had very high rates of return reflecting the increasing public sector borrowing requirements. Consequently, lending to the state was more attractive than financing productive investment. Throughout the decade, credits extended to the government have increased much faster than total bank credits and appeared, by the end of the decade, the largest item in the assets of commercial banks.\textsuperscript{22} Turkish banks have, in other words, given up their natural function of investment finance for a much more profitable financial operation that could be carried out at a very large scale thanks to the possibility of foreign exchange borrowing in a policy environment of full capital account liberalization. In Turkey, highly profitable arbitrage operations, through which the banks financed their high-interest government security holdings by foreign exchange borrowing, had made both the banking system and the economy extremely vulnerable to foreign exchange rate and interest rate fluctuations.\textsuperscript{23}

This vulnerability led to a major economic crisis in February 2001. It was triggered, like other financial crises of our contemporary world econ-
A country's economy, by the outflow of short-term speculative capital. In spite of the efforts of the Central Bank to counter the speculative attack against the Turkish lira, it was not possible to maintain the value of the currency in conformity with the stabilization program then in implementation. The lira was left to float, with an initial loss of value of about 40 percent. This was the end of the IMF-backed stabilization program launched in December 1999 to fight the chronic double-digit inflation Turkey has been living with since the 1970s. In July, there was a new wave of capital outflow causing further interest rate hikes and currency depreciation. Since then, major financial turbulences were avoided, but the economy is under close supervision by the IMF authorities.

The dimensions of social and economic problems associated with the crisis were enormous. The exact figure for bankruptcies is still not known. In those manufacturing firms that could avoid bankruptcy in 2001, employment fell by 18.7 percent in small enterprises, by 8.4 in medium-sized ones, and by 4.4 in large establishments. The decline in employment in the manufacturing sector could give only an incomplete idea about the aggravation of the problem of poverty already threatening a large segment of the population in the environment of social transformation before the crisis. Especially in urban areas, increasing visibility of the poor has recently generated a concern with the danger of “social explosion” and led to policy suggestions to at least complement informal solidarity mechanisms with more formal mechanisms of social integration. Yet these policy suggestions coexist with pleas for deregulation of labor and capital markets, which render the establishment of formal safety nets practically unfeasible. While it is increasingly clear that poverty is a serious social problem, which has reasons beyond the control of the poor, policy failure to deal with poverty is justified with reference to the imperatives of insertion in the global market.

Given the contemporary realities of the international system, integration of a national economy in the world system takes place, first and foremost, through the flow of financial capital. Starting in the 1970s, the world economy entered into a phase of financial expansion, with the volume of short-term financial transactions exceeding the volume of trade at an accelerating rate. According to some estimations, at the end of the 1990s, the former was over fifty times the latter. In this environment, economic crises are triggered by the immense volatility of short-term capital flow. Yet the same volatility also makes it necessary to define policy priorities in terms of
enhancing investor confidence by strengthening the financial sector. This explains why the banking sector, which had a central role in the unfolding of the crisis in Turkey, cannot be asked to assume the burden of the highly profitable risks it had taken before the crisis.

Through the bankruptcies that have affected thousands of small- and medium-sized firms and their employees and the massive layoffs in other enterprises, an overall sum of $45 billion was transferred to the banking system, in cash and government paper. Moreover, through a swap operation realized in June 2001, short-term, Turkish-lira-denominated government debt held by banks was converted into longer-term, foreign-exchange-denominated debt. The following depreciations of the lira have thus provided another mechanism of transferring public resources to the banking sector. While this article was being written, the government was preparing to transfer another $5 billion to the sector. Hence, a total sum of $50 billion, roughly equal to one-third of the country’s predicted GNP for 2002, will have been used for financial system rescue operations, excluding the sum involved in the above-mentioned swap operation.27

Compared to the magnitude of these resources used to bail out banks, those devoted to the so-called real sector remain pathetic. In fact, the absence of a serious effort to deal with unemployment and poverty is clearly reflected in the composition of the government budget. Debt service payments now constitute the largest item in the budget and have recently reached over half of total government spending.

Before the last crisis, the Turkish government had made some attempts at an overall social security reform, mainly to reduce the burden of the system on the public budget. Much of the reform debate centered on the need to increase the age of retirement. Yet the enacted reform bill also included certain measures to increase job security and introduce an unemployment insurance scheme. Laid-off workers who had been paying social security premiums during the last three years have recently begun to receive an unemployment benefit for a maximum period of ten months, limited by the amount of the prevailing minimum wage, now about $125 per month. This new institutional arrangement, like the measures directed at enhancing job security, is hardly the answer to the current problem of poverty, given the extent of informal labor practices that the crisis is clearly rendering even more widespread. Workers desperate to find jobs or keep the ones they have are obviously in no position to demand social security coverage
from employers who amply use the crisis as a pretext to justify informal employment. In fact, the Union of Turkish Exporters has even attempted to launch a nationwide campaign for the reemployment of laid-off workers without social security coverage. This idea, enthusiastically supported by the media, was nevertheless rejected mainly because of the ILO conventions ratified by Turkey. However, there is reason to believe that through the media coverage of the proposal, many enterprises have laid off their workers only to rehire them without their former social security benefits.

While there are practically no attempts to devise enterprise support policies conditional on formal employment generation, policies that accelerate the dissolution of the country’s informal, reciprocity-based system of social protection continue at full speed. Dependence on sources of foreign credit, which the economic crisis has enhanced, renders the state totally unable to resist the demands of international financial organizations in this direction. Hence, the World Bank–assisted agricultural liberalization program, with its special emphasis on the replacement of subsidized product prices with direct income supplements dissociated from production, is discussed as an integral component of the agreements with the IMF, among other conditionalities. Subsidies provided to agriculture are now being cut in a way to reduce the area of cultivated land and aggravate the problems caused by rural dislocation, regardless of the already alarming dimensions of urban unemployment.

Employment in SOEs has ceased to be an instrument to deal with the problem of unemployment, especially since privatization attempts have gained a new impetus to generate public funds to be channeled to debt service payments. Public land in the cities is also viewed as a resource that could be used to alleviate the burden on the government budget. Attempts are currently being made to sell public plots in order to generate income necessary for the bankrupt state to meet its obligations to its creditors. In the meantime, there is not even any discussion on the necessity of social housing projects to replace the informal solution that gecekondu could, through several decades, present to the problem of integrating immigrants into the urban society. While everyone recognizes that the social exclusion of uprooted peasants constitutes a serious social problem beyond the control of the individuals involved, the “unavoidable necessity” of structural adjustment and financial stabilization dominates this type of social concern.
The Place of the Economy in Turkish Society

Conclusion

In this article, I have tried, first, to elucidate the nature of society-specific arrangements, which, until recently, were able to prevent the worst forms of social exclusion and poverty in modern Turkey. I then argued that neither the state nor the family, as two pillars of the socioeconomic order characterized by these arrangements, is now able to carry the burden of leading the society through its current market-oriented transformation. However, the contemporary policy environment allows only very limited room for the creation of formal employment opportunities and welfare provision. In a setting where structural adjustment policies for the establishment of a self-regulating market system restrict the scope of industrial policy and push countries like Turkey with abundant cheap labor resources to compete with each other on markets for manufactured exports, compensating the effects of deruralization with the dynamics of rapid industrialization does not seem easy. Meanwhile, in an international economy dominated by unregulated capital flows, the prerogative of assuring the stability of the financial system places an overwhelming burden on public funds.
and limits the scope of social spending for the establishment of formal safety nets.

In *Shame and Necessity*, Bernard Williams discusses Aristotle’s approach to slavery. The discussion shows the futility of Aristotle’s attempts to legitimize slavery as a “natural” phenomenon based on natural characteristics of slaves. While such an approach to other manifestations of hierarchy and subordination could have a basis, as in the case of justifications of the inferior status of women, for example, it could hardly hold in the context of Greek slavery. Slaves came from different ethnic and social groups, and they were often born free. Williams argues that the arbitrariness and violence involved in the process of becoming a slave were not overlooked by ancient Greeks. Thus, unlike Aristotle, they did not try to legitimize the phenomenon but accepted it as a necessity for the best development of their cherished social life. Economic and cultural necessity, along with individual bad luck, seemed sufficient to explain the slave’s status. Williams writes that the distance between ancient Greece and our modern times does not only consist of our rejection of necessary identities, but also of the attempts to control necessity and chance with a view to reduce their effects on the individual and to show that what cannot be reduced is not unjust. “However,” he continues, “we shall not know how great our distance really is from the ancient world until we are in a position to claim, not merely that there is this task, but that we have some hope of carrying it out.”

The discussion presented in this article indicates that in contemporary Turkey this hope is not completely lost, since the need to replace traditional solidarity mechanisms with formal social safety nets is still emphasized in social policy debate. Yet the appeal to “necessity” is disturbingly present in contemporary attempts to justify the transfer of the bulk of public funds to the financial sector. “Necessity” also dominates the determined efforts to rapidly dismantle the country’s traditional reciprocity-based system of social protection, which, with all its problems, has proven effective in controlling social exclusion. Nevertheless, it might still be possible to argue beyond necessity, by problematizing the pace of socioeconomic transformation and by questioning the priority given to the financial sector over all social and human concerns. This could only be possible through an attempt to reinstitute the economy with a more important role assigned to the formal principle of redistribution.
Terms such as developing, periphery, Third World, newly industrializing, or less developed, which one could use to situate Turkey in the world economy, all reflect different ways of conceptualizing international economic order with their respective shortcomings. The World Bank presents a fourfold categorization based solely on income per capita levels: high-, higher-middle-, lower-middle- and low-income countries. With a GNP per capita of U.S.$2,900 for 1999, Turkey is situated in the lower-middle-income country category in the last World Development Report. See World Bank, *World Development Report 2000/2001: Attacking Poverty* (New York: Oxford University Press, 2000–2001). After the economic crisis of February 2001, this figure has fallen to U.S.$2,160, in part because of the considerable depreciation of the lira against the dollar. UNDP (United Nations Development Program), on the other hand, classifies countries on the basis of a more sophisticated measure of “human development” by taking into account achievements in health and education along with per capita income. According to this basic human development index compiled by UNDP, Turkey is situated in the medium human development category. See UNDP, *Human Development Report 2001* (New York: Oxford University Press, 2001).


Ibid., 288–89.

Ibid., 277.

DISK could resume its functions only in 1992, after a long series of legal and political struggles.


TÜSİAD, *Türkiye’nin Fırsat Penceresi: Demografik Dönüşüm ve İzdüşümleri* (İstanbul: TÜSİAD, 1999).


İbid., 80.


In 1999, foreign direct investment flows constituted 0.4 percent of the GDP while other private flows of a financial character reached 4.2 percent. See UNDP, *Human Development Report* 2001, 192.


İstanbul Sanayi Odası, *Ekonomik Durum Tespiti Anket Çalışması Sonuçları* 2001-2 (İstanbul: İstanbul Sanayi Odası, 2002), 17.


It is interesting that a clear and explicit statement on the magnitude of banking system rescue operations and the burden they placed on the economy was made by a member of the board of directors of a private bank in the course of an interview given to a daily newspaper. The interviewee thought, not surprisingly, that this was the outcome of a no-alternative policy decision. See *Radikal*, February 4, 2002.


See the letters of intent of the Turkish government to the IMF, available at www.treasury.gov.tr.


İbid., 129.