PLANNING FOR COMPLEX MODERNITY:
THE TURKISH CASE

by

CEVDET YILMAZ

In Partial Fullfillment of the Requirements for the Degree of
DOCTOR OF PHILOSOPHY IN POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

in

The Department of
Political Science and Public Administration
Bilkent University
Ankara

January, 2003

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The Institute of Economic and Social Sciences
of
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I certify that I have read this thesis and in my opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in Political Science and Public Administration.

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Assoc. Prof. Dr. Emin Fuat Keyman
Supervisor

I certify that I have read this thesis and in my opinion it is fully adequate, in scope and in quality, as a thesis for the degree of Doctor of Philosophy in Political Science and Public Administration.

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ABSTRACT

PLANNING FOR COMPLEX MODERNITY:
THE TURKISH CASE

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Department of Political Science and Public Administration

Supervisor: Associate Professor E. Fuat Keyman

January, 2003

This thesis investigates the relationship between planning and modernity, follows the evolution of conventional planning within epistemological shifts and globalization processes, and searches for a communicative planning alternative for Turkey on the background of Turkish planning experience within the broader context of Turkish modernization and democratization.

Conventional planning for national development took shape in the context of simple modernity characterized by positivist social science, nation state and capitalism. It is state and expert centered, and based upon instrumental rationality. Parallel to new epistemological debates and globalization processes, conventional planning has gone into a crisis. Today, there is a "communicative turn" in planning theory that entails competition among multiple rationalities within a broader and multi-layered public sphere. As a developing country that has used planning extensively in its modernization process, Turkey faces a similar crisis in planning. Conventional planning in Turkey reached to its limits towards the end of 1970s. However, neo-liberal discourse, replacing planning since 1980, could not deliver to the mounting problems of efficiency and democracy either. In that context, Turkey needs to go beyond a simple market versus state dichotomy and should generate a genuine communicative planning in its development process.

Based upon global trends in planning theory and the Turkish planning experience over the 20th century, communicative planning is emerging as a real possibility in Turkey. With its long experience in multi-party democracy and recent democratization impetus accelerated by its candidacy for full membership into the EU, Turkey can be one of the pioneering countries in the developing world, if it achieves communicative planning. Bringing the state, market and civil society representatives together, communicative planning can enrich information basis of planning, restore legitimacy of plans in political and social domains, and thus, increase the possibility of successful implementation of plans.

Keywords: Complex Modernity, Globalization, Communicative Planning, Turkish Planning

ÖZET

KOMPLEKS MODERNİTE İÇİN PLANLAMA:
TÜRKİYE ÖRNEĞİ

Cevdet Yılmaz

Siyaset Bilimi ve Kamu Yönetimi Bölümü

Tez Yöneticisi: Doç. Dr. E. Fuat Keyman

Ocak, 2003

Bu tez planlama ve modernite ilişkisini incelemekte, epistemolojik kaymalar ve küreselleşme süreçleri içinde geleneksel planlamanın evrimini izlemekte, Türk modernleşmesi ve demokratikleşmesinin geniş bağlamında ele alınan Türk planlama tecrübesi temelinde Türkiye için iletişime dayalı bir planlama alternatifi aramaktadır.

Ulusal kalkınma için geleneksel planlama, positivist sosyal bilim, ulus devlet ve kapitalizm üçgeninde tanımlanan basit modernite bağlamında şekillenmiştir. Bu planlama yaklaşımı devlet ve uzman merkezlidir ve araçsal akla dayanır. Yeni epistemolojik tartışmalara ve küreselleşme süreçlerine parallel olarak geleneksel planlama krize girmiştir. Günümüzde planlama teorisinde "iletişimsel dönüş" yaşanmakta olup, bu dönüş daha geniş ve çok katmanlı bir kamusal alanda çeşitli rasyonaliteler arasında rekabeti gerektirmektedir. Planlamayı modernleşme sürecinde geniş ölçüde kullanan, gelişme yolundaki bir ülke olarak Türkiye de planlamada benzer bir kriz yaşamaktadır. Geleneksel planlama Türkiye'de 1970'lerin sonlarında bitme noktasına gelmiştir. Ancak, 1980'den beri planlamanın yerini almış olan neo-liberal söylem de Türkiye'nin giderek artan etkinlik ve demokratikleşme problemlerine yanıt verememiştir. Bu bağlamda, Türkiye basit bir devlet piyasa karşıtlığının ötesine geçerek, kalkınma sürecinde gerçek anlamda iletişime dayalı bir planlama yaklaşımını geliştirmelidir..

Planlama teorisindeki genel eğilimler ve 20. yüzyıl Türk planlama tecrübesi temel alındığında, Türkiye'de iletişime dayalı planlama gerçek bir olasılık olarak ortaya çıkmaktadır. Uzun bir geçmişe dayanan çok partili demokrasi tecrübesi ve AB'ye tam üyelik adaylığı tarafından son dönemlerde ivme kazandırılan demokratikleşme hareketi ile Türkiye, bu alanda gelişme yolundaki dünyaya öncü olabilecek ülkelerden birisidir. İletişime dayalı planlama çerçevesinde kamu, piyasa ve sivil toplum temsilcilerinin biraraya getirilmesinin, planlamanın bilgi temelini güçlendirmesi, siyasi ve sosyal alanlarda planlamanın meşruiyetini artırması ve bu şekilde, planların başarı ile uygulanması olasılığını yükseltmesi beklenmektedir.

Anahtar Kelimeler: Kompleks Modernite, Küreselleşme, İletişime Dayalı Planlama, Türk Planlaması

ACKNOWLEDGEMENTS

First and foremost my gratitude goes to my supervisor Emin Fuat Keyman who supported me in this long journey with his theoretical perspective, personal tolerance and intellectual insights. This thesis would not have been completed without his belief in my intellectual capacity and his precious contributions.

I would like to thank all my previous instructors and friends too, who nourished me with their best fruits cultivated over long years. Without their contributions and encouragement I could not have dared to attempt such a heavy, but at the same time, self-realizing intellectual undertaking. At the same time, I would like to thank Ahmet İçduygu, Ömer Faruk Gençkaya, Mehmet Kalpaklı and Galip Yalman, whose valuable comments and suggestions helped me improve the structure of this thesis.

My gratitude also goes to my colleagues and managers in the State Planning Organization of Turkey. I have always been proud to be part of this organization, and enjoyed the warm environment inside its building, which may look cold to some people looking from outside. My debates and discussions under the roof of the SPO are hidden behind various ideas developed in this thesis.

Finally, I would like to thank my wife and children who made a lot of sacrifices and supported me in this long process without any rewards in return.

TABLE OF CONTENTS

CHAPTER I

INTRODUCTION

1.1 Overall Arguments and Perspective of the Thesis

This thesis is mainly about developing a policy-relevant perspective concerning the general understanding and practice of planning in Turkey. However, taking into account the fact that each particular case is part and parcel of a broader process, the Turkish case is studied on the background of broader planning and modernity relationship in the world at large. I will be doing this in this thesis mainly by reference to the debates concerning the concepts of rationality and democracy, epistemological shifts and globalization, and the history of planning in Turkey.

The thesis has a historical perspective and stresses the evolution of concepts in different time/space. However, changes in post-1980 are going to have a broader part in the thesis, both in terms of developments in the world and in Turkey. In that context, globalization and neo-liberal policies, debates on modernity and complex modernity, the problematic of nation-state and national sovereignty, the role of state in development, civil society and local administrations are some key topics for discussion.

In recent decades planning has lost much of its appeal and many developing countries, including Turkey, turned to market-oriented policies instead of planning. A high and unrealistic hope attributed to planning has been replaced by an equally unrealistic and simplistic market advocacy in that process. My basic argument,

however, is that we do not confront an "either or" choice between planning and market or state and society, but rather need to ask the question of what kind of planning is required for a rational/democratic organization of state-society relations in Turkey. In order to operationalize this perspective, I will be substantiating a planning approach open to different rationalities (technical and societal) and a deliberation among those rationalities on a permanent basis. This is basically a communicative or democratic planning paradigm defended against conventional planning based upon instrumental rationality and expert dominance.

Hermeneutical turn in epistemological debates and particularly Habermasian ideas guide this debate on a new planning paradigm based upon dialogue. This new epistemological perspective is used as a ground to defend a complementary rather than conflicting relationship between democracy and development. Habermas' communicative action theory is also considered as a major source of "communicative turn" in planning theory. However, I have also attempted to criticize and qualify Habermasian search for consensus in dialogue within the context of communicative planning. Apart from practical difficulties of reaching consensus in real planning situations, the goal of consensus is also criticized as a principle inconsistent with democratic norms.

Planning is conventionally associated with "instrumental rationality" or a means-ends type of relationship. In that conception, planning is performed to reach some predetermined objectives with the most efficient utilization of resources. This type of planning has a state-centered and top-down approach, which is dominated by experts and technical knowledge. In this thesis I contend that democratic planning does not

require elimination of such planning practices, but does entail ending their monopoly. In this context, experts and technical knowledge shall continue to play an important role in a communicative planning process in which they should be considered as catalysts rather than a dominating party. Considering the indispensable role of planner in any planning paradigm, I also refer to some main characteristics of the future planner. The future planner or planner in communicative planning paradigm is not above the other stakeholders, but a participant in dialogue with his facilitation and negotiation skills. In that sense, this thesis can be considered as part of an attempt to plan future planning and planner in Turkey.

Apart from epistemological debates related to the planning theory, considering the close relationship between conventional planning and the state, globalization and its repercussions on the state autonomy are explored in this thesis. I have presented not only neo-liberal but also cosmopolitan understandings regarding globalization. In this attempt, I have depended upon 'globalization from below' and *glocalization* arguments in countering the dominant 'globalization from above' and 'there is no alternative' discourse. In that context, my main argument is that the old forms of planning or conventional planning may be irrelevant today but not a democratic planning under global conditions, as conceptualized along communicative lines.

On the background of above mentioned debates and arguments, I have prepared my thesis by focusing on the case of Turkey. Since 1980 Turkey has undergone an important transformation with regard to its economic structure and its links to the external world. Turkish society has also changed in that process, becoming a more diversified and organized society, open to the world through various channels

(tourism, immigrant workers, trade, capital transfers, media, Internet, etc.). However, this transformation is not completed yet. There are important institutional reforms to be done for further economic development and democratization of the Turkish society.

One critical reform, in that context, is a comprehensive re-conceptualization and restructuring of planning. In my view, Turkey needs to go beyond a simple dichotomy of the state and the market in order to formulate a sound platform to initiate such a reform. Today, Turkey has an experience both in plan-guided and market-oriented policies, their respective advantages and disadvantages. What is needed is to combine this historical experience with the growing demands for democratization in a new global environment. A shifting division of labor between the state, market and civil society within a dialogue secured by overall democratic norms as well as institutionalization of communicative planning practices shall provide a suitable environment for this new democratization momentum.

I expect that my thesis shall coincide with and contribute to the ongoing institutional reform process in Turkey. Today there are various theoretical debates and practical initiatives regarding reforms in different fields in Turkey. However, many of these debates and reform proposals are either too abstract to guide practical policies or too narrow to initiate a comprehensive change. I think that my mixed bureaucratic and academic background helped me overcome this difficulty to a considerable extent. Considering the limited number of studies on the institutional reform process in Turkey—academic and otherwise—my thesis shall hopefully also motivate further research in that field.

1.2 Methodology

This thesis consists of two main parts. The first part, covering chapters two and three, is about the general trends in planning theory in relation with epistemological and historical changes over the last century. Modernity debates and modernity/planning relationship shape the debates in these two chapters. The second part, covering chapters from three to six, focuses on Turkish case within these broader epistemological and historical trends.

The methodology of my thesis fallows this main structure and perspective of the thesis described above. The thesis depends on a focused and systematic literature review, first in the broader transformations in planning theory, then in the Turkish experience in the field of planning. In the first part of the thesis I have reviewed literature on the evolution of modern planning and also the debate on the crisis of the conventional planning approach. In the second part of the thesis I have concentrated on literature on planning in Turkey in the context of broader socio-economic and political developments. In the part related to the history of planning in Turkey, the focus is on the broader features of past experience with possible implications for development of communicative planning, rather than a comprehensive planning history in detail.

The thesis, in that sense, is a case study in the context of contemporary theoretical debates on planning. Although it is not a comparative study, I make some references to the experiences of other developing and developed countries in the field of planning throughout the thesis. Due to the nature of the subject matter, I have benefited from an inter-disciplinary literature ranging from philosophy of science,

development economics, and organization theory, down to project guidelines for implementation. Readings in general Turkish history and the history of planning in Turkey are a significant component in the literature review as well. In all my readings and literature reviews, however, the focus is on planning and repercussions of diverse epistemological and historical developments on planning theory and practice.

In addition to a focused and systematic literature review, I have also depended on my job experience as a planning expert in the State Planning Organization of Turkey. I have come across and conducted in-depth dialogue on the future prospects for planning with a large number of professional planners, academicians and politicians, at national and local levels during my career. Apart from that, I have participated in various workshops and studies for developing a new planning practice. In these encounters and studies I have developed my overall perspective regarding the past performance as well as prospects for the future institutionalization of planning in Turkey. In that sense, all the benefits of this "participant observation" have been reflected in this thesis.

In my viewpoint, these two sources of ideas—the literature review and the personal experience in the subject matter—have created a fruitful tension in the overall organization and substance of this thesis. I don't think that we can make a sharp separation between "public and private use of reason" as Immanuel Kant once did in his famous article on the Enlightenment. I don't consider myself as a detached and value-neutral observer of objective reality, either. However, I hope I have achieved

to strike a reasonable balance between my personal career attachments and my intellectual endeavor.

1.3 Overview of Main Chapters of the Thesis

The thesis is composed of seven chapters. In chapter two I focus on national planning, its history and its connection to modernity (positivist social science, nation state, and national capitalism). Enlightenment ideals and the resulting positivist rationality conception comprise a significant part of this chapter. In addition, nation-state and capitalist economy as major institutional manifestations of modernity are related to conventional planning in this chapter.

It is hard to give a common definition of planning. However, there are some major connotations of the concept. First and foremost, planning is an action-oriented concept, connecting human knowledge to action to create a more desirable future. In that sense, planning implies that human beings are not just an object for natural and social processes but also a subject. Planning has been practiced across various human activities, systematically or not. In this thesis I have focused on national development planning and its evolution. Planning has also been usually presented as a technical process, which does not have much to do with politics. However, I have attempted to show that there are very important crosscutting agendas for politics and planning.

Traditional or conventional understanding of planning, or planning under the conditions of "simple modernity" to use Ulrich Beck's terminology, is based upon the concept of instrumental rationality. Planning, in that context, is usually defined as

a rational allocation of resources to reach some given objectives. Thus, rationality debates are a central topic for discussion in this chapter.

The concept of rationality has always occupied a significant place in planning discourse. Thus, I have also treated with the concept of rationality as a central aspect of the theory and practice of conventional planning. In that context, the evolution of development planning based upon conventional rationality conceptions and its critics will be a major topic for discussion. Different conceptions of rationality, and in connection to this, different approaches to national development planning are treated in this chapter.

In chapter three my focus is mainly on the "hermeneutical turn" in epistemological debates and the historical changes reflected in concepts such as globalization, civil society, new social movements, etc. The legitimacy and representation crisis of the modern nation-state in the face of these historical developments are covered in that chapter, too. Democracy and new approaches to democratic practices, citizenship, the concept of governance, and alternative conceptions about the concept of rationality guide the ideas in that chapter. In that context, it is argued that in a post-positivist and global world conventional planning becomes obsolete, leading to alternative conceptions as candidates for a new planning paradigm.

In this context, based upon "communicative or argumentative turn" in planning theory, my central argument is that power and expertise may suffice for a top-down planning, but not for a democratic one. Participatory mechanisms need to be developed at the crossroads of power, public and expertise for that purpose. This mix

also refers to a confrontation of different rationalities in a deliberation process to reach temporary consensus on policies. It is expected that each party is going to enrich the perspective of other parties in this process and help formulation of policies with a stronger legitimacy basis. This process may also be considered as a tool for managing complexity and ensuring successful implementation of public decisions in a highly interconnected and complex world.

With the chapter four I start to present the Turkish historical experience in the field of planning. Planning over the 1930s and the period of 1940-60 is presented and analyzed in that part. The rise and fall of *etatism* within the broader Turkish modernization process and the Ottoman heritage comprise the main story in this chapter. That part of the thesis focuses on the modernity/planning debate in the case of Turkey, on the background of broader processes discussed in the previous chapters.

Like many other social, cultural and economic policies, the development of Turkish planning can be located into the framework of the nation building and state building, which has dominated Turkish history in the 20th century. In that context, one of the major pillars of the nation building was creation of a self-sufficient and diversified national economy under the control of Turkish nationals.

Etatism was developed during 1930s under the global conditions of the Great Depression and the new Turkish Republic embarked on industrialization through the state economic enterprises. That was a preference for the direct state intervention into the economy. In this context, I will be arguing that *etatist* policies were a product of

both the global conditions at the time and of the "economic nationalism" that the Republican elite inherited from the late Ottoman era dominated by the Union and Progress Party.

Second World War has interrupted the early *etatist* planning, and Turkey gradually distanced itself from a strict understanding of *etatist* planning. Pragmatism and republican ideals of the political leadership, combined with the victory of the democratic countries after the Second World War and the increased perception of a military threat from the Soviet Union, led Turkey towards democracy and multi-party rule in the 1950s, characterized by *ad hocracy* in state interventions.

My emphasis in this early planning experience will be on the elitist and state-led character of planning in its original conception in Turkey. Planning was basically a tool for rapid and deliberate modernization as perceived by the Republican elite. However, that was not a radical socialist planning but a pragmatic one, used for tackling with the development problems in a highly conflictual and authoritarian global environment.

Chapter five describes and analyzes 1960-80 period, which is usually referred to as "the planned years" in Turkey. The period started with a military intervention into the civilian rule. Successful application of *etatism* during the 1930s and perception of *etatism* as a Constitutional principle of the regime were effective in the criticisms raised against the civilian government toppled by the military. As a result, one of the institutions brought about by the 1961 Constitution, which restored the multi-party regime after the 1960 military intervention, was establishment of a State Planning

Organization (SPO)–along with a Constitutional Court and a Senate. All three institutions were considered as necessary checks upon an unlimited power of civilian political power witnessed during 1950s. The First Five Year Development Plan (1963-67) put into action in 1963 and Turkey entered into a systematic import-substitution development strategy in this period.

Institutionalization of the SPO and the nature of plans prepared over this period are analyzed in this chapter. My argument regarding this period can be divided into two main parts. On the one hand, this period shows the continuity in the deliberate Turkish modernization process under elite guidance. It is a state-led and expert based understanding that does not trust the social capacity for devising appropriate policies for development. On the other hand, these planned years witness more diversification in the Turkish society and the rise of civilian objections to bureaucratic planning. However, this civilian objection could not be formulated in a constructive way but just based upon a simple rejection of planning in practice. Thus, planning has lost its effectiveness in this civilian/bureaucratic clash, leading to a growing gap between what is planned and what is realized. With increasing domestic political strife and worsening economic conditions abroad, this planning episode reached its limits towards the end of the 1970s.

In chapter five I focus on the post-1980 evolution of planning understanding and practice in Turkey. The economic crisis towards the end of 1970s was interpreted as a sign of failure of inward-oriented development strategy and comprehensive planning, and Turkey entered into a new model of development from 1980 onwards. The shift from planning to neo-liberal policies was a very important deviation from

the strong legacy of the *etatist* and import substitution policies of the last half a century, putting aside relatively "liberal" policies of the 1920s and the early 1950s.

This process started with January 24 stabilization program in 1980 announced by the right-wing civilian coalition government at the time, but continued under the surveillance of the military following a coup in October 12, 1980. Through the repression of all opposition, among which labor movement and radical left-wing organizations were primary targets, the military-backed government prepared the ground for a successful implementation of the new strategy.

Taking into account the traditional emphasis on investment throughout the planning history in Turkey, I have studied the evolution of the public investment strategy in that period as an indicator of changing overall development strategy. The relative decrease in the amount, as well as the change in the structure of public sector investments are interpreted as part and parcel of neo-liberal policies and outward-oriented development strategy adopted from 1980 onwards. The state has withdrawn largely from manufacturing sectors and concentrated on infrastructure investments in that process.

The process of liberalization and market-driven economic policy has continued and deepened during the 1990s, with a growing emphasis on the need to channel private sector finance even into some traditionally public sector dominated infrastructure investments and social sectors.

Despite the change in the overall development strategy, the SPO continued to act as one of the most important counterparts of international agencies during this process. Although its name and basic organizational structure remained largely intact, overall organizational environment of the SPO has undergone some important modifications in the process of transformation of the economy along neo-liberal policies. One of the most important changes was restructuring of the High Planning Board (HPB) which is the top decision making body of the SPO. Originally HPB was composed of equal number of politicians and bureaucrats but the representation of bureaucrats has been gradually decreased. On top of these changes other bureaucratic institutions like the Central Bank, and the Treasury have been promoted vis-à-vis the SPO.

Another important change is the reduction in the effectiveness of temporary or permanent Ad Hoc Committees (AHCs). The AHCs have been an important tool for participatory planning modeled after the French and Indian examples. These forums played a valuable role to provide a platform for dialogue between industry and the state and legitimized the overall planning process. However, they have been ineffective during 1980s and lost their attraction despite their formal continuity.

There have been also changes in the style and discourse in planning process. First, there has been a growing stress on the concept of strategic planning rather than comprehensive planning. Second, in conformity with the growing emphasis on strategic planning, the plans and annual programs have increasingly stressed qualitative targets rather than quantitative targets. Finally, there is now more autonomy for public investment agencies and municipalities in terms of resource allocation for particular public projects.

However, this autonomy is usually exercised in a highly 'politicized' manner in which political elites at local and central level make arbitrary interventions for narrow group interests. My interpretation regarding this development is that, without inclusion of diverse groups within the process and development of accountability channels at local and central level, more autonomy ends up with technical and democratic inefficiency. The current state of the public investment stock is a clear indicator for such inefficiency, which is overextended to a large number of projects almost all of them subject to long delays and high cost overruns.

All these changes were brought about by a top-down approach, which increased efficiency in some respects but reduced the self-esteem of bureaucracy and politicized the decision-making process to a large extent. It might be necessary to make some informal interventions into the operation of the bureaucratic mechanism in order to bring about a major shift in the operation of the public organizations along different policy premises. However, without a re-institutionalization, these temporary interventions usually lead to a vacuum, which is likely to be filled by powerful interest groups rather than democratic initiatives of the citizens. In addition, in a highly oligopolistic market, weakening of planning organization does not create a well functioning market but rather to various rent-seeking activities.

Structural adjustment policies to transform economy from protectionism and state-led industrialization can be divided into two main stages. The first stage, which has largely been completed during 1980s, was a relatively easy process as it involved destruction of barriers (legal or institutional) rather than creation of new institutions.

However, Turkey is now in the second stage of structural adjustment, which requires new institutionalization for a healthy functioning of the market. Turkey has not yet completed this hard process of re-institutionalization.

Among critical institutional reform areas is the planning system of Turkey. Put shortly, the SPO has been transformed along neo-liberal premises during 1980s and its future organization is still uncertain. As Turkey moves along a deeper reform policy that aims at privatizing even some traditionally public sector dominated infrastructure investments and devising new institutions there is an increasing need to rethink about the role of the SPO.

Turkish planning, like many other aspects of Turkish society, cannot be isolated from globalization, localization and *glocalization* debates. In a global environment planning needs to be revised both in terms of its domains and its tools. Thus, I will underline the requirement for planning to be located within the interaction and interrelationship of global and local processes. That function of planning, as a transmission belt between local and global levels, is not to be defined in abstract terms but to be put into a test in real practices. These real practices, in turn, develop in each country as a result of active involvement of all parties. In other words, there are no ready-made recipes for development, contrary to the standard policy packages of the international organizations.

Planning reform in Turkey requires a double change in the public administration. On the one hand, Turkey needs to transform its administrative structure towards a less centralized one, and on the other hand, civil society needs to be incorporated into the

decision-making processes both at central and local levels. Adding the role of international and supranational organs in their respective issue areas, there is a prospect for instituting a new administration around the concept of governance.

In this context, I will be suggesting some participatory planning mechanisms along with a reorganization of the SPO. My main argument regarding the SPO is to transform the current sector specific perspective along policy planning in cross-sectoral issue areas like disaster, technology development, and so on. Regarding the participatory planning mechanisms I will be suggesting new or revitalized institutions and methodologies at macro, sector/issue, regional, agency, and project levels.

Mechanisms in the history of Turkish planning (e.g., the AHCs) and the EU practices guide the main ideas in that respect. In all these mechanisms the planners and public policy makers are supposed to meet with the private sector and the civil society representatives. These mechanisms are expected to create more input in the plan preparation process and increase the legitimacy and ownership of planning in the stage of implementation. What is emphasized, in this context, is not plan document or product, but the planning process as a democratic exercise with a learning effect.

Apart from these formal participatory planning mechanisms, I will also be exploring the possibility of involving the larger society into planning process through community planning initiatives. This part of the proposal is related to the ethical and political responsibility of future planner as a social agent working within society.

And finally in the conclusion chapter, based on previous chapters, my arguments focus on the prospects for a democratic or participatory planning in Turkey, particularly with reference to the concept of "communicative rationality" developed by Habermas and others.

What I am proposing is not an end or demise of the state but a reformulation of the role of the state and the state-society relationships along democratic lines, which is also required for the efficient functioning of the economy. Instead of a top-down approach to decision-making, there is a requirement for a balance between societal demands and technical knowledge. In that context, the state needs to act as a catalyst between different social groups and between local and international stakeholders.

In that sense, the prospects for the nation state in a new environment characterized by globalization, localization, new social movements and demands for more substantial forms of democracy are also applicable for the re-conception and the re-institutionalization of the planning. In that context, I have attempted to develop a new planning mentality and respective organizational adjustment for Turkey taking this new environment into account.

CHAPTER II

CONVENTIONAL PLANNING AND MODERNITY

2.1 Conventional Conception of Planning

In this chapter the main focus shall be on the conventional understanding of planning, its origins and its connection to modernity—modern philosophy, nation-state, and capitalism. The concept of instrumental rationality and its problems shall be explored as a central aspect of the understanding and practice of conventional planning. In that context, the evolution of national development planning based upon conventional planning and instrumental rationality will be the major topic for discussion. General link between modernity and planning analyzed in this chapter will also provide the basis for analyzing the historical development of planning in Turkey in chapters four and five.

It is hard to give a common definition of planning. However, there are some major connotations of the concept. First and foremost, planning is generally considered as an action-oriented concept that is based on conscious human interaction with the environment. Planning is done on the basis of an explicit or implicit assumption that human beings are not just an object for natural and social processes but also a subject. In other words, it is assumed that human beings are not only affected but also affect their environment or conditions. This view underlying planning depends on the idea that human beings make their own history though they don't make it in a

vacuum but in the context of the prevailing conditions and constraints[1]. Planning in that sense is a humane characteristic that is related to humane capability for future conception and goal-directed action.

Planning has been practiced across various human activities knowingly or unknowingly, systematically or not. From personal career plans to child rearing, from warfare to commercial enterprises, there are numerous fields for the generic idea of planning (Branch, 1990: ix). However, in this thesis the concept of planning is used basically in the context of national development planning and its evolution.

Planning, briefly put, has conventionally been associated with increasing human control over natural and social environment by employing rational methods. It requires a conscious intervention into the "natural" course of events. As Myrdal (quoted in Sagasti, 1988: 432) states "planning is essentially rationalist in approach and interventionist in conclusions." Planning as a future-oriented optimistic approach is generally related to the peculiarly humane capability to think and act upon the environment in order to change it according to some deliberate objectives (Chadwick, 1971: 1-24; Alexander, 1986). It focuses on "the problem of how knowledge might be linked to action" (Friedmann, 1987: 11). At that junction the emphasis is put on the capacity of human agency and its power to change his/her

[1] This Marxist formulation, one needs to stress, is open to different interpretations (Laing and Cooper , 1971: 48). It should be noted that those who stress determinism in history and argue that they have identified the future path of historical change do not seem to be well positioned to argue for human freedom, and thus, planning as a means to escape from future problems by deliberate human action. In that framework, one might argue that determinist Marxist ideas, like any other strong determinist approach, are essentially against planning. As put strongly by Myrdal (1960: 7) "Marx was enough of a determinist to prevent him from ever having become a planner." However, identifying the prevailing conditions and limitations before the human freedom may also be perceived as a precondition for effective freedom. Freedom in that later perspective is a context bound and knowledge related human characteristic. It is not just individual but also social or relational.

conditions with knowledge. Unlike other living organisms humans not only adopt themselves to external conditions but also adopt external conditions to themselves. In that framework, the distinction between the physical and social environment does not have much significance, or social and physical environment are considered in similar terms (Bailey, 1975: 5-6).

What is discussed above is more or less the conventional planning approach. In this thesis what is important is to understand this conventional planning approach in detail and relate it to larger processes of modernity. Later, this conventional approach to planning as rational-intervention shall be discussed in a critical way in the context of national development planning.

2.2 Conventional Planning in National Development

National development planning based upon the conventional understanding of planning is a historical experience, which is largely related to the development of the modern state and economy. Developments in natural and social sciences provided a basis for application of planning at the national level. Evolution of the modern state with its drive for modern warfare and its requirement for the coordination of various activities and efficient resource utilization as well as equality concerns is part and parcel of this development. Development of modern bureaucracies with their capacity to reach every corner of the country by making use of modern communication and transportation infrastructure and applying certain policies is another significant component. Development of the welfare state and Keynesian economic policies, post-colonial development efforts and socialist economic

organization, all are effective in the development of different planning approaches and practices.

Planning has usually been presented as a technical process, which does not have much to do with politics. However, there are very important crosscutting agendas for politics and planning, some of which are going to be explored in this thesis. State and expert based understanding of planning, in that context, will be discussed on the background of criticisms from various alternative perspectives that redefine politics and its relation to other human activities, including planning.

Traditional understanding of national planning is based upon the concept of technical or instrumental rationality. Planning, in that context, is usually defined as rational allocation of resources to reach some given national objectives. It is thought that if you do not interfere into the development of events and let things go as they are, the result shall be sub-optimal resource utilization. Knowledge about means-ends relationship or cause-effect relationship provides the justification for interference. If it is possible to know causes and their effects, then interference at the level of causes shall create desired results or shorten their time of realization.

However, as the historical experience reveals, there is not just one type of planning approach or planning practice in national development. Planning in market economies differed among themselves and from planning in centrally planned economies. There are “limited” or market-based planning as well as “total” or socialist planning. Planning practice in one country differed in time as well (Sartori, 1987: chap 12; Myrdal, 1960). What is important in these observations is to perceive

the historical situated-ness of national planning and not to confuse larger planning possibilities with limitations of a specific type of planning and its underlying assumptions.

Conventional understanding of national planning can be related to the epistemological and material conditions of a historical period called modernity. It is important to understand this connection because if the world is now undergoing a change towards a postmodern or global historical condition and new ways of approaching to ethico-political problems on the basis of a new epistemological framework, planning needs also adjust itself into this new environment. However, it should also be stressed that these processes are not experienced in a uniform manner in different contexts. In that sense, it is important to make a distinction between "developed" and "developing" countries[2] and analyze their conditions separately, with implications regarding their planning practices.

2.3 Conventional Planning and Modernity

Planning as a future-oriented collective action based upon human knowledge is not just a modern practice. There is some sort of a planning activity in almost all settled civilizations. Who would deny that building the Great Wall or large irrigation schemes in the ancient Chinese civilization did not require much consideration and coordination of various activities and resources. Plato's classic book *the Republic*, written in Ancient Greece, basically envisaging a planned political community, is

[2] Developed/developing distinction is a very loaded distinction, which goes back to distinctions such as modern/traditional, progressed/backward, etc. However, throughout this thesis this distinction is employed for the sake of convenience to denote economic inequality or unevenness between different parts of the world.

another case in point. In the ancient Egyptian civilization there was planning of agricultural activities on the basis of predictions with regard to the regularities in the movements of the river Nile. It is also known that Romans had some planning for the city of Rome, a large city even in contemporary standards. Planning in large-scale empires like the Ottoman Empire, for instance, may also give us some insights into the early historical conceptions and practices of planning. Actually, planning in pre-modern contexts has not been explored enough yet and we need further research in that direction[3].

Though planning is not an exclusively modern practice its systematic and widespread application is peculiarly modern. It is within the development of modernity that planning has risen as a significant topic for theoretical and practical debate. Therefore, there is a need to discuss the connections between planning and modernity in order to identify origins and evolution of the planning we face at present.

In order to understand better the connections between planning and modernity one needs to discuss both the philosophical and material manifestations of modernity. Modernity, in that context, is considered as an epistemological and ethico-political institutionalization as well as a new historical condition. Modernity's ethico-political aspect is best reflected in the philosophy of Enlightenment based upon the developments of natural science and historical thinking. On the other hand, modernity as a new historical condition is reflected in the development of modern state and modern economy. As Anthony Giddens (1990: 174-175) formulates "modernity = the nation-state + systematic capitalist production." The history of the

[3] For an exception, see Robinson's (1992) study on city planning and administration in the ancient Rome.

modern Europe is also the history of development of the nation-state and its dissemination all over the Continent and later to the whole world. This development is part of a broader modernization process associated with the capitalist economy, the enlightenment philosophy and democratic political structures. In that sense, the development of the nation-state has been a homogenizing factor both inside and across different political units. However, this modernization process has not been, by any means, a smooth, peaceful, uniform, and linear one. Civil wars, revolutions, authoritarian and totalitarian political structures, and war among nation states have been part and parcel of this process.

Following historical changes in the mode of thinking and in material/institutional conditions over the past several centuries, limiting the debate on dominant trends and gross descriptions, conventional planning and its underlying rationality conception shall be situated within those main parameters of modernity and modernization processes. This debate shall also shed light on the more specific discussion of Turkish planning within the broader process of Turkish modernization in the later chapters.

2.3.1 Conventional Planning and Modern Mode of Thinking

Planning has been more systematically applied in the 20th century. However, the roots and partial applications of planning theories can be traced back to the formation of the modern philosophy and the problems aftermath of the Industrial Revolution (Friedmann, 1987). Crises in many areas of social life from education to sanitary conditions of the big cities, health issues and unemployment led to new theoretical constructs to deal with all those problems by a new social design. Such designs are

expressed as "illusive promise of an Ideal City" either with search for an "Ideal Community" or "Ideal Form" (Carvalho, 1986: 8-12). Those projects were almost theocratic visions putting the common good before the private interest and searching for a just social arrangement. Thomas More's *Utopia*, Tommaso Campanella's *Civitas Solis*, Fransis Bacon's *New Atlantis*, Abbe Morelly 's *Code de la Nature* are but a couple of examples for developing an ideal society. As Giddens (1990: 177) underlies "modernity is inherently future-oriented [whereby] anticipations of the future become part of the present" in the spirit of a utopian realism. Becker (1932: 31) also observes the same tendency in the Enlightenment philosophy and states that "the *philosophes* demolished the Heavenly City of St. Augustine only to rebuild it with more up-to-date materials."

All such philosophical and utopian writings gained a new impetus under modern conditions, which gave them a sense of plausibility and feasibility. There were many philosophers before the Enlightenment who had some similar designs for a perfect society and order. However, mere ideas without a convenient historical condition do not suffice to make them affective in practice. Therefore, it is not enough to relate planning to a particular philosophical mood culminating in the Enlightenment, and later developments in positivist social science. One should also look the material aspect or historical socio-economic and political conditions which made such ideas significant and relevant for practical concerns. That shall be done in the following pages, but in that part of the argument regarding the connection between modernity and planning what is going to be focused upon is modern mode of thinking based upon modern epistemology and ontology.

Just like any other key term in social science discourse it is hard to give a precise definition of modernity. As Bauman (1991: 3) states, in the context of the debate on identifying how old modernity is, "there is no agreement on dating. There is no consensus on what is to be dated." There are different conceptions of modernity reflecting different approaches to theoretical and practical concerns[4]. There are those who point out normative and distortive aspect in the meaning of the term clouded by the myth of progress (Berger, 1984: 335), while others point out distinctive paths within the broader concept of modernity.

Owen (1994), for instance, identifies two great and distinct conceptions of modernity in the form of post-Kantian critique. There is a route from Hegel to Marx and present day philosophers like Habermas. On the other hand, there is a lineage from Nietzsche to Weber and Foucault. In the former intellectual tradition modernity is basically considered as "reason's reconciliation with itself and "maturity as the *telos* of modernity," while in the latter, reason becomes conscious of itself as a problem creating an ambivalent situation whereby "modernity both creates and undercuts the possibility of maturity" (Owen, 1994: 4). In that sense, there are "modernities" from the very beginning rather than a uniform and simple description of the term[5].

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[4] The terms "modern," "modernization" and "modernity" signify different meanings depending on the context they are employed. Modernization, as the term implies, is a process-oriented term referring to transition from traditional to modern forms in social life. Modern, on the other hand, is derived from Latin *modo*, "of today" or what is current, making a distinction between contemporary and traditional ways. While the term modernity has a "relatively fixed reference" to the new and unique civilization developed in Europe and North America over the last centuries, giving birth to a wide variety of intellectual, political, social, cultural, and economic changes (Cahoone, 1996).

[5] Beck's (1997: 33) observation that "no such thing as a 'modern' society exist anywhere," that "we are always dealing with 'semi-modern' or partially modern societies" which also involves "counter-modernity" may also be taken as a relevant observation with respect to the difficulty in defining modernity. One might also argue that even the terms such as "pre-modern" and "post-modern" just like the term "tradition" and "anti-modern" are terms produced within the discourse of modernity and are part of modernity's ambivalence.

It is clear from such arguments that it is not possible to give an objective definition of modernity acceptable to all parties to the debate. However, Kantian understanding or, better formulated, the Kantian problematic, seems to be at the center of the debate on the concept of modernity. Therefore, one might prefer Kant's (1980: 85) motto for the Enlightenment –*separe aude* or dare to act according to your own understanding—as the core attunement of modernity and evaluate it from an epistemological as well as ethical perspective. In that context modernity is a new way of approaching human knowledge and its relation to human life. This modern mode of thought is best reflected in its claim to universality and certainty as inherent in Cartesian rationality and its scorn for local knowledge as parochial and backward-oriented (Apffel-Marglin, 1996)[6].

The paradigm that feeds this new vision is largely borrowed from the natural sciences –particularly from Newton's physics. As Hankins (1985: 9) observes the mood among the eighteenth century intellectuals, "the greatest hero of all was Newton." This paradigm created a new conception of nature, which was more or less "machine like," functioning in mechanical terms according to some mathematical formulations. This new understanding has almost deified the nature (Becker, 1932: 63). What was proposed was an empirical approach to nature, aiming at discovery of underlying unity of nature beneath the apparent heterogeneity. It was a bold attempt to create a scientific philosophy reducing everything to measurable reality after the model of the Newtonian physics. There is no basic distinction made between physical and human reality in that understanding. There is only one truth and we

[6] As Heidegger (1956: 89) puts it "the absolute certainty of knowledge which is attainable at all times is *pathos* and thus the *arche*, the beginning of modern philosophy." It should be noted that Heidegger uses the term *arche* in its Greek sense which does not simply mean a starting point which is left behind, but rather a starting point which pervades the whole later process.

could reach it by employing the method of science. Modern way of thinking was also characterized by its *futurity* which meant basically a concept of quantifiable time to be mastered, manifested in clocks in daily life, career plans in biographies and plans for governments and corporations (Berger, 1984: 339-341). Those ideas increased great hopes for posterity, which would make the best use of accumulated knowledge regarding nature and society, creating conditions for reconstruction of everything in a progressive manner. The faith in the possibility of social betterment with the help of social science modeled after natural sciences has been "bedrock of modernity" from the very beginning (Wallerstein, 1996).

Developments in natural science raised great hopes for reformation of all social institution towards a better state –if not towards a perfect state—by employing human reason. All traditional ways of thinking, all traditional institutions and ethico-political standards were opened to questioning in that new spirit. Once the society is enlightened, that is, once people start to apply epistemological developments in natural science to the social and political life, a perfect and rational order would almost automatically emerge. That society would not only be more affluent and powerful, but also a society of free and equal citizens. Bauman (1991: 36) refers to this mood as "*the phiosophes'* injunction concerning the need and urgency of the Kingdom of Reason" and connects it with the drive for 'social engineering' in the hands of educated sections of society.

What was considered as natural for many people under earlier social conditions were re-interpreted within modern philosophy as basically historical and constructed. Contract theories developed by philosophers such as Hobbes, Locke and Rousseau,

each in his own way, described society as a constructed entity. What has been accepted as sacred by early generations were put into more profane terms and degraded. What many have accepted as a fate was described as domination of a small group of people over the rest without any rational reason. Man had the capacity and means to transform what has been constructed previously in a better direction. Education was the primary means for this transformation in which, so to speak, people would save themselves from false consciousness, reaching a maturity to take their fates into their own hands as rational subjects.

Those ideas in political philosophy later developed into social science. Sociology has been the core discipline developed in that context. This was a peculiarly modern discipline to understand modern industrial society in an objective way and explain it in historical and causal terms. Comte, Marx, Durkheim and Weber founded this grand tradition in the 19th century as heirs to the Enlightenment mode of thinking. Their ideas shaped the modern consciousness to a great extent. Those in power as well as those who opposed the *status quo* in reformist or revolutionary ways used this framework or mode of thinking to elaborate their action programs and legitimize their solutions to economic as well as socio-political problems.

Social science, as developed later into a broad academic field, advocated universality and objectivity versus mythological and metaphysical ideas of bygone ages. Newtons of social science tried to formulate laws of social development, just like Newton's law of gravity developed for physical world (Hankins, 1985). Unlike the previous social thinking, social science has based itself largely on empirical reality and the observation of facts in deriving its theories and law like generalizations.

Planning is closely related to these developments in social science[7]. Causal explanations in social science, particularly in the field of economic life, gained a widespread attention after the development of the positivist social science. Positivist epistemology has been dethroned in the philosophy of science, but "the ghost of positivism continues to haunt social science in general and, it seems, policy and planning in particular" (Dryzek, 1993: 217). In that sense, conventional planning might be considered as the technology of positivist social sciences. Planning as an interdisciplinary technique has basically aimed at transforming theoretical knowledge from social science into practice by the help of mathematical and engineering knowledge.

The main agency to put scientifically based plans into practice was the modern state. Just like Plato's philosopher-king, it was up to the few knowledgeable people who were going to design the conditions for the multitude of population for human prosperity. The scientific knowledge regarding the social life, combined with the political power to transform the society, was the route towards a perfect social order. The example of statesmen-cum-philosophers like Turgot and Condorcet, their nineteenth century followers like Saint-Simon and August Comte, have been

[7] The connection between Marxist ideas and planning is more straightforward. Marx's ideas have been put into practice in socialist countries mainly through a central planning method. Whether real socialist experience was in line with Marx's original thought is a contested topic, and not relevant for our purpose. The connection between planning practices and ideas of other founders of sociology is less direct. However, one may argue that the connection is there. Durkheim, for example, argued that the modern society is based upon organic solidarity and formulated a corporatist politics for bringing stability to modern life characterized by a high level of division of labor. This corporatism (uniting the state elite with business and labor) provides a strong ground for corporatist planning. On the other hand, Weberian idea of bureaucratic rationality and search for efficiency on the basis of means-ends calculations touch to the essence of conventional planning based upon instrumental rationality. Unlike Marxist understanding, however, these two latter sociologists did not consider a revolutionary change and did not rule out the market as a corollary to planning. Thus, their ideas support not the central planning but rather planning in the context of a market economy, or "limited planning" as coined by Sartori (1987).

influential personal representatives of this new understanding of politics as a technical affair. As Friedmann (1987) observes; Saint-Simon's social physiology suggested an image of the body social whose physicians would be scientists and engineers and it was their ability to predict future outcomes of present actions that would enable society to control its destiny.

It is not very difficult to relate dominant mode of planning to this modern temper for controlling nature and society towards some given goals on the basis of instrumental rationality. As described by Pellicani (1998: 3) modernity is based upon instrumental rationality in all "its essential elements of industrialization, rationalization and bureaucratization." Conventional planning is mainly related to this means-ends type of relationship promising to create a future which would be superior to the alternative that would emerge if there is no interference into the natural course of events. Predictions on the basis of causal explanations, then is an indispensable part of planning process. If it is possible to predict the future in a detached manner, future becomes a field for manipulation as well.

The basis of planning is modern knowledge, which gives us causal relationships and increases our capacity to interfere into those relationships to reach our objectives. By using our knowledge it becomes possible to follow regularities and predict the future. If the predicted future does not satisfy our expectations, what is to be done is to substitute it with another one. That means the future becomes a political issue in modernity. In a world characterized by cause-effect relationships, interference at the level of causes would give us the results we would like to have. In that framework, planning is a revolutionary idea for constructing a rational and efficient society by

scientific use of resources for the benefit of community. That is, once we get the causes of social ills and underlying forces which shape the present form of society, it becomes possible to interfere into those causes in order to transform society to a desired future form.

As Weber puts it the world gets 'disenchanted,' a machine-like entity to be grasped by rational concepts and representations, aiming at instrumental control and mastery of nature, devoid of any substantive meaning (Harrison, 1994: 2-4). In other words, modern mode of thought since Descartes makes a clear cut separation between mind and body, subject and object, which puts the human subjectivity in a confrontational relationship vis-à-vis a cool objective reality posing uncertainties for human life. What is proposed in that context is to develop an instrumental relationship with the external environment via objective knowledge based upon certainty (Apffel-Marglin, 1996: 3-4). That is the ontological status on which a planning based upon a rational agent acting unilaterally upon an objective reality devoid of meaning could be developed.

Although Cartesian rationalism has been subjected to harsh criticisms by empiricist thinkers who stressed observation of facts and inductive methods to reach scientific knowledge instead of using *a priori* statements formulated independent from the empirical reality, subject/object dualism is still preserved as the underlying ontology. Positivism as a dominant epistemology making a sharp separation between factual (what is) and normative (what ought to be) type of statements and assuming a value free science based upon a sharp distinction between knowing subject and known reality remained loyal to confrontational positioning of human subjectivity with

respect to its environment, including social environment. Knowledge, in that positivist conception, is basically instrumental, aiming at order and control. As Bacon formulated it long ago, and Foucault analyzed across various institutions such type of "knowledge is power." It creates the conditions for dominating nature as well as "others" in the social world. As Philip (1985: 70) puts it, according to Foucault, "human sciences are rooted in non-rational, contingent and frequently unsavory origins." As long as conventional understanding and practice of planning shares this epistemology, it is equally subject to such criticisms. These critical evaluations of conventional planning within the broader critique of positivist epistemology shall be explored in the next chapter in more detail.

2.3.2 Conventional Planning and the Modern Economy (Capitalism)

At that junction one should stress that modernity may be defined, not only as a philosophical paradigm, but also as a historical condition. Industrialization, bureaucratization, technological innovations, urbanization, mass politics and new channels of transportation and communication, among others, characterize this new historical condition. Approached in that way, modernity means, first and foremost, modern state and modern economy. As Gilpin (1987: 4) observes, "these two opposed forms of social organization, the modern state and the market, have evolved together through recent centuries," interacting with each other to shape the conditions for modern political economy. Thought they are interrelated, political and economic background for the development of modern planning practices shall be analyzed separately for the sake of clarity[8]. However, one need to relate those

[8] Indeed, this clear-cut distinction between the state and economy is peculiarly modern (or capitalist), forcing the state to recognize "an autonomous republic of commerce and production within its own territory" (Heilbroner, 1985: 85-87).

analyses to each other, and relate them above discussed mode of modern thinking too, for a more comprehensive understanding.

When we talk about modern economy there is mainly two perspectives. On the one hand there is a group of thinkers who stress that modern economy is basically characterized by industrialization. In that line of argument it is not capitalism but industrial society, with its capitalist and later socialist variants, that needs to be taken as the object of investigation (Bauman, 1991). While others stress the market or capitalism as the modern economic organization. However, in either way, at its origins the modern economy has been a capitalist economy, which is still the dominant mode of economic organization all over the world, renewing its self-assurance after the collapse of the Soviet Union. In that context, it would be more appropriate to analyze the connection between capitalism and planning.

Upon the background of a long historical evolution it was Adam Smith who provided the ideology of capitalist economy in the seventeenth century (Heilbroner, 1953). In that account, division of labor and exchange are "natural" elements in human societies. The degree of division of labor, in that account, depends on the size of the market. Capitalism in the form of developed free markets open to competition automatically creates the best results for social welfare. Sum total of egoist calculations based on means-ends type of reasoning for individual profit maximization brings, at the end of a process that is controlled by nobody and operates impersonally, social welfare in the form of increasing efficiency and declining prices. As long as there is no hindrance before the functioning of competitive markets there is no need for planning in this modern economic order.

Conflicting and competing individual preferences would directly produce what is rational for community at large.

Markets, in that account, are just like natural processes and have their own 'laws,' like prices being determined by the pulling and pushing effects of demand and supply forces. Producers and consumers are like atoms or particles in the mechanical universe of Newtonian physics, giving rise to regular outcomes that they never intended to bring about. As Laski (1971: 119) states, "with Adam Smith the practical maxims of business enterprise achieved the status of a theology." Planning in that universe, one should guess, would be some sort of a 'sin' interfering and distorting the natural functioning of the economy. Thus, planning could only be conceived, in that line of thinking, when markets are not perfect, or when there is some sort of bottlenecks for the development of markets. The content of planning is also clear in such cases. It should act as if there is a market functioning perfectly. That is, the plan is noting more than a simulation of the perfect market and ought to produce the same outcomes if applied successfully (Sartori, 1987: 399-449).

As it is evident in the basic traits of the new exchange economy and portrait of the new calculating man, the modern economy is a commercial economy based upon instrumental reason. Either in individual relations at the market or relations among collectivities, the criteria for action is utility maximization and efficiency. Even labor power is commercialized and considered as a commodity whose price is determined at the market just like any other commodity. This type of rationality first developed in the Western Europe and then "traveled the West with trade, colonialism, and the spread of industrialization and the market economy" (Apffel-Marglin, 1996: 11).

Marx has spent his career to describe the modern capitalist economy and its functioning, also shedding considerable light on the repercussions of this new economic organization for the rest of the social organization, which he called as superstructure determined by economic infrastructure. Capitalist economy for Marx and Engels is an inherently chaotic one, which is prone to periodical instability or destruction, and which shall gradually lead to a final destruction and transformation (Engels, 1982: 63-64). Those periodical instabilities were called "business cycles" emerging as a result of excess supply of goods and downward movement in prices and profits[9]. Not only product but also increasingly financial markets have created inherent instabilities in the capitalist economy due to decentralized nature of capitalist economy (Minsky, 1982).

It is not very hard to see the connection between inherent instabilities of a capitalist economy and the development of a state planning activity to counterbalance its destructive affects. Karl Polanyi is one of the most persuasive advocates of this perspective, who observed a clear tendency of social and political control over the market throughout the history of capitalism. Karl Polanyi observes that markets "generate large-scale disruptions," which go hand in hand with a "sustained pressure for self-protection" (Mittelman, 1996: 3). This is still a very significant perspective to understand the relationship between capitalism and human reactions, including planning. The state has been the primary actor in that process. That role for state is

[9] In Marxist terminology this instabilities are related to "realization" problem. Labor for capitalist is a cost but it is also purchasing power. To cut its cost capitalist class reduces labor cost through wages or by improving its technology. But once labor gets less income markets cannot absorb increasing production. That is, a problem of excess supply emerges which leads to falling prices, falling profits and finally to falling levels of production. Then the cycle starts again.

called for both from the business and larger social segments going through the hardships of a risky or inherently uncertain environment. These objective conditions led the state to develop means to cope with problems at crises times. With no state intervention, "the capitalist market becomes a 'Satanic Mill,'in Karl Polanyi's metaphor, that erodes the social foundations of its own existence" (Fung, 2000: 3).[10]

It was not only economic instabilities leading to declining growth rates that forced the state to be involved into the economy. It was also the social aspects and particularly income inequalities generated by the capitalist mode of economy that motivated the political authorities to take action for improving income distribution. National and increasingly democratic form of government in capitalist societies forced political authorities to provide collective aid for the unemployed and other needy people. Therefore, it is capitalism itself that forced the state to be an interventionist one, to foster growth as well as to counterbalance social disruptions. As Habermas (1970a: 101) puts it "the permanent regulation of the economic process by means of state intervention arose as a defense mechanism against the dysfunctional tendencies, which threaten the system that capitalism generates when left to itself ."

In other words, It is not only crisis-ridden anarchic character of the markets which ultimately resulted in the more and more active state involvement in the economy, but also "unevenness" of capitalism, which has given rise to excessive inequalities of income across different segments and regions of any capitalist country. Adam Smith

[10] For instance, Nobel laureate economist Vassily Leontieff claimed that planning shall be applied in the United states not due to the efforts of radical activists but because of the need felt by the American businessmen (Goldstein, 1978: 2).

is one of the earliest observers of this fact, who stated that "wherever there is great property, there is great inequality" (quoted in Heilbroner, 1985: 46). Adam Smith himself listed "defense, justice, education and roads and communications" as government functions and the "economists following his footsteps have expanded the list" (Lewis, 1951: 12). Even Milton Friedman (1962: 34), an arc-liberal, declares that "the consistent liberal is not an anarchist" and defends the role of government in the fields of law and order, property rights, dispute settlement, promotion of competition, monetary stability, technical monopolies, and protecting the irresponsible people. Given the popular demands and democratic ideals regarding equality, capitalist inequality eventually leads to more state involvement and intervention in the economy to counter-balance the unevenness inherent in the capitalist accumulation process.

Those interventions, at the early stages, were more individual and idiosyncratic. However, in the long run accumulated effects of interventions, institutional learning and changing political climates led to more systematic interventions. The end result was a planning state, which Myrdal (1960) identifies in all developed capitalist economies, despite their *laissez faire* ideology. Planning, in that framework, is basically a coordination of various state interventions into the economy, giving priorities, making sequences in time, connecting different policy spheres with each other, etc, in order to maintain the system.

In that context, one should not be surprised that it was just after a severe disruption in capitalist economies during the 1930s that this trend towards more state intervention

reached its apex[11]. New Deal in the USA and similar policies in some European countries, largely formulated in a Keynesian perspective ushered a new era in which the modern welfare state evolved. The heydays of the welfare state were 1950s and 1960s, both in terms of economic growth rates and distribution of prosperity among society. Fiscal and monetary policies of the state were institutionalized and put into a very systematic form during these decades. Those were also the post-war years in which not only regulating macro-economic environment but also reparation of war inflicted economic infrastructure gained a strong attention. Keynesian policies gained almost a status of orthodoxy even in the USA, while some European countries such as France, started to prepare five-year development plans to coordinate public intervention into the economy (SPO, 1992).

That post war environment favorable for public intervention growing in size and complexity gave an impetus for economic planning as a broader approach to interrelate different policies towards some national objectives. Rivalry between the "free world" led by the USA and communist bloc led by the USSR, as well as success of planning in rapid development of heavy industries in socialist countries also fueled the intellectual and political support for planning as a rational tool for resource utilization.

[11] One needs remember the rise of Fascism after the economic turbulence in the capitalist world. Unlike orthodox Marxist expectation the crisis did not evolve into a communist revolution but turned into one of the most repressive regimes over the history. Hence, economic instability is not just an economic problem but also a very significant factor for political life. Unfortunately, unlike optimistic expectations based upon the idea of a linear progress in a teleological history, all hardships do not lead to a desired outcome. Therefore, the state needs to contain those instabilities for political as well as economic reasons.

Planning has generally been applied in developed market economies in one form or another. However, the degree and form of planning changed from country to country and from time to time. There have always been those who objected to planning by the state to correct market failure by pointing out the cost of intervention. Those debates reached to a certain point at which "government or state failure" is stressed as much as market failure (Kuhlman, 2000: 6). Under those conditions what is defended is a cost benefit analysis of government intervention. If a government intervention creates more cost than benefit by correcting a market failure, then it is argued, it is better to live under market imperfections as a second best solution. In addition to efficiency consideration, there are also objections to automatic recourse to state interventions because of negative democratic repercussions of such actions (Shapiro and Hacker-Cordon, 1999)

In the development of national planning in various countries new international environment after the Second World War need to be taken into account as well. There were two important changes. First, this was a post-colonial era witnessing emergence of a large number of independent states, which were former colonies of Western imperialist powers. They were poor but politically independent and their aspirations were very high for rapid development. They were also between two rival global camps and had to decide to side with one of them. Planning was a very favorable tool for those newly independent states to back up their political independence by creating a self- sufficient economy. Underdeveloped markets, insufficient skilled labor and capital and lack of private capital for large scale investments made planning even more necessary for these poor countries (Todaro, 1992: 418-419). In addition to those economic reasons, newly independent states also

used planning as a tool for motivating and uniting their populations around common goals in their effort for nation building and state-building.

Development economics arose in the same period as an intellectual corollary to the development efforts. The premise on which the development economics formulated was that the developed and developing countries couldn't be analyzed with the same set of theoretical approaches. In other words, this new discipline aimed at developing an alternative to neo-classical analysis. The new discipline, which put a strong emphasis on practical problems, provided a scientific foundation for the development of planning in the developing countries. Furthermore, this discipline put "import-substituting development strategy," which had a longer history[12], into a more complex theoretical framework.

The second important change was a new international institutionalization. That was largely a US defined international order with multilateral institutions like the IMF and the World Bank. The main task of those institutions were to provide a stable global environment for the expansion of trade and finance among countries, preventing a second great depression due to excess protectionism and unilateral policy. Especially the World Bank insisted developing countries to formulate a plan and get foreign investment, foreign finance as well as foreign aid in that framework (Waterson, 1966: 31-36). Under the impact of international financial circles some

[12] During the 19th century George Hamilton in the United States and Frederick List in Germany defended policies for the protection of new industries by the state against external competition, mainly from British industry. Those ideas later developed into "infant industry" thesis, which requires a temporary protection in order to prepare the national industry for international competition. It is argued that without this protection the latecomers do not have much chance to compete with already well established industries benefiting from the economies of scale and accumulated knowledge (Yılmaz, 1999: 92). Import substitution policies developed on the basis of such arguments primarily aimed at a delinking strategy for fostering national industrialization. Those policies were applied in Latin America and in many other developing countries including Turkey.

developing countries embarked upon preparing plans, which were largely "ritualistic" plans just aiming at impressing international finance circles (Agarwala, 1985).

The crises during the 1970s changed much of this *status quo*. The crisis was already started towards the end of 1960s in the form of fundamental changes in the post war economic order based on the hegemony of the US dollar. It was aggravated by hikes in the price of oil under the effect of the OPEC cartel. That was the end of development by using cheap energy. It created inflation and unemployment problems as well as major imbalances in the external balance for many countries, both in developed and developing world.

At the same period fiscal crises of the welfare state became more pronounced. High unemployment increased the bill for the welfare state while declining economic conditions limited the capacity of the state to raise income through further taxation. Increasing level of interdependence and the need to attract foreign finance also restricted many states in increasing their tax revenue. Those conditions gave rise to policies to reduce the disruptive effects of crisis in national economy. One manifestation of interference into the economy in that context was neo-protectionism. Developed countries formulating their policies within the context of GATT could not use open protectionism in the form of raising tariffs, and thus, devised indirect and covert mechanisms to regulate their external balance.

In short this was a period of adjustment. Those efforts to adjust in the new economic environment reached its apex during the 1980s. This was a period in which the

former Keynesian orthodoxy eroded in major capitalist countries and replaced by neo-liberal policies of the New Right. The primary target to attack was the welfare state and state intervention into the "natural" functioning of the market. Suddenly, Adam Smith's idea of automatically functioning market, which also solves its disruption by built-in incentives, reappeared in the intellectual as well as policy circles. A new orthodoxy developed in this context, which is called as "Washington consensus" by Lance Taylor (1997). Those policies were implemented by Reagan administration in the United States and Thatcher government in Britain. Planning for this approach was *passé* and state intervention was at the root of the problems we face. Hence the call for deregulation, privatization, liberalization, free trade and free movement of finance.

That was also the end development economics as a strong intellectual policy oriented discipline for the developing countries. What was replacing the development economics was a call for using the same set of economic analyses for both developed and developing countries (Lal, 1985). After a long experience in import substituting policies and delinking strategy under *dirigiste* policies of intensive state intervention into the economy, majority of those developing countries were under desperate conditions of a debt crisis. They were either in miserable shape (like African countries) or relatively much behind their goal of reaching the developed world in terms of per capita income (many countries in Latin America and Asia including Turkey).

Only a handful of the East Asian countries could escape from this fate by combining a strong government responsible for regulating economy with a clear preference to

set up internationally competitive export-oriented industries. This exception has been subject to much controversy regarding the role of the state in development. According to neo-liberal reading, the East Asia succeeded due to its preference for markets, private initiative and openness to external competition, while others stressed the role of "developmental state" and its overall governance structures as well as planning of the development process via strategic interventions as the reason for success (Streeten, 1995: 207; Taschereau and Campos, 1997: 1).

Today we are still living under the conditions of neo-liberal policy prescriptions. However, it gets clearer that these policies could not solve many fundamental problems in terms of growth, stability and equality. The world is still in a very crisis prone environment and inequalities among as well as within nations are becoming larger and larger.

According to official World Bank figures (2000: 25) the following table represents the people living on less than $ 1 per day.

Regions	Millions	% of total population
East Asia and Pacific	446	26
Europe and Central Asia	15	3.5
Latin America and Caribbean	110	23.5
Middle East and North Africa	11	4.1
South Asia	515	43.1
Sub-Saharan Africa	219	39.1
Total	1316	

Considering the fact that "less than $ 1 per day" signifies "subsistence income threshold," the world economy as a whole does not present a very bright picture.

The rise of New Left politics to reconcile the social objectives with the dictates of a global competitive market is a manifestation of search for novel forms of intellectual and policy frameworks for the coming years. Planning as an important tool for reducing instability, creating relatively equal income distribution, preserving environment, and satisfying democratic demands of people with non-market mechanisms alongside market can be seen as a potential yet to be explored and used fully.

As some economists observe, due to various kinds of non-market interventions into the economy it is getting increasingly clear that there is not just one type of capitalism. Instead, it might be better to talk about "capitalisms," of the Anglo-Saxon type, European type, Scandinavian type, Japanese type, etc. (Streeten, 1985: 208; Heilbroner, 1998: 6-7). In all these capitalist societies there is a stress on markets and private ownership, but they have their distinct traits in terms of state-economy and state-society relationships. Those differences might not be taken seriously at a high level of abstraction in which all capitalist societies are considered as interchangeable entities. However, for real people living and working under those different contexts, even slight differences might matter a lot. It is clear that in current conditions of the world, planning is going to be used in the context of markets. Under those conditions the problem is how to reconcile planning and market for the betterment of society.

All these considerations point to a new environment for planning debate and practices, which are in a state of transition. Gramsci's observation for his times seems to be relevant today as well, that "the old is dying, the new is being born, and in the interregnum there are many morbid symptoms" (quoted in Gill, 1996: 208).

The current status of planning and planning alternatives under what is called globalization processes, and a new intellectual climate, shall be explored further in the following chapter.

2.3.3 Conventional Planning and the Modern State

The modern state is another important component of modern conditions developing more or less parallel to the capitalist economy. The peace of Westphalia in 1648 is usually taken as the beginning of an international system of states in Europe. It brought about the concept of national sovereignty, mutual recognition, and balance of power as organizing principles of conduct among nation states (Held, 1995). Sovereignty was the central concept defining mutual relations among states, and 'recognition' of sovereignty by other states was a sign of being a member of the state system. The concept did not only define the external relations of the states but also reflected in the domestic realm. The sovereign state would not recognize any higher authority (like papacy or other powers) in its internal jurisdiction and would uphold the principle of non-interference into the domestic affairs of other states.

Contrary to many traditional forms of polity, modern state have a large and efficiency-oriented bureaucracy. Max Weber has given a great deal of his energy to describe the modern political life organized around modern bureaucratic structures. His conception of modernity as a process of rationalization expresses itself in the transition from traditional and charismatic forms of legitimization into a legal-rational form in which impersonal procedures dominate the discourse on political legitimacy. Bureaucracy as an impersonal and legal entity engaged with a will for efficiency in administration emerges as a powerful force in modern political

processes. This bureaucratic structure, in Weberian world, operates in a means-ends type of rationality with the ends given by the political authority and means chosen by technical imperatives of bureaucratic efficiency.

Modern state with its rational and large bureaucratic apparatus provides planning with distinct loci for application. The modern state is a nation state, and in competition to other nation states as well as in need of preserving its power structures dominated by some sort of a domestic elite, uses planning as a tool for increasing its external as well as internal power. The state is also considered in a position to order society and transform it into a one preferred by the modern environment. As Bauman (1991: 20) states "rationally designed societies was the declared *causa finalis* of the modern state." Given the knowledge provided by the modern science and capabilities of the bureaucracy, the modern state could approach society as a "raw material" to be transformed into a better product. Here are the roots of an elitist and state-centered aspect of conventional planning practices. As Bauman (1991) observes this tendency gets into its extreme forms under totalitarian political orders (both fascist and communist), which turn human beings into means for some seemingly sublime objectives or goals.

There might be some pre-modern states that have embarked on similar designs, but they did not have necessary means to achieve their objectives. It is only on the basis of new technology (in communication, transportation, accounting, weaponry, etc.) that the modern state reaches a capacity to order a society in a central way. The modern state is a territorial state with clear borders demarcating its supreme monopoly over those 'inside' the borders and its absolute independence from those

‘outside.’ That is, it is internally and externally ‘sovereign’ recognizing neither a sub-national nor a supra-national limit to its sovereignty. There are not any ethical codes that the modern states should consider themselves bounded with, and thus, the only criterion is instrumental rationality in success for the internal peace and external security. As Macciavelli (1992: 47) put succinctly “in the actions of all men, and most of all of Princes, where there is no tribunal to which we can appeal, we look to results.” In that framework, the primary aim of the state is to order everything within its borders to preserve its existence and defend its borders to any possible attack, and there is no criterion other than success in this effort.

As the power of the state gets more and more defined by its economic resources, the state organizes economy in order to be powerful and reach its objectives, because, without an independent national economy, political sovereignty in itself means little. Economic nationalism or mercantilism in its older formulation, assumes and advocates the primacy of politics over economics, functioning basically as a doctrine of state-building subordinating the market to the pursuit of state interests (Gilpin, 1987: 26).

The sovereignty of the state over its population within a given territory has been “appropriated and transformed by the people into ‘popular’ sovereignty in the process of democratization since the 18th century” (Axtmann, 1996: 10-11). The source of legitimacy for the political authority was no longer divine but secular. One may argue that this new source of legitimacy also brought new responsibilities for the political authority. It was not sufficient to police the borders, provide internal and external security, but there was also a new environment forcing the state to be more

responsive to the popular demands. If people, as the source of legitimacy in a nationalist or democratic state, require interference into the economy for improvement of their lives, the state is the agency to provide them with this interference. The way the modern democratic state relates to popular demands with respect to the economy and other concerns creates yet another motivation for planning as a tool for rational interventions and putting those interventions into a more coherent package (Myrdal, 1960).

Indeed, there is close interaction between the Enlightenment conception of science, modern state and capitalism in bringing about modernity as a new historical context as well as a new epistemological and ethico-political approach. In that larger framework there are some important tensions as well. The Enlightenment has a universal language based upon the universality of scientific knowledge. It uses humanity as a term in its call for a perfect and rational world. However, modernity has taken place basically in various national contexts. Nationalism has almost put its stamp upon almost every great achievement of modernity; modern philosophy, modern state, capitalism, democracy, etc. There is, for instance, a German philosophy, a German state, a German economy, and a German democracy. This national adjective becomes a corollary to almost every product and thought created under modern conditions, despite its appeal for universality. Even Adam Smith has coined his book as "the Wealth of Nations," not that of individuals, assuming as given the national boundaries, national political organization and political culture as the context for approaching capitalism.

This national adjective gives the modern state a mission beyond providing external

and internal security. National and liberal state developed its own doctrines to interfere into the economy first in the form of *mercantilism*. Which "simply transfers the idea of social control from the church to the state in the economic realm" (Laski, 1971: 42). The state also starts to look for more scientific and effective methods for administration that is embodied in the *Cameralist* movement. Apart from state's survival considerations based upon *raison d'etat*, national interest and common good of the people living within well defined borders attached to the state via legal citizenship ties guided the state actions. That is so much so that the welfare state that emerged in its full sense in the 20th century is considered to be clearly nationalistic (Myrdal, 1960: 13)

The modern state, in addition to its other functions, is also the main institution to create, nurture or sustain a common identity. This function of the state is fulfilled mainly by reference to a reconstructed past. Going beyond the differences between its *civic* (citizenship-based legal definitions) and *ethno* (language- or blood-based) types, nationalism creates a drive for uniformity and concern for the common good of the population. If markets are not functioning for the national interest or the common good, the state can easily turn towards planning as a tool for correcting the situation. Planning as a neutral, rational and effective tool in the service of the common good is a powerful legitimizing force for conventional practices of planning. In that context, conventional planning is basically a national planning that operates within the borders of the territorial nation state on the assumption that the state can and should control the fate of the nation. Within the interplay of capitalist economic structure and nation state what emerged at the end was a "technocratically-

managed capitalism" or "organized capitalism," the terms that imply the rise of welfare state in the 20th century (Giddens, 1985b: 134-136).

Planning also enters into the agenda of the competing nation-states especially in war situations. Use of planning in Germany during the First World War and later in the United States of America is early examples in the previous century (Friedmann, 1987: 24-25). Modern warfare requires "professionalism and permanent forces, so the state to grew both in overall size and (probably) in terms of its size in relation to 'civil society'" (Held, 1995: 53). Either in the process of preparing for war or directly in the war, the state tries to harness the resources in the most effective and efficient way possible in order to raise its military powers. That activity does not only have a military aspect, but also requires a coordination of economic and social activities all across the country. War requires mobilization of resources for the objective of winning a victory, and it is easier to mobilize resources through a plan based on calculations and statistics of national endowments, human, artificial or natural. In order to mobilize people in these military campaigns requiring great sacrifices, the state gets to depend on its "citizen-soldiers," which in turn, makes the state more responsive to popular demands. The objective of war under modern conditions also gradually gets to be more economic (Held, 1995: 63; Hont, 1990: 42-43). In other words, the war is increasingly used as a means to acquire economic ends rather than the economic means are used to get political ends.

Regarding the connection between the nation-state and planning one may also refer to the debate on the "autonomy" of the state. This debate mainly is about whether the state has the capacity to pursue its own agenda or whether it is just a tool at the hands

of dominant sections of civil society. The orthodox Marxist approach considers the state as the apparatus of the dominant class –the *bourgeoisie*—, which gives the state its basic character. The state is there to protect this ruling class against the majority of working classes by coercive and other means. There is also structural dependency of the state argument that basically means, "self-interest, not weakness, derives the state to support and advance the accumulation of capital" (Heilbroner, 1985: 90).

On the other hand, liberal understanding pictures the state as a broker or mediator between different interest groups within society. This is a state that is basically neutral to the groups within its jurisdiction and aims at reaching compromises among them (Bardhan, 1999: 97-98). However, similar to the Marxist conception the state, the state is not a very powerful figure in the liberal pluralist account, despite the other radical differences between these two schools of thought. However, some theorists, Theda Skocpol among others, criticize this as economic or class reductionism and argue that this is inconsistent with empirical realities. Territoriality and sheer force of the state are emphasized as adequate for the autonomy of the state (Gülalp, 1997: 8). This is somewhat the opposite pole that accepts state as a powerful entity that has the monopoly over the use of legitimate "means of violence." That is mainly a Waberian approach, which stresses multiple variables in social processes in which politics has its distinctive logic. Particularly in realist school literature in international relations theory there is such a strong portrait of an autonomous state which acts on the basis of "national interest" vis-à-vis other nation states, no matter it is a capitalist or a socialist state.

As Keyman (1997: Chapter 3) presents there has long been a debate on the "agency" or the "autonomy" of the state in political theory. "Social reductionism" rejected the state autonomy, while "political reductionism" reasserted it. In both accounts, however, relational character of state/society distinction has largely been ignored. It seems that it is not possible to decide on the autonomy of the state in abstract. One needs to look at concrete historical cases and complex interactions between the state and society relationships taking place in a broader international, and global environment. Panitch's (1996: 83) observation of this debate is very informative in that regard:

> By the late 1970s and early 1980s a considerable reaction emerged against the growing influence of the new state theory. This involved a challenge to the notion of relative autonomy, stressing once again the state's independence from determination by the capitalist economy and class structure. The great irony of all these variants of the state autonomy approach was that they emerged just as limits of even the relative autonomy of the state were severely tested.

Particularly in the developing countries the state competencies are also blurred by the dependencies to external powers. That is, the state in those countries might look like very powerful vis-à-vis the native population but not at all vis-à-vis other states and international institutions. This aspect has been examined and strongly stressed by the "Dependency School" in the development economics[13]. This school does not evaluate development and underdevelopment in isolation from each other, but rather treats them as related concepts. Hence the idea of the "development of the underdevelopment." It is argued that it is precisely development in one part of the

[13] For detailed information on the evolution of dependency school in the development literature and its critics see Oman and Vignaraja (1991: 137-195).

world, which creates conditions for underdevelopment in other parts, building hierarchical and asymmetric relations in the process that structurally works for the benefit of the strong parties. This approach forms the basis for a radical delinking strategy as a precondition for development.

2.4 Rationality in Simple Modernity and Conventional Planning

In all facets of modernity examined so far one common theme emerges, which is a search for a universal rationality that provides us with the means to control our environment. Modernity as a search for certainty, universality, and efficiency finds its echo in the concept of instrumental rationality. That is evident in the modern mode of thinking, both in the Cartesian dualism as well as in the Enlightenment's great hopes for the reconstruction of the society along rational knowledge. Not only in philosophy but also in the economic and bureaucratic organization of the modern society the concept of technical or instrumental rationality gains the upper hand.

It is mainly this context in which planning rises as a modern tool for transforming theoretical knowledge into practice in a rational way. As put by Faludi (1985: 27) "Anybody interested in rendering planning a rigorous activity must subscribe to 'rationality'" and "indeed, if ever there was a central principle of planning methodology, then this is it." That conception of rational planning is what developed societies have practiced to a great extent and developing countries have aspired to practice. That is why, rationality, as a modern concept closely related to conventional planning approach needs a closer examination.

Rationality is the unifying theme in most of the planning literature[14] as well as in most of the arguments to legitimize its use in practical contexts, though "planners have somewhat assumed that they can adopt the concept, but avoid the philosophical reflexivity that surrounds its interpretation and use in other disciplines" (Brenhery and Hooper, 1985: 1). Without going into a philosophical and historical debate on the role of the concept of rationality in the planning discourse there is little chance for a different understanding and practice of planning.

Indeed, both centrally planned economies and those defending the market mechanism as the most efficient means for efficient resource utilization adopt the same rationality norm. They both aim at optimum resource utilization but differ in their means to reach that objective (Lal, 1985: 106; Dahrendorf, 1968: Chapter 8). In other words, both advocate an instrumental or functional concept of rationality, while differ in their choice for locating this rationality. Market and consumer are the locus of rationality in market discourse whereas the state and expert are at the center in the planning alternative. Thus, a critique of instrumental rationality needs to prepare itself to attacks coming from both market libertarians and state or expert proponents of various sorts. That means an alternative conception of planning based upon a different conception of rationality implies a way out of a sharp dichotomy between state and the market or consumer and expert guidance. However, before going into a debate on a new conception of rationality, let us first try to understand conventional rationality as it is applied in planning.

[14] Economics is probably the closest discipline to planning in its stress on the concept of rationality. As Arrow (1974: 16) expresses "an economist by training thinks of himself as the guardian of rationality, the ascriber of rationality to others, and the prescriber of rationality to the social world." Indeed, there is a stress on the concept in most of the social science disciplines.

In popular usage rationality is opposite to irrationality, which refers to deviant behavior that manifests itself in its full sense in madness. Therefore, rationality has a positive meaning in popular usage. Conventional conception of rationality in social science as well as in planning, however, is basically defined with respect to means and ends and their relationship. It does not give much attention to ends that are considered to reflect arbitrary value judgments, but focuses on means to reach in a most efficient way to the ends externally determined (Arrow, 1974: 17). Rationality in that context is a scientific way of approaching to problem solving. In that account rationality is neither good nor bad, but just a tool, which is considered to be value-neutral (Alexander, 1986: 11-12). By applying rational methodology we formulate our alternatives and choose the best course of actions that would take us to our objectives. The conventional rational planning process involves: determination of objectives, identification of alternatives, selection of the best alternative, preparation of plan, implementation, and evaluation. This methodology is basically in line with "the strict canons of the scientific method" (Carvalho, 1986: 35). Indeed, Karl Popper's (1979: 27) suggestion for a "critical rationalism" as the ideal form of scientific rationality bears close resemblance to what is proposed as a rational process of planning for society.

As Branch (1990: 26) puts it "planning presupposes that rationality triumph over irrationality, order over disorder, constructive hope over discouragement and fatalism, action over inaction." Planners in that rational mood of problem solving and creating a better future are "both artist and scientists," or they are "artists of rationality" (Chadwick, 1971: 81). They give their work legitimacy in the eyes of general public as well as political elite by recourse to the demands of rationality.

They decide on behalf of others, distribute resources from one group, sector or region to another on the basis of the authority of reason.

This ideal typical description of instrumental rationality requires clarity with respect to ends and full information with respect to means used to arrive those ends. Planner needs to predict consequences of different courses of action, weight their costs and benefits, anticipate their future valuation, etc. Those are all formidable duties, which led many observers to the sheer conclusion that rationality in practice is always a bounded rationality (Chadwick, 1971: 118).

Bounded rationality is a concept developed by Herbert Simon. He developed this concept in order to point out the impossibility of reaching optimum solutions in most practical decision-making contexts. Instead of optimality Simon brought the concept of "*satisficing*" which means to do our best to reach rational solutions under various constraining factors. In that sense, “good enough replaces the best” and what is important is not to find the one single optimum solution but a solution which would satisfy the real parties in the decision making process (Sager, 1994: 14-15).

Instrumental rationality, in different sub-systems of industrial society, implies linear terms and tendency to quantify and calculate. That is basically the mode of thinking for Taylorist industrial society in which all resources are used in the best way to reach the maximum production or profitability. The higher levels of production and productivity are not discussed in that framework but only the best division of labor to reach those targets. Beck (1997) relates this concept of instrumental rationality to what he calls “simple modernity.” How this concept is being problematized and how

alternative rationality conceptions are developed along communicative or dialogical ways, by Habermas among others, shall be explored in the next chapter.

Going back to Weberian formulations there is a distinction made between purpose rationality and value rationality. Manheim's distinction between formal and substantive rationality also drew attention from some planners. What are discussed under those distinctions are more or less the characteristics of instrumental rationality. Weber's concept of purpose rationality and Manheim's formal rationality denote to a means-ends type of rationality. This concept is defined in terms of value-free and non-ethical pursuit of most efficient ways to reach some externally given ends. While value rationality and substantive rationality requires a debate on the rationality of ends as well. Conventional planning has mainly been based upon purpose rationality or formal rationality, often looking suspicious to value rationality or substantive rationality as ambiguous, non-technical and arbitrary.

In a sense, this irrational or non-rational sphere is left to "politics" and political processes as the source of ends for the rational and technical process of means-ends relationships in the sphere of bureaucratic planning. With its emphasis on value-free and efficiency-oriented action, instrumental rationality concept is largely derived from positivist epistemology, which requires universality, objectivity and verification via experimentation. Rationality in that context is a rule following exercise that has an algorithmic form. The algorithm is a scheme independent from the subjects employing it or the context in which it is applied. In each case there is just one true outcome that one has to reach if the rules of the algorithm are applied properly. The very fact that each inquirer reaches the same result by using the same algorithm is

presented as a proof for its non-subjective, non-arbitrary, and non-relative nature (Brown, 1988).

In that sense, rationality is first and foremost logic. Rules of logic like consistency and coherence provide the paradigmatic idea for rationality. However, for a scientific understanding of rationality internal coherence of a statement is not sufficient. There is also a requirement for correspondence between a statement and its subject matter. That is rationality also requires truth of a statement. If a statement is coherent in itself and with the empirical reality then we are justified to hold it or to believe in it as a reliable belief. Those beliefs are not subjective or arbitrary, and thus, all reasonable persons are expected to accept them and organize their actions on the basis of such sound knowledge.

It may be argued that in all such debates the problem is positivism and its claim for value free objective knowledge. Rational planning in that context requires coherence and conformity to empirical reality. Coherence in the context of planning is basically coherence between means and ends. While conformity to empirical reality requires plans to be quantitative, employ statistics and formulate their interventions on the basis of causal connections among variables. The image of planner, in that account, is more or less similar to laboratory scientist. He does not have to bother with politics or ethics. What is expected of a planner is to do a purely technical job to formulate the most rational plans for externally given ends.

As far as this positivist premise is not challenged the means-end type of instrumental rationality is going to dominate the field of planning. What is rational, in that

framework, is a purely technical issue to be decided upon by competent experts. Politics is important to define the ends, but remains "irrational" when it comes to relate means and ends. Even the goals determined by the political process need to base themselves upon technical considerations with regard to their internal consistency as well as their future consequences.

That is indeed what Habermas (1970a: 58-68; Giddens, 1985b: 134-135) calls "scientization of politics" or a politics that is controlled by expert bureaucrats on the basis of instrumental rationality. That is also the reason why there is a "legitimacy crises" of liberal democracy, which puts success before deliberation and reduces everything to efficiency. When there is an economic crisis, then, the liberal state does not have much to promise in order to preserve loyalty of its citizens. That is also why Habermas (1996d: 5) talks about "the danger of an expertocracy" and also states that "the euphoria over planning has ceased, together with the belief in science."

2.5 Two Major Paradigms of Conventional Planning Based Upon Instrumental Rationality

Neither modern mode of thinking nor modern historical conditions is the same for all countries and for any country over time. Britain and France have important differences in their experience in modernity just like Japan and Germany, the United States and Scandinavian countries, Russia and Eastern Europe, Latin America and China. These differences were perhaps more apparent before the revolutionary changes in the USSR and Eastern Europe. At that time the modern world was clearly divided into three camps: socialist countries, capitalist countries and the rest called as the Third World. Socialist countries were also called as centrally planned economies

or command economies, while capitalist countries defended private ownership and competitive markets. Third World, on the other hand, was largely defined in terms of "mixed economy" in which a large public sector coexisted with private ownership and markets.

In that divided world differences within each "world" got no or little attention. However, neither of those gross categories had indeed a uniform membership and identical practices in terms of their approach to planning. These differences within each group became clearer after the collapse of the second world comprised by socialist countries.

In socialist countries the planning has been the major tool to distribute resources across different sectors, regions and peoples within the nation. That was a physical planning which required a decision for production of each and every commodity. The actual production was done by state enterprises. However, there were some differences among socialist countries with regard to the limits of private ownership and incentives for work. Yugoslavia, for instance put a stress on decentralization, incentives for producers and their participation in decision-making process, whereas, in countries like Albania everything was put under the control of the central authority (Yılmaz, 1999).

In the capitalist bloc there were significant differences with respect to planning approaches, too. Japan, from the very beginning of its economic development put a strong emphasis on planning and public guidance of private capital. MITI is an institutional manifestation of this Japanese approach. Even today there are five year

development plans prepared by Japanese government, though those plans are increasingly tending to be more flexible "rolling plans." France is another country which used five-year development plans to reconstruct its economy after the Second World War. After reaching a certain level of development, however, France also limited the power of planning in its economic management. French planning, which is also referred as "indicative planning," involved an element of participation as well (SPO, 1992). Britain also attempted a short experience with five year plans but left it later turning towards city planning. Indeed, in Anglo-Saxon countries planning has come to be understood basically as city planning (Poxon, 2000).

In almost all developed countries planning meant mainly macro-economic policy and coordination. They tried to create a coherent fiscal and monetary policy in line with Keynesian demand management techniques in order to reach full employment. Two schools of thought crystallized themselves in that process. On the one hand there were those who advocated a rational-comprehensive plan or a synoptic plan. The aim of synoptic planning is to cover all interrelationships in a single document and guide decisions in different fields according to this systemic framework. Socialist planning in a sense represents rational-comprehensive planning *par excellence*. However, there were capitalist countries like Japan who adopted such a holistic planning perspective, though with an indirect role to the state in its execution.

In rational-comprehensive planning the planner is expected to use scientific data and methods in order to reach given objectives in most efficient way. Systems analysis, cost-benefit analysis, decision-making theories, modeling, among other tools are

used to prepare plans. Then the plans are put into practice via budgets and programs. Todaro (1992) summarizes typical planning activities in that process as fallows:

1. Plan starts with political views and goals of the government
2. Through a strategy document governmental goals are operationalized into concrete objectives
3. Principles and policies derived from strategy are formulated to guide daily decisions
4. Plan is comprehensive as it covers not only public but also private sector
5. For optimum resource utilization plan is based upon a macro-economic model
6. Plan is usually prepared for five years but longer-term perspective plans and yearly programs support it.

This is a fairly accurate description of planning in many countries including Turkey.

Those who criticize rational-comprehensive planning point out that it is elitist and close to social participation, present it as idealistic and hard to be realized in practice due to data problems, institutional weaknesses, etc. They also point out the drive for "social engineering," its mechanical nature, and its too much stress on quantitative techniques (Wilson, 1980). Particularly in pluralist societies where there is distrust to the state intervention into the economy this approach has not been accepted (Hayward and Narkiewicz, 1978).

On the other pole to planning approach there is incrementalism. Incremental planning approach developed mainly in pluralist developed countries. What incrementalism points out most often is the difficulty to define the common good for a pluralist society. In that environment grand designs are not enjoyed. Instead what is

advocated is *piecemeal* and marginal changes over the existing policies in a negotiation process among different interest groups, regulated by the planners as mediators (Wilson, 1980; Benveniste, 1989). Those who criticize incrementalism point out the role of strong lobbies in the decision making process, its individualistic and conservative approach, its reactionary rather than proactive approach to problem solving, and its insufficiency in cases where there is a need for rapid and structural change (Wilson, 1980).

Much of the planning literature is about this "grand debate" between comprehensive planning and incremental planning approaches. The former is usually associated with the idea that what is rational for society can be identified, while the latter adheres to a "bounded rationality" concept. One can argue that they both derive their main premises from an instrumental rationality conception, but differ in their belief in its practicality within a pluralist society (Sager, 1994).

In practice countries have adopted and applied differing degrees of comprehensive and incremental planning approach, changing the emphasis according to their specific context and historical background. Turkey, for instance, adopted basically a comprehensive planning approach after the 1960, though it has been short of a socialist comprehensive planning, and gradually limited the scope of the planning after the 1980s along with neo-liberal policies.

2.6 Uneven Development of Modernity and Planning

2.6.1 Two Main Modalities in Modernity and Planning

Up to this point the focus has been on the relationship of planning to the emerging modernity in its philosophical and material aspects. One should also touch upon the uneven development of modernity –somewhat similar to "uneven development of capitalism" stressed by Marxist political economy—over the world and its ramifications in terms of planning. In that case, one should point out the fact that it is not the affects of modernity but precisely its absence, insufficiency or delay which led planning efforts in many less "developed" parts of the world, under the banner of socialism or otherwise. As emphasized by Gerschenkron in the context of development economics, the process of modernization and development for the latecomers is "a less spontaneous and more deliberate process" (Hirschman, 1958: 8). "What should be added to this very plausible hypothesis, however, is that certain states are much more capable than others of drawing up and implementing development strategies" (Muzelis, 1995: 217). Planning, in that context, is a tool to reverse "natural" trends in favor of latecomers by actively interfering into the socio-economic processes. In that case, planning gets more radical and aims at more comprehensive changes, requiring greater sacrifices from the present generation for the benefit of the future generations.

State led capitalist developments in Germany and Japan reveal the role of the conscious intervention to "catch up" with the more developed countries. The East Asian "economic miracle" is also an episode that involves a great role for the state as the leading agency in economic performance. This is the main explanation behind the development of the literature on the role of "developmental state" with a peculiarity

to harness resources towards long-term investments by resisting particularistic interests within society. Although contested by neo-liberal writers, there has been a strong emphasis on plan and planning institutions in those countries in their attempt to modernize.

One should also stress the drive for independence in semi-colonial and post-colonial states, which led them to plan to create a self-sustaining national economy. Turkey and India, among many others, are examples for this policy. Both countries tried to shut their doors to imports to a great extent in their early modernization efforts and tried very hard to develop a national industry. If private sector was not developed enough to do this, the state was ready to substitute it and directly involve into the productive activities. The deliberate attempt for modernization as a strong force for national planning efforts shall be elaborated in detail in the last chapters of this thesis in the context of Turkish modernization.

In sum, planning is related to modernity in two distinct ways. First, planning is a logical consequence of modernity and emerges as a result of modernizing processes (means provided by modernity and instabilities and inequalities created by modern conditions) over a long period of time. Second, planning is a tool for entering into modernization or speeding up modernization process, mainly by making a conscious use of accumulated techniques of already modernized parts of the world.

It is important to make this distinction between planning as an outcome of modernity and planning as a means for modernity in order to understand origins of the distinction made between incremental and comprehensive planning theories. The

former can, more or less, be identified with planning as an outcome of modernity. Since there is already a modern society to manage, incremental planning is more focused on "correcting" some imperfections or balancing different interests in a consensus forming process. On the other hand comprehensive planning aims at a more radical change, sometimes a revolutionary change in the existing conditions in order to bring about a structural change in society. Hence there are so many advocates of rational-comprehensive planning for the developing countries, Turkey among many others.

Though both incremental and comprehensive planning share an elitist-bias, it is clear that the state enters into the scene by assuming a much stronger and direct role in the comprehensive planning compared to incremental type. In comprehensive planning the state assumes the role to transform society and substitutes the rules of the game with better ones, whereas, in incremental planning the state applies well-founded rules to problem solving in a pluralist society.

However, one needs also touch upon the fact that, though the state in a less developed country is more willing to interfere into the economy and other aspects of social life, its organizational capacity is less powerful to do an effective planning[15]. As a result, as Myrdal (1960) observes, elites in the developing countries often give a lip service to planning or use planning as a slogan rather than a real policy tool, while

[15] As Yukowa (1988: 21-27) stresses developing countries face difficulties both in formulating and implementing plans. In the formulation part they have to rely on imported models, work with insufficient data, neglect non-economic aspects and participation. In the implementation stage administrative deficiencies, lack of political will or social consensus, and lack of ideological and political stability limit the success.

planning is applied more effectively in the developed countries without pronouncing it too much in public.

2.6.2 Deliberate Modernity or Planning for Modernization

Planning has its rationale for developed market economies generally as a tool to correct "market imperfections," while its rationale in developing countries reveal some quantitative and qualitative differences. Developing countries have much more imperfections in their markets compared to developed countries. In addition to those imperfections the need for motivating people around a common objective and fulfilling the preconditions to get foreign finance entailed planning in developing countries (Todaro, 1992: 418-419; Waterson, 1966). However, in order to get a better sense on the evolution of national planning practice in developing countries it would be more appropriate to take a broader historical scene into account.

Modernity started in Western Europe and then gradually spread all over world through various economic, political and cultural channels. Development of large-scale industry and its advantage over traditional production techniques caused a severe destructive effect over the local production of non-Western countries. British supremacy in sectors like textile and iron and steel forced many local enterprises into bankruptcy. However, this was not just a purely economic phenomenon determined by trade relations. Britain and other early industrialized countries also embarked upon imperialist policies backed by their military force in order to reach cheap raw materials and secure open markets for their manufactured goods. With their modern military organization and weaponry those industrial countries colonized most parts of the world and directly ruled over their colonies.

Under the colonial rule many countries had undergone great transformations in their socio-economic and political life. Not only they faced great economic inequalities versus the colonial powers, they also lost their political and cultural independence. Humanistic ideals of Enlightenment, particularly the idea of progress, have been used in that process to legitimize bourgeois dominance in the domestic front and white man's dominance over the backward territories and peoples (Sorel, 1969). This ideological use of Enlightenment ideas is perhaps best reflected in the "white man's burden" arguments. It was claimed that modern Western dominance was right and beneficial for colonized and semi-colonized peoples who were not capable of administering nature and society.

However, colonized parts of the world developed various resistance movements and finally got their political independence from the colonial powers. This anti colonial movement might be traced back to the independence of the United States from British dominance. A series of movements in the 19th century Latin America down to the post second world war anti-colonial era increased the number of politically independent states all over the world.

Those newly independent states were basically organized as nation states imitating the colonial powers in their political institutions. They were nationalist and stressed their distinct identity vis-à-vis the colonial powers, but also embarked upon a deliberate project to modernize and become similar to Western states. As Charles Taylor (1997) observes, they had a hate-love relationship with the West in their quest for modernity, trying to catch up with modern nations without losing their distinct identity and political independence.

Those countries, which had not been colonized, were also living in semi-colonial conditions of unequal exchange and threat of direct occupation by Western powers. Japan and Ottoman Empire were under such conditions. They preserved their formal independence but in a very insecure environment. Thus, just like countries with a colonial past Japan and Ottoman Empire tried to modernize their socio-political structures to adjust to this new environment during the 19th century.

The primary task before those politically independent peoples were state building and nation building. They had to do those with a backward and agrarian economy compared to the modern world. Thus, those states put a strong emphasis on national interest or collective interests rather than individualism, and targeted indigenous industrialization—as the material manifestation of the modernity—through various protectionist and *drigist* methods.

In that process planning was taken as a tool for deliberate effort of poor countries to industrialize and modernize. The agency for modernity was basically educated sections of society –or the intelligentsia—and the state bureaucracy. As is the case in the Ottoman experience, membership in those two groups were usually overlapping. In that early effort to modernize, those elites did not have well elaborated models (like input-output models, econometric techniques, etc.) but mainly depended on their reflections in terms of defining the West.

Modernity for most of the post-colonial peoples has been identified with industrialization. That is why they tried to transform their economies from an

agrarian to an industrial structure. However, facing the competition of cheap imports those countries did not have much chance. That is why most of the newly industrializing countries applied some sort of an import substitution (IS) policy. The IS strategy required high tariffs in order to protect infant industries from external competition. Due to insufficient capital accumulation in the private sector the state in many developing countries involved directly into economy by creating state economic enterprises (SEEs).

Those SEEs together with their private counterparts mainly worked to sell their products in the domestic market and, thus had relatively smaller scales or low rates of capacity utilization. They reduced the need for importing consumer goods, but simultaneously increased imports for capital goods and raw materials. Therefore, as shall be observed in the Turkish example, the IS strategy did not indeed substitute imports but rather changed its composition. It did not eliminate dependence but changed one form of dependence with another. Nonetheless, it should also be noted that some countries applied IS more successful than others[16].

Planning has been a very strong element in IS strategy for development. It was through planning that the states decided upon their future industries, their short and long term production levels, prices of basic inputs, foreign exchange, and the like.

[16] For example, East Asian countries also applied IS but combined this policy with a strong element of export promotion. As a result, they could manage to solve their foreign exchange problem for further industrialization while most developing countries got into crisis due to foreign exchange shortage towards the end of 1970s. In Africa, on the other hand, most countries failed in developing any significant industrial production and remained depended upon export of raw materials as a source of foreign exchange. So, it is not easy to make gross generalizations about the success and failure of IS policies for all regions, let alone for individual countries.

Plans in that process were mostly quantitative documents indicating exact targets and stipulating policy tools and investments to reach those targets.

The plans that have been prepared by the developing countries were basically of rational-comprehensive type. That is, these plans covered almost all fields of economic activity and their interrelations. Using input-output matrixes for the whole economy gained a standard application during the 1950s and 1960s, with increasing complexity in their number of sectors and sub-sectors. In some countries, including Turkey, not only economic but also social sectors were considered as an integral element of planning process[17].

States did have many policy tools at their hands to realize the objectives of the plans. Among these tools were annual budget, monetary policy, customs policy, foreign exchange, setting prices of basic inputs produced by the SEEs, providing incentives for the private investments, etc. As it is going to be discussed in the next chapter, many of these policy tools have been either totally eliminated or limited in their effectiveness under the effects of globalization and adaptation of neo-liberal policies.

[17] Turkey, for example, from the very beginning of planned period in the 1960s designed its planning organization with two departments; one for the economic planning, and the other one for the social planning. There was also a third department called coordination department to serve external relations of these two main departments. However, historically planning practices as well as organizational attitude in the planning unit favored economic planning over social planning. Thus, the planning unit has mostly employed engineers and economists.

2.6.3 Overall Evaluation of National Planning in Development

Except a few successful countries national development planning in developing countries entered into a crises during the 1980s. There are two major explanations for that failure: the first view asserts that it is the differentiation between theory and practice of planning which led to this conclusion, while the other view searches for problems inherent in the planning process itself (Todaro, 1992: 423).

The proponents of the first view underlie the implementation problems and point out the lack of political will behind plans due to populist policies under the force of social demands. The main problem in that context is the difficulty to reconcile private interests and social utility. As governments in the developing countries could not act in a responsible manner in reconciling private interests and common good they gave rise to problems like overemphasis on capital-intensive technologies, neglect of rural areas, worsening income distribution between regions, excess migration, concentration of education investments in socially less productive fields, excess protectionism with foreign exchange shortages and inefficient production.

Those who stress the problems within the planning process, on the other hand focus on over-optimistic attitude in plans trying to achieve everything at once, formulation of plans on the basis of insufficient and unreliable data, unpredictable internal and external shocks (like the oil crises), lack of institutional capacity, problems in the relationship between planners and politicians, etc. Sagasti (1988: 434-435), in addition to those difficulties points out the problem of "institutional schizophrenia" due to the tensions in the planning organizations that are in a position to reconcile day-to-day decisions with long-term policies.

When planning organizations stress long-term policies too much they turn into research institutes and lose their contact with daily decision-making process, and thus their effectiveness in terms of implementation of policies. On the other hand, when those organizations get too much involved into daily decisions they get to resemble line ministries and lose their capacity to stress long-term policies. What Sagasti (1988) suggests is a balance between those two poles inserting a long-term perspective into daily decisions. This approach requires a planning organization with distinct departments to perform those functions simultaneously.

Looking back and evaluating the past performance of planning in developing countries it is hard to reach a general judgment with regard to the success of planning. However, as a broad observation neither those countries who pursued *dirigist* policies (such as Bangladesh, Ethiopia, India, Sri Lanka and Turkey) nor those who did not put a stress on planning (such as Argentina, Chile, Jamaica, and Nigeria) did show a successful performance in terms of economic development. On the other hand countries that motivated their private sector through various incentives and at the same time directing their public investments in the framework of sound macro plans (such as Korea, Malaysia, Colombia, Ivory Coast, and Kenya) performed relatively better during the 1970s (Agarwala, 1985: 13-16). Under those observations it is argued that planning needs to be based upon a consultation process, have flexibility and selectivity, and a strong element of coordination. Despite all criticisms raised about planning experience in the developing countries in the post war period there is no strong argument that there is no longer a need for planning. A field survey conducted in 70 countries during the 1980s, for instance, revealed that

the idea of development planning still preserves its attraction and there is still a belief in the usefulness of rational interventions in the development process (Sagasti, 1988: 434).

What is important, in that context, is to differentiate between the failure of a certain type of planning at a particular time-space and overall usefulness and applicability of planning in general. Demise of one type of planning should not lead us to declare the end of planning for development but rather encourage us to think novel forms of planning that would be more appropriate under present conditions. Planning approach, planning tools and the degree of planning might change, but the need for development planning is still there, particularly for the developing countries confronting serious economic and social problems after more that 20 years of neo-liberal market-friendly policies. In the process of economic development it is normal to put more stress on markets and their effective functioning. However, in a global competitive environment the need for effective governance also becomes a crucial element for success (Todaro, 1992: 431). In that framework, a planning process open to organized labor, private sector and civil society is perhaps significant than ever. Search for an alternative conception of planning along these lines shall be elaborated in the sections of this thesis that are related to planning in Turkey.

The problems created by an over-emphasis on markets has become more clear in recent years and even some international institutions started to change their approach with regard to the role of the state in development. World Bank's 1997 report on "the State in a Changing World" underlines the fact that without a strong legal and institutional infrastructure markets do not have much chance to function effectively.

This new approach, based upon the experience of last two decades, poses a serious – though late—alarm for the simple understanding of markets as anarchy. What is stressed is the role of governance as a catalyst in the process of development. It is also pointed out that what is important is not what is done by the state but how it is done.

It is clear from the past experience that we cannot go with conventional planning approach, radical delinking strategies and very extensive and direct state involvement in economic life. However, it is equally clear that markets themselves are no *panacea* for ever-important social problems that need conscious human intervention. That means we have to go beyond a simple market-plan dichotomy towards a more pragmatic and democratic mix of market and plan within a broader democratic context for collective deliberation and political action.

2.7 General Evaluation of Conventional Planning Paradigm

As has been discussed in this chapter planning is closely related to modernity, in epistemological as well as material and institutional sense. Modern epistemology based upon a value-free inquiry, object/subject dichotomy and search for objective truth set the stage for planning as a purely technical endeavor conforming to the logic of scientific method. Conventional understanding of rationality as an algorithm guides this notion of planning and its insistence on instrumental –means-ends type of rationality. Not only this particular mode of inquiry but also historical requirements of modern economy (capitalism) and modern state (the nation-state) forced planning to define itself within the parameters of instrumental rationality.

This planning practice is largely state and expert-oriented and technical. It assumes that planners can act in a detached manner to devise the most efficient ways to achieve externally given goals. This planning approach is not only technical but also elitist in its nature. When there is only one true way of solving a problem there is not much to be debated democratically. In fact, rational planning in that formulation is a tool to be used by any political regime including the most irrational and repressive ones.

It is also identified that conventional planning has been used not in a vacuum but in concrete economic and institutional contexts. In that regard the most important element is territorial aspect of conventional planning. Planning has been applied in national contexts in order to reach common good or national interest. The agency capable of doing planning has been the nation state with its allegedly rational bureaucracy. It was believed that the state might use planning to foster growth, to reduce instability, to improve income distribution, to preserve environment, etc. The means and degree of planning changed according to the character of the political regime (capitalist or socialist) as well as on the level of the economic and administrative capabilities (developed and underdeveloped) of the particular nations.

As shall be attempted in the next chapter this paradigm of planning is coming to an end due to its epistemological and institutional shortcomings, as revealed in its failure in practice in the development efforts of many countries. For the time being failure of conventional planning is presented as the triumph of the market. However, that is a fallacious and easy judgment, which requires answering many questions.

First, if markets can solve our problems then why has planning developed in the first place? As has been investigated in this chapter, planning arose, among other things, as a reaction to the problems generated by the instabilities and limitations of capitalist economy as well as its inherent dynamics of uneven development. Particularly developed countries are under severe economic conditions, which markets have not responded in a positive way over the last two decades of intense market-oriented practices.

Second, how appropriate it is to condemn planning in general due to the failure of a particular planning practice in a particular context? The demise of conventional planning based upon instrumental rationality cannot be used as a general argument to condemn a different planning approach based upon a different conception of rationality. Instrumental rationality is not wrong in itself and we certainly need instrumental rationality in various contexts. What is wrong about instrumental rationality is its claim for monopoly over our collective actions. What is required is a broader conception of rationality that is also inclusive for the appropriate application of instrumental rationality.

Finally, we have to ask what is going to be the value of politics in general and democratic politics in particular under a total technical decision making process or under automatically functioning markets. It seems that in both cases the field of democratic politics is largely restricted if not totally eliminated. Both a market dominated approach and a purely technocratic alternative need also answer the legitimacy issues and the value of democracy. If democratic politics is above all an activity based upon deliberation in solving our collective problems, it can neither

leave planning to the monopoly of experts nor declare the end of planning in favor of an automatically functioning market. As Dunn (1990: 36) puts it in clear terms "the full domination of either market or plan today requires a narrow and socially insulated dictatorship."

As a consequence, one may argue that conventional planning, so far as it is related to a particular phase of modernity with its particular epistemological and institutional corollaries, is *passé*. However, planning in general is not. A new planning approach based upon new epistemological as well as historical grounds is a real possibility. Adopting Ulrich Beck's (1997) terminology one may argue that simple planning is *passé* as a dominant paradigm but not a complex or reflexive planning whose potential is yet to be explored, in developed as well as developing world. This possibility will be elaborated in the next chapter on the background of epistemological debates and globalization processes. It is particularly significant today to elaborate on this possibility for the developing world confronting growing problems in terms of economic, social and environmental issues. The chapters of this thesis related to the history of planning and prospects for an alternative conception of planning in Turkey would specifically aim at presenting this possibility.

CHAPTER III

THE CRISIS OF CONVENTIONAL PLANNING AND THE RISE OF DEMOCRATIC/COMMUNICATIVE PLANNING

3.1 Crisis of Conventional Planning and Search for an Alternative Paradigm

The main argument in that chapter is that entering into a new epistemological and material framework does largely obliterate the conventional form of planning, or at least, reduces its legitimacy and effectiveness. However, it is also argued that this is the problem of a particular planning paradigm based solely or predominantly upon instrumental reason and elite dominance, and thus, we are not confronted with the end of planning in general for social betterment. What is needed is a different conception and organization of planning, characterized by democratic mechanisms and communicative rationality, without ignoring the role of the "political," that would meet the requirements of the new mode of thinking and material conditions.

In that context, this chapter focuses mainly on the new intellectual climate and the new historical conditions on the basis of contemporary debates such as post-positivist epistemology, globalization, new debates on democracy and public sphere. The legitimacy and representation crisis of the modern nation-state in the face of these historical developments will be covered in that chapter as well. Democracy and new approaches to democratic practices, and alternative conceptions about the concept of rationality shall guide the ideas developed in this chapter. The central argument in all these debates is that we are in a complex transition period, which seems to call for a multi actor, communicative or participatory planning paradigm as a real possibility.

The ideas developed in this chapter will later be used to suggest a new planning practice in Turkish context.

3.2 A New Intellectual "Climate" and Planning

3.2.1 Hermeneutical Shift in Epistemological Debates and Planning under a New Epistemological Framework

As has been pointed out in the previous chapter, one way to elaborate on the concept of modernity is to discuss it as a mode of thinking. On that account, modernity might largely be related to the dominance of positivism as an epistemology. Of course, modernity is a complex process in which there are various, and oftentimes contesting viewpoints. Nevertheless, for the sake of clarity, modernity or "simple modernity" (Beck, 1997) might be identified with positivist epistemology as the dominant mode of approaching to knowledge.

On the basis of positivism there is a conception of rationality that is largely derived from logic and empirical procedures in the production of knowledge. Logical empiricism developed in the early decades of the 20th century formulated the concept of rationality in a formal way. In that context, what is rational is what is verified or verifiable by objective empirical data. Any statement that is not verified or verifiable by empirical data is assumed to be either non-rational or totally irrational (Ayer, 1952). The results of the rational scientific enterprise are repeatable by anyone, and

they are not going to change from one person to another[18]. In that sense scientific knowledge is objective. This is clearly an epistemology based upon a foundationalist approach that makes the scientific practice as the model for perfect rationality.

Rationality in positivism is accepted to be the source of truth. Truth, in that context, is obtained by highly professional scientific elite and disseminated to larger society through education. There is no room for debate among different truth claims based upon different ontological and epistemological assumptions. Dissent is limited to the details of empirical verification process taking place within the framework of dominant approach to knowledge or paradigm[19]. As Feyerabend (1981: 28-31) stresses, science as conceived in this manner, is not a democratic enterprise but rather an elitist activity.

As has been argued in the chapter two it is this instrumental, uniform and reduced understanding of rationality on the basis of positivist epistemology that also provided the overall intellectual climate for the theory and practice of conventional planning, both in developed and developing countries. Reduction of rationality to a technical meaning and the tendency to attribute the guardianship of rationality to some

[18] Karl Popper (1979) is also a student of the logical positivist school but he tried to develop a rather different criterion for demarcating scientific statements from non-scientific ones. According to him it is falsifiability of a statement that makes it scientific. He also stresses that being non-scientific does not automatically transform a statement into a meaningless one. In that junction he argues that the logical positivist school is based upon a self-contradictory foundation regarding its definition of meaningful statements because meaning itself is not observable and verifiable through empirical data.

[19] In that context, one may argue with T. Kuhn (1970) that logical positivists are not actually defining a universal understanding of science but just a particular scientific paradigm for the normal science. Kuhn argues, on the other hand, that the criteria to demarcate science from non-science is not external to the particular scientific paradigm agreed upon by a scientific community at a certain time in history of science. In that sense, neither verifiability nor falsifiability can provide an objective foundational criterion for demarcation of science from non-science. In other words, it is very difficult to draw a clear-cut border for science.

technically competent elite in the conventional planning takes its legitimacy from this simple modernity and positivist epistemology. Otherwise, how could an expert, as a human being, dare to assume a role to decide upon the fate of a people without taking their consent?

This dominant epistemological framework has transformed and took a rather different direction after the Second World War. There have always been dissident voices within the modernity, like Nietzsche, from the very outset (Megill, 1985). However, those voices have gained a very strong publicity after the Second World War, particularly after the 1960s. There are many different dissident voices from Thomas Kuhn to Paul Feyerabend, Michael Foucault, Jacques Derrida, Richard Rorty, and various other thinkers considered under the banner of postmodernism, who raised significant objections to the positivist epistemology.

Leaving aside the differences among those dissidents themselves for the time being, one may assert that the dominant mode of thinking, or the "intellectual climate", has shifted towards a direction that may be considered under the general title of hermeneutic approach (Rorty, 1979). This thesis is not about the intricacies of hermeneutic tradition and its historical development. However, it is important to understand this intellectual shift in its broader features and relate those features to the theory and practice of planning.

What is attacked by the hermeneutic tradition is the claim of positivist epistemology to be the one and the only legitimate source of truth. Truth in a positivist context is modeled on the physical sciences and empirical procedures borrowed and adopted

from those sciences. The ideal of positivist tradition is to reduce all phenomena to physical phenomena and its laws of motion. The difference between the natural and social reality is considered not as a difference of nature but just a difference in the degree of complexity that would be overcome in the long run through the accumulation of knowledge. Similar to the technology created on the basis of physical sciences, social sciences based upon positivist assumptions are supposed to create a ground for the better administration and organization of the social and political life. Once we know the causal mechanisms behind the social phenomena it is just a matter of time to develop appropriate policies to intervene into those causes and change the direction of economic, social and political life towards some desired ends. As has been explained in the previous chapter this is nothing but the aspiration of the conventional planning approach, whether it is applied successfully or not.

Hermeneutic approach or post-positivist theories, on the other hand, have a different point of departure. In this conception there is no external point of reference for the observer and "every description of society must take place within society" (Luhmann, 1998: 78). Truth in the hermeneutic tradition is not one, if there is any. Social reality is different from natural phenomena and there is no possibility of making a sharp object-subject distinction in the process of producing social knowledge. Even our conceptions about the nature and natural phenomena are largely shaped by our cultural parameters. We may not be able to acknowledge those "taken for granted" cultural assumptions and background knowledge (or prejudices)

in our investigations[20]. Not causal mechanisms but rather interactions among conscious and meaning-generating agents are given the priority in social analysis. Human mind in this conception is not *tabula rasa*, as envisaged by John Locke and other empiricists, and thus, does not directly reflect reality out there, but permanently attributes meanings and forms to a complex interactive environment. Reality is constructed and reconstructed in various forms in different historical conditions, cultural environments as well as among different segments of a society[21].

"Reading rather than seeing" is the paradigm in radical hermeneutics (Hoy 1985: 52). As Wittgenstein (1958) in his second philosophy emphasizes, language is not a mirror of reality but rather a *game* permanently played by human agents. It is neither possible nor desirable to create a language that is derived from objective "reality," in which each word corresponds to a concrete object in reality. Even a word like "tree" that may be considered as a clear word corresponding to an object may have so many different meanings depending on the context it is used by parties of a language game. Rorty (1979)[22], among others, repeats the same idea in his distinction between epistemology based upon representation and hermeneutics based upon meaning. Derrida and his deconstruction method is perhaps the most radical assault to

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[20] Approaching this issue in the field of sociology one may take the development of symbolic interactionism school and ethno-methodological studies as a case in point. What is stressed in these schools of sociology is the problematic of objective study of a social life in which the observer is also taking part.

[21] Here one should make a distinction between classical or old hermeneutic tradition and hermeneutic understanding within the recent postmodern debates. Hermeneutic tradition of Schleiermacker, Ranke, Diltey and others is based upon recovering the original meaning of the author or historical events from the perspective of the subject, whereas modern hermeneutic is based upon an "active" or "productive" interpretation, which is basically open to multiple directions (Megill, 1985: 21-23; Smith, 1994).

[22] With a pragmatic perspective, Rorty (1979: 10-11) declares that "truth" need not be considered as "the accurate representation of reality" but just as "what is better for us to believe." Conversation among parties of a "language game" replaces description of detached solitary observer in this framework.

traditional epistemology. Postmodernists in general, and Derrida in particular, claim that the "truth is contextually bound" and call us to "get rid of the notion of rationality" (Harrison, 1994: 191). For Feyerabend, for instance, the goal of scientific inquiry is not to reach truth but generate new ideas through disequilibria and dissent, siding with the weak arguments against the strong ones (Fritzman, 1992: 189).

What can be expected from planning in that hermeneutic epistemological framework? It is not easy to answer this question as there might be different meanings attributed to planning in a hermeneutic context, and even a total rejection of the possibility of planning. However, it seems to be possible to conceive a new planning model based upon some general characteristics of hermeneutic way of approaching to knowledge. What is important in a hermeneutic framework is not explanation of causal mechanisms and respective technologies, but rather understanding and consensus based upon sharing of different viewpoints or meanings. Habermas' (1981; 1990) communicative rationality approach provides a very fertile ground for such a new planning paradigm. That means planning needs to be based upon communication rather than expert judgment. If a political community is going to decide about some public issues by making some critical preferences, nobody or no group is privileged to impose his/her viewpoint upon the rest. People have to express and defend their ideas and meanings before the others in order to create a basis for legitimate public policy. Hermeneutic epistemology, interpreted in that manner, creates a more favorable environment for democratic planning based upon communicative rationality.

However, there are problems to be raised about this hermeneutic approach to planning as well. First, as has been discussed in the previous chapter, planning needs to be related to historical and material conditions as well as the dominant mode of thinking. In that context, hermeneutic practices should be located into the framework of larger economic and political practices and conditions. Foucault and some other philosophers discuss the role of power and ideology in the construction of dominant discourses that limit the horizon of possible knowledge and practice extensively[23]. One may also go back to Gramsci's concept of "hegemonic ideology" (Gülalp, 1997: 9) in order to discuss the problematic before the planning based upon communicative rationality. In that sense, hermeneutic process of consensus may take a conservative turn and become a subtle means for the preservation of the *status quo*.

Second, and in connection to the first criticism, planning based upon a hermeneutic approach may create a relativist environment in which power rather than knowledge might become the arbiter of a debate. As Habermas (1981; 1990) argues within the general theory of communicative action, rational knowledge based upon the power of the better argument is a means for the weaker party to defend itself against the sheer power of the stronger party to a debate. If we completely leave the concept of rationality, it is going to create a vacuum that is probably going to be open to forced solutions. In other words, it is possible to base an authoritarian politics and planning upon an ultra relativist or nihilist epistemology. Heidegger's notorious flirt with Nazi party during the early 1930s, among other examples, is a clear case in point to be alert against the articulation between nihilism and totalitarian politics.

[23] As D'Agostino (1993: 101) points out, Foucault makes us more attentive to the problem of ideology and the "risk of letting ourselves be determined by more general structures of which we may not be conscious" in seemingly free and equal conversations.

As Brown (1988: 130) observes, despite the use of relativist arguments, "a universal social relativism, one which allows no purchase for any trans-social mode of cognition cannot be coherently defended." However, the solution for those problems confronted in the application of hermeneutic epistemology into the public sphere could not be overcome by going back to the positivist approach that has its own problems. What is required is a broader and balanced approach that would make it possible to create a ground for democratic planning without falling into the trap of ultra relativism and gridlock.

The concepts of "hermeneutical circle" and "fusion of horizons" developed by Gadamer on the basis of Heidegerian philosophy and his concept of objectivity as openness (Dallmayr, 2001: 341; Healy, 1996: 163; Outwaite 1985) might be taken as a departure point in the application of hermeneutical approach in planning. The "hermeneutical circle" implies that whatever consensus reached at a point in time is open to revaluation and criticism later on. That means planning is not a blueprint but a process permanently open to revisions on the basis of new arguments and developments. On the other hand, "the fusion of horizons" and objectivity as openness give us a channel to overcome the difficulty of ultra-relativism by accepting the possibility of communication between human beings from different cultural, social, and economic backgrounds under appropriate conditions. Combined with Habermas' "ideal speech situation" in which all participants to debate are assumed to be free and equal parties, it is possible to envisage a participatory planning process with appropriate mechanisms for public involvement at different stages of plan preparation, implementation and monitoring.

It may also be argued that Foucault's stress on power/knowledge can be related and used as a theoretical framework as a complement to Gadamer's stress on conversation and Habermas' communicative action approach. Though there is a tension between Habermas and Foucault regarding the meaning and possibility of modernity[24], it seems a fruitful adventure to consider them together to reach a more comprehensive view about an alternative planning paradigm that recognizes the role of both power and validity claims.

It is clear in the radical hermeneutics, defended by Derrida among others, that "any apparently coherent system of thought can be shown to have underlying, irresolvable antinomies, such that there are multiple and conflicting readings that must be held simultaneously" (Hoy 1985: 52). That means the new planning paradigm has to accept multiplicity or pluralism as a starting point, rejecting any ideal or single planning approach as the one and only alternative.

On the basis of these epistemological arguments one may assert that what is preferable among those alternatives is a combination of expect judgment and public involvement, or a broader concept of rationality that contains in itself instrumental as well as communicative elements under general conditions of politics and political conflict. That would provide a balanced approach to what is desired and what can

[24] Habermas criticizes Foucault and some other postmodern thinkers for falling into what he calls "performative contradiction" that is supposed to serve interest of neo-conservatism rather than progressive politics (Bernstein, 1985). That basic criticism emanates from different conceptions about the Enlightenment or modernity. Habermas takes modernity as an "unfinished project" with broader potentials against radical objections to the totalitarian tendencies inherent in modern practices. However, it is not necessary to make an "either-or" choice between Habermas and other critics. Habermas' more practical approach for improvement seems to be open to use within a broader critical approach that would underline the role of power as a guard against a simple optimism towards communicative practices.

feasibly be obtained. This option shall be critically elaborated in the below sections. Habermas' idea of communicative rationality, criticisms towards Habermasian standards in public policy, and the use of Habermasian arguments in planning theory will guide this elaboration. In addition to this theoretical debate, practical implications of the new planning paradigm will be developed into some concrete proposals within the context of a suggested future planning practice in Turkey in the chapter six of this thesis.

3.2.2 The Concept of Rationality Reassessed

All these debates about the sources and nature of knowledge have had significant implications for the central concept of planning, i.e. for the concept of rationality. As Breheny and Hooper (1985: 1) critically stated long ago, "planners have somewhat assumed that they can adopt the concept [of rationality], but avoid the philosophical reflexivity that surrounds its interpretation and use in other disciplines." It is clear from the viewpoint of post-positivist epistemological debates that today this attitude is much less sustainable. Planners cannot close their eyes to the philosophical changes that put more emphasis on judgment and critical debate in defining rationality rather than a rule-based, algorithmic and subject-centered rationality concept (Brown, 1988). Planners should also accept "the fact that we are imperfect agents operating in an imperfect world" (Rescher, 1993: 9).

Apart from philosophical debates surrounding rationality, there are also ideological and political criticisms regarding the concept. Ideological function of technical or instrumental rationality is a central topic particularly in critical theory or Frankfurt school in sociology. Marcuse (1971: 149) and Tehrenian (1995: 16), among others,

declare that technical rationality and its appeal to common good is just seemingly a neutral and value-free concept. Rationality, in that account, is in fact itself an ideology, mainly functional in depoliticizing the people for the good of the dominant classes. This ideological criticism necessitates a political as well as a philosophical assessment of the concept. According to Amin (1997: 135-136), for instance, "a deeper critique of capitalism requires an alternative conception of rationality." There are also planning theorists who point out the danger of "rationally pursuing non-rational or irrational" (Forester, 1985: 49). All such criticisms entail a political reassessment of the rationality concept along with philosophical debates.

All these philosophical and political criticisms of rationality should not be assessed as problems of rationality *per se*, but basically as criticisms raised against instrumental rationality based upon positivist epistemology. Otherwise, with the decline of rationality as the central concept of planning, there is no hope for an alternative conception of planning. What is required is to approach the problem of rationality from a pluralist perspective, making a room for alternative conceptions of rationality.

As Rescher (1993: 79) observes "even pluralism has plural versions." The challenge for planners is to perceive this new paradigm and develop alternative planning paradigms in a pluralist approach. The fact that we don't have just one and universal concept of rationality but rather multiple rationalities is a significant point in that regard. There are various distinctions made in that framework. Lukes (1970) analyzes the concept of rationality in the context of universality and relativism debates in cultural anthropology, distinguishing between "Rationality I" (universal,

science and expert-based) and "Rationality II" (culture and context-dependent). Similar distinctions are made in policy analysis and planning literature: Deising distinguishes between technical, economic, social, legal and political rationality (Reade, 1985: 81); Friedman (1987: 19-21) refers to social rationality (common good) versus market (self-interest) rationality; Goulet (1986: 301-302) identifies the technological, the political and the ethical rationality in development decision-making; and Dryzek (1996: 107) distinguishes between economic and communicative rationalities in development. Among these different conceptions of rationality the one made by Habermas (1981; 1990) between instrumental and communicative rationality seems to offer a fruitful framework for developing a new planning paradigm. That is why the planning paradigm suggested in this thesis will be developed on the basis of exploration and critical analysis of Habermas.

3.3 Globalization and Planning

3.3.1 Globalization as a New Framework for Development Planning

Mere epistemological debates and new rationality conceptions are necessary but not sufficient to develop a new approach to planning. It is also required to analyze "material" conditions that demands and facilitates a new planning paradigm. As has been discussed in the second chapter capitalist economy and the nation state are two significant components in so far as conventional planning is concerned. That is why it is necessary to follow the debates about the evolution of these framework conditions for identifying possibilities of a different planning approach. In that context, globalization debate provides the general background. This debate is important both as a broader context to situate epistemological and methodological

discussions and as a constraining factor for devising new and practical alternatives for planning.

Conventional planning, based upon instrumental rationality, is used by nation states and bureaucracies in capitalist and socialist contexts, both in developed and developing countries. That experience has already been evaluated in the relevant parts of the previous chapter. Put in simple terms, conventional planning is state-centered and largely operating within well-defined national boundaries. "Inside/outside" distinction or dichotomy plays a significant role in that framework. In that context, conventional planning operates on the basis of the sovereignty of the nation state and various tools (like tariffs, monetary policy, fiscal policy, state procurements, investment incentives, public investments, etc.) at the disposal of national bureaucracy to arrange "internal" *vis-à-vis* "external" actors.

The problem in that regard is new processes and conditions that are generally referred to as "globalization." It is not necessary to go into the details of the concept of globalization.[25] However, it is clear that globalization, among other things, means a transformation in the position of the nation state and its capabilities. The state, in that context, is perceived "as the meat in the sandwich between two opposing forces [of globalization and localization]" (Summy, 1996). Globalization also means a transformation in the capitalist economy as institutionalized within the national context. Globalization as a discourse (hegemonic ideology) as well as a material

[25] To give some insight into the definition of globalization, Giddens refers to "the intensification of worldwide social relations," while Robertson writes about "the compression of the world and the intensification of consciousness of the world as a whole" (quoted in Martin and Beittel, 1998).

condition[26] problematizes the legitimacy and capability of the nation state in the formulation and application of public policies in the global economy.

What state bureaucracy could easily plan a few decades ago may not be planned effectively today. Take for instance tariffs and quotas as a means to protect national industry. Those tools were acceptable for the international community and feasible for the applicant countries in the past. Today, that is not so clear. There are multilateral trade agreements that bound countries and impose upon them some conditions that are sanctioned through various mechanisms. National economies are much more integrated today and trade is a key element for growth and development. If a country insists upon following unilateral trade policies that are not in line with international standards, there is a high probability that that country would be isolated from international trade and lose its chance to make its economy function effectively[27]. Similar arguments might be developed for fields like capital movements, multilateral investments, global environmental issues, human rights, etc. (Held, 1995).

[26] Cox (1996: 23-24), in that context, distinguishes "globalism" from "globalization," the former term signifying the ideological aspect while the latter term emphasizing globalization as a condition. Ideological or discursive aspect is best reflected in "inevitability" of globalization and "there is no alternative" slogan according to this analysis.

[27] It is not argued here that the nation states completely lost their power upon foreign trade. On the contrary they are still very effective in arranging trade policies, taking the advantage of gaps in the current international agreements and participating as major actors in the bargaining process in the determination of those rules. As Hirst and Thomson argue the states could even increase their "pivotal role" as a mediator between local and global processes as tread among different hierarchical levels (Çıtak, 2000: 59-60). However, they are no longer free or alone to take radical decisions about their trade policy without taking the international trade relations into account. That new environment also makes "de-linking" strategy for development advocated by the dependency school in the development economics more problematic (Falk, 1998), at least for countries that do not have a large-scale domestic market.

Globalization processes in economic, cultural and political fields blur the national boundaries and make them more permeable. Global capital, global media, Internet, migration, trans-national social movements, etc. create an environment in which it gets more and more difficult to create an isolated national environment under the control of the nation state. This process creates a crisis of democracy as well, so far as modern conception of democracy is largely premised upon the national or territorial boundaries. Power shifts from the national authorities, accountable to their respective citizens, to global institutions that are not accountable to any definite political community. Thus, globalization is important not only as a new material condition and a new epistemology with a different unit of analysis, but also as a new context to redefine democracy among other political structures.

There are different approaches to the concept of globalization and these differences have significant implications for planning under the global conditions. Thus, it is useful to go into the debate about two broad alternatives regarding globalization: neo-liberal and cosmopolitan. Those alternative approaches are going to be discussed in relation to planning, particularly planning in a developing country like Turkey.

3.3.2 Neo-liberal Understanding of Globalization and Its Repercussions on National Development Planning

Historical roots of the neo-liberal understanding of globalization go back to the classical economy, namely to Adam Smith and David Ricardo, who defended the efficiency of markets both inside and outside the national economy. The core idea advocated is a minimum government and a maximum space for free interplay of forces of demand and supply which guarantees most rational allocation of resources

and maximum utility for the people. The mechanism that brings about this efficient and maximum production is division of labour and specialization in a competitive environment through which every agent perfects its own abilities --or its comparative advantage in the case of national agents.

Division of labor has been a central idea in the classical political economy. Division of labour, in turn, depends on the size of the market (Heilbroner, 1953). Thus, the larger the market –the end limit of which is the whole world-- and the less the political interference into the purely exchange relations, the greater the production and utility for the nation and the world as a whole. Relative position of the individuals, social classes or nations is not stressed in that classical framework which focuses on aggregate effects and assumes a common interest in increased output.

If the classical economists are considered as philosophers of capitalism, one may infer the conclusion that capitalism has been tending towards globalization both in its practice and ideology from the very beginning. Marxian analyses (Marx is also a classical economist), Lenin's imperialism thesis and Wallerstein's world system approach also support this global tendency thesis, though in a critical spirit. They stress the distribution aspect and its political repercussions by pointing out uneven development and structural inequalities inherent in capitalist expansion.

The future of the nation-state is one of the central topics for debate within the globalization literature. The most common view in popular magazines and media is "the demise" of the nation state. Increasing and more open trade, rise in the volume and speed of cross-border finance capital (foreign exchange, stock exchange,

banking and credit, various derivatives, etc.), transnational corporations, formation of regional economic blocks (EC, NAFTA, ASEAN, etc.), active role of international institutions (WTO, the IMF and the World Bank, etc.) all signify a new environment bringing strong constraints to the power and autonomy of the states to pursue independent policies (Summy, 1996). Changes in transportation and communication technologies are usually pointed out as the infrastructure of this transformation towards a de-territorialized world of global exchange. Put briefly, the argument is that the nation-state as a territorial entity is largely *passé* within the new environment transforming time and space. Governments cannot arrange their "domestic" policies (macroeconomic measures, taxation, income redistribution, labor law, etc.) independent from the requirements of a mobile capital that has a veto power via entry and exit.

That narrative about the demise of the nation state as a meaningful unit of effective policy formulation and implementation is actually presented as the victory of global market (capitalism) over the local regulatory entities. This is the neo-liberal understanding of globalization, which also stresses liberal democracy as a universal corollary of the global market. There is also a normative aspect to this argument, which is based upon efficiency and freedom. Markets, it is stressed, bring resource efficiency and force the states to respect individual rights and liberties (Friedman, 1962). What is required is a minimal state that shall enforce law and order and take certain measures to attract foreign investments and to prepare the society for global competition. It is mainly a negative freedom that is promised by proponents of the neo-liberal approach. That is, all obstacles before the individual

(consumer/entrepreneur/capitalist) initiative is attacked without paying much attention to the relative position of different individuals and groups.

3.3.3 Cosmopolitan or Alternative Conceptions of Globalization

Neo-liberal globalization or the 'globalization from above' is not the only conception about globalization. As Falk (1998) aptly defends there is also a 'globalization from below.' Against the current market-oriented and statist outlook of the neo-liberal globalization, globalization from below stresses adverse consequences of globalization such as environmental degradation, severe vulnerabilities of social segments, inadequate provision of global public goods, and world poverty. The role of the state is redefined in that 'globalization from below' perspective as a mediating body between the logic of capital and the priorities of people (Falk, 1998). Extending Gramscian analysis from domestic to international level, it is argued that the counterforce to capitalist globalization will also be global (Amoore and Dodgson, 1997). In other words, resistance to the dominant discourse and practice of globalization should also be "localized, regionalized and globalized at the same time" (Mahan and Stokke, 2000: 264).

Unlike neo-liberal understanding, cosmopolitan approach perceives globalization as a multi-faceted phenomenon, with varying consequences for different policy domains as well as for different states in real historical context. Put as such, globalization is rather a new agenda for redefining state/society relations and democracy rather than an end of the state and triumph of pure market relations (Held, 1995; Axtmann, 1996). Cosmopolitan thinkers raise some criticisms towards the old de-linking strategy of development and do not see much merit in its continuation in a

fundamentally different environment. However, they do not jump into an easy solution based on the thesis of universal free markets. They do also refer some problems of welfare state and central planning. However, such criticisms are not raised from a New Right market efficiency perspective but rather from the perspective of new social movements (environmentalism, feminism, multiculturalism, etc.) that are critical towards paternalistic aspects of the state (Axtmann, 1996: 44-45).

Cosmopolitan thinkers also observe a general tendency of erosion in the capacity of the state in the economic policy front. However, they do not push this to the extreme and declare the total surrender of the state. Indeed, the very dichotomy between the state and globalization is argued to be illusory, as the globalization processes are largely embedded in state structures (Amoore and Dodgson, 1997). The state is losing in some fronts and gaining in others in the process of globalization. As observed by Pieterse (1995: 63) "nation state is still strategic but 'it is no longer the only game in town'."

More important than the increasing pressure on economic policy options of the governments is the erosion of representation and legitimacy of the state with respect to its citizens (Keyman, 2000a). Following the neo-liberal idea of negative freedom does not bring forth a solution to mounting problems, in the context of blurred categories like domestic/foreign, inside/outside, and national/international. What forced the development of democracy and welfare state at the national level is reappearing on a global scale. Though markets are certainly important, they do not

bring solutions to many vital issues because of the problem of externalities, monopolization, structural inequalities, identity issues, etc.

Particularly the "nation" part of the nation-state is under scrutiny in such critical analyses. Nation state is territorial whereas culture is not, and this is increasingly apparent in a world of global media, cross-border social movements (like feminism, ecological groups, religious fundamentalism, etc.) and immigration. The notion of a homogeneous nation is increasingly problematic and that problematic reflects itself especially in the public realm. That is, classical liberal distinction between public and private becomes debatable. All such changes signal the demise of old forms of politics and the need for a "reinvention of politics" (Beck, 1997). In that context, globalization makes political decisions more urgent and consequential, though it also entails going beyond classical left/right distinctions (Giddens, 1998).

The issue in such critical and reflexive arguments is not a problem of choosing between minimal (liberal/technical) or maximal (authoritarian/paternalistic) state, but rather a redefinition of state/society relations along a substantive or participatory understanding of democracy. Globalization does not have an ontological existence separate from the society and the state. Globalization is not the end of the state but development of a democratic state that shall have a larger and multi-layered public domain tolerating difference and preserving accountability.

In that framework, globalization is not an "external" factor that forces the states to change internally; rather it is a relational concept that signifies the gap between what is being demanded from the states and what the states can offer in their present form.

In other words, the nation state is under pressure from 'within' as much as from 'without.'[28] The solution to narrow this gap is neither a minimal neo-liberal state nor a strong authoritarian state rising as a reaction to "external" or global threats and promising protection to the "internal" populace. There is an alternative of democratic state that goes beyond democracy in the context of the territorial nation-state. This involves a "double movement," from both upward and downward directions, in which governance structures from local to global levels take part (Pieterse, 1997)

Put into the framework of planning debate, cosmopolitan approach favors neither laissez faire nor the authoritarian overall planning (Beck, 1997: 142). The answer is democratic state or democratization of state/society interaction that would promote development of governance in global and local contexts. That is, planning needs to be democratized and put on the service of society at large instead of that of the market or state elite. As Beck (1997) emphasizes time and again, we don't have to reduce everything to the 'either or' logic of market versus the state in an age of 'both/and' logic. In that sense, the real question is how to find the appropriate kind of institutional 'mix' of the state, market and community provision for each individual country in concrete conditions (Axtmann, 1996: 45). Authoritarian planning might be *passe* but not a democratic planning that would also include experts, this time not as guardians of a transcendent rationality but as catalysts for empowerment and self-governance within a broader negotiation process.

[28] It should also be noted, at this junction, that policy makers may use globalization as a pretext to justify their own preferred policies (Jones, 1997).

3.3.4 Representation Crisis of the State and Democracy under Global Conditions

As has been touched upon above globalization is not a process working from outside, but rather an interconnection between various localities[29]. Globalization processes do not take place somewhere outside the national or local environments but rather continuously produced and reproduced by those very same locations interconnected by various channels. A significant political result of those processes is the growing and more diversified demand raised by the people upon the state on the one hand, and the eroding classical tools at the hands of the state to meet those demands on the other hand (Keyman, 1997; Summy, 1996). Elected representatives of the political community do not effectively deliver what they have promised to their electorate and people lose their trust into the political structures in that process. If there is no alternative in economic policy prescriptions, for instance, voting between alternative parties on the basis of different economic expectations loses much of its meaning. The result is what is called as "representation crisis" of the state.

That representation crisis has various sources. Those sources might be classified under three main topics; (a) Rousseau's classical representation problematic, (b) distribution of power between representative and non-representative bodies of the state (the executive and the legislative bodies), and (c) the loss of power in national institutions either representative or non-representative.

[29] Robertson's (1995: 26) concept of "glocalization" combines "globalization" and "localization" concepts and implies that it is not possible to make a clear cut demarcation between "local" and "global." What is called as local might be created under various global effects and what is called as global might be a sum total of innumerable local actions and contributions.

First two sources of representation crisis are not so new. The first one is a classical problem for representative democracy legitimated on the basis of size and complexity of the modern communities not able to apply direct democracy as practiced in the ancient Greece. According to Rousseau's classical objection people may feel free on the election day and become subjects of the rulers till the next elections in a representative democracy. That problem is also related to the distinction between formal and substantive democracy. Free and fair elections and rule of law might suffice for a formal definition of a political community as democratic. However, for a substantive conception of democracy those are not adequate. It is not enough to vote and wait for the next elections. There are various other channels in a functioning democracy to involve citizenry into the public policy making. In that context, civil society organizations, social movements, and various grass roots initiatives are considered as indispensable for a substantive understanding of democracy.

Approaching to this issue from Hannah Arendt's (1968) conception of politics that goes back to Aristotelian understanding of man as a political animal, a substantive understanding of democracy requires mechanisms other than elections to give people a chance for telling their stories to each other, negotiating with peaceful argumentation and devising policies together in a broadly defined public space. Politics, as a process to realize common interests defined in a non-violent and collective manner, corresponds to a similar planning process as a subset of this overall political context. However, lack or inadequate level of civil society (including bourgeoisie and working classes as well as other social agents) is a corollary to the

weakness of substantive democracy as well as democratic or communicative planning.

The second source of the representation crisis of the state is related to the institutionalization of democracy, even in its formal sense, particularly in the developing countries. It is observed that in many formal democracies there are powerful bureaucratic structures, especially military, that preserve their position as "guardians of the polity." Turkey, among others, is a case in point in that regard (Heper, 1992a and 1992b)[30]. Democracy in that context is a fragile process that is open to periodical crises due to competition between the state elite who emphasizes the national interests and the political elite who insists upon popular demands or the national will. Without a balance between long-term state interests and short-term popular demands absorbed by the political elite and a sense of respect for civil politics on the part of state elite, it is hard to create a self-sustaining democratic process.

The problem between executive and legislative bodies is also related to the complexity of administration and the time constraints to take urgent decisions as a reaction to real time developments in an uncertain environment. However, that tendency to strengthen executive bodies vis-à-vis the legislative ones creates a tension between efficiency requirements and democratic demands.

[30] Powerful and oligopolistic business interests are also a problem for the effective functioning of representative institutions particularly in developing countries. Especially individualistic relations between politicians and businessmen create a very distortive decision making process.

The last source of the representation crisis is related directly to the globalization process discussed above, and partly to the changing weights between executive and legislative bodies under uncertain environments discussed in the previous paragraph. There are two dimensions of that last source of representation crisis; supranational bodies and local resistance. Globalization, in that context, is a constraint upon both representative and non-representative organs of a political community organized in the framework of a nation state.

Indeed, some critical observers underlie the happy alliance between a "strong" state inside and a "weak" state outside. As Marvall (1977: 19) formulates in the Latin American context, "domestic ruthlessness and external submissiveness" turns to be "the essence of the political economy of authoritarianism" in many developing countries. The visible (international financial institutions) and invisible (global market) constraining hands in globalization processes have already discussed above.

As long as the classical conception of planning is part of the nation-state capability regarding economic domain, this representation crisis of the state is reflected in the planning approaches and practices across a whole spectrum of developing countries. This problem will be elaborated in more detail in the context of Turkish experience in chapter six. However, in this general context, one needs to further this debate into broader debate about the relationship between planning and politics or planning and power.

3.4 A New Planning Paradigm in the Post-Positivist Global World

3.4.1 Self and Civil Society in the Context of Post-Positivist Global World

Identity/difference has always been problematic throughout the history of Western philosophy. There has always been a fight over facts and concepts, Platonic 'ideas' and Aristotelian empirical reality, the general/universal abstractions or categories and the particular/diverse manifestations in reality. In this framework, idealist/rational and realist/empiricist ontology and epistemologies have persistently clashed with and reacted to one another. Every attempt at universality had to face, sooner or later, a reaction from a particularistic/individualist impulse, and vise versa. Any colorless, abstract and reductionist universality claim, 'disembodying' individuals and imposing upon them uniformity, could not preserve its authority too long. The same fate is faced by any extreme particularistic claim, leading to ultra relativism, total subjectivity and no common ground for dialogue.

Modernity and modern philosophy reproduced this axial problematic in various forms and contexts. Descartes, in his famous formula of 'cogito ergo sum,' reasserted the superiority of universal over particular, ratio over body, and homogeneity over heterogeneity. Liberal tradition, mainly through the Kantian philosophy, attributed a moral worth to this universal and abstract 'self' as defined by Descartes. This universal self was accepted to be ontologically prior to any social construction. Hobbes, Locke, and Rousseau, among others, developed their social contract theories on the basis of this universal/abstract self. Modern politics has been defined around this universal/rational/moral conception of the self as a being with reason to find out the best for his own interests. There has been a dual consequence of this new political philosophy. On the one hand, the modern self gained some

universal/inalienable/natural rights whose concrete content developed in historical conditions, and on the other hand, it created a public sphere that has been principally blind to particularities and diversity.

In a society of rational, self-interested and moral individuals, a strong need has emerged for reconciling liberty of individuals with their inherent equality as well as striking a balance between liberty and order. 'Equality before law' is the key formula developed by the liberal tradition to reconcile liberty with equality. 'Negative liberty,' that is, liberty from external/state interference in pursuing one's own ends, is another key concept for reconciling universal self in the public domain with diversity in the individual private lives. The role of the public authority, in this context, is not to provide ends for the self-interested private rational agents, but just to impose some impersonal limits to eliminate violent clashes among selves.

Notwithstanding this universalistic conception of self in the liberal tradition, territoriality and nationhood remained as underlying framework for politics. Exclusion/inclusion into the rational/legitimate members of polity changed according to the inside/outside distinction drawn by the territorial state as well as to different attributes of the domestic population within the boundaries of the territorial state. In other words, the universal rights of men are only effective when they are citizens of a particular polity (Klusmeyer, 1996: 72-73). The nation state provided the necessary mechanisms for democratic rule based upon the sovereignty of the people, but also imposed internal and external limits for the legitimate membership of the polity. Nationalism as a particularistic ideology is paradoxically also the principal political force to operationalize universalistic ideals of modernity. In short, liberal democracy

does not just demand rational citizens but also ones with patriotic sentiments, particularly in times of war or inter-state conflicts (Axtmann, 1996).

However, 'identity' is a complex and relational concept or construct that entails the 'other' or 'others' (Keyman, 1997, Keyman, 2000b; Young, 1990). Inside cannot be defined without reference to outside and identity without difference. In spite of the universalistic appeals of Cartesian self, modernity has largely operated through the same logic of categorical distinctions between 'us' and 'them.' In this context, "even the expression 'intersubjectivity' carries the burden of the philosophy of subject" (Bernstein, 1985: 14). In fact, class, gender, ethnicity, culture and religion, among others, intersect and interact within this complex process of inclusion/exclusion processes and mechanisms for identity formation and reformations. Power relations are a central part of this process in which it is always the more powerful party who defines the 'other' and posits its identity against it. The other is one who does not have a space to speak for itself as itself, but faces a residual identity imposed from the outside. Even when there is a space for the other to speak, it has to speak within the language or discourse of the dominant identity (Young, 1990).

Liberal democracy within the boundaries of the territorial nation state is also premised upon public/private distinction and existence of civil society as an intermediate layer between the state and the individual. Public sphere is the domain of politics where rational individuals as individuals or groups pursue their self-interests or ideas under universal principles of the polity. Individuals in the public domain, as lawmakers, executives or judges, must leave their particularistic identities and concerns, and become 'disembodied' public figures. This is the domain of the

general interest or common good, which entails universalistic formulation of private interests. In the private domain, in contrast, particularity and diversity reigns, which are assumed to be non-political. Feminism, immigration and multiculturalism, use of ethnic and religious symbols naturally problematize this public/private and political/non-political distinction. Liberal democracy with its abstract constituency gets increasingly incapable of responding to such new demands in the context of globalization or intermingling of diverse life forms.

In a liberal democratic framework civil society comes into the political scene in the form of interest groups or pressure groups with a certain degree of influence over the formal power holders. However, just like democracy, civil society has also been a territorial and national phenomenon in its concrete historical evolution. Civil society developed alongside capitalism and the nation state, taking root on the new economic classes and operating within the relatively secure environment generated by the rule of law (Keane, 1998; Cohen and Arato, 1992). In a capitalist society with a nation state, the conception of a civil society at the margins of the 'public' or 'political' is in fact deeply problematic. To consider the whole capitalist class, huge private enterprises and their organizations, in the same category as weak or loose voluntary groupings of citizens, seems to be a very unrealistic picture of the real political processes. The growth of transnational companies and banks, with a turnover greater than many small or poor nation states, makes this picture even more superficial. Increasing concern for cross border risks and problems (environment, nuclear weapons, poverty, etc.) and development of a web of relationships among individuals and groups living under very different political settings, also poses a problem to the current conception of the civil society and its relationship to what is 'political.'

The crux of the problem at hand is whether the self, civil society and democracy conceptions and practices developed under the city-state and national contexts could be transcended by a more inclusive one in a global context (Held, 1995). In other words, the problem is to reconsider the possibility of a non-territorial and inclusive democracy, with a new perspective on the relationship between the universal and the particular, public and private, political and non-political. Globalization, used in this context, means not something above or beyond particular states and societies, forcing change from outside. It is rather conceived as a growing gap between the state and society and a growing need for democratizing democracy in a new time/space. Diversity and ambiguity are parts of this endeavor, which requires a broader and multi layered public sphere.

Such a conception of democracy and globalization does not necessitate rejection and elimination of the state and instrumental rationality of the Cartesian self. However, it means an end to their absolute dominance or monopoly. In that context, there is a demand for both horizontal and vertical enlargement of the boundaries of public or political. By a horizontal enlargement I mean going beyond the territorial nation state, without eliminating democratic politics at the state level. By a vertical enlargement I mean going beyond the limitations of the simple instrumental rationality. This is basically a demand for further democratization of the state and state/society relations, looking for different conceptions with respect to state sovereignty and citizenship.

Going back to the universal/particular dialectic as a recurrent theme in the Western philosophy and political practice, globalization could be considered as another grand battle among these old concepts. In contradistinction to the simple characterization of the globalization as the triumph of the capitalist market and liberal democracy, globalization needs to be considered as a complex concept including simultaneous processes of integration and fragmentation, homogenization and heterogenization, peaceful resolution of old conflicts and new forms of conflict. Concepts like glocalization (Robertson, 1992) and hybridization (Pieterse, 1995) often used in the globalization literature point the need for more complex terminology in the evolution of the globalization debate. In a world more interconnected, and perhaps more important than this, aware of itself as more interconnected, some notions of classical epistemology and methodology lose their practical value or validity. As has already been explored in previous parts, postmodern and post-structuralist debates, hermeneutic approaches and pluralist epistemological and methodological arguments become pervasive in that process.

Globalization, in this sense, does not mean construction of a universal logic for all humanity or the 'end of history' but rather a concept that refers to multi-layered, complex and relational world, where no single actor or rationality can assert a total domination over the rest. There is not the single universal self but various selves and various conceptions of selves, not the modernity but different modernities, not the rationality but multiple rationalities, and so on. The challenge, in this context, is how to reformulate democracy as a general framework for facing and preserving this diversity without falling back to extreme forms of relativism and violence. There is

no easy and once-for-all answer to this challenge which entails permanent struggle in a world that is open to multiple alternatives, desirable or not.

What has planning to do with all these debates on globalization and identity/difference? It is clear from the discussions in the previous chapter that state-centered planning based upon instrumental rationality and expert dominance is part of modernity in its "simple form." What is argued in this context is that as the general epistemological and material conditions change, or as the globalization or "reflexive modernity" processes outdate old forms of public and politics (Beck, 1997), planning in its traditional form becomes problematic and dysfunctional as well.

Are we going to abandon planning altogether and let the market take care of social problems automatically? Can pure market relations substitute for identity/solidarity issues and sustain the social fabric? Postmodernity and globalization debates are significant in terms of identifying the limits of social engineering based upon human knowledge, but how are we going to approach our practical problems of justice. Even the most radical postmodern thinkers are deeply concerned about such issues so far as declaring, "if anything is deconstructable, it is justice" (Derrida, 1994: 36). The old planning may be dead but pure market relations do not seem to be the only answer for social betterment. As Durkheim observed long ago "if interest relates men, it is never for more than a few moments" (quoted in Habermas, 1981: 116). What we are in need of is not abandonment of planning as such but a new conception of planning adapted to this new environment. Bauman puts this tension or ambiguity concerning social justice and social engineering succinctly:

> One can even say that prohibition of social engineering is itself a social engineering of sorts, once one knows (and we have such knowledge now) what consequences the 'natural' trends, if unattended and uncorrected, are likely to bring …Balancing of costs and gains of, respectively, action and non-action is not just an exercise in non-partisan expertise and dry, dispassionate accuracy, but a political decision between alternatives burdened with prospectless lives and dashed hopes (Bauman, 1991: 270)

It seems that the "argumentative turn" in policy planning may provide us a new opportunity to cope with this challenge.

3.4.1 Communicative or Argumentative Turn in Planning and Public Policy

There is a visible effect of post-positivist (e.g., Thomas Kuhn, Paul Feyerabend, etc.) and reflexive modernity thinkers (e.g., Anthony Giddens, Ulrich beck, Scott Lash, etc.) on planners of a new generation (Muller, 1998; Innes, 1998). From all these discussions on post-positivist epistemology and globalization one might conclude that under the new intellectual and material conditions facing the planners today, it is neither feasible for desirable to continue a planning practice based solely upon instrumental rationality, elite guidance and paternalist state considerations. As Fischer (1993: 21) observes, there is an "argumentative turn" in public policy and planning, which "emerges as much from larger political and institutional conflicts in society as from methodological issues." This "communicative turn in planning" is not "idealistic," considering the practical experience of planners in complex societies and anti-democratic alternatives (Healey, 1993: 248). It is in that context that planning theorists, such as Sandercock and Forester, developed planning theories that go beyond "simple modernity" (Beauregard, 1998: 94).

Habermas is a very strong connection between philosophical debates and practical planning alternatives. Marx thought we have reached a stage to make history rather than being an alienated object before the forces of nature and political structures of a class society. That stage for Marx is communism, which goes beyond basic needs and opens a space for self-realization through human consciousness. Later socialist experience transformed this vision into a planned society in which experts decided on behalf of a classless society upon its common good. However, as a post-Marxist, Habermas (1970a) thinks that we cannot control everything and there are always technological and social changes that go beyond our expectations. Therefore, it is neither desirable nor possible to create a totally planned society. However, that does not mean that human control is totally out of the equation either. There needs to be a balance between social control and technical change. In a sense, Habermas proposes a soft planning approach that takes place in a limited range with more participants.

There are some communicative planning theories and models developed in that framework. Sager (1994) provides a comprehensive example for such models. In this perspective, planning problems can be solved in two contrasting yet complementary ways: one can trust expert judgment based on analytic technique or discuss the matter and reach a group decision. These modes of problem solving are reflected in the dichotomy of calculation versus communication. The planners have to balance efficient goal achievement and democratic procedure. On the abstract level it is a question of bounding the domains of instrumental and communicative rationality in public planning.

This new planning paradigm develops mainly on the basis of a broader conception of rationality that is also relevant in a more interconnected and complex world, reflected in the diversification of the "social." The below given SITAR table shows the use of different rationality conceptions and their corresponding planning approaches. As the table implies, a new planning paradigm and practice entails first of all a new rationality conception.

A rationality-based classification scheme for normative planning theories

Rationality type	Paradigmatic core	Corresponding planning Theories
1 Instrumental rationality	Search for the best possible combination of means for given ends	Synoptic planning, public sector strategic planning
2 Bounded instrumental rationality	Search for satisfactory alternative, given an unclear and partly collapsed means-ends scheme	Incrementalism (disjointed), Strategic choice approach
3 Communicative rationality	Organize dialogue to promote democracy and personal growth and search for a solution agreed upon in undistorted communication	Transactive planning Dialogical incrementalism
4 Bounded communicative rationality	Counteract structural communicative distortions to promote equal opportunities and build support for a reasonable effective and fair alternative	Advocacy planning Planning as questioning and shaping attention
5 Other type of rationality, e.g., system-maintaining types, like political and ecological rationality	E.g.: Political rationality preserves and improves decision structures to prevent indecisiveness and conflict	Recalcitrant planning, i.e., planning emphasizing other rationality types than those above. E.g., radical planning and ecological planning

Source: Sager, 1994: 42

3.4.2 Habermas and Communicative Planning

The use of Habermas' ideas is very prevalent in such efforts. Particularly Habermas' concept of communicative rationality is the most useful point of departure for a new planning paradigm. As Pensky (1995: 107) observes "the general area of planning and policy analysis is one of the most significant locations for the application of Habermas' critical theory." At that junction it may be useful to give a brief presentation of Habermas and the background of the concept of the communicative rationality.

Habermas is a student of Frankfurt School organized around the ideas of Adorno and Horkheimer. This school originated with the Institute for Social Research, founded in Frankfurt in 1929. The school is best known for its "critical theory of society." The original idea of the school was to integrate normative philosophical reflection with empirical social sciences in order to provide a basis for emancipation and a rational society. However, following the Nazi experience and the Second World War, prominent representatives of the school got more pessimistic about the future of modern society and possibilities for emancipation, and thus criticisms of the school on modernity has sharpened. Adorno and Horkheimer (1972), as well as Marcuse (1969; 1971), put forth very harsh criticisms on modernity by pointing out the totalitarian and repressive tendencies inherent in the instrumental conception of reason, which they took as the dominant understanding of modern concept of rationality.

Habermas became Adorno's assistant in 1956 and developed into a very influential philosopher, both in theoretical and practical debates in the post War Western

Germany. In contradistinction to other figures of the school, particularly Adorno and Horkheimer, Habermas did not lose his optimism about emancipation in modern society. He has, actually, continued the original project of the school to integrate philosophy and social sciences for political change towards a better world. In his defense of modernity Habermas does not object criticisms of instrumental rationality and gives a tribute to his predecessors for pointing out some immanent dangers in the use of such type of a reason. However, Habermas does not accept identification of modernity with the instrumental rationality and claims that this use of reason is just a part of a broader conception of rationality, and sets forts for himself the traditional Kantian role of philosopher as "the guardian of rationality" in its broader conception (Habermas, 1996a, 1996b, 1996c).

As is already evident, in order to understand Habermas one needs to go into modernity debate to some extent. Habermas is mainly in the position of defending modernity against onslaught of postmodern critics like Paul Feyerabend, Michael Foucault, Jack Derrida, and Richard Rorty. Relativism and its political implications are the primary questions for Habermas (Bernstein, 1985: 4). He mainly criticizes particularistic and self-defeating character of those postmodern approaches and stands for universalizing tendency of modernity, and thus, proposes to understand the Enlightenment and modernity in more complex terms (Fleming, 1997: 1-17). In that perspective he developed the concept of communicative reason based on inter-subjectivity and a free and equal participation of parties to a dialogue. That is proposed as a way to reach consensus without resorting to power and violence. He defends "ideal speech situation" as a standard for rationality, which aims at "a consensus arrived at in a discussion free from domination" (Habermas, 1970a: 10).

In that conception what is rational is not given prior to a dialogue but rather an end product based on the power of better argument in a real dialogue performed under suitable conditions.

Habermas tries to stress that modernity or the Enlightenment is not just a call for control or domination upon natural and social life, but also a project for emancipation from all sorts of repression. In that sense, he perceives modernity as an "unfinished project," considering the deficit on the side of its emancipatory promise. It is through the discursive or dialogical reasoning that the emancipatory aspect may exert its power upon the cultural and political structures of the society. That broader conception of modernity is basically expressed by what he calls "the communicative action" (Habermas, 1981; 1990). Modernity can no longer base itself upon metaphysical and religious conceptions of substantive rationality, but has to stick with procedural conceptions following Kantian example of categorical imperative. The universal character of Kantian philosophy needs to be preserved, but its egocentric formulation replaced by inter-subjective or dialogical practices, according to Habermas. That requires an "ideal speech situation" with the right to universal access, the right to equal participation, and no subtle or overt repression.

In his effort to save philosophy/modernity both from conservative pre-modern approaches as well as from destructive postmodern critics, Habermas resorts to a larger conception of hermeneutics (Habermas, 1990: 1-4). Epistemology, for Habermas, is concerned about the relationship between language and reality, concentrating on the observable reality and testing the correspondence between our utterances and what is the case in the empirical world. On the other hand,

hermeneutics deals with a threefold relationship involved in human utterances. An utterance, in that context, serves as "(a) an expression of speaker's intention, (b) an expression of the establishment of an interpersonal relationship between speaker and hearer, and (c) an expression about something in the world" (Habermas, 1990: 24). In other words, Habermas proposes an approach to knowledge, which takes into account subjective, social, and physical reality all at the same time. In that framework, it becomes possible to combine the philosophical and artistic aspects of knowledge with empirical/explanatory knowledge of sciences.

Every use of language or interpretation upon reality is in need of providing reasons or justifications by referring back to personal/subjective, normative/legal, or physical conditions that are deemed as binding to the parties of an argumentation. In doing this references participants of a conversation also refer to a shared conception of rationality as an arbiter of debate that makes people reach some sort of a consensus for action without resorting to violence or any other extra-rational tool to solve their conflicts. A rational outcome, in that framework, is based upon sincerity (subjective truthfulness), appropriateness to the shared norms (legitimacy), and conformity to physical realities (feasibility).

Raffel (1992) explains these conditions of rationality employed by Habermas with a simple example of a professor requesting a student to bring water for him/her. In such a position, which also includes a power relationship, the student, as the weaker party subject to the request, may resort to three ways of objecting the professor according to the criteria set forth by Habermas. The student may question the subjective truthfulness or sincerity of the professor and ask whether the professor is

thirsty or whether he/she is trying to put the student in a shameful position before the others. Student may also refer to shared norms and question normative and legal appropriateness of the request by telling, for instance, that he/she is not an employee of the professor and thus the professor does not have a right to make such requests. Finally, the student may also use physical feasibility argument and tell the professor that there is no water accessible to bring in the seminar time.

Those threefold questioning is also related to Habermas' more abstract classification of "knowledge-constitutive interests." There is a "technical," a "practical," and an "emancipatory" interest, corresponding to control of the world around us, understanding others, and freeing ourselves from structures of domination (Habermas, 1970b; White, 1995: 6). Technical knowledge is rooted in labor, uses empirical-theoretical tools to represent objective/physical reality, as employed in natural science; practical knowledge is rooted in language, uses interpretive approach, characteristic of social science; while emancipatory knowledge is rooted in power relations, uses self-reflexive and artistic approach, appropriate for critical thought (Fleming, 1997: 36-41).

As has been discussed, Habermasian conception of rationality draws upon all three sources of knowledge not just "technical." Those inputs from natural science, social science, art and personal reflection come across and interact in the process of a rational argumentation. The outcome is rational in a broad sense, as there is consent

of capable participants speaking to each other in the framework of a "life world"[31] providing some common elements and shared meanings for communication.

3.4.3 Globalization, Civil Society, and Public Sphere

Apart from the debate on modernity and its promises, one may also locate Habermas' approach into the post-socialist world of triumphant market ideology. In that framework, one may argue that the main problem for Habermas is how to reach consensus or manage/administer/order a unequal/hierarchical/class society that is, at the same time, based upon principles of freedom, equality, and individuality. In other words, the problem is how to reconcile modern state and capitalism with democracy. Adding new social movements (feminism, environmental movement, peace movements, citizen initiatives, anti-colonialism) and growing interconnectedness and intermingling between different cultures and ethnic groups in a globalization process, the need for reconciliation becomes even more urgent. In that process it is getting increasingly hard to define society as a Subject with clear goals and interests. Neither the market nor the state elite is in a position to represent what is rational for a diversified society with open borders.

What is proposed by Habermas, in that context, is basically liberal conception of freedom of speech[32] operationalized through various institutional mechanisms (the parliament, the media, the courtroom, the academia, civil associations and

[31] "Life world" is used by Habermas vis-à-vis "system" that is constituted by economic interests in the market and bureaucratic interests in the state. Life world goes beyond these systemic forces and provides some kind of a shelter for freedom. Individual experiences, family, small groups, neighborhoods, various types of civil society organizations, constitute the life world (Habermas 1981).

[32] In his criticism of Habermas, Rorty (1985: 173) claims that "valuing 'undistorted communication' was of the essence of liberal politics without needing a theory of communicative competence."

movements, etc.), both formal and informal. However, the concept of public is enlarged to include informal networks of debate that provide the basis for formal legal decisions. That is what Habermas calls "discursive democracy" which is the interplay between "a multiplicity of 'public spheres' emerging across civil society and a broad spectrum of formal political institutions" (White, 1995: 13). "The very concept of 'public sphere' is to do with rational-critical discussion" in a multiplicity of communicative avenues (McGuigan, 1996).

The idea of civil society is critical in that understanding of politics and public policy. Institutional core of civil society is; (a) a government which is limited and accountable, operating under the rule of law, (b) a market economy (a regime of private property), (c) an array of free, voluntary organizations (political, economic, social, cultural), and (d) a sphere of free public debate (Diaz, 1995: 81). Civil society makes no sense under the total domination of instrumental or economic rationality based upon means-ends type of relationship and expert knowledge (Dryzek, 1996: 115). It is not anti-thesis of the state but emerges in the conditions provided by the state (Hall, 1995: 16). Otherwise, 'civil society' loses its meaning and turns into an anarchical stateless situation with 'nascent' civil societies (Keane, 1998: 191).

In that context of multiple public spheres and a lively civil society alongside state structures and capitalist economy, Habermas takes a position between republican/communitarian and liberal models of democracy, trying to reconcile common good and particular interests, collective identities and individuality, responsibility and liberty, without sacrificing any. In that sense, Habermas'

conceptualization coincides with cosmopolitan understandings of globalization discussed above.

Habermas thinks that the language of state and market is basically a technical language that is related to instrumental rationality. The political community at large, on the other hand comprises the life world, which contains the potential for communicative rationality. The problem, in that framework, is to save the life world from total domination by the instrumental rationality of the bureaucratic state (power) and capitalist enterprise (money). The Welfare State is criticized in that junction by Habermas for "colonizing the life world." In short, what Habermas proposes is not elimination of the modern state or market, but their encapsulation in a life world with multiple channels of communication. What is required is to strike a balance between those two worlds by discursive democratic practices.

What emerges from all these debates is a new planning paradigm based upon free communication among all parties in the context of future-oriented collective action. This planning paradigm depends on "story telling" as much as technical analysis (Forester, 1993). This communicative, dialogical, argumentative or democratic planning aims at consensus among free subjects of a conversation as the standard for legitimate policy making. It is also critical to note that "dialogue here is no longer a simple ego-alter ego interaction but rather an encounter between mutually decentered agents involved in a transformative event" (Dallmayr, 2001: 346).

3.5 Assessment of Communicative Planning based upon Habermas' Critical Theory

3.5.1 A Critical View on the Goal of Consensus in Communication

Habermas provides planners with a very fruitful concept of communicative rationality. However, his standards in defining this type of rationality also raise many philosophical, political and practical problems. The most important problem in Habermas' communicative rationality is perhaps his strong stress on consensus as the *telos* of communication. Consensus formation, in that theoretical context, "rests *in the end* on the authority of the better argument" (Habermas, 1981: 145). However, there is no guarantee that people shall reach a consensus even when there is an ideal speech situation. "Rational disagreement," for instance, is a pervasive fact in the history of science, allegedly the most rational human activity (Brown, 1988: 192; Healy, 1996: 171). Making consensus a value in-itself may not be appropriate in all cases. Sometimes a consensus reached by a certain group of people may be embarrassing for others, or for future generations. Who is going to judge the rationality of consensus in that case?

Habermas' emphasis on consensus for collective action is particularly problematic in terms of democracy. Democracy necessitates dissent and opposition. By stressing consensus as a criterion, Habermas shows an "implicit commitment to a homogeneous public" (Young, 1990: 7). As Mouffe (1993: 141) puts it "there can never be a fully inclusive 'rational' consensus" as long as the "political" is nor erased, or turned into a purely technical process. Habermas seems to put a strong emphasis on the "power of the better argument." This stress may not always resist to the significance of power and interest in the decisions reached for action.

It is not also clear in Habermas how to "distinguish between a 'rational' consensus—one based upon reasoned argument—from a consensus based upon custom and power" (Giddens, 1985b: 130-131). It is not always easy to decide whether it is the power of the better argument or the power of power to formulate itself as the better argument in a real dialogue. That is a classical binary opposition between truth and power. Considering discursive and ideological aspects of power rather than just its sheer content of force, it is hard to make a clear-cut distinction between power relationships and dialogical relationships. At that junction, Michael Foucault and some other postmodern critics need to be taken into account.

Insofar as Habermas' communicative rationality, as a basis for collective action, aims at consensus and eradication of opposition, it may threaten the very existence and meaning of democracy. That is why, one need to consider and reframe Habermas' communicative rationality within the context of democratic planning. First, dialogue should not be necessarily linked or predicated upon consensus. Consensus should be one of the possibilities rather than a criterion for an ideal or successful communication for collective action. Ideal communication, in that context, should be understood literally as communication among different viewpoints and stakeholders, without any external hindrance or coercive intervention. In that communication process some differences might be eliminated while sometimes new and even bitter differences might be generated. Second, even when there is a consensus at the end of a dialogue or communication process, this consensus needs to be considered as a provisional one that is open to be challenged at any later time or context. Consensus of whom, consensus at what time and place, consensus under what circumstances

and in which sense, etc. are all legitimate questions as limits to the value of any specific consensus.

Planning as a collective action oriented concept does, of course, need decision, but such decisions need not be necessarily based upon unanimity or consensus in each and every case. What communicative planning could reasonably target is decision that is arrived after debate, inclusive as much as possible of controversies and dissent. That practice and process would generate different perspectives, enhance the informative ground for decisions, and provide a certain degree of legitimacy and ownership for the implementation phase. On the other hand, this approach is expected to make dissent and alternatives visible as a force of vitality for future planning. With an effective monitoring and evaluation system in place, and provided that the dialogue shall continue in the future, dissent or minority views in today's communicative decisions for collective action might raise to the status of tomorrow's majority decision.

Communicative planning, in that sense, does not necessarily produce and work upon consensus or unanimity, but rather stresses the preservation of open channels for future dialogue, guaranteeing the chance for different configurations of decisions for future collective action. That means, consensus is needed, at most, on the principle of continuing the dialogue and basic procedures of dialogue, rather than on the substantial issues under debate in concrete decision-making contexts. In other words, Gadamer's and Rorty' stress on the continuation of dialogue or conversation is a

better guide than Habermas' stress on consensus. One may argue that a more flexible approach in that regard is also more practical and feasible.[33]

If communicative planning is not manipulated to create an image of unanimity and consensus to hide antagonisms among different views and interests, or if it is not used to create a "manufactured certainty," the more feasible and practical function of communicative planning would be to make different alternatives visible and provide a transparent framework for making a choice in a certain context under specific political conditions. That process would also show that the solution is not a technical, neutral, impersonal and necessary result, which is beyond any political dispute, but rather as an acceptable alternative for collective action for the time being, open to political opposition and reformulation at a later date under new conditions. What is critical in this process is to make sure that the choice is being made after the debate, or that the final decision is really *ex-post*, not vice versa, which would reduce the whole process into a meaningless manipulation.

There would certainly be a "pre-decision" or "draft-decision" similar to Gadamer's "pre-judgment" or "prejudice," if the debate for collective action could not be conceived as starting out of a void. However, final decisions or final judgments—themselves "pre-decisions" or "pre-judgments for the future debates—need to be made ex-post and with a reasonable influence of the communicative process. Understanding rather than consensus should be emphasized as a standard or goal in

33 Processes that seek out consensus can actually endanger more conflict, consume more time and resources, provide no guarantee for final policy and compliance, encourage peer pressure, exclude dissidents for gaining consensus, generate bias in favor of status quo, and limit communicative practices with trivial issues (Conlianese, 1999)

that framework, "understanding that is open to renegotiation in time instead of consensus" (Luhmann, 1998: 69).

Habermas speaks mainly within the context of nation state and bases his theory on the legal and institutional infrastructure brought about by national practices. In a globalizing world the boundaries of political community is getting blurred and thus the potential participants of a dialog is also problematic in that new environment.

All these criticisms about consensus at the "domestic" level can be repeated for the neo-liberal claims for certainty as formulated in "there is no alternative" slogan of the 1980s at the global level. This "Washington Consensus" reflected in the practices of the international agencies denies the political nature of planning and policy-making by reducing everything into "technical" or "optimum" solutions. The "technical" and "top-down" approach inherent in the international financial institutions to developing countries, based upon the imposition of generic solutions, can also be related to this debate on the value of consensus.

In that context, one should emphasize that the communicative planning is not just a national but also a global requirement, if it is going to be meaningful under globalization context. That means the current approach, if not the discourse, of the international financial and other institutions needs a fundamental change towards communicative practices and real dialogue. Dialogue with developing countries and their governments should not be considered as a manipulative process to get their consent for already drawn policy proposals, but rather as a real debate on the context-

bound solutions reached after an open communication process. That transformation, in turn, partly related to a "deepening" of democracy and development of communicative practices in the developed countries, which primarily shape and control such institutions. Otherwise, communicative planning in developing countries might turn into mere "talk" among powerless stakeholders.

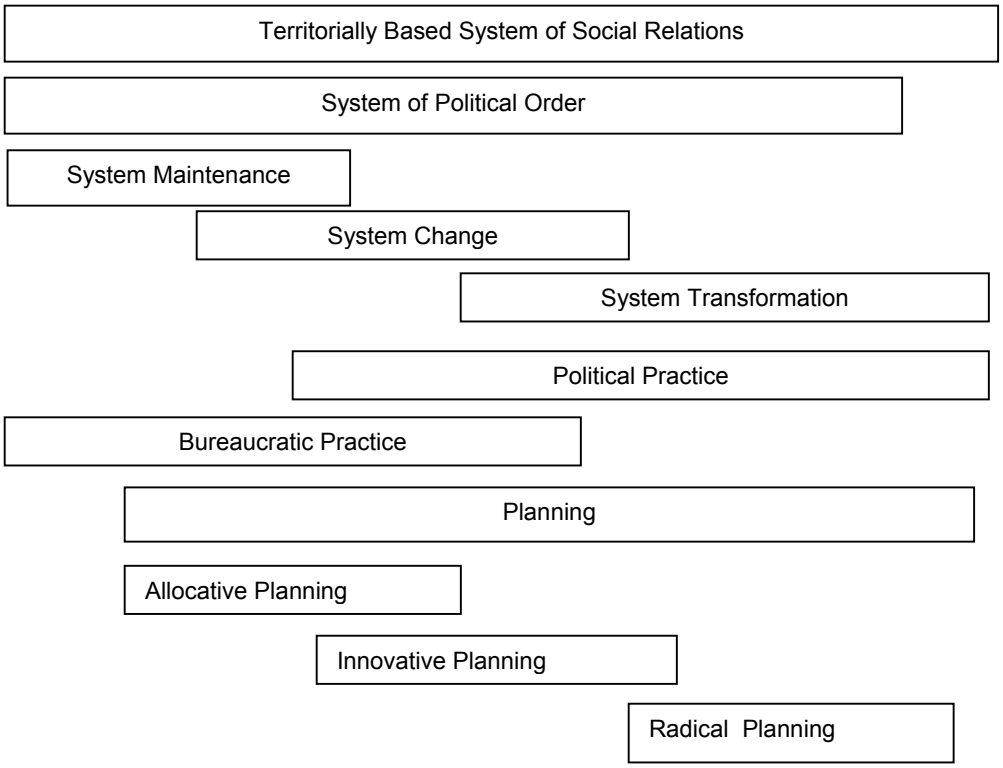
One needs also underlie the fact that Habermas' theory is developed under the conditions of the rule of law in liberal democratic societies. What Habermas proposes also requires a particular sort of political culture open to diversity and difference. In other words, discursive democracy is a "deepening" of liberal democracy, and requires certain preconditions made available by the former. In that context, countries having weak democratic institutions and an elitist political culture are not in a very good position to provide the larger framework for the operation of discursive democracy. Discrepancies between "ideal speech situation" and real speech situations, especially in the less developed parts of the world, who are not only under the repression of authoritarian indigenous rulers but also dictates of external powers (bureaucratic and capital), entails a more qualified approach.

Last but not the least, Habermas makes a sharp and clear cut distinction between the "system" (economy and state) and the "life world," attributing them respectively instrumental and communicative rationality. In fact, this is an over-generalization and does not pay adequate attention to communicative rationality in the system and instrumental rationality in the life world. As Diaz (1995: 104) argues "neither economy nor bureaucracy is as machine-like, instrumentally rational and determinant

as Habermas tend to portray." This point is particularly important for developing participatory mechanisms within formal bureaucratic structures.

3.5.2 Beyond Habermas: Planning, Politics and Power in a Global World

In the below given visualization Friedmann (1987) gives an overall picture of planning in relation with the territorial state, political system and bureaucratic practice. As is evident from this representation, planning is a tool not only for system maintenance and system change, but also system transformation. It is very hard to draw a clear demarcation line between planning and politics. It is important to distinguish between different types of planning (such as advocacy, innovative and radical) in order to debate the connection and interaction between politics and planning. In its technical definition based upon instrumental rationality and expert guidance planning could easily be considered as a non-political, and even sometimes, anti-political endeavor. However, when it comes to advocacy planning, communicative planning, radical planning, etc. one needs to consider the inherent political characteristic of any planning activity.



Source: Adopted from Friedmann, 1987: 30

Planning at the national level cannot be totally separated from politics. One should ask the question of "who plans?" and interrogate the legitimacy of planning as a process of "deciding for others" (Sartori, 1987: Chapter 12). Forester (1993: 192-197), for instance, underlies the fact that the planners are part of politics and make political and ethical choices all the time, whether they like it or not. As expressed by Heilbroner (1985: 97) "the prevailing interest system…not only designates the ends for which [one] must plan his means, but…also establishes the calculus." In that context, one should accept that planning is a highly political process, both when politics is considered as an authoritative redistribution mechanism and when it is defined as a deliberation process on the common issues of a community.

Using Parson's system view and identifying main sub-systems, Sager (1994: 38) draws the following table, which gives a comprehensive picture on the connection between planning and politics

A compound rationale for planning

Main aspects of planning	**Planning as integration**	**Planning as politics**	**Planning as Production**
Features defining the planning process	1	2	3
1.Elements of the planning rationale	Personal growth	Aid for undistorted communication	Correction of market production
2.legitimizing bases	Community and the public interest	Overcoming illegitimate social inequalities	Efficacy in meeting material needs
3.Kind of emancipation primarily aimed at	Relaxation of mental bounds	Liberation	Relief
4.Target areas for the planned action	Integrative system, i.e., self and close interpersonal relations	Political system, i.e., collective decision-making	Economic system, i.e., material conditions
5.Main types of rationality	Social rationality, stress on ego strength and solidarity	Communicative rationality, stress on mutual understanding	Instrumental reason, stress on goal achievement
6.Paradigms for practice	Psychoanalysis	Conflict-analysis	Engineering Science
7.Paradigmatic planning theories	Transactive, dialogical incremental	Advocacy	Synoptic
8.Sociological perspective	Consensus view	Conflict-view	Neutral
9.Foci of planning	Process-orientation, citizen participation for consciousness-raising and empathy training	Primarily process-orientation, e.g., citizen participation as direct democracy	Product-orientation, e.g., citizen participation for information and smooth implementation

Planning in this context is related to politics in both its liberal and radical or discursive meanings. In the former or liberal meaning of politics, redistribution of resources is the primary subject of politics. In that context, planning, defined as rational resource utilization, is directly related to the political process defined as a redistribution mechanism. Setting priorities and making choices among alternative uses of resources are integral parts of planning practice, as much as the source of various political debates. With a strong emphasis on efficiency and instrumental rationality, "the politician in the [liberal] technical state is left with nothing but a fictitious decision-making power" (Habermas, 1970a: 64). Even when the political system in liberal democracies operate effectively, they do so together with a technical elite organized within the formal institutions or "think-tanks" connected with the party in power (Fischer, 1993: 34).

Politics as a discourse or as deliberation process is also related to planning as a process of forming consensus on the public policies and resource utilization. This time it is not planning based upon instrumental rationality but a planning based upon communicative rationality. However, the relationship between politics and planning or power and knowledge is still there. As has already been argued, communicative planning can solve the problem of instrumental rationality by broadening the public space and opening planning process to different stakeholders, but it cannot solve the problem of hegemonic ideology –as defined by Gramsci—and discourse as a built-in power relationship –as described by Foucault. In that context, some planning theorists focus on the role of unequal power in relationships and how they affect the

understanding of representations of different forms of rationality. Flyvbjerg[34], for instance, shows, with reference to Foucault, that power defines reality and that rationality is context-dependent in real planning practice (Stromberg, 1999).

Globalization and representation crisis of the nation state and national politics is a very significant context for discussing the relationship between planning and power. Representation crisis is reflected in the crisis of planning institutions particularly in developing countries, as exemplified in the Turkish case analyzed in later chapters. Conventional planning organizations are supposed to work on expertise and generate best or technically optimum solutions for the community. In practice many of those institutions are losing their power on the resource utilization and policy formulation terms. The gap between what is planned and what is realized is growing under the conditions of global and local processes out of the control of the central planning bodies. As a related issue, and probably more importantly, the gap opens between what public at large desires and what is planned in the official documents.

The relations between governments and planning bodies are also changing in that process. Especially in the developing countries governments, under the pressures of both international institutions as well as national clientele, take decisions that do not respect in any sense to the priorities and objectives defined in plan documents[35]. As a

[34] Flyvbjerg studied the history of the prize-winning "Aalborg Project," an ambitious and comprehensive plan of the late 1970s, intended to reduce private car use and promote public transportation. This project finally turned out against the original objectives. In this case study that has influenced significantly the planning literature, he emphasizes the force of deliberate distortion of documentation, behind-the-scene negotiations, undemocratic coalitions and the dominance of rhetorical persuasion (Lapintie, 1999: 11)

[35] For instance, in the macro-economic policies the role of IMF and the World Bank, in trade policies the WTO, etc may become more important for governments in urgent need of foreign financial resources (aids or loans); while the interests of narrow party financiers might be more effective in shaping the public investment choices that are supposed to be in line with plan priorities.

result, plans lose their prestige and become superfluous documents. Planning is closely related to action, and without action plans turn into ordinary reports. Under these conditions some policy makers opt for more authoritarian solutions for the sake of a stronger economic performance in developing countries. At that junction, it may be useful to have some word on the relationship of democracy, power and planning in developing countries.

Discussions about the relations between planning and politics in general and planning and democracy in particular leads us to power as one of the central concepts of politics. What is the effect of power on the processes and results of the planning process? Is planning, as some radical critics would argue, nothing but a technical cover for the justification and legitimacy of some powerful political and economic interests in the society?[36]

Planning is about the definition of common interest for the society and action based upon such definitions. Considering that "society" is not a unitary "subject" but rather divided along economic (class, income, occupation, etc) as well as cultural lines (social movements, minorities, religions communities, etc.), the difficulty of formulating common interest becomes obvious. Using the concept of "hegemonic ideology" developed by Gramsci, one may argue that planning in such a diversified context creates an image of unified interest, and thus, contributes to the interests of the dominant sections of society, who really shape the real content of planning.

[36] Marxist criticisms of planning are illuminating in that regard. They argue that planning in capitalist countries mediate conflicts between capital and labor, regulate some secondary conflicts within capitalist class, and play an ideological function by hiding special interests of the capitalist class under the concept of common good, as if society is a homogeneous entity (Sager, 1994: 51; Friedmann, 1987: 437-447).

However, very difficult though it may be, democratic politics and planning in a diversified society lose its meaning without some possibility of defining common interest. As Friedmann (1987: 27) argues "the state must maintain at least the appearance of serving [public interest or the common good]. If it does not, its very legitimacy may be in doubt." That is, ideological use of common interest should not be taken as an end to various possibilities of communication among different social agents. Otherwise, common interest would be limited to a perfectly homogeneous and harmonious platonic state. Just like the concept of rationality, the concept of common interest needs to be put in a broader context. At the end, it is the political process and political struggle that will determine "the outcome of tensions among different rationalities in development decision-making" (Goulet, 1986: 131). In other words, "future planning theory will have to address the Foucauldian concepts of power/knowledge and productive power more seriously" (Lapintie, 1999). Apart from an ideal search for common interest it seems to be more realistic and democratic to devise necessary mechanisms to deliberate and negotiate on the content of the common interest in concrete contexts.

3.5.3 Planning, Democracy, Market and Freedom

On the background of the above discussion related to the relationship between planning and politics, one needs to analyze more specific issue of planning and democracy, or planning and freedom. There are different views about the relationship between democracy and economic development.

First, there are people who argue that democracy is harmful to development (Sen 1999). Those who support this view point out the experience of East Asia as a happy combination of authoritarian rule and economic development. It is argued that an authoritarian government is in a better position to harness national resources in national development projects by transcending particular interests within society. Chinese economic success is also pointed out as a case for this argument. Authoritarian governments can keep working classes in check, press their wages to increase competitiveness, provide stability for domestic and foreign firms, and undertake large physical and social infrastructure investments. In a democratic environment it would be difficult to make people sacrifice their short-term benefits in return for long-term development benefits, which some early generations might not even see in their lifetime. In that line of argumentation one has to wait until a country reaches a certain level of development before transforming into a democratic polity.

Opposite to the first perspective, there are also people who advocate that democracy is helpful to development. Those who support this view stress responsiveness of democracy for the demands of larger community. They also stress transparency brought about by democracy in devising and executing policies. Some corrupt and failed authoritarian regimes are pointed out as the possible outcomes of an authoritarian model for development (like some former socialist countries, some African and Latin American dictatorships, etc.). It is argued that particularly in crises times (hunger, macro-economic downturns) democracies are better performing to protect vulnerable groups within society through an active media and other political channels of pressure upon government (Sen, 1999).

Amartya Sen (1999:13), for example, takes the oft-repeated argument that "poor people are interested in bread, not in democracy," and claims that such an argument is fallacious at two different levels. First, democracy has a protective role, which is particularly important for the vulnerable segments of society, and second, there is no persuasive evidence that poor people prefer to reject democracy. It is usually elites in authoritarian countries who make such arguments in order to legitimize what they actually prefer to do.

There are also those who don't observe any clear causal relation between democracy and development. Those who express such views are usually social scientists conducting systematic empirical analyses. Those empirical studies show no clear correlation between democracy and (economic) development, either in negative or positive way. There are successful democracies in terms of economic development as well as failed ones. So are authoritarian countries (Przeworski, 1999).

However, those views have some significant limitations. First of all, it is important how one defines democracy and development. Democracy might be defined in various ways, formal or substantive. Development is also open to different definitions. A broader conception of development cannot be confined to increase in per capita income measured in dollar terms. Income distribution between different segments and regions, quality of education and health services, environmental degradation in the process of development, sustainability of growth in the long term, are but some other elements in a broader conception of development. One may also question the value of economic development without civil and political rights and liberties. If we are going to judge development from a broader quality of life

perspective covering freedom and participation in the decision-making processes, then it is almost impossible to separate democracy from development (Bardhan, 1999: 93).

Moreover, after the end of the cold war and spreading of democracy almost all parts of the world, development has to take place in a new international environment. International organizations as well as individual countries and regional trading blocs are increasingly stressing democracy as an important element in economic relations (technical cooperation, trade, economic integration, capital movements, credits, etc.). Authoritarian management of economic development is getting difficult in a global environment valuing democratic practices, particularly under the concept of human rights. Many developing countries do not simply have a choice to pursue authoritarian rule and get the economic ties with the rest of the world intact.

In short, whatever its affects on economic growth, democracy has its own merits as a preferable system of government based upon the consent of the governed and providing some basic rights and liberties valued by a vast majority of people. It should also be pointed out that a sustainable and broader conception of development entails democracy as an integral element of social welfare. In addition to that, in a new historical environment in which democracy is becoming a universal value, if not a universal practice, it is getting hard for authoritarian models of economic development to sustain support from the external world to their policies. Planning, in that context, need to be redefined to meet the requirements of a broader conception of democracy and development. In a pluralist and participatory planning practice based upon participation as well as expertise, a balance can be stroke between some

specific issues that seemingly create a trade-off between democracy and development.

Indeed, in a highly complex and dynamic world, democracy should not be considered just as an ideal, but rather as a requirement for managing uncertainty and conflict. Democratic values, in this context, should guide state action that would be effective, equitable, and participatory. Democratic values increase effectiveness via heightening participants' commitment to implement decisions because they are not imposed from above; focuses policies on the problems of disadvantaged people; and encourages the development of political wisdom in ordinary citizens by grounding competency through broad and deep participation (Fung and Wright, 2000: 34-40).

One should also stress the fact that democracy and market do not always and necessarily go hand in hand. Capitalism can take different political forms and the spread of capitalism after the cold war does not guarantee stable democratic politics in the long run. There is some sort of a relationship or a broad correlation between democracy and the level of economic development in general and the level of market autonomy in particular, though this is neither a necessary nor an automatic relationship. However, even an international financial speculator, George Soros (2000: 2), does recognize the fact that "if we care about universal principles like freedom, democracy and the rule of law, we cannot leave them to the care of market forces." Those who see an automatic connection between democracy and capitalism are, according to Soros (2000), "market fundamentalists." Existence of markets and openness to the international economic relations might be helpful and to some extent necessary for the development of liberal democracy, but they are certainly not

sufficient. Not only the present day examples but also historical experiences of fascism and various kinds of authoritarian regimes in capitalist economies during the 1930s and later witness this argument.

The relationship between market and democracy might also be extended to the relationship between planning and democracy. Is planning against democracy or political liberties? The classical distinction between positive and negative conceptions of freedom is a very important departure point in this debate[37]. "Does freedom consist of our right to *do* something, or does it instead-or also-encompass our right to protection *from* something" (Hickman, 1956: 184). Those who describe freedom as an ability to do something defend positive freedom thesis, while those who defend freedom as the right to protection from something defend negative freedom thesis.

Based upon the ideas of Hayek, one might argue that planning as an alternative to market mechanism is a "way to serfdom." It is neither efficient (due to information deficiencies to distribute resources effectively among numerous alternative areas nor liberating due to its emphasis on expert decision instead of the decisions of each and every consumer in the market (Friedman, 1962: 4-11). This is basically a negative freedom approach in political science, stressing limits to state intervention in private sphere. Apart from this libertarian objection to planning, there are also significant objections for planning due to its authoritarian and paternalistic implications. That is

[37] Isiah Berlin makes this distinction in political philosophy and asserts that "the positive conception of freedom is antimodern" (Mouffe, 1993: 37-38).

basically the idea of an "authoritarian welfare state," which does not result in an emancipated society, despite its social functions (Habermas, 1970a: 58).

However, the relationship between planning and democracy might be constructed in a totally different way, too. In that context, one may argue that planning is basically an empowering process that overcomes inequalities of the market results and involves a broader segment of the citizenry that are very ineffective or totally excluded in the market (such as poor peasants, unemployed, disabled or handicapped). Marxism in general emphasizes substantial inequality and criticizes legal or formal liberties and equality before law (Klusmeyer, 1996: Chapter 9). Marcuse (1969: 87), among many other socialist thinkers, for instance, argues that collective ownership of means of production and planning are necessary conditions for liberty.

Thus, broad generalizations about the relationship between democracy and planning or freedom and planning are not very helpful. Indeed, there is an ambiguity and tension between planning and freedom. Planning is, "inherently, partly controlling and partly an exploration of new opportunities" (Sager, 1994: 58). It is not planning in general but planning in its concrete forms and processes that may be reinforcing or impeding for democratic practices. Planning, just like Foucault's concept of power, is a Janus-faced phenomenon. It may be both enabling and repressive. It is futile to discuss planning in abstract terms and judge it in one way or another. What is more meaningful is to search answers to questions such as what type of planning, planning by whom, planning with which methods and tools, planning at what level, planning for what, planning in which area, etc.

If it is not reduced to simple consumer satisfaction, freedom as a social and political concept needs "the company of other men [and] a common public sphere" (Arendt, 1968: 148). Planning in that context needs to be an enabling and inclusive practice in the broader framework of democratic political process. The role of the planning in a new global and local context is related to the new definition of state/society relations. Transformation of the state/society relations along democratic practices shall also be reflected in the transformation of planning. Looking from the other side, a democratic planning process in the service of development in relatively underdeveloped countries may also contribute to the democratization of state/society relations. Emphasis on communicative rationality, inclusion of various social groups into the planning process through participatory mechanisms, flexibility in the design and implementation of plans, and transparency in the allocation of resources shall contribute to the elimination of the gap between real social demands and the content of planning documents as well as the gap between what is planned and what is implemented.

It is important to strengthen the role of representative state organs (particularly the legislative body) in the different stages of the planning process and avoid a total control by executive (government) and bureaucracy upon the planning. That is not sufficient, considering the problems of representation discussed above. What is required is a broader participatory practice that shall include civil society organizations (employers' and workers' unions, various associations related to planning activities, etc.). Further than that, particularly in the developing countries, it is also important to include unorganized majority through various means into the

planning activities, particularly at the project planning level. Otherwise, participation would be limited to a narrow organized section of society, and be biased towards the ideas and interests of those who can participate in an organized environment. Such mechanisms for developing a democratic planning practice are proposed within the context of Turkish planning in the chapter six of this thesis.

3.6 A New Planner for a New Planning Paradigm

"No practical planning theory comes alive without its practitioners" (Beauregard, 1998: 93). Perhaps the most important point in institutionalization and operationalization of new planning paradigm based upon communicative rationality is to redefine the planner. It is also significant to identify the role of the expert and technical knowledge vis-à-vis non-expert participants of a dialog. If rationality is not in the monopoly of the expert, then what is going to be the role of the expert in a process of argumentation aiming at reaching consensus or understanding in a non-violent way? Is expert going to be just one party among others representing a particular viewpoint or is he/she going to supervise the whole communication process by the use of technical superiority?

There are no easy answers to such practical questions in real settings. In all probability the old planning paradigm will not die and conventional planning activities and expertise shall play its role in public policy. In other words, communicative planning and planner will not replace but coexist with conventional planning and planner. Though both conventional and new planner "tell and listen 'practise stories' all the time," the dualistic nature of planning and planner should be accepted (Forester, 1993: 188; Tehrenian, 1995: 10). In this dualistic world of

planning, the discursive or argumentative notion of planning depends upon the notion of planner as a *participant* in a political and social world (Forester, 1985: 59). With an analogy to Popper's (1979: 106) "epistemology without a knowing subject," what is needed is perhaps "planning without a planning subject."

Are we going to make a distinction between different sorts of experts? Probably yes. One may distinguish between;

- Experts that are specialists of a particular field (transport, rural development, health, etc.)
- Experts that have a broader perspective on planning with their interdisciplinary background (planning experts).
- Experts that are specialized in communication and facilitation techniques.
- Experts that combine two or more expertise cited above.

All those different kinds of experts may have a legitimate role in the communication process. However, their role in planning process shall be different. However, as a general expectation, planning experts in communicative planning paradigm would have a special expertise in communication techniques in addition to being specialists in particular fields of planning. Planning education and curriculum should also be modified in order to serve to these new requirements (Innes, 1998).

It is also possible to classify planning experts according to their institutional and spatial connections and loyalties. In that context one may distinguish among local, community, national, international and trans-national experts; experts working for public agencies versus those working for private and civil institutions; and experts as political activists or expert-cum-political activists that provide services to political

parties, civil society organizations and social movements. There is going to be planning bureaucrats in formal agencies engaged in communicative planning alongside "radical planner" as a transformative community agent (Friedmann, 1987: 400).

The role of radical or community planning experts are important in that process, particularly in terms of inclusion of unorganized sections of the society into the planning process[38]. They need to act as mediators among different groups and present some ideas about the technical feasibility of the ideas put forth by the participants. They are also in a position to integrate different views into a more or less consistent operational program to be implemented. That means communicative planning requires different qualifications for planning experts or experts with different qualifications within the planning process. It is not adequate to have experts who are competent in subject matter wise but also experts who are competent in communicative skills.

At the end the approach to experts and their role in the decision making process shall also be determined in the communication process. Depending on the issue area and other particularities of the situation each time this role definition need to be redrawn. However, when all is said and done, one must probably accept that "the experts are recognized by the existing experts" (Brown, 1988: 148).

[38] Advocacy planning approach developed in the United States during the 1970s is but to reform planning by transforming the role of planner as a representative of silent majority that is not well organized to defend its interests against powerful lobbies and official bureaucracies. Feasibility of this approach may be debated as planners shall still be taking their salaries from the government and could more easily be manipulated by information from powerful interests groups (Yılmaz, 1999). However, the demand for a more responsible attitude on the part of planners is an important element, and it should be integrated into the education programs and socialization processes for planners.

CHAPTER IV

HISTORICAL BACKGROUND OF TURKISH PLANNING: PLANNING IN THE CONTEXT OF TURKISH MODERNIZATION PROCESS

4.1 General Framework

As has been argued in the second chapter classical planning can be related to modernity in its various aspects. Modernity as a mode of thinking entails increased human control over the nature and society. That means, first and foremost, understanding the causal mechanisms and developing new technologies to manipulate the current reality into some desired forms. Planning is a tool used by the agency of the state in that context, based on an instrumental rationality shaped by means-ends relationship.

On the one hand, modern planning is based upon the scientific and institutional infrastructure of modernity, dealing with new problems generated by the modernization processes (urbanization, poverty, environmental degradation, etc.). On the other hand, it is a tool at the hands of states for further modernization, or a catalyst for rapid and systematic change, under the uneven spatial development of modernization processes[39]. As has been emphasized in the previous chapters, the latter function of planning is particularly critical for countries, which are left behind in the modernization process.

[39] Köker (2000: 14) refers to this aspect of modernization when he states that non-Western countries have to achieve development in a very short period of time compared to Western societies, leading to active human intervention (action) with the agency of the modern state and intelligentsia. Keyman (2000a: 126) emphasizes the agency of the state in the Turkish context, stating that, "the Turkish modernization is 'state discourse' par excellence."

In that context, it seems meaningful to study the history of planning in Turkey in connection to its history of modernization and its will to modernize[40]. However, Turkish case is not isolated from larger or global processes and need to be related to developments outside Turkey. That is why Turkish case will be discussed in connection to the changes in the global environment as has been presented in the chapter three.

Some global trends in the modernity and planning concepts and practices have already been discussed in the previous two chapters. It has been argued that, parallel to changes in mode of thinking and material conditions in the modern economy and polity, classical concept of planning based upon a particular conception of rationality is facing a crisis today. What is emerging is a planning approach based upon a broader conception of rationality, mainly defined in communicative terms, within a new environment characterized by erosion in the capabilities of the nation state vis-à-vis local and global processes. As a result of such processes classical conceptions like absolute sovereignty of the state, inside/outside distinctions, etc. become largely obsolete and/or demand new interpretations or re-formulations (Keyman, 2000a). The topics that are going to be discussed in this and the following chapters are reflections of these historical transformations and material conditions in the framework of planning in Turkey. Before doing this, it would be helpful to give a brief historical background for planning in Turkey. This historical background comprises the rise of economic nationalism as part of broader development of

[40] Considering the heterogeneity among "backward" or "developing" countries, Turkish case might not mean too much for the rest. However, despite this heterogeneity, there is a common point among those countries, which might be called as a "development syndrome" (Köker, 2000: 107). In that context, Turkish case would possibly shed some light on the general dynamics operating in the process of modernization for a "latecomer" country.

Turkish nationalism within the process of modernization efforts during the last century of the Ottoman era and in the first decades of the new Turkish Republic.

4.2 The Ottoman Legacy and Economic Nationalism

4.2.1 The Ottoman Legacy and the Rise of Modern Turkish Nationalism

There is a need for brief background knowledge about the Ottoman past, particularly Ottoman modernization efforts, in order to set the stage for discussing the development of planning practices during the Republican Era in Turkey.

The Ottoman Empire was a multi-ethnic, multi-religious and highly centralized polity over a vast area. Especially after the conquest of İstanbul, a bureaucracy recruited by systematic ways and educated in the palace has ruled the Empire. That was more or less a meritocracy under the absolute authority of the *Sultan*. Therefore, the Ottoman past represents a different structure compared to the European feudal organization (Mardin, 1999: 242; Keyder, 1999: 20). There was no well-established aristocracy with a considerable degree of autonomy from the center. The same goes with cities, professional organizations and intellectual institutions. Under the "*Millet System*" the Ottomans gave a significant degree of autonomy to religious establishments, but even these establishments were somewhat used as agents of the center to control the population and bring order to the society (Mahçupyan 1998; Tezel, 1999: 6-8). In that sense, there is a "strong state" tradition positioning the state beyond and above the society and its various elements (Heper, 1985: 16). Ottomans considered state and religion as "twins," but giving priority to the former more than any other Islamic state (Mardin, 1999: 82). Everything, even Islam as the official religion of the state, was considered as secondary to the state, its preservation and

high interests. On the one hand, that is a very pluralistic arrangement, staying away from assimilation and homogenization of the society, on the one hand, a very monolithic structure when it comes to give a voice to these different groups in the political arena.

The Ottoman Empire has been permanently involved into the European history, though mostly as a military threat. In that sense, it has contributed to the formation of European identity as "the other." Its relations to Europe have been largely defined as power relations. Thus, modernity in Europe has been felt first primarily as a change in the relative powers, particularly in the form of military technology. That has forced the Ottomans to take some measures to understand and adapt to new conditions to preserve their relative power against the European powers. The agent for this change was no other but the state and state bureaucracy, including some sultans, like Selim III and Mahmut II. The problematic for the Ottoman Empire was to preserve a multi-ethnic and multi-religious state against technologically and ideologically superior nation states of Europe. Hence the Ottomans demanded a modern army and a modern economy in order to "strengthen the state" (Köker, 2000: 126). In that framework, the Ottoman Empire has been subject to comprehensive reform attempts during the 19th century, "the longest century of the empire" (Ortaylı 2001). This was not just a change under the influence and manipulation of foreign powers but also a self-conscious search by the state elite to restore and transform the system.

The most important concern of the Ottoman reformers was the state and its preservation. Even most of the intellectuals transferring the modern ideas like

positivism and nationalism were indeed state bureaucrats motivated by the idea of "saving the state" (Mardin, 1999: 98). These were generally pragmatic persons trying to find an ideological formula for the unity of the Ottoman population and new institutions for progress. As İnsel (1995: 36-37) argues 'the statesman,' in the Ottoman context, cannot consider his position outside the state apparatus, and thus, puts the preservation of the state as the single most important concern in his political perspective. Such an identification with a central state structure with no concrete social legitimacy and representation led to a hostile attitude towards any local and autonomous power center, perceived as a threat to the preservation of the state.

Ottoman intellectual-bureaucrats (or *intel-aucrats*) were very much under the influence of the French Revolution and culture during the 19th century. They have adopted a positivist approach, and Enlightenment ideals like progress as discussed in chapter two. Apart from traditional strong state tradition, this strong positivist perception of modernity reinforced elitist approach towards social change in the Ottoman context (Mardin, 1995).

The Ottoman intelligentsia developed a critical stance against the despotism of sultans, particularly Abdulhamit II, towards the end of the 19th century. Their ideas were converging around constitutional monarchy, which had lived for a short while and then interrupted by the Sultan in 1871. Bureaucrats organized under the Union and Progress Party succeeded to overthrow *Sultan* Abdulhamid and declared second era of Constitutional Monarchy in 1908. From this date onwards the destiny of the Empire was in the hands of reformist bureaucrats who represented modernist project as well as nationalism in Turkey. They were an elite group that was concerned with

independence from foreign interventions and unity of the Ottoman state. Moreover, they were very much conscious about "being backward" vis-à-vis Europe in many respects including economy.

As has already been discussed in the chapter two, modern planning developed in the framework of nation states and modern bureaucracies. Turkish planning is no exception. However, there are also conditions peculiar to the Ottoman social and political structures, which had long reaching implications for the history of planning in Turkey. Ottomans had already a strong traditional central administration, which is generally considered to be a patrimonial one in Weberian terms. However, this state structure started to transform with modernization processes. Among the modern influences nationalism played a pivotal role in the transformation of the state towards a modern polity.

Modernization or the aspiration for modernity seems to be a critical context for the rise of nationalism as a political force. Gellner (1983) and Anderson (1991) are two prominent theoreticians who have pointed out modern character of nationalism, though in different terms and interpretations. For Gellner it is mainly related to the transition from *agraria* to *industria,* which requires a homogeneous, flexible and mobile workforce, whereas for Anderson it is an "imagined community" rising with the help of print-capitalism, which created a new time/space for human consciousness. Charles Taylor (1997: 43), in a sense, combines these modernist explanations and declares that nationalism "cannot be understood as an atavistic reaction. It is a quintessentially modern phenomenon." In that explanation market-industrial economy, bureaucratically organized state and democracy or modes of

popular rule shape nationalist imagination made possible through a new time/space conception creating simultaneity.

However, there is not one single route towards modernity, but rather diverse modernities, according to Taylor. Once modernity becomes a force in certain parts of the world and begins to exert its influence upon the rest, then traditional cultures and polities start to modernize themselves. This happens, according to Taylor, through a "creative adaptation" which by definition differs from culture to culture. That process begins from the modernizing elite who aspires for modernity, but at the same time, feels its dignity threatened. Later, according to Taylor, this elite movement becomes a mass phenomenon through multiple means –spread of modernity itself, charismatic leadership, and violence forcing everybody to take sides.

Indeed, at a first glance, Taylor's account seems to fit into the rise of Turkish nationalism in its general characteristics. As Parla (1999: 19) puts it, Turkish modernization was a "defensive modernization" identifying with the powerful in order to resist it. Turkish nationalism rose in the modernization process in an imperial/dynastic context and it was first an elite and later a mass phenomenon[41]. However, these factors might not make Taylor's approach fit into various other countries, which encountered modernity in a different domestic and international

[41] The concept of elite and its role in the process of building nationalism need to be problemitized. However, I shall not attempt to such a criticism in this thesis that needs to focus on planning issues rather than general debates regarding the development of nationalism. It may suffice to point out some general limitations of elite/mass distinction. First, the concept of elite –as well as the mass-- is a very obscure concept because of significant differences among those put into the same category or because of an uncertainty concerning criteria to be used in order to determine whom one should include/exclude. Second, that conception does not pay much attention to non-nationalist elite. And finally, one needs to be critical towards passive characterization of "mass" vis-à-vis elite, in the process of social change.

contexts. Neither does it explain everything, with a simple elite/mass distinction, in the process of modernization and the rise of Turkish nationalism. Take the category of elite and their feelings about self-dignity. In order to speak about the dignity of elite, one should already have an elite and a state structure for that elite to develop a sense of dignity against a foreign threat. That is why it seems to be significant to make a distinction between people and elite who encountered and interacted with the process of modernization through an already existing traditional state structure from those who were stateless when the process began[42].

The Ottoman case is an encounter with modernity in which the state is already there with its bureaucracy and social organization. That was a "multi-national[43]" and multi-religious state having a long tradition in statecraft and administration. Nationalism for such a state structure would mean disintegration and loss of power. The primary concern for the Ottoman elite was how to save this state structure facing military and ideological threat coming from modernizing nation states of Europe. They searched for an answer in three formulas: Ottomanism, Islam, and Turkish nationalism. Ottomanism was aiming at something similar to US experience. It was expected to unite different nations/ethnies and religions under one single political structure. However, Islam became important as an integration tool when Muslim population dominated the population of the Empire after the independence of many non-Muslim nations in the 19th century. Turkish nationalism arrived as the last

[42] For some of the stateless elite living under an imperial domination, modernization might not mean a threat to their dignity but could rather be welcomed as an opportunity to create their own state structure. A comparative analysis of Greek and Turkish nationalisms might be useful to see implications of this argument. In short, modernity may be perceived not as an abstract process but one functioning in multiple ways for different types of elite, and society.

[43] To describe the Ottoman Empire as "multinational" is indeed anachronistic, if the nations, as we know them today, are essentially modern.

formula to maintain the state when even most of the non-Turkish constituents of the Empire disintegrated from the center.

Elite discourse is open to modification from another point of view. When Taylor speaks about "modernizing elite" he takes them as a uniform group. However, as evidenced in the Ottoman case, modernizing and nationalist elite does not really form a uniform group but reveal some significant differences with regard to their origins and aspirations. The critical question here is which comes the first; the state or the nation? It is clear that in the Ottoman context the state was there before the nation as it is defined today. That is why, within the state-nation dialectic, it is the state that defines the nation, not the other way around. However, to say that the state is defining the nation is not enough. One needs also look at the content of this definition and the rivalry among the elite on this content.

Looking into the debates within Young Turks movement as the focal context in which early conception of Turkish nationalism was developed, there is at least a significant distinction between Tartar migrants and indigenous Ottoman intelligentsia/statesmen. The former were more ethnically oriented, whereas the latter were more concerned with the future of the state rather than the nation. As Arai (1992: 64) observes "Yusuf Akçura [a migrant], in contrast to Ottomans who seem to have regarded Turkish nationalism as a means maintaining the Ottoman state, regarded the Ottoman state as a means of preserving the advantages of Turks." The debate between Süleyman Nazif (an Ottoman) and Ağaoğlu Ahmet (a Tartar migrant from Russian dominated areas) reveal similar differences in their conceptions of

Turkish nationalism (Arai, 1992: 65-66). Such distinctions might be related to the earlier distinction made above between state elite and stateless elite[44].

Ottoman experience shows a combination of those two types of state and stateless elites in its peculiar context. The first group, one may claim, tends to favor a more civic –though elitist and statist-- conception of citizenship compared to the second group which places more emphasis on ethnicity and decent from a common ancestor. Ziya Gökalp is a paradigmatic example for the indigenous Ottoman intellectual[45]. He formulated the general ideological framework for the Republican Turkey as well. His concept of nation is not a racial or ethnic one but a fairly modern formulation (Berkes, 1965; Parla, 1999). The model for Gökalp was first American nation, and after the Balkan Wars, British one. Later Gökalp and some other Ottoman intellectuals –such as Fuat Köprülü—came to the idea that "only the Turks' having their national ideal could save the Ottoman state from destruction" (Arai, 1992: 63). Before this transformation in the minds of some important figures among intelligentsia, "Ottomans attached to the term 'Turk' a meaning of contempt for Anatolian peasants and nomads" (Arai 1992, 66). Even after the change in the connotations of the term "Turk," Turkish nationalism and Ottomanism were essentially interchangeable terms for most of the Ottoman elite.

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[44] One may also make a distinction between "periphery" (*taşralı*) and "center" (*İstanbullu*) elite. For example, Mardin (1983: 58) notes that it was the leaders of the periphery elite who later established the Union and Progress Society. One may hypothesize that periphery elite are more apt to stress populist policies and ideas that, in turn, create a more suitable framework for the development of nationalist ideas. On the other hand, center elite is expected to be more concerned about the maintenance of existing power structures and show less enthusiasm towards radical ideas that might disrupt the status quo.

[45] Considering the "*Turanian*" or pan-Turkish ideas of Gökalp, one may object the state-centered understanding of Gökalp. There are three general ideals of Gökalp: civilization, Islam, and Turkish nationalism. The central idea for Gökalp, however, was civilization defined around the concern for maintaining the state. Thus, one may claim that the *Turanian* ideal for Gökalp is not indeed an ideal but rather a means in the service of the state.

4.2.2 The Formation of Economic Nationalism in the Context of Turkish Nationalism

What do all these above considerations about the development of the Turkish nationalism as part of Turkish modernization efforts tell us about economic nationalism? One may argue that for the state elite economy was of a primary concern so far as it represented the material infrastructure for maintaining state bureaucracy, financing the defense against foreign powers, creating tranquility in domestic politics, and increasing the capability of the state to control the society, while for the elite not identified with nation rather than the state, economy is related to the well being of the nation rather than that of the state. For the latter, it is not sufficient to have a well functioning economy that will support the state, it is also important to determine who or which ethnic group controls the economy. Of course, it is hard to make a clear cut distinction between elites and generalize such policies to each individual member, but it seems to be appropriate in general to expect such difference of emphasis. However, either in state-centered or nation-centered conceptions of the economy, there is a strong drive towards intervention into the functioning of the market and protectionism to reach non-economic objectives.

Turkish nationalism was a strong means for transforming imperial dynasty into a modern state. The modern state was basically conceptualized as a nation-state, as represented by the French model. Development of a modern concept of nation took a very long period in the Ottoman Empire. Young Ottomans in the middle of the 19th century and Young Turks (as part of the Union and Progress Society) at the turn of the century are critical movements in the development of this concept. Nation (*Millet*) for classical Ottoman elite meant a religious community organized under the

central authority and supervision of the state. There were Muslim, Christian, and Jewish "nations" officially recognized by the Ottoman Porte. They had a large internal autonomy and lived side by side with other communities. However, Muslim nation was not just another nation but also represented in the center. Gellner (1983: 77) observes this structure in the Ottoman case and states that Islam was both a high (garden) and low (wild) culture. It was a Muslim state, but one above all religious communities at the same time.

Muslim subjects, mostly recruited from among Christian subjects of the Empire in the Balkan region, were appointed to the top-level administrative posts. This administrative class dominated the Empire especially after the conquest of İstanbul and substituted Turkish tribal chiefs. They had developed a rather rational and universalistic high culture based upon a well-organized system of palace education (the *Enderun Mektebi*). They have largely lost their original community allegiances and became totally dependent on the state. They represent what Gellner calls "*memluk*" individuals[46]. The future of the state and the individual members of this group were identified to a great extent. That is why, if the state was in need of a new political ideology to survive, it was this class that would first elaborate such an ideology. As a result, their political ideas developed in terms of pragmatic concerns related to the state and lacked a systematic philosophy or history (Mardin, 1983: 14-17). The Ottoman intelligentsia was recruited from among those state bureaucrats

[46] Indeed, Gellner derives this term from Egyptian historical experience. Just like the Ottoman '*devşirme'* class recruited for state administration, *memluks* are slaves of the ruler, on the one hand, and top level administrators, on the other. Empires need such a class when they start to create a state structure independent from their original tribal roots. He argues that modernization destroys kinship ties and universalizes the *mumluk* condition. Once everybody loses its indigenous or primordial ties and becomes an individual, then states do not need specific methods for creating *memluks* as a separate category. In other words, every member of the modern nation-state is apt to be a state administrator because we are all *memluks* now (Gellner, 1983: 36, 102).

who went through a modern education in military and medicine. However, one needs to be careful in using the term intelligentsia without relating their ideas to the state and their role in its functioning.

Ahmet Mithad Efendi and Beşir Fuat are two important figures for the development of a new political ideology in the 1880s. Especially Ahmet Mithad Efendi stressed the concept of people rather than nation and called for creating an "Ottoman Homo Economicus" (Mardin, 1983: 47-48). Mizancı Murat Paşa is another important figure in the late 19th century who was conscious of the people (mainly peasantry) as a political concept. It seems that populism movement (*Narodnichestvo*) in Russia in the 1870s had an important influence on the thinking of some of the Ottoman intellectuals. Hüseyinzade Ali, as a migrant from Russia, was one of those persons who transferred such ideas from Russia to the Ottoman Empire. He was also among the founders of Union and Progress Society. Nationalist literature and nationalism sprang out of this early populism and elaborated as a reaction to its critics (Mardin, 1983: 86; Berkes, 1965: 94-97).

"People," in that historical moment, was actually referring to somewhat more literate and better off section of the Ottoman population living in the Balkans. Nationalists exalted people as an abstract category and they hoped that people would see their true interest in changing the existing despotic regime of *Sultan* Abdulhamid. However, "real" people were not so much interested in a revolutionary politics, a fact that upset some of the members of the Union and Progress Society. Such disappointments led them to a more elitist and top-down approach to bring about a radical political change (Mardin, 1983: 109-123). From this time onwards an

identification of elitism and Westernization developed in the unfolding of the Turkish modernization (İnsel, 1995: 75). Such elitist and top-down approach adopted by the Ottoman intellectuals towards the people may be a general tendency in many other cases. As Gellner (1983: 124) observes nationalist ideology "claims to defend folk culture while in fact it is forging a high culture." Even glorification of people and history is to change the reality into some desired forms that are rather modern in its content. As a result of this, elite comes to a conflict with concrete people at some point.

As has been stated above, the primary concern for the typical 19th century intellectual/statesmen of the Ottoman Empire was to find a way to maintain the state. In this process, they have developed some sense of consciousness about people and their material conditions, partly under the influence of populist views imported from Russia via migrants. However, for a full-fletched concern for a national economy or for an economy in the hands of Turkish nationals one needs to wait for the developments during and after the First World War.

It may also be informative to take a look at the economic situation of the Ottoman Empire and its economic relations with the outside world during the 19th century. Unlike many other European powers Ottoman Empire did not move from *agraria* to *industria*, but felt its effects intimately, particularly in the field of military technology. This disruption in the relative power of the Empire led many intellectuals to think upon its reasons and the ways to cure it. However, the reasons found in the 19th century were basically administrative and cultural rather than economic (Berkes, 1965: 38-40). They thought that the solution to their

backwardness was a simple transfer of means used by the Western societies. Rationalism and intellectual "enlightenment" were highly praised without a sufficient concern how to disseminate such values to the general public and turn them into productive enterprises.

Construction of railways, development of Western style consumption in limited circles, establishment of education institutions based upon the Western models, giving trade concessions to foreign countries, and borrowing huge amount of foreign money in order not to use in production but to finance wars, etc. characterize the overall environment during the 19th century. Not only the economy but also the state finance was under severe problems during the same period. When the opportunity for further borrowing disappeared and the state had to repay its accumulated debt towards the end of the century, almost a total bankruptcy emerged. *Duyunu Umumiye*, which was basically an agent of foreign creditors, was formed to collect tax revenues to pay foreign debts[47].

Economic policies, including the construction of railways, were not mainly designed to create welfare for the Ottoman subjects, but to integrate domestic market based on the export of raw materials to the European markets as the source of manufactured and luxurious imports. The location of railways[48] at the beginnings of the 20th century testifies this dependency. It was not serving to connect different parts of the

[47] Such foreign bureaucratic structures also contributed to the development of a modern bureaucracy in Turkey. With the practices of *Duyunu Umumiye,* for instance, Turks learnt modern state finance (Ortaylı, 2001).

[48] That strategic role of railways lingered into the Republican period and motivated a massive effort for nationalizing existing railways from foreign capital and building new railways connecting different parts of the new state (Kuruç, 1987: 21-23). That transportation network was expected to serve defense requirements and internal security purposes as much as economic needs.

country in order to create an integrated domestic or national market, but rather aiming at a connection between local and European markets (Pamuk, 1984). The overall result was a transformation of the Ottoman economy to a periphery position for the European center, though the country has never experienced a direct colonization by the European powers.

Trade and credit relations with Europe were critical domains of unequal relationship between the Ottomans and the Europeans. An important aspect of this relationship was the central role played by non-Muslim-non-Turkish subjects of the Empire, mainly the Jews, Armenians, and Greeks. That relationship created a radical change in the classical power relationship between state elite and religious communities, on the one hand, and Muslim and non-Muslim subjects, on the other hand. One may argue that the dignity of the state elite was not only suffering from the superiority of foreign powers, but also from a change in relative power among domestic groups. Considering the centuries old superiority of the Ottoman political organization vis-à-vis Europe and the privileged position of the Muslim bureaucrats within the Ottoman polity, those changes in their relative power in domestic and external front brought a very strong sense of loss of dignity. As put by Mardin (1999, 217), these developments turned classical ethnic division of labor into ethnic competition, where Muslim-Turkish group tried to capture many economic control points from foreigners and minorities.

4.2.3 Policy of Economic Nationalism in the Early Republican Era

The history of Turkish modernization or Westernization goes back to the 19th century Ottoman efforts to reform army and bureaucracy as a reaction to the relative decline

of the Empire's power vis-à-vis the European nation states (Karpat, 1996). This process has been intensified and put into a more systematic form after the Independence War and the foundation of the new Turkish Republic in 1923, under the leadership of Atatürk. Nation building and "state-building[49]" have characterized the early years of the Republic when the political elite envisaged a new and Western type of society and economy. As a result, a strong central administration[50] was developed in order to transform society from above and create a new type of citizen identity, de-linking from the dynastic past in a radical way. Thus, it is almost impossible to explain the economic history of the Turkish Republic without relating them to non-economic factors (Okyar, 1993: 12).

The First World War, and the Independence War following it, has created a historical discontinuity in the Ottoman state. The Empire was disintegrated to a great extent due to the defeat in the World War, and the Independence War could only re-establish a state structure within a much-limited territory. There was not only a radical shrinkage in the territory but also a radical change in the ethnic and religious composition of population aftermath of the Wars. Most of the Muslims of various ethnic backgrounds immigrated to the new state from former Ottoman lands which were now under the jurisdiction of non-Muslim states, and vice versa. Put in simple terms, the new state, which was to be institutionalized as a nation state, was a

[49] It was not, indeed, a state building from scratch, but culmination of a century-old reform movement. The state was already there with its army and bureaucracy inherited from the Ottoman era (Ortaylı, 2001). The problem was a redefinition of the state or placing a new regime based on a modern conception of nation, radicalizing the modernization process.

[50] Mardin (1983: 16) claims that the "proto-nationalism" of Young Turks has been a consequence of a new communication structure brought about by the organization of provincial administration, as part of centralization efforts in the 19th century. Republican efforts for further centralization were built upon this Ottoman legacy.

religiously much more uniform community within a smaller territory. The state was to "create" a secular Turkish nation[51] from this population within its new borders.

Economic nationalism "assumes and advocates the primacy of politics over economics. It is essentially a doctrine of state-building and asserts that the market should be subordinate to the pursuit of state interests" (Gilpin, 1987: 26). One of the major pillars of the nation building in Turkish case was creation of a self-sufficient and diversified national economy under the control of Turkish nationals. That has been attempted by means of economic nationalism which can be defined as a set of protectionist and mercantilist policies organized by the nation state as an agency (Aktar, 1996: 263). Not only the transfer of economy to Turkish nationals but also development of a more integrated transportation and communication network under a central administration were expected to give rise to the creation of a modern national economy[52]. The founders of the Republic envisaged not only a new type of polity and economy, but also a new type of individual. People and their environment are expected to change simultaneously. Economy would play a locomotive force for this comprehensive change (Kuruç, 1987: 17). That was the "strategic" choice for the Republican elite that would shape the overall framework for day-to-day decisions at a lower level of generality.

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[51] It should be noted that 'national' or 'Turkish' in that early period of nationalism was almost equivalent to 'Muslim' subjects of the Empire. That is also evident in the definition of Turk and minorities in the Lausanne Treaty between new regime and the European powers.

[52] Apart from general policies formulated with a strong nationalist element there were also some new organizations like "National Economy and Saving Society" (*Milli İktisat ve Tasarruf Cemiyeti*) whose main aim was to create a consciousness among the masses about the vital importance of creating a strong and productive national economy. As Coşar (1995: 75-76) points out such organizations were to do propaganda for the national industry.

Relating economic nationalism and economic policies developed in that context to the general debates in the previous chapters, it is clear that the reformist Ottoman bureaucracy as well as Republican administrators used basically "instrumental rationality" to overcome problems emanating from unequal spatial development of modernization. A strong state tradition combined with a positivist epistemological framework provided the legitimacy for this dominant approach to statecraft in general and economic administration in particular. The bureaucracy had a privileged position in that environment to define and implement "common good" for the society. Society was not "mature" enough to be consulted in such matters in the eye of intellectual/ bureaucrats with a Western type of education background. At that junction one may argue that the strong state tradition of the Ottoman era was continued in the modern positivist outlook of the bureaucracy.

Using Anderson's (1991) terms one may claim that the Republican elite would create a new physical and mental map for the masses for imagining themselves as part of the same unified nation. The name chosen for the nation was Turk, but it was not defined primarily in ethnic terms. Turk was, on the contrary, a modern concept and represented the drive to modernize and catch up with the developed world. The core problem was defined in terms of a civilization mission. This "constructivist" and "modernizing" features of Turkish nationalism, as defined by the founder of the new Turkish Republic, Kemal Atatürk, are presented in a clear terminology in Berkes. He (1965: 145) states that Kemalism aimed at "creating a nation, making the world recognize it, and making the very nation recognize itself". İnsel (1995: 42) refers the same phenomenon with a motto of the times that goes as "the state is in need of a nation." Constructivist and instrumental aspect of Turkish nationalism is apparent in

such sentences. When it comes to the modernizing aspect or its connection to civilization, Berkes is no less clear. He claims that "Turk is either a *Kirgiz* or a *Çavuş* before entering into civilization, s/he becomes really Turk only after entering into a civilization" (Berkes, 1965: 159).

According to this interpretation Turk is not an ethnic concept but an identity connected with civilized order (*töre*) and state sovereignty. Historical existence of Turk depends on state, military and economy, particularly on industry, according to Berkes (1965: 165). In such formulations nationalism is not only defined as a modern project for development, but also as a concept based upon a reconstructed history[53]. The end result is a strong will for modernity and development with an equal enthusiasm for independence from the West or developed nations.

One may argue that the rise of fascism and ultra-nationalistic ideologies and political structures in the 1930s in Europe had influenced and created a more ethnic and racial definition of "Turkishness" for some of the state elite[54]. One may also argue that ethnic definition of nation by the immigrant intelligentsia within the Young Turk Movement provided a background for being receptive to such outside influences.

[53] When Berkes (1965: 113) evaluates Gökalp's ideas he states that under the influence of the Western civilization Gökalp redesigned what he calls "Turkish culture" (*Türk harsı*) according to the Western characteristics. As a result, Gökalp "discovers" in the Turkish history, among others, democracy, liberty, freedom of women, nationalism, and monarchy. However, looking from today's perspective one may observe that Berkes himself cannot avoid doing similar discoveries that were heavily influenced by socialism and industrialization discourse at the time.

[54] One may argue that democratic or civic nationalism develops not only due to local conditions conducive for them but also because of global environment at the formative years of a particular national identity. When there are Hitlers and Stalins around, it is hard to expect spread of ideas based upon a civic conception of nationalism. However, civic nationalism/authoritarian nationalism might be meaningless in many contexts as they may easily change from one type to another, depending on internal and external factors.

However, even at these times the dominant conception was rather a political definition of nation determined by a state-oriented and modernist discourse.

In other words, for the founders of the Republic the concept of Turk was not the opposite of any other ethnic group but rather an anti-thesis of the Ottoman subject or of the universal Muslim community (*Ummah*) as the source of primary political allegiance. In that context, citizenship is envisaged as the main tie between the state and the people. Perhaps, as a reaction to the rise of Kurdish question and PKK terrorism as well as to the dissolution of the Soviet Union and creation of many "Turkic" states in central Asia ethnic conception of Turkishness gained more as a political force and as a discourse in state policies[55] in the recent decades. However, despite such developments one may argue that the basic character of the republican or Kemalist nationalism based upon civilization and citizenship is still the dominant legal/institutional framework. However, as evidenced from ideas of Tartar migrants and even some of the Ottoman intelligentsia like Gökalp, pan Turkish (*Turan*) ideas have also survived as a secondary source of nationalist discourse in Turkish politics.

Economy was a central aspect of the civilization mission of the Turkish Republic. Considering the Ottoman past dominated by the central state bureaucracy instead of an aristocratic/feudal class, and lack of an indigenous bourgeois class at the turn of the century, the agent of modernization was mainly the state, and thus, it was to shape a new or modern economic environment. When the state enters into the

[55] One may also add the role of "globalization," and its cultural confrontation with the local cultures in the increasing power of ethnic nationalism. Globalization processes, among other things, has also created new forms of inequalities and a larger space for comparisons between haves and have-nots. When such changes associate with ethnic differences, it may fuel nationalist explanations regarding relative deprivation of have-nots and political solutions based upon a nationalist ideology.

economy as a strong force, it needs an ideological framework to organize its activities. Economic nationalism seems to provide this ideological frame of reference. As it is going to be discussed in later parts of this chapter, modern planning in Turkey is heavily influenced and shaped within the framework of this state-led economic nationalism.

Burnell (1986: 1-3) states that economic nationalism may be defined as a distinct phenomenon as well as "a distinctive component or facet of nationalism as a whole." It demands official and unofficial discrimination against non-citizens, and ethnic minorities, and protection of domestic market. However, just like nationalism, the term economic nationalism is variable and rather vague. However, it may be referred as a strategy of using economic means not for their own sake but for the sake of reaching some non-economic ends like maintaining the political independence of the state or preserving the nation from foreign domination. One may also relate economic nationalism to Taylor's concept of dignity. National manufacturing or organization of a modern economy by nationals might be perceived as a sign of coming to par with the other nations[56] as well as economically better off minorities.

Creating a national[57] bourgeoisie in Turkey has been a major driving force in formulation of economic discourse and economic policies. This policy goes back to

[56] Burnell (1986: 107) quotes a question raised by Friedrich List, a German pioneer of economic nationalism, which shows elements of dignity involved in economic nationalism: "who would venture to maintain that nature has denied to nations other than England the means requisite for the development of manufacturing industry?" Belief in the potential of the people or the nation was also a strong aspect of the early republican era (Kuruç, 1987).

[57] 'Turkish' in that early period of nationalism was almost equivalent to 'Muslim' subjects of the Empire. In its classical period the division of labor within the Empire was such that non-Muslims were active in trade and manufacturing while Muslims were engaged in agriculture, military and bureaucracy. Increasing national aspirations and disintegration started first among non-Muslim

the Union and Progress Party that dominated the last decades of the Ottoman Empire.[58] Economic nationalism was considered as a way to preserve unity and independence as well as a source of providing financial inputs to sustain a large bureaucratic organization. In other words, "the implementation of nationalist economic policies and the creation of a national bourgeoisie had to benefit the state in the long run" (Aktar, 1996: 283).

In that sense, economic nationalism is a way to combine state elite and stateless elite aspirations. On the one hand, this policy favors nationals and makes a positive discrimination on their side, and thus satisfies those who put their emphasis on the nation rather than the state. But on the other hand, this policy was aiming at the benefit of the state itself in the long run. In either the state centered or the nation centered justifications, bourgeoisie was expected to be national before being private. The policy was to create a "national" private bourgeoisie but nationality had priority over privateness (Kuruç, 1987: 46).

After the Independence War, during the 1920s, the state had pursued "liberal" policies but not for the sake of liberalism. Indeed, liberalism was considered as an alien ideology, identified with capitalism. Liberalism, by its nature, does not permit

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nations in the multi-religious and multi-national Ottoman Empire, leading to a policy of pan-Islamism and later pan-Turkism to preserve the unity. These efforts have culminated in the formation of a nation-state after the First World War.

[58] Calling people to use domestic products by boycotting imported goods and relating this preference to economic and political independence starts in 1908 when Austria invades Bosnia-Herzegovina. Later, during the Balkan Wars, Muslims are called to boycott non-Muslim's shops. As a result of such nationalist agitation, in 1913, Society for National Production (*İstihlak-I Milli Cemiyeti*) was established to provide a more coherent organization for the promotion of national economy (Coşar, 1995: 77). That legacy inscribes economic nationalism as a major element of Turkish nationalism and provides a background for similar practices after the foundation of the Republic.

discrimination between domestic and foreign capital, or a discriminatory treatment towards minorities, whereas the new Republic had a policy of independent national economy under the control of Turkish nationals.

It is obvious that this new class of businessmen to be created by the state were not intended to be bourgeois in its European sense. The state would create "a national bourgeoisie" that was not indeed autonomous from the state and its basic preferences. There is not a free and autonomous conception of the market functioning almost automatically under the imperatives of "invisible hand" of competition in the sense of classical economist like Adam Smith. In that framework there is not a private/public distinction based upon an autonomous market either. In other words, the state elite did not envisage creating an alternative power center to the bureaucracy but rather a dependent business class. Hence the new businessmen were recruited from among small tradesmen and public servants (Buğra, 1997). It is clear that such a policy would not be very favorable to the creation of civil society as an autonomous power center vis-à-vis the state.

4.3 *Etatism* and Industry Plans During 1930s

4.3.1 The Rise of *Etatism*

Etatism was developed during 1930s under the global conditions of the Great Depression and the new Turkish Republic embarked on industrialization through the state economic enterprises (Boratav, 1982; Tekeli and İlkin, 1983). It can be argued that *etatist* policies were a product of both the global conditions at the time and of the

"economic nationalism" that the Republican elite inherited from the late Ottoman era dominated by the Union and Progress Society[59].

As has been discussed in the chapter two, one of the main sources of modern planning is capitalism itself. By its unequal development and openness to periodical crises capitalism leads to more and more state intervention that culminates in a very complex modern state structure. The history of modern state as a reaction to the problems of capitalism can be followed in Karl Polanyi (Buğra, 1997: 27-40). As it is evident from the Great Depression of the 1930s, many states in the developed world as well as in Latin America and Asia developed a more interventionist state to cope with the problems of capitalism. Turkey is not an exception and she developed a quick response to the crisis by a new international trade regime, new state institutions and a new ideological approach to economic policy.

On the other hand, the history of the new Republic and its legacy played a very critical role in the formulation of new policies. Economic nationalism is the major factor in that context. Economic nationalism as part of a broader agenda of nation building envisaged creation of a national bourgeoisie and reinforcing domestic/bureaucratic control over the economic resources. *Etatism* further increased the distance between the new regime and the liberal ideas. *Etatism* is also applied in several other countries reputed for their economic nationalism, particularly in the South America (Burnell, 1986: 77-80). Planning of a comprehensive and physical

[59] One may also locate political developments of the 1930s, including economic nationalism, within the larger context of the political environment dominated by the totalitarian and authoritarian regimes in Europe and elsewhere. Keyder (1999: 150-153) stresses this factor by citing corporatist and fascist arrangement in Europe and Latin America based upon "developmental dictatorship" as an alternative to socialist path.

rather than a merely indicative sort developed as part of this economic nationalism and *etatist* development strategy.

From 1923 to the beginnings of the 1930s the state followed a rather liberal import policy –partly as a result of some provisions of the Lausanne Treaty that put an end to the Independence War—and established some mechanisms to promote private sector. Indeed the new Republic had already developed a more active role for the state in order to achieve economic development as part of the efforts to build an independent and respectful nation state.

Atatürk's various speeches reveal the consciousness of the leadership about the role of economic development in building and consolidating a real independence going beyond formal political independence. For example, in his opening speech to the Turkish Grand National Assembly in 1922, he clearly states that the aim is full independence and that "full independence can only be achieved by financial independence ... because the organs of the state could only live with financial power" (quoted by İnan, 1972: 33-34).

Compared to the modernization efforts during the Ottoman era the new Republic was much more radical. The Republic has inherited many modernization ideas and practices/institutions from the Ottoman times but also a sense of dissatisfaction with partial and limited modernization that had ultimately failed (Ortaylı, 2001: 32). Hence a very active role envisaged for the state, as an assertive state aiming to rise to the level of other powerful nation-states, and the need to have an economic program to achieve faster development were felt very early in the 1920s (Kuruç, 2000: 2-4).

Ottoman economic policies during the 19th century were rather liberal as far as international trade was concerned. That was because the powerful European countries had concessions from the administration as a result of their financial and political support or threats. As Çavdar (1992) observes the top Ottoman statesmen (like Ali and Fuat Paşa) and intelligentsia were generally "liberal-minded" during the 19th century. But this liberal approach and little or no protection for the domestic business during the Ottoman era cannot be attributed solely to foreign pressures. One of the reasons behind this economic liberalism was probably the fact that the Ottoman bourgeoisie and the state elite were from different ethnic and religious backgrounds, and there was no homogeneous 'nation' yet to be protected against foreign competitors.

During and after the First World War, and particularly after the foundation of the Republic, the state elite gradually changed its paradigm and shifted towards protectionism in discourse and practice. The Republic was clearly a nation state embarking upon a radical modernization process particularly in political and cultural fields. No matter what the reality was, the new leadership assumed a homogeneous "nation" to be served in the process of modernization. In economic field, to be modern was to get industrialized. Turkish businessmen were to be supported by custom duties, state incentives (*Teşvik-i Sanayi Kanunu* – Industry Incentive Law in 1927) and new financial institutions (like *İş Bankası*) in order to develop industry. Customs duties could not be used as an instrument in these incentives due to temporary international obligations, but other means were used.

However, reaction of the private sector was very weak to the state incentives and the worsening economic conditions in the context of the Great Depression paved the way for the First Five Year Industrial Plan (1934-38). This plan marked the beginning of a large-scale direct state involvement into the economy and reached its objectives one year before the end of the plan period. Turkey has undergone important developments in the food, shoe, textile and mining sectors by the help of state economic enterprises, namely *Sumerbank* and *Etibank*.

During the 1920s, and particularly in 1929, Turkish economy experienced a large current account imbalance. Almost half of the imports at that time was composed of consumer goods. Investment goods comprised just 25 % of the total imports. Exports were dominated almost 90 % by agricultural goods. With the implementation of *etatism* Turkish economy started to give surplus in its balance of payments. That was because of the new protectionist policy in foreign trade as well as of the import substitution by state economic enterprises. This change also affected the composition of imports, increasing the share of investment goods to half of the total imports and replacing much of the consumer imports.

Turkish planning was the first planning experience after the Soviet planning and Soviet expertise was used in the preparation of the plan (Boratav, 1982: 111). However, it was not a socialist planning based on a total control on the means of production and a repudiation of the private ownership. On the contrary, the plan focused on those fields that were outside the capability of the private sector and even

provided a favorable environment for private industrial investments[60]. In that context, *etatism* was first and foremost a tool for nation building and justified on nationalistic grounds rather than on socialistic or capitalistic ideological reasons (Keyder, 1993: 32-33; IBRD, 1951: 8).[61]

With *etatism* the role of the private sector in economic development became secondary,[62] particularly at discursive level. Though *etatism* was not generally interpreted as contrary to the overall objective of creating a national bourgeoisie envisaged since the Union and Progress Society, there was less emphasis on private initiatives and trade, and more faith on direct state activities and domestic market. Economic development through industrialization led by the state economic enterprises is the core idea which was expected to lift "the Turkish people toward Western civilized standards" and "it was, in Atatürk's words, a shortcut to speed up the process of Westernization" (Okyar, 1993: 15)[63].

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[60] It is important to note that the Law No 3436, issued in 1939 for regulating state economic enterprises, envisages ultimate transfer of state enterprises to Turkish nationals and businessmen. It is also clear that the market prices had been preserved as the main regulatory mechanism both for the private and public sectors.

[61] There is also the view that *etatism* was not socialistic, but on the contrary, "it was a bulwark against socialism" (Günçe, 1967).

[62] That secondary position was more emphasized in discourse rather than in application of *etatism*. As İnan (1972: 17) points out many of the project topics in the industry plans had a potential for helping the development or generation of private industry. This observation supports Keyder's (1999) approach to *etatist* period as a coalition between the bureaucracy and industrial bourgeoisie.

[63] General location policy for new industries reveals some of the nationalist concerns of the new elite. They were distributed in western and central Anatolia and only two of them were located in İstanbul, which was already the center of industry. The expectation was to distribute the benefits of industry more equitably and to speed up modernization process outside İstanbul (Okyar, 1993: 16)

4.3.2 Different Interpretations of *Etatism*

There were actually continuous debates during the 1930s about the exact definition of *etatism* among state elite (Türkeş, 2001). The main uncertainty was related to the limits of legitimate private sector activity or the demarcation line between private and public sectors. Particularly the businessmen were sure neither about their social status nor the concrete limits of state intervention. There were two main positions. The first was the view of "moderate" *etatists* like Celal Bayar who defended that the state should be involved in fields that are beyond the capability of the private sector. The second or more radical view was defending the state involvement in certain fields no matter what the capability of the private sector was. İsmet İnönü (the second man of the Republic) was the most prominent figure of this second group. Atatürk himself acted somewhat as an arbitrator between these two groups carefully balancing their power in administration. However, these two official views shared a strong pragmatism and had also some common enmity towards Bolshevik way (Buğra, 1997: 155-159; İlkin and Tekeli, 1982: 79-106).

The pragmatism in the application of *etatism* may be related to the Ottoman heritage of giving the top priority to the security and preservation of the state. In that framework, as İnsel (1995: 188-195) argues, economic *etatism* of the 1930s was only a subset of a broader (political) *etatism*. Economic *etatism* was a conjectural preference considering the broader and more comprehensive state-centered approach. Whether through the state economic enterprises or through state supported businessmen, the state elite would shape the main economic decisions and the distribution of investments throughout the country. İnsel's argument seems to be plausible considering the overall nationalist and state-centered approach shared both

by moderate and more radical supporters of *etatism*. For instance, Celal Bayar, who represents somewhat the liberal or moderate approach to *etatism* and industrial plans of the 1930s, did not consider autonomous private sector acting with market rationality. But rather, in the Industry Congress in 1936 (as cabinet member responsible from economy), he states that, "an industrialist is a person who has assumed a great patriotic duty in the national development war and considers the requirements of economic nationalism side by side with his commercial interests" (Quoted in İnan, 1989: 15)

The success of *etatism* during 1934-37 period created an enthusiasm around the concept which was finally inscribed into the Constitution as one of the basic principles of the Republic in February 1937[64]. But that was also the time that economic *etatism* started to lose its old attraction and feasibility under the conditions of approaching World War II and negative effects of new conditions on the Turkish economy. Turkey did not directly participate in that War but followed a war economy that left the Second Five Year Industry Plan on paper, to a great extent. There has been no official plan in the real sense of the term from that time on until 1960s.

[64] During 1930s a group called "*Kadro*" (Cadre) movement, organized around a journal bearing the same name, tried very hard to prove that *etatism* was a third and novel system between liberalism and socialism, rather than a conjectural economic policy. It was an eclectic approach based on Marxism, corporatism and nationalism, culminating in a fascist understanding of a strong and autonomous state that transcends all class conflicts (Karpat, 1996: 76-77; Boratav, 1982: 151-160). İnsel (1995: 192, 301) considers *Kadro* as a political movement expressing one of the most extreme forms of comprehensive (political and economic) *etatism* heavily influenced with the totalitarian regimes at the time, leading also to "*Yön*" (Direction) movement during the 1960s. Though this movement (which may also be seen as a demand for a "developmental state) was tolerated for a while by some important official figures, it was later excluded and its credibility rapidly eroded (Türkeş, 2001).

4.3.3 General Assessment of *Etatism*

When we look at the planning experience of Turkey during 1930s it is clearly a result of interacting internal and external factors. Nationalism and nation building, on the one hand, and conditions of the Great Depression, on the other hand, gave rise to the formulation and execution of a state-led industrialization. The plan was formulated from above in an elitist way and consolidated the power of the Republican state bureaucracy vis-à-vis the society. That is, beside repressive and ideological state apparatus the state elite had one more tool to strengthen its power within the society with its active and direct involvement in economy.

In that sense, one may argue that *etatism* increased the autonomy of the state and its paternalistic practices, partly inherited from the classical Ottoman times and particularly from the process of modernization from above by the agency of the state. As İnsel (1995: 13) claims there seems to be a dialectical connection between modernizing efforts of the state and conservative and seemingly closed character of the society. These two poles mutually support and legitimize one another. In that context, opposition to the state elite means opposition to modernity itself.

A large degree of autonomy of the state *vis-a-vis* society cannot be denied in the planning experience of the 1930s (Buğra, 1997). That autonomy is partly related to the Ottoman heritage of a strong central administration and partly to the post independence conditions in which bureaucracy faced a large Turkish peasant population after the immigration of economically better off minorities. However, As Özbudun (1981) observes there were landowners and local notables participating in the Independence War and exerting their influence upon the state during and after the

Independence War. In that sense, considering heterogeneous social origins of the elite and lack of a systematic political ideology, the Republican state has never developed into a totalitarian structure. The successful process of state led industrialization also benefited and increased relative power of some new social groups and classes like industrial bourgeoisie, labour, and producers of raw materials in agriculture, leading to increasing demands for autonomy of the society *vis-à-vis* the state elite.

As the international environment changed towards a more liberal economic system and the different interests started to play a more significant role in the domestic front, it became harder to define a common national interest and execute *etatist* policies to realize these interests. However, this particular trajectory of nationalism, economy, and state interaction continued under various forms after the transition into the multi party period.

4.4 General Assessment of Modernity and Early Planning Efforts in Turkey

Modernity is not a uniform and a-historical process. It is rather a multi-faceted process, which is variable across different contexts. It would be wrong to equate modernity with industry and leave outside other aspects of it like the modern state with its large bureaucratic organization, nationalism, political institutionalization based on popular sovereignty and culture of individualism. Each of these aspects also transform in time. For instance, the 19th century industry –as well as democracy and the state structure-- is not the same as that of the 20th century. Using Beck's (1997) terminology, there are "simple" and "complex" modernity. Moreover, each particular society or geography encountered with modernity in its different socio-political and

economic conditions. Thus, it makes a difference whether the "pre-modern" structures are imperial, tribal, colonial, etc. It is also observed that these differences have implications for the later developments in the modernization processes. Particularly deliberate modernization plays a very important role in the political and economic life of the societies that are left behind.

An important factor that emerges out of Turkish example is the central role of the already existing state structure in the development of modernization discourse and practices. That already existing state structure leads to a more "constructivist" and a state-centered, top-down approach in a the modernization process with very important implications in terms of overall political culture as well as planning as part of this political process. Planning, in that context, is basically based upon instrumental rationality of the state elite. The mission is to get industrialized and catch the relatively more developed nations, on the one hand, and to preserve the state and its power structure in the domestic front, on the other hand. Planning is mainly a means for securing such ends defined by the modernizing elite.

What is observed in the Turkish case is that the economic policies are largely shaped in a state-oriented and nationalistic discourse. However, the emphasis placed upon the state *vis-à-vis* the nation changed depending on the conjecture. In the aftermath of the First World War and during the 1920s, the main economic strategy was "national economy," which practically meant creation of a Muslim/Turkish bourgeoisie with the help of the state. However, though this policy was never completely abandoned, 1930s witnessed an *etatist* economic strategy giving priority to direct involvement of the state into the economy. In the final analysis, one may

argue that both "national economy" and *etatism* were state-centered in so far as the long-term goal was defined in terms of the major interests of the state –political independence in external relations and social control in domestic politics[65].

4.5 The Second World War and Aftermath

4.5.1 *Etatism* in Transition under new International and Domestic Conditions

Etatism as a practical tool operated very successfully during 1933-1937 period, creating an industrial basis under the ownership of the state. Import substituting industries like sugar, iron and steel, cement, textile and glass have been developed under strictly protected domestic market. Economy grew very rapidly and the share of industry increased in the gross national product.

Turkey has prepared its Second Five Years Industry Plan in order to enlarge the industrial basis towards the end of the 1930s. However, approaching world war conditions have largely hindered planning efforts. Though Turkey did not take part in the war, she had to shift into a war economy and spend public funds for defense purposes in order to face the increasingly risky environment. Therefore, *etatism* in the form of creating state economic enterprises in industry practically ended.

This turn in the planning process also reveals vulnerability of the state-led planning on the face of changing priorities of the state elite. Traditionally defense and in broader terms the preservation of the state always presided over economic concerns

[65] That function of *etatism* can be related to the "colonization" thesis that has been raised against an over-extension of the welfare state by Habermas. The broader the functions of the state undertaken by instrumental rationality of the bureaucracy, the smaller is the space for the communicative rationality to be operationalized by the civil society. İnsel (1995: 197) seems to emphasize the same idea by stating that to protect a social section or group is, at the same time, to control them.

for the state elite. Hence the sharp re-allocation of resources to the military needs when there is a perception of a serious military threat. As a result of recruitment of manpower for military in a labor-intensive agriculture dominated economy and feeding a large army consuming much of the resources a high level of scarcity was created in the market.

Bureaucracy became more assertive in its price controls, tax collection efforts and procurement activities, leaving little room for an autonomous market during the war years. National Protection Law (*Milli Koruma Kanunu*) and Wealth Tax (*Varlık Vergisi*) are two important practices during the Second World War. According to the former the government was authorized to determine production targets for the private sector, to give permission for private investments, to nationalize factories and mines, to control prices in all markets and to nationalize trade in some commodities. The Wealth Tax, on the other hand, was discriminatory towards non-Muslims and reflected chauvinistic atmosphere of the times (Keyder, 1999: 155-159). However, these conditions also created a favorable environment for speculative activities and rent seeking, contributing to capital accumulation in the hands of some tradesmen.

This was also a period in which the Republican Party and the state came under the control of İsmet İnönü, after the death of Atatürk in 1938. İnönü is known with his stronger dosage of *etatism* during the 1930s, compared to Celal Bayar. Atatürk had somewhat stroke a balance between these two prominent figures of the Republic during his rule. After Atatürk, the power shifted to İnönü and his closer colleagues, creating a more favorable environment for the state interventionist approach.

However, one should not forget that İnönü was not so much of an ideological enthusiast either. Just like many other republican elite, he was basically a pragmatic personality keeping a close eye on the changing conditions. That is why it should not be a surprise to see İnönü defending a more liberal economic policy after the victory of the liberal democratic forces in the Second World War. He has also shown the statesmanship and necessary flexibility in transforming the single party system into a multi-party democratic regime, rapidly abandoning his title of "national chief" developed during the war times.

4.5.2 Planning Attempts During the 1940s

Though failed, there are a number of planning efforts observed during the 1940s. Among them 1944 "Development Plan and Program After the War" prepared by the Saraçoğlu government is the most significant one. The plan was prepared within the spirit of the planning of the 1930s, under the influence of ideas of *Kadro* Movement (Tekeli and İlkin, 1981). That was a plan that envisaged further state involvement in transforming Turkey into an industrial country, emphasizing investments in heavy industries.

This plan could not be implemented and short lived as a result of new international environment shaped by the victorious liberal states under the leadership of the United States. A US mission under the chairmanship of Thornburg visited Turkey and prepared the so-called Thornburg Report in 1946, criticizing ambitious industrialization targets of the 1944 Plan.

As a result of Truman Doctrine announced in 1947 Turkey and Greece were also identified as two strategic countries to be supported against the spread of communism. In that context, Turkey was to be supported by political guidance and financial resources. Turkey has started to use US funds towards the end of 1940s thanks to the containment policy against the USSR. However, foreign aid and credits were not given without any conditionality. Turkey had to abandon its plan prepared by more radical intellectuals and accept a new plan that confirmed the overall economic advise of US experts. That is how Turkey prepared 1947 Turkish Economic Development Plan, which marks the official end of *etatism* (Tekeli and İlkin, 1981; Mortan and Çakmaklı, 1987: 28-29). In its English version, the 1947 Plan is called "Recovery Program for Turkey" As the name of the report itself implies, it had been prepared within the larger framework of Marshall aid for economic recovery program in Europe. That was basically a plan that was less ambitious about creating a domestic industry, giving priority to agricultural sector and infrastructure.

Considering these fluctuations in the plans and little official support and enthusiasm in plan implementation, it may be asserted that the 1940s was practically a period in which economic *etatism* ended in deed if not in words. *Etatism* was still a constitutional principle but even Republican People's Party (RPP) leadership was less enthusiastic about its practical use. One may argue that the Turkish state has largely lost its autonomy *vis-à-vis* external world after the end of rivalry between the great powers of the time and the victory of the liberal states. This loss of overall state autonomy led to and represented by a loss of autonomy in preparing and implementing plans, too.

Turkey has entered into a multi party democracy leaving almost thirty years of single party rule after the Second World War as part of İnönü's and state elite's preference of being on the side of victorious liberal forces. On the other hand, RPP's main rival Democrat Party (DP) was defending a private sector oriented and open economy. In the context of the alliance with liberal forces and as a result of party rivalry İnönü left its old *etatist* emphasis and approached towards a more liberal discourse in economic policy making.

From this time on Turkey could no longer be called as an *etatist* country in the technical sense of the term. In traditional periodization, it is taken for granted that Turkey entered into a liberal environment particularly after 1950. However, as Yenal (1999: 145-158) observes this periodization might not be correct if one approaches *etatism* in its broader sense, as part of a broader concept of economic nationalism. In this broader sense DP was no less *etatist* than RPP. DP was ready to use every means to support a specific section of society to "create millioners in each neighborhood." Some discriminatory practices of DP against the minorities during the 1950s are also significant indicators in that regard. In short, DP policies were not liberal in its full sense and not totally outside the nation building efforts that could be traced back to economic nationalism at the turn of the century advocated and practiced by the Union and Progress Society.

4.6 1950s as a Prelude to a New National Planning Era in Post War Context

Democrat Party (DP) won a landslide election victory and came to power in 1950. That was also the end of *etatism* and a private sector oriented rule in economic

domain. The new prime minister was Adnan Menderes and the head of the Republic was this time Celal Bayar. DP basically emanated from the cadre of the RPP and developed close ties with businessmen and rural areas through its moderate views on religious practices and its market oriented approach.

During DP rule Turkey has sent soldiers to Korean War and developed close ties with the United States. In return, US government provided financial aids and credits to Turkey in the framework of the Truman Doctrine under the cold war conditions and facilitated Turkey's acceptance in NATO. Global markets were favorable due to the demand generated by the Korean War and the Turkish agricultural production was growing during the first half of the 1950s. Combined with external borrowing, these conditions led to rapid growth rates in economy. Due to deliberate priority given to the rural areas via transport networks and mechanization (tractors), Turkey has also witnessed the most impressive immigration from the rural to urban areas during these years, creating a population boom in major cities and transforming urban environment. It was expected that this immigration would stimulate private sector led industrialization by providing cheap labor (reducing costs) as well as fresh demand (increasing revenues). However, the private sector could not respond to this shock with adequate investments and the cities increasingly became vulnerable to unemployment and marginal employment.

The opposition of the new social forces vis-à-vis the state elite after transition to multi-party politics in the 1950s was raised around concepts such as the "popular will" and "national will." Up to this stage, one may suggest, nationalism was mainly an elite project imposed upon a former imperial context. From that point onwards,

however, nationalism starts to operate within the context of rivalry of political and state elite. The planning experience after 1960s was shaped under this new environment, too.

As Buğra (1997) and Yenal (1999) observe DP did not like plans and presented itself as a liberal party in economic policy. However, this does not mean that the DP had not intervened into the economy. On the contrary, DP had used various means to interfere into the market. Particularly in the second half of the 1950s DP enlarged the public sector and tended to use state economic enterprises more and more in order to solve economic recession. That period continued until the stabilization decisions of 1958. This episode in Turkish planning history supports the general discussion in chapter two about the relationship between capitalist instability and planning. No matter what governments defend in their discursive aspects, economic crises usually lead to more active state involvement into the economy, with a debate on the need for a more systematic organization of these interventions.

There was a problem of chronic trade imbalance in the Turkish economy starting in the second half of the 1940s and going on throughout the 1950s. Import substitution of the 1930s reduced the consumer goods imports but increased the need to import intermediate and investment goods in order to operate new industries. That is, import substitution policies did not actually substitute imports but changed their composition. The further the effort to deepen the import substitution the more difficult it is to find the necessary foreign exchange to import. With a limited export capacity dominated by agricultural produce the natural result was dependence on foreign credits or funds in order to finance increasing imports or trade deficit. Almost

all developing countries except for oil producing ones encounter such a trade deficit and balance of payments issues in the process of development. It is relatively easy to establish new factories but difficult to operate them by earning foreign exchange.

1958 stabilization program devalued Turkish Lira as a means to improve balance of payment problems of Turkey. There were also other considerations in the DP leadership like establishing an "Economic Planning Office." That idea was developing due to critcism towards *ad hoc* policies that were perceived as the factors leading to economic recession in Turkey. Another factor forcing the idea of preparing a plan was foreign creditors. They were advising a plan that would coordinate various activities and create transparency in the spending of foreign funds. As has already been referred, this approach of international financial institutions was a major element in the dissemination of planning in the developing countries, including Turkey (Waterson, 1966)

DP government invited Tinberger[66] and some other foreign experts to prepare Turkey for a planned economy. However, DP could not found a planning organization due to increasing political tensions and ultimately a military coup in 27 May 1960. One of the most important priorities of the ruling military council after the coup was founding a state planning organization and entering into a new economic growth era.

[66] Tinberger was one of the leading economists in the world specialized in economic planning at the time. See Tinberger (1964) for his general approach to planning.

Apart from conjectural need for planning one might argue that the strong emphasis put upon a planned economic policy by the military had its roots in the modernization process of turkey and its experience in the 1930s. Military has been a subject and object of modernity throughout the 19th and early 20th century, taking also the leading role in the national independence war. As has already been discussed earlier the peculiarities of the Ottoman regime have given the military a privileged position to act above society and different social interests. The military had a strong support for modernization that was largely identified with industrialization. It was also critical for the military to preserve the independence of the new state against foreign powers. That is why a failure in economic policies and increasing dependence on the outside world contributed to the coup against the civilian government.

The intellectuals in general supported the army, particularly the university staff. That was because the intellectuals in Turkey had socialized in a state centered environment and given more emphasis on the state rather than liberal principles of individualism and democracy. Given the positivist epistemological background of most of the Turkish intellectuals it was hard to tolerate wrong policies of politicians in the field of economic policy *vis-à-vis* scientific arguments of experts or planners.

CHAPTER V

PLANNED YEARS: 1960-1980 PERIOD

5.1 A New Planning Framework and Organization in a New International and Domestic Context

This part shall be on the planning experience of Turkey during the 1960-1980 period, focusing particularly on the overall characteristics of planning approach and organization. Although Turkey has never stopped its planning activities to date, these two decades were the heydays of planning. The rise and fall of planning approach during these years is expected to shed some light on the policies adopted after the 1980 and the possibilities for future course of planning in Turkey.

Turkey has entered into a planned economy practice at the beginning of the 1960s. Planning was so much important for the period of 1960-1980 that this period in the history of Turkey is generally known as the "planned economy years." Turkey embarked on rapid industrialization under five year development plans and import substituting, protectionist policies in this new era.

As a developing country in the aftermath of the Second World War, Turkey has adopted a systematic import substitution development strategy with five-year development plans, the first one being put into implementation in 1963. Looking from organizational viewpoint the most important novelty in the planned period was the creation of the State Planning Organization (SPO) as a constitutional agency responsible for the preparation of five-year development plans and annual programs. As has already been discussed, Turkey had a strong bureaucratic tradition amenable

for top down approach in the economic policy formulation and implementation, and a planning experience during the 1930s as a successful industrialization strategy.

Besides these structural and historical characteristics of Turkish politics favoring a planned approach, there was also a favorable international environment for planning at the time. Bretton Woods institutions and creditor countries supported planning in the developing countries in order to discipline spending and guarantee the repayment of the credits (Waterson, 1966: 31-36). European recovery program and French planning experience were also important examples for the use of planning in a non-socialist environment (SPO, 1992). India as a democratic developing nation with five-years plans was another source of inspiration for early Turkish planners (Küçük 1967). These plans in the capitalist world were not socialist plans substituting the private sector and the market, but plans that basically aimed at supplementing the market forces.

External pressures by international organizations were particularly a significant factor in the initiation of planning efforts in the developing countries. As Karaosmanoğlu (2000: 6-7), one of the early Turkish planners reports, Turkey was no exception in that regard and particularly the OECD had strongly pressured the Turkish government to adopt a planned approach towards the end of the 1950s, recommending Professor Tinbergen as an expert to initiate Turkish planning[67]. There

[67] Some other leading planning experts in the early 1960s also emphasize the role of external agencies in the development of planning in Turkey (Sönmez, 1967; Torun, 1967). However, in these observations external pressures are cited side by side with economic hardships at the time and domestic demands raised by the opposition. That means the initiation of planning in Turkey during the early 1960s was neither totally domestic nor totally external, but a combination of both. Domestic dimension was critical in that regard and, it would be very to explain "almost emotional commitment to planning" in the administration after 1960 without evaluating the significance of this domestic dimension (Sönmez, 1967: 12).

was an unstable economic environment and the Menderes government accepted the OECD recommendations.

The economic crises in the second half of the 1950s and the external pressures finally made the Menderes government to establish a Coordination Ministry that would create the nucleus of the State Planning Organization in 1960 (Mortan and Çakmaklı, 1987: 43). However, the government preferred to keep the planning studies conducted by foreign experts and their Turkish counterparts secret,[68] due to its traditional ideological position favoring market forces (Buğra, 1997: 187). Despite a very high degree of intervention into the economy by the ruling DP over the 1950s, (which is observed to be the "Golden Age" of the State Economic Enterprises in particular) and various anti-inflationary measures taken by the government towards the end of 1950s, DP government insisted not to use the term "planning," so far as declaring that "we are against planning, because we favor a rational economy" in the preamble of the 1959 Budget (Sönmez, 1967: 30). That was basically a dogmatic aversion towards the idea of planning despite changing international environment that no more considered planning as a "heresy."

Planning studies speeded up and became manifest after the 1960 military coup under the National Unity Committee (NUC) rule. The failure of the civilian government during the 1950s was largely attributed to its policies that were against the imperatives of the scientific rules of economics. Thus, a strong emphasis on

[68] The resistance to the idea of planning by Menderes government may also be related to a nationalist reaction to an external demand (Akad, 1984: 30-31). However, from the larger policies of the government, one needs to be careful to consider this as a plausible explanation. It seems that Menderes government was feeling the bureaucratic character of the planning that would favor the state elite *vis-à-vis* the political establishment. Planning, in that context, had strong connotations with respect to the single party rule during the *etatist* era in the 1930s, discussed in the previous chapter.

"science" and "calculation" became integral to the planning period (Küçük, 1978: 272). Turkish planning started in this context as a plan to be imperative for the public sector and indicative for the private sector. Imperative aspect of the plan was to be realized by direct intervention in the resource allocation process for the public agencies, while the indicative aspect was left to various incentive tools to guide the private sector. That was actually adaptation of French planning in a developing country context. However, Turkish planning approach and organization had its own peculiarities as well. On the one hand, direct state involvement was more extensive compared to planning in developing countries. On the other hand, one of the most important aspects of Turkish planning was its comprehensive approach covering not only economic but also social/cultural aspects (Mortan and Çakmaklı, 1987: 78-80).

The international creditors were demanding basically an economic coordination unit, while Cemal Gürsel, as the Head of the State, was very enthusiastic about a comprehensive planning covering social and cultural issues. Turkish planning was, in that framework, different from planning in the developed countries and adopted certain elements from some other developing country experiences, particularly from the Indian example[69]. That was not a preference favored by the liberal international institutions and creditor countries but a preference of the military administration at the time, creating the overall planning framework for Turkey during the interval to the democratic politics in Turkey.

[69] Indeed early Turkish planning experts visited India and had a meeting with Nehru, the prime minister of India at the time. It seems that they had very positive impressions about the "socialist" planning in India, which was actually akin to the "mixed economy" understanding prevalent in Turkey (Küçük, 1967).

5.2 Establishment of the State Planning Organization and the High Planning Council

5.2.1 Establishment of The State Planning Organization (SPO)

The SPO was established on 30 September 1960 just a few months after the military intervention of May 27, 1960, with Law No.91. Later, the SPO gained a constitutional status with 41st and 129th provisions of the 1961 Constitution, bringing the civilian rule. Some additional legal arrangements were also done in order to define procedures for plan preparation and execution. The SPO prepared four five-year development plans in that legal framework during 1963-1981 period.

The story about the establishment of the SPO reveals some basic characteristics of planning in Turkey. It may be argued that the very name of this organization reflects the state-centered or state dominated planning discourse and practice in Turkey. Plans were "to ensure rational state intervention in the economy" (Uysal, 1986: 3). The SPO, responsible for preparing these plans, was not simply a "planning office" or a "planning bureau" but a *state* planning organization.[70] It is established not only by a law that could be revised by a civilian parliament with a simple majority, but given a constitutional status, practically close to change by the ruling civilian governments. Moreover, the SPO was not only simply designed to coordinate economic policies but also given a mandate in social and cultural domains.

[70] Torun (1967) reports some of the debates among the political power and experts in the process of establishing the SPO. He cites Tinbergen's draft bill, the İnan draft bill and Colonel Türkeş (Şinasi Orel) draft bill competing with each other. Tinbergen's bill emphasized the need for foreign expertise, while the other bills opted for a domestic capacity development with the help of foreign experts. The accepted bill was basically the Türkeş-Orel bill with some modifications. The name of the organization also evolved through these debates, from "central planning office" to "national planning organization" and finally to "the state planning organization."

These characteristics of the SPO can be related to the overall approach adopted in the 1961 Constitution. A consultative assembly convened during the military rule and prepared the Constitution, later adopted by the people with a referendum. As a reaction to the unlimited power of civilian governments during the 1950s, the bureaucratic and intellectual circles of Turkey introduced some new institutions to check majoritarian tendencies in the Turkish democracy. The main idea behind these new institutions was to strike a balance between "national will" incorporated by the majority in the parliament and "national interest" as represented by the state elite (Heper, 1992a). As Mıhçı (2001: 173) states, "the SPO was established just three months after the 1960 coup … as a fortress against political interference." Among these new institutions for limiting the power of political elite, other than the SPO, are the Constitutional Court or Supreme Court, a bicameral parliament with a more elitist Senate, a National Security Council with almost equal status to the government and the military under the presidency of the Head of the Republic.

In an interview at the 41st anniversary of the SPO, Şinasi Orel, the first Undersecretary of the SPO, an ex-army staff, explains how the planning nucleus created during the Menderes government years with the help of the World Bank was transformed into a national planning organization with a much ambitious mission (SPO, 2001a). In this interview what is emphasized is "technical" support of the SPO, particularly the High Planning Council (HPC) to the government. As seen in the first organization chart of the SPO, the High Planning Council is the highest body in the general organization, with equal members from bureaucrats and ministers. It is designed as a platform for reasonable debates between technicians and politicians to arrive the most appropriate policies for the country. After arriving appropriate

decisions at the HPC, political members of the HPC were to defend the same position in the Council of Ministers, following up these decisions down to the Parliament.

It is not difficult to see the overall aim of setting a balance between the political and state elite in such arrangements. The composition of the HPC is described in "the General Rationale for the Law No.91 Regarding the Establishment of the SPO" as follows:

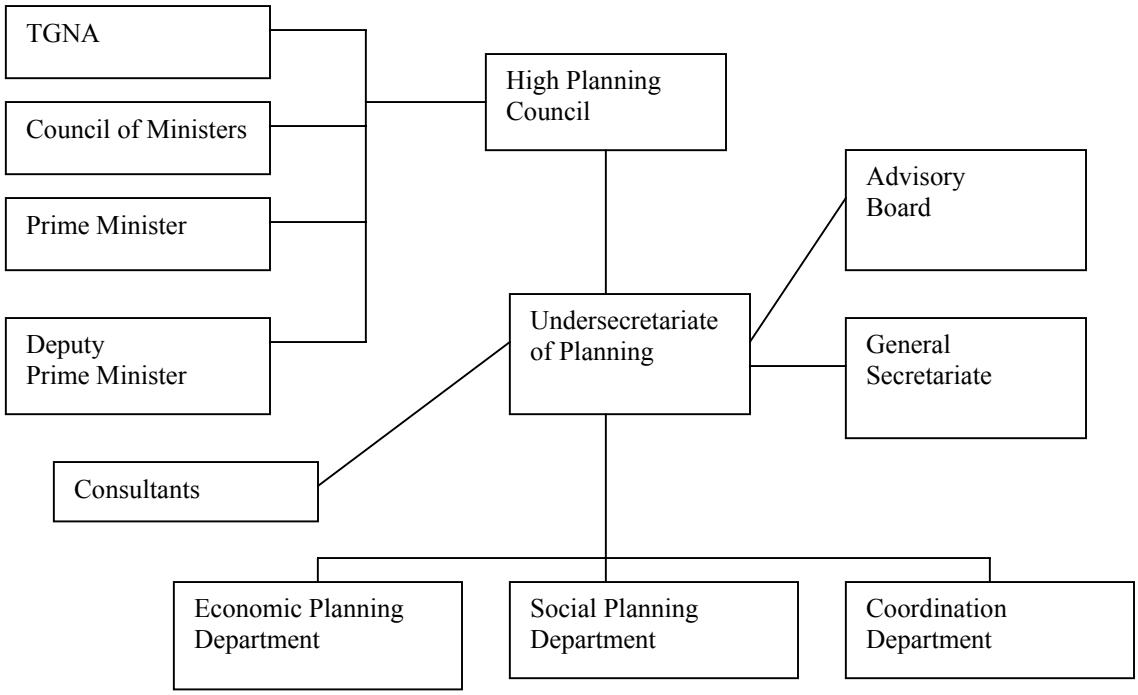
> Resources and demands should be compared in identifying the planning targets, so that what is a necessity and what is possible need to be determined within this framework. The High Planning Council has been composed by this consideration, creating a mixed High Council composed of those representing *political tendencies and authority* and those representing *science and technique* (quoted from Mortan and Çakmaklı, 1987: 116, emphasis added).

The HPC is expected to produce political consent on technically sound policies which would then be discussed in the Council of Ministers and finally in the TGNA. The political members of the HPC were the most important members of the Council of Ministers and as the head of both organizations the prime minister was expected to play a key role in turning the planners' ideas into practice. HPC was a platform in which the prime minister and three other ministers were to sit with the Undersecretary of the SPO and three main department heads as equal members. Not only the number but also the voting rights were equal for the political and bureaucratic members of the HPC. Looking from Habermasian perspective discussed in chapter three, that was basically an arrangement for achieving "scientization of politics," elevating technical knowledge of experts over the political will.

The First Five Year Development Plan (SPO, 1963) bears the signature of the prime minister with a short presentation. That was the signature of İsmet İnönü as the first prime minister after transition into the civilian rule. In that prime minister's presentation as well as in the introduction section of the plan there is a very strong emphasis on the significance of the planning for development under a democratic framework. High hopes for the use of planning in the economic, social and political development of Turkey are evident in the discourse of the plan document. Planning, in that sense, was functional as a means for preserving representative democratic politics in a developing country. However, considering the "scientization of politics" aspect built in its organizational structure, it was also problematic in terms of more substantive democratic practice.

In that context, one may argue that planning as organized aftermath of a military intervention into the civilian rule resulted in conflicting ramifications in terms of democratization process in Turkey. On the one hand, it has contributed to a more responsible management of development process, with better channels of communication between bureaucracy and politicians. On the other hand, it has institutionalized bureaucratic guardianship over civilian politics and problematized democratic decision making procedures. These two aspects of planning and planning organization have continued over the planned years. Civilian governments developed their attitude towards the SPO in that context as well. They have eventually accepted the benefits of working with such an organization in devising long-term development policies in a responsible manner, while detested the bureaucratic power of the organization at the same time.

Original Organization Chart of the SPO



TGNA: Turkish Grand National Assembly

Orel also refers to the reaction of politicians to this planning approach in the same interview referred above. He states that the politicians[71] were at the opposition with the idea that Turkey was in need of cooked rice ("pilav" in Turkish) not a "plan" (SPO, 2001a: 4). It may be argued that the whole history of planning after the 1960 can be related to symbolism contained in this debate and its implications. What is implied with this dichotomy is mainly the idea that the market and plan are two incompatible concepts. As Mortan and Çakmaklı (1987: 16-17) point out this false dichotomy has been a source of confusion ever since the beginning of the planning

[71] "Politicians," in that context, means right wing politicians who came together under the Justice Party (JP) after the closure of Democrat Party and execution of its leader during the military rule. After a short Republican People's Party (RPP) dominated coalition government under the leadership of İnönü, JP came to power with a landslide electoral victory. RPP was traditionally close to the state elite while JP represented majoritarian tendencies in the society.

experience in Turkey. What further complicates this dichotomy is the ideological implications of these two poles or positions rather than its technical content. Preferring one to the other has traditionally meant basically a political preference rather than a technical choice among different tools.

That debate between planners and politicians reveal the relationship between planning and power. Politicians have never perceived planning as merely a technical work and adopted various strategies to curb the power of the SPO. The ideological divide was mainly between *etatism* and liberalism during the 1950s, but it shifted to a divide between socialism and capitalism towards the mid 1960s (Yenal, 1999: 150). In other words, it was not planning *per se* as a technical activity but planning in a larger political and ideological framework that attracted some serious assaults from civilian politicians. That is a clear example for substantiating earlier debates in chapters two and three regarding the role of power struggle in the planning process. That aspect of planning is to be openly evaluated and recognized in order to design a democratic planning in a world of conflicting interests.

Apart from such ideological implications of supporting the idea of planning, there is also the classical issue of the division between the state and political elite in Turkey. In that context, one may argue that Heper's (1992b) observation about the tensions between the political and state elite during the democratization process in Turkey determined the overall framework in which planners and politicians interacted. As has been discussed in the previous chapter the attempt by DP to institutionalize planning in Turkey with the help of the World Bank failed with the May 27, 1960 coup. That is, planning has not been introduced in Turkey as a civilian initiative but

as a bureaucratic imposition upon the civilian governments[72]. Therefore, Turkey has experienced the tension and continuous debates between the civilian governments and planners about the use of planning and its organization. That characteristic of planning in Turkey might be explained as a "problem of confidence" between the political and state elite. For the politician the planners were rigid persons with no mandate from the nation, hindering the political initiatives for meeting popular demands, whereas for the bureaucrats the politicians were irresponsible persons hindering the most efficient or rational use of the public resources for development in the name of their short-term political interests.

From some historical anecdotes it is understood that there were some bureaucrats and members of the National Unity Committee (NUC) who tried to create a much stronger SPO than the actual one. Attila Karaosmanoğlu, as a young academician and one of the first planners in Turkey, refers to complaints raised by some of the NUC members about the limited authority of the SPO in the draft proposals. In a meeting on the draft proposal for the SPO one of the members of the NUC states his wonder about why they want to give more powers to the SPO but planners refuse. This member believed that the SPO should formulate policies and the government should just implement them. Karaosmanoğlu, on the other hand, objects to this ambitious approach and states that the planners do not want to substitute the government (Karaosmanoğlu, 2000: 10).

[72] What would have been the trajectory of planning in Turkey if the DP initiative had been successful in establishing some sort of a planned approach towards the end of the 1950s? There is no possibility to give a clear-cut answer to this virtual historical question. A certain degree of conflict or clash between political and technical rationality is unavoidable, since planning, as seen in the previous chapters, is by its very nature a political process. That is a certain degree of conflict between Turkish politicians and planners is just natural. However, it is clear that the civilian-bureaucratic relations in the planning process would have probably been easier and more collaborative compared to the real case, if the civilian governments themselves had initiated the institutionalization of the SPO.

From such historical anecdotes one can trace the mistrust of the then ruling military elite to the politicians. In a sense, the ruling military committee was more favorable to planning than the planners themselves. In the root of this approach was mistrust to politicians as much as a naive optimism about the use of expertise and technical knowledge in development. This approach can be traced back to the particular form of modernization in Turkey, characterized by positivist epistemology and state centered or top down reform. It is assumed that there is one single true policy for the nation and an impartial and technical planner could formulate this policy. Here one may see the positivist epistemology and instrumental rationality as providing the overall framework for the planning in Turkey. It was basically because of the self-limitation of the early planners that Turkey had a more realistic organizational structure for planning.

Dialogue, in this framework, is deemed as useful as long as it takes place among technically competent and patriotic experts. Even the dialogue between the bureaucrats and the politicians is considered as a one-way communication of technical imperatives to the incumbent government rather than a fruitful encounter of technical calculations and political considerations to open up multiple policy alternatives before the public and the decision makers. It is clear from the historical experience of the Turkish planning that the planners could never behave like a Platonic "philosopher king" in the formulation, and particularly in the implementation of the policies. However, this claim to be above politics dictating technical rationality has continuously created a tension between political and

bureaucratic parties in the High Planning Council as well as in some other platforms for planning.

5.2.2 The Basic Planning Model and Process

Turkish plans were to be prepared in accordance to the three staged planning approach recommended by Tinbergen. In this model the planning involved three main steps or levels–macro, sector and project levels (Tekeli and İlkin, 1984: 1606). At the first level a macro model is designed on the basis of macro variables of the country such as population, targeted national income growth, required aggregate investment level, etc. That was usually a kind of Harrod-Domar type model developed within a Keynesian approach. At the second stage, sector-wise targets are determined on the basis of the macro variables and an input-output analysis for the main sectors of the country. Finally, at the third stage, concrete projects are identified and evaluated for each sector (Küçük, 1967). That was basically a top-down planning approach, which did not take too much into consideration particular bottom-up demands. However, in practice the concrete content of the investment programs, which were the main means through which plans were to be implemented, were determined through an iteration process in which some bargaining took place between investment agencies, the SPO and the government.

There is almost two years between the start and end of the planning process. The basic structure of the process for the whole planning period is as fallows. The process of planning starts with a strategy document proposal, prepared by the SPO and submitted to the HPC. The HPC discusses the document and takes it to the Council of Ministers for the final government directions to the planning process. The SPO

takes this strategic directive from the government and combines it with inputs from various sector-wise and issue-based Ad Hoc Committee studies in order to prepare a draft five-year development plan.

After a long preparation process in the SPO a new draft plan is prepared and submitted to the HPC. The plan is discussed and, if necessary, modified in the HPC and later in the Cabinet. Then the plan goes to the Budgeting and Planning Commission of the Turkish Grand National Assembly (TGNA). After the Commission adopts the plan with some adjustments, it is sent to the general assembly of the TGNA for the final debates and ratification. When the plan is finally adopted by the TGNA it is enacted and gets ready for the implementation phase.

The five-year development plans are implemented by annual programs, which define yearly macro level and sector wise targets and policies. In addition to the role of the annual programs as instruments of implementing plans, they are, at the same time, indispensable as an opportunity to revise the plans in accordance with the changing priorities and conditions. As an appendix to the annual programs the SPO also prepares the annual investment program by collecting project proposals from various public agencies through a circular of the prime ministry.

Both annual programs and annual investment programs are taken to the HPC by the SPO Undersecretariat , and upon the HPC's ratification, submitted to the cabinet. The final word on the annual programs belongs to the cabinet. Officially these programs need to reflect plan priorities and modify these priorities in accordance with the changing international and domestic conditions. However, in practice, these

annual programs give the political authority to implement its own agenda with little concern to the priorities of the plan.

The relation between the plans, programs and the budget is also problematic. Plans and programs cover macro and sector wise targets, basic priorities and projects to be implemented. Some of these projects belong to the consolidated budget agencies, while others are undertaken by the state economic enterprises, local administrations, special funds, revolving funds, etc. Turkey attempted to institutionalize a program-budget system during the 1970s but failed due to the resistance by the traditional bureaucracy in the Ministry of Finance. That is why there is no clear connection between various elements of the budget (like investment and recurrent budgets).

Apart from the bargaining process and debates among the government, the SPO and the public investment agencies, there was also the mechanism of establishing permanent and temporary Ad Hoc Committees to take input from business organizations, experts in the public agencies and academia. Reports prepared by these committees in the process of preparing development plans are significant documents in the planning process.

5.2.3 Ad Hoc Committees (AHCs) as a Participatory Mechanism in Planning

Despite the general top-down and state-centered approach towards planning there is a very significant participatory mechanism called as Ad Hoc Committee Reports in the Turkish planning after the 1960. That mechanism was actually imported from the French and Indian experience and adopted to Turkish conditions (Küçük, 1967). The planning process envisaged a number of Ad Hoc Committee (AHC) meetings under

the coordination of the SPO. The main idea behind this mechanism was twofold. On the one hand, it is believed that such mechanisms would provide a platform for a fruitful dialogue particularly with the business sector and academia. On the other hand, such mechanisms were seen as a tool for increasing the legitimacy of the plans and their acceptance by the society.

In an environment of weak civil society these AHCs could play a positive role in terms of institutional dialogue between the public and the private sector (Öniş and Webb, 1992: 17). Unfortunately that has not happened very much and the democratic element in the planning process remained limited. Despite a corporatist discourse dominant in the Turkish political history (Parla, 1999), Turkish planning experience reveals that there is a lack of strong institutional infrastructure and communicative practices even among bureaucracy and business, let alone labor and other civil society organizations. Some observers attribute this failure to form a neo-corporatist organization of state-business relations to the particularistic approaches and rent-seeking behavior in the government-business relations (Buğra, 1997: 355).

In their legal and institutional format the temporary or permanent AHCs were suitable as a participatory mechanism for dialogue among equal parties and search for cooperation or consensus on policy alternatives. However, they could not be used in that spirit due to two basic reasons. First, the traditional bureaucratic culture was too much hierarchy-oriented for such a practices, and second, the political authority was ready to impose its will on a particularistic basis with little consideration to the institutional deliberation in such platforms (Türel, 1996: 1053).

Despite all such limitations the very existence and practice of AHCs should be considered as a valuable asset for a future democratic planning experience in Turkey. More than forty years of inefficient use of this mechanism devalued AHCs and reduced their practical importance. However, such institutions could be revitalized within a new context, provided that they have been reformed and given a much stronger mandate in the planning process. In that sense, AHCs are one of the main differences of the planning after 1960s compared to the planning experience during the 1930s.

AHCs formation, their working format, head of the AHCs, basic agenda, rules for dissemination and publication of results were all under the mandate of the SPO. In that context, AHCs in their original form does pose some problems in terms of "ideal speech situation" as defined by Habermas and communicative planning theorists. The use of AHCs, their reform in a new planning paradigm and their organization based on communicative rationality will be elaborated in the next chapter of this thesis.

5.3 Planning and Politics in Turkish Context

5.3.1 Planners *vis-à-vis* Politicians and the Autonomy of the Planners

There were high expectations for development under a plan at the beginning of the 1960s. The first generation of planners were ambitious about their ideas and formulated a technically coherent set of policies for development envisaging important sacrifices from some sections of the society for the long term benefit to the whole nation. Planners believed that increasing investment volume, requiring more financial resources or more saving, could only increase the economic growth. That is,

the most pressing issue for the planners was to raise enough resources to finance development programs. Apart from some administrative arrangements, raising taxes and reforming the whole tax system and undertaking a land reform were among the most radical proposals of the planners.

Remembering the state autonomy debate in the chapter three of this thesis, one may argue that the Turkish experience reveals conjectural nature of state-society relations. That is, autonomy of the state and the nature of state-society relations are not abstract categories to pass on general judgments, but rather historical and context-dependent phenomena to be reassessed in each case.

Turkish planners were pretty much autonomous from the politicians and political pressures under the conditions of the military rule during their plan preparations. After a short interval, however, democratic politics returned and a coalition government was formed under the leadership of İnönü. İnönü himself was very close to the planners and supported their work. However, İnönü was not alone in the coalition government. Some members of the coalition government were totally against the land reform proposal and a radical change in the taxation increasing the tax burden of big landowners. They have persuaded İnönü that such reforms were not politically feasible. Planners insisted on their proposals and İnönü had to make a choice between his political allies and the planners. Planners lost this conflict and the Undersecretary of the SPO and three department heads resigned as a result. This clash in 1962 proved that the formal power of the SPO in the HPC was no guarantee for the real autonomy of the planners. The limits for the autonomy of the planners were rather determined by the political power struggle (Sezen, 1999: 88-89).

This clash between the planners and the politicians was a real test for the degree of autonomy enjoyed by the planners and they came to know their limits *vis-à-vis* the political will. From this point onwards, one may argue, the SPO became rather a technical handmaiden to the political process rather than an organization dictating its technical rationality upon the governments. One may argue that this conflict in the relations between the planners and the politicians emanated from role confusion. On the one hand, particularly under interventions on the democratic process, the planners acted as if they are the politicians responsible for the definition of the common good and tried to make some basic political preferences. On the other hand, politicians could not refrain themselves from intervention at the technical or daily functioning of the planning process (Üstünel, 1966: 276). It is interesting to note that this conflictual relation started with the İnönü government that was much more favorable to the idea of planning. In the later era when the right wing Justice Party (JP) came to power as a heir to DP of the 1950s, the conflict between the planning experts and the politicians became more open, ending with further resignations and a reshuffle in the planning staff. As Torun (1967: 70) observes, as a planner in this early experience, the planning organization could not "found its place" in the Turkish administration.

The limited role of the SPO in practice might also be observed from its relatively weak power on the social planning compared to its economic planning mission. Despite the comprehensive mandate of the organization, economic sectors and the units responsible for economic issues have historically predominated the agenda of the SPO.

In that context, organization of public investments has been the primary responsibility of the SPO and given a special emphasis in its operations. The reasoning behind the macro plan model adopted by the SPO since its beginning is summarized by Kuruç (2000: 5) as fallows: building the nation state upon strong foundations required economic growth through industrialization, which in turn necessitated investments as a means to expand the national savings for further growth. That is why the planning organization focused on the public investment budget more than anything else. That is, despite the great enthusiasm on the need for social planning during the foundation process, which may also be interpreted as a will for social engineering, the SPO has traditionally performed a rather humble function of stimulating economic development through public investments and incentives for the private sector.

Karaman (1994: 4), as an experienced planning expert specialized in social planning, expresses the frustration of social planning in the history of Turkish planning by observing that social sectors have been treated as "residual" in the resource allocation process. That is, planners set macro growth targets, identified economic sectors that would contribute to growth targets, determined investment levels for such sectors based upon capital/output ratios, and then turned to social sectors to see what could be done with the remaining resources. As a strong advocate of social planning, Karaman (1994: 6-7) points out the linkage between economic growth and cultural change and perceives a deviation from "comprehensive" planning in the real application of planning in this context.

These events or historical results show that despite the rhetoric of positivism and expertise, it is rather politics that rules in the developing countries. In other words, social engineering in discourse is not usually the practice in most of the cases. That is mainly because of the need for a developed rational bureaucracy as well as scientific competence to turn instrumental rationality into a powerful tool for formulating and implementing policies. In that sense, "developed" countries are more amenable to instrumental rationality than the "developing" countries, despite more enthusiasm over the concept of planning in the developing world. Myrdal (1960) seems to be correct in asserting that the developed capitalist countries use planning without raising much noise, whereas developing countries praise planning without putting plans into practice.

Referring back to Bauman's (1991) insistence on the "social engineering" character of modernity as part of the Enlightenment idea of the rule of the reason in chapter two, it can be argued that this discourse could easily be transferred into the non-modern or modernizing parts of the world, but without an effective application in practice. Without the necessary expertise and bureaucratic infrastructure, planning remained rather limited in many parts of the world relative to the declared policies. There are even some countries in the post war developing world which had just a "ritualistic planning" (Agarwala, 1985) as an ideological tool for external and domestic audience, rather than a planning in the real sense of the term as a means for action. Turkish planning was in no sense ritualistic, particularly in its beginning, but without the necessary framework conditions, it had to be limited in practice relative to early expectations.

At that junction one may also stress a crucial deficiency in almost all plans since 1963. That deficiency is the lack of a clear connection between plan targets or policy priorities and the necessary financial resources or means to reach these targets or to achieve these policies. As a political preference plans contained all shorts of positive policy statements but no clear indication as to whom or what social sections the burden of the plans would be reflected. That characteristic of the Turkish plans constituted an important obstacle in the successful implementation of the policies due to financial constraints and lack of well-defined action programs. As a result, there has been a very loose connection between the five-year plans and respective annual programs and investment programs, and a loose connection between programs and budgets.

5.3.2 State Autonomy Debate in Turkish Planning Context

Going back to the debates on the autonomy of the state, it seems that one has to make a distinction between the autonomy in terms of formulating "national interest" above and beyond any particular conception in the society and autonomy in terms of the capacity to put this formulation into practice. For Buğra (1997: 38), for instance, state autonomy means "the power to take independent decisions," whereas state capacity means "the power to implement decisions." Although Turkey has a strong state tradition in terms of the former, it seems to lack very much in terms of capacity to impose its conception upon the rest of the society (Öniş and Riedel, 1993: 92). Indeed, without well-institutionalized state-society relations in a democratic context, strong and weak states become two faces of the same phenomenon. That is what Heper and Keyman (1998) call "double-faced state" in which case strong and weak

manifestations of the state are not contradictory but rather complementary sides of the same phenomenon.

Apart from society-state relations, the state, and thus the state planning, is also increasingly under the effect of the international powers and processes. In an age of "globalization" the idea of connection between different parts of the world in multiple channels and through multiple actors seems to be the common sense. However, that should not mean that the different parts of the world were isolated units before the globalization discourse. Particularly the so-called underdeveloped or developing world has long been subject to "outside" forces and processes that transformed it into a very different landscape. It is not enough to formulate policies autonomous from the sub-national groups but also from non-national or supra-national conditions and agents. Center-periphery distinction underlined by the dependency literature in development economics has long been and still is a very important issue to be addressed in the debate on the autonomy of the state in formulating and especially in practicing planning in a developing country context.

This debate is also reflected in the assessment about the success of planning in Turkey. Some observers argue that Turkey has failed in its planning due to problems inherent in the nature of planning itself. They claim that planning is not an efficient way of distributing resources compared to the market, producing sub optimal results in the long run. On the other hand, some others defend planning and argue that Turkey has never implemented planning in the true sense of the term. They claim that planning has been used as a tool in the hands of the incumbent governments to guise their wrong policies in a technical framework, or worse, that the politicians

totally ignored what is written in the plan documents and implemented their own short term agenda. There are similar debates in the overall assessment of planning in the developing countries (Todaro, 1992: 423).

This thesis approaches the autonomy issue in a different context. The main argument in that regard is the connection between and asymmetry in the domestic and international autonomy. The main departure point is the idea that democratic state-society relations are a very important element for the autonomy *vis-à-vis* the external world. That is, democratic states are considered to be less open to external imposition, though they are more open to external dialogue and interaction. In that context, without a democratic or communicative planning extending to the larger society, it is hard to formulate and execute plans against the impositions of the international political and financial power centers.

Autonomy in planning is not only related to the relations with the "outside" but also closely related to the character of domestic politics. Democratic planning as part of a broader political democratization would also close the gap between the demands raised by people and policies implemented by those in the position of representing the nation or the citizens. That is, an ineffective planning is part of the representation crisis in many developing countries. As has been emphasized in the chapters regarding general theoretical and practical debates in planning, it is not possible to overcome representation crisis in planning without attacking broader representation crisis of the state.

Democratization, in that context, has a double function in domestic and global relations. It is expected to reduce the gap between the people and governments through various participatory mechanisms and strengthen the governments *vis-à-vis* the external pressures that are against the interests or views of the larger society. This idea to combine technical competence and democratic process in a global environment shall be discussed in the framework of a new planning model for Turkey in the next chapter.

5.4 Overview of the Planning During 1960s: First and Second Five-Year Development Plans (FYDPs)

The First Five Year Development Plan (1963-1967) marks the beginning of the planned era for Turkey. In that sense, it should be read not just a technical document but also a political document. This is perhaps the most important point that differentiates this plan from the rest of the plans prepared afterwards. This political aspect is also evident in the clear support and commitment of political authorities at the time. İsmet İnönü, then Prime Minister, the second man of Republican Turkey after Atatürk, personally backs this plan in his introduction to the plan document. In this opening part, İnönü stresses the role of planning in a democratic model for development and condemns "arbitrary conduct" in economic management. He does not only address public agencies in his remarks but also calls the whole nation, including the private sector, to follow the basic priorities and objectives of the plan for democratic development. This strong emphasis on "democratic development model" seems to underlie the positive role attributed to planning in preventing further military interventions due to irrational economic management by civilian governments in Turkey (SPO, 1963).

With this clear political support for planning it should be expected that the First Plan was also one of the most effective plans in terms of reaching its objectives. However, there is no objective way to measure the success of planning. The same results might be interpreted in very different and sometimes contradictory ways by different observers. For those advocating planning the 1960s was a successful decade for planning in terms of economic growth and stability. For some other observers like Akad (1984), for instance, Turkey could perform even better without plans during these years due to favorable post war international economic environment[73]. There is no need to go into deep arguments for or against such rival approaches. What is considered as a criterion in this overview is the consistence between the plan targets and realizations. This criterion is used as a meaningful measure of the effectiveness of planning. In that part an overview of 1st and 2nd FYDPs will be given and similar overviews will be done for the other periods[74].

These two plans were prepared on the basis of a 15 years Perspective Plan covering 1963-1977. An import substituting development strategy is accepted by both plans. Basic policies adopted in these plans are high growth rates in national income and production within a stable environment, improvement of basic infrastructure, and

[73] As a success criterion one may compare Turkish performance with the developed and developing country growth averages during the 1960s. According to the 3rd FYDP (SPO 1972, 6) that makes this comparison, Turkish growth rates under planning are higher than average developed (4.8%) and developing country (5.6%) growth rates in the same period. However, the plan adds that the gap between Turkey and the developed world in terms of per capita income enlarged due to very high population growth rate of Turkey. Per capita income in developed OECD countries moved from $1.850 to $2.601, while that of Turkey only increased from $243 to $350 during 1960-70 period. From such numbers one may argue that Turkish performance was neither outstanding nor a failure, but in line with the general trends of the times.

[74] Data used in these overviews are collected from FYDPs and their support documents published by the SPO.

inward-oriented industrialization with the leadership of the public sector. One significant difference between the 1st and the 2nd FYDPs is the emphasis on the role of the private sector in development. 2nd Plan has given more weight to the private sector investments and underlined incentives to encourage private sector projects (Tekeli and İlkin, 1984: 1606).

In the light of these policies 1st Plan growth targets for agriculture, industry, services and GNP are respectively 4%, 12.3%, 6.8% and 7%. These targets were realized to a great extent. Realized growth rates for agriculture, industry, services and GNP are respectively 3%, 10.9%, 7.2% and 6.6%. In the context of rapid growth strategy, the share of fixed capital formation in the GNP increased in the 1st Plan period, from 17% in 1963 to 19.3 in 1967. These investments were realized mainly through internal financial resources. The share of the public sector in total investments increased in the context of this inward-oriented import substitution development strategy. This share climbed to 36% in 1936 from around 30% in 1963.

The 2nd Plan covering 1968-1972 period also realized its targets to a great extent. The most important divergence was in the agriculture sector with 1.8% growth rate realization versus 4.1% growth target. On the other hand, growth realizations in industry, services and GNP were generally in line with growth targets. Average realized growth rate for GNP was 6.3, reasonably close to the 7% growth target. The 2nd Plan preserved the basic strategy and the policies of the 1st Plan. The share of public sector in investments decreased slowly in that period but preserved its level around 30%.

Success in the realization of the Second Plan is particularly important because it has been implemented under a new political context. JP, as the center-right party heir to DP, has ruled the country under the leadership of Süleyman Demirel in this period. In his opening address to AHC studies for the Second Plan Demirel stresses the emerging consensus on the need for planning, but also underlies the fact that "plans should not be an iron jacket." (SPO, 1966). In this opening address he also stresses the need for public-private partnership in plan preparations, notes the increase in the number of AHCs from 21 in the First Plan to 67 in the Second Plan, with a clear acceptance that Plans create the background for political-economic decisions.

From these results it can be argued that the 1st and the 2nd FYDPs were generally effective and performed their function as a guide for action. Despite the limits to the autonomy of the planners, 1960s could be considered as a relatively favorable environment for the planners to affect political decision making on the basis of technical knowledge. However, as shall be discussed below, the success of the planners were not totally independent from the dominant domestic and international conditions. When the conditions changed the success in the plan implementations rapidly deteriorated.

5.5 Planning in Crisis: Politics and Planning in the 1970s

5.5.1 General Context of Planning in the 1970s

Although 1960-1980 period is generally known as the planned years in the history of the Turkish economic policy, it seems reasonable to make a distinction between 1960s and 1970s. There are two important reasons for this distinction. First, Turkey has gone through a "coup by memorandum" period on May 12, 1971 with significant

implications for political and bureaucratic processes. Second, global conditions have changed to a great extent due to the demise of the Bretton Woods system and oil-shocks. The internal and external conditions during the 1970s created a political and economic turmoil and demanded strong measures to overcome the negative effects upon the economy. However, Turkish governments could not respond to this environment with timely policies but instead opted for more short-term policies (Buğra, 1997: 205). These short-term policies, however, only increased the burden of adjustment towards the end of the decade. This option for short-term policies was also an option for less planning.

Import substitution development strategy could not be sustained during the 1970s. After the first and second plans Turkey has increasingly faced a balance of payment problem due to low exports and increasing import of investment and intermediary goods (Mıhçı, 2001: 178-179). Towards the end of the 1970s Turkey entered into a severe economic crisis and a political turmoil. The ideological division between the left and the right turned into street violence and the whole social fabric was under threat. Under a very heavy external debt burden and increasing violence in politics Turkish governments lost their stability. That was also a period of coalition governments with no stable rule and clear direction. Politics was reduced to street violence on the one hand, and a zero sum game in the rivalry among political parties on the other hand. In that period of economic and political uncertainty planning could not function as an effective tool for increasing certainty and bringing stability

to government policies. That was a clear indication for the significance of the political process for a successful planning[75].

For a short period during the interim years of a technocratic government under the military guidance at the beginning of the 1970s, the SPO regained its technical autonomy and added a new department to its organizational structure responsible for ameliorating the regional imbalances. That was, however, just a transitory and conjectural position and its effects waned as soon as Turkey reentered into a normal democratic process. In that process the gap between the plan targets and realizations enlarged and planning lost much of its attraction under an increasingly uncertain environment.

In theory plans were to be imperative for the public sector but only indicative for the private sector. Indeed, planning in Turkey could not be imperative even for the public sector (Sezen, 1999: 33-34). Its indicative function for the private sector should also be considered with great suspicion particularly after the 3rd Plan covering 1973-1977 period. Although the SPO was given the authority to distribute incentives for the private sector investments, it could not set clear priorities and distribute those incentives in accordance with the plan. Particularistic and daily interventions into the planning process were evident in the distribution of incentives that did not serve larger policy objectives.

[75] The same lesson about the close connection between political conditions and success in planning can be drawn from the South Korean planning experience. Planning efforts in this country largely failed during 1950-1965 period due to unfavorable political approach to planning and political instability. South Korea entered into a successful planning phase after 1966. The importance attached to planning by the political authority and the general political stability is stressed as main factors bringing success after this year (Cole and Lyman, 1971: 208-209). South Korean experience also shows that what is important is not planning *per se* but its specific form and particularly its relations with the broader political process.

In spite of radical changes in the domestic and external environment Turkish planning could not show the necessary flexibility to adopt into the new conditions. First and foremost, the basic import substitution development strategy could not be revised in order to add a strong export-oriented component during the 1970s. Under this strategy Turkey could not avoid severe balance of payment problems despite growing foreign exchange remittances from Turkish guest workers in Europe. As Akad (1984: 12) observes, this was not only a collapse in the economy, but also a deep crisis in the dominant economic ideology that could not overcome the mounting problems. In that context, the 1970s was a decade in which the old has gone but the new had not yet arrived.

The limits on the autonomy of the economy and the state *vis-à-vis* the external shocks as well as the autonomy of planning from the political conditions were clearly more visible in the 1970s. Without a nation-wide dialogue and bargaining process to determine common good, on the basis of which the whole planning work need to be erected, the common good defined by the planning experts in isolation from the social and political realities was bound to be wishful thinking rather than a real plan to be considered as an action oriented process. Neither violence nor ideological slogans could produce even a transitory consensus for action. In that environment, Turkey was rapidly moving towards a new stabilization program with the IMF towards the end of 1970s, in order to overcome its external debt problem.

Put in a different perspective, one may argue that the failure in the classical democratic process during the 1970s to bring out realistic and legitimate solutions to

social and economic issues led to a total bankruptcy and a clear loss of autonomy to the remote international institutions with no democratic accountability. From this point onwards IMF conditionality and the imperatives of the global market would further reduce the effectiveness of domestic plans.

The 1970s ended with the January 24, 1980 Decisions envisaging a new development strategy based on outward-oriented development strategy and liberalization in order to integrate the Turkish economy to the global markets. September 12, 1980 coup which brought a military rule until 1983 implemented the January 24, 1980 Decisions with great vigor and prepared a new political environment for the later democratic era. Planning was to continue within this new context with rather different functions.

5.5.2 Overview of the Third and Forth Five-Year Development Plans (FYDPs)

Development plans in Turkey prepared during the 1970s should be interpreted in the above given general background. 3rd FYDP was prepared with an elitist bureaucratic spirit within the political milieu determined by the March 12, 1971 military intervention through a memorandum, leading to formation of a technocratic government composed of various party members and some bureaucrats. That is why the Plan had more ambitious targets, and it was accepted in the Parliament reluctantly in order to return back to the normal civilian rule (Tekeli and İlkin, 1984: 1607).

3rd Plan was prepared with a particular emphasis on the relations between Turkey and the European Community (EC). That is why it was prepared on the basis of as new

Perspective Plan covering 1972-1995. In this Perspective Plan there were targets regarding income level and production structure in 1995, the year in which Turkey would reach to a level to enter a customs union with the EC.

Apart from general policies favoring rapid industrialization, this plan stressed the importance of reducing external dependence in the field of capital goods sectors. That is the plan was targeting a new stage in the import substitution industrialization. Turkey had successfully substituted consumer goods in the relatively easy stage, but at the expense of increasing its dependence on intermediate goods and capital goods imports. In that context, "producing machines that produce machines" was not only considered as a necessary stage in industrialization, but also as one of the key areas for creating a modern society in the full sense of the term.

3rd FYDP covering 1973-1977 years was put into implementation in an uncertain international environment characterized by oil shocks. This Plan had more ambitious targets for agriculture (3.7%), industry (11.2%), services (7.7%) and GNP (7.9%) compared to the previous plans. However, starting from this Plan there has been growing divergence between plan targets and realizations. Realized growth rates in this Plan period in agriculture, industry, services and GNP were respectively 1.2%, 8.8%, 7.3% and 5.2%.

Even this 5.2% growth rate seems to be rather high considering very rapid increases in oil prices and stagflation in the international markets in the first half of the 1970s. This high growth rate in the 3rd Plan period could not be financed with internal financial resources and Turkey started to use more and more external finance in order

to realize internal investments. For instance, the ratio of fixed capital formation rose to 25.9% in the last year of the Plan (1977), while domestic savings decreased to 20.4% in the same year. The share of public sector increased in this expanding investment volume and reached to 36.7% by 1977.

These data show that Turkey could not implement an adjustment policy and adopt itself to a high cost energy environment by appropriate macroeconomic and industrial policies. That was because the cost of adjustment was not politically feasible. Short-term, *ad hoc* policy was perceived as a more feasible alternative in an environment of political turmoil in which dialogue between different interests and groups was almost none existent. Without a political culture favoring compromise and bargaining among different actors and no strong institutional mechanism for dialogue, each sector and group tried to preserve its relative position with little concern for the long-term effects. Planning was less and less effective in that context as a tool for anticipating long-term trends and providing effective measures for improvement.

With an interim period in 1978, 4th FYDP was put into implementation, covering 1979-1983 period. Policies adopted in this Plan could be summarized as rapid industrialization based upon public sector, improvement in the balance of payments, and creation of a self-sustainable economic structure. These policies and even more ambitious targets of the Plan (growth rates of 5.3% in agriculture, 9.9% in industry, 8.5% in services and 8% in GNP) compared to the previous plans reveal the fact that Turkey could not adopt to the new internal and external conditions with this Plan but instead insisted on the traditional policies. Despite the ambitious targets, of all the

plans realizations were the worst in that Plan period (0.3% in agriculture, 2.4% in industry, 2.2% in services and 1.7% in GNP). Looking at the gap between the realizations and targets one should doubt whether there was a plan in a real sense of the term in this period. With this experience Turkey could not continue with its traditional planning with little concern to the "external" environment and political situation in the country. Actually, the Plan lost all its meaning with the worsening economic conditions, particularly the balance of payments, and with the 24 January 1980 Decisions giving a new direction to the Turkish development strategy.

Domestic savings and fixed capital formation decreased to a great extent during this plan period, respectively to 16.5% and 18.9% in 1983, the last year of the Plan period. On the other hand, due to relatively more grave consequences for the private sector investments, the share of the public sector increased up to 43.3% in 1983. Considering the private sector oriented policies of January 24, 1980 Decisions, it is interesting to see a rapid increase in the share of the public sector in total investments. That increase should be interpreted in a different way. First, the composition of the public sector investments is as significant as its volume. The composition of public sector investments after this policy turn changed significantly, favoring infrastructure projects over productive sectors. Second, that was a transitory period in which private sector was not yet ready or confident about the new policy environment.

5.6 A General Overview of Planning During the 1960-1980 Period

Turkey applied an import substitution development strategy based on protectionism and a national comprehensive planning during the 1960-80 period. In retrospect it

seems that the planned years were basically a part of the state building and nation building efforts of the new Turkish Republic in its broader modernization project. Economic development, particularly generation of a sound industrial basis, was at the hearth of the planning efforts, which aimed to change the structure of the Turkish economy. Despite some participatory mechanisms like Ad Hoc Committees brought by the new planning approach, the main characteristic of planning in Turkey continued to be a top-down, state-centered and expert based. In that sense the planned years were a continuation of planning during the 1930s. However, this time planners had to work in a multi-party environment in which the autonomy of the experts had significant limitations in implementation phase, if not in formulation of the policies. This experience shows that without a well functioning relation between politicians and bureaucrats it is very difficult to operationalize planning under democratic conditions.

Neither society al large nor representative bodies have been an effective agent for planning in Turkey. Under the general conditions of weak civil society, Turkish planning could not incorporate different viewpoints and interests in a broader framework for action. A limited participation by business through AHCs proved to be increasingly ineffective. Governments and the Parliament played an obstructive rather than constructive role in the planning process. They were effective in hindering effective application of plans but could not put forth alternative systematic guidelines for action. In sum, plans revealed serious problems of ownership in the social and political domains.

In that context, changing international conditions increasing uncertainty and raising the need for structural adjustment could easily put plans on more shaky grounds. Without a democratic will formation "inside," it was increasingly difficult to resist to the demands for change coming from "outside." As has been discussed in the previous parts this inside/outside distinction itself lost much of its meaning under growing interconnectedness or globalization. When Turkey reached 1980 it had to make hard decisions in terms of its traditional policies and institutions responsible for their application. The pendulum was moving towards "free market" or neo-liberal policies and away from the idea of national planning.

Despite this state-centered discourse and top-down instrumental planning during the 1960-90 period, one should also pay a close attention to development of new planning mechanisms like AHCs and HPC in that process. No matter what they did achieve in practice, such mechanisms provided a valuable asset for the development of future planning in Turkey. Particularly AHCs created a culture of democratic planning in Turkey, which is open to be reformulated and reengineered. In their original form they don't totally satisfy the requirement of "ideal speech situation" as formulated by Habermas and communicative planners. And in their application there is a weakness developed over a long period of ineffective planning. However, it is still possible to develop such mechanisms in order to deepen participatory or communicative planning in a broader scale in Turkey. That heritage from the planning in the 1960s shall be elaborated in the next chapter in the context of proposing a new planning paradigm with novel participatory planning mechanisms.

CHAPTER VI

GLOBALISATION AND THE TRANSFORMATION OF PLANNING IN TURKEY SINCE 1980

6.1 Globalization as a General Context to Interpret Evolution of Planning in Turkey during the 1980s

6.1.1 Globalization and Asymmetric Positions of the States

As has been discussed in chapter three globalization debates have dominated the social and international thought during the 1990s. The end of the Cold War, the dissolution of the rivalry between the West and the East, and growing interconnectedness mark the emergence of globalization debates. One of the major arguments put forth in these debates is that the state is increasingly losing its power on national economy, and various other domestic policy areas.

However, globalization debates are usually taking place in the form of totalities of global forces and the state power, neglecting individual experiences, particularly those of the developing countries. Although even the most powerful countries are losing economic control due to internationalization of production and finance, in Held's (1995, 82) words, "the position of those at the lower end of the globalization hierarchy, experiencing the strongest effects of unevenness" deserves a lot more attention.

This chapter attempts such an analysis in the context of changes in the Turkish planning experience. The main hypothesis is that even though the formal organization of planning, its name and legal standing remains more or less intact, the content of planning has transformed substantially since 1980. In other words, what Beck (1997, 138) observes for political parties in a "complex modernity" context – "constancy of form but change of content"—may be generalized to other institutions like planning agencies. However, it will be shown that despite these changes in content, Turkey could not yet reform its planning along with the conditions of uncertainty characterizing the global environment and transform its planning procedures according to communicative rationality, as elaborated in the chapter three.

As has been discussed in the previous chapters, planning in Turkey goes back to 1930s. This early experience was confined to industrial plans that were aiming at import substitution in some basic consumer goods and intermediate inputs. The World War II that was followed by the "liberal" policies of the 1950s interrupted that experience. Turkey has started to prepare comprehensive five-year development plans aiming at a systematic policy of import substitution since the early 1960s.

Today Turkey is in the period of its 8th Plan. However, there seems to be a major shift in the development strategy of Turkey since 1980. That shift can be summarized as a transition from the state-led, expert-based and inward-oriented development strategy to an outward oriented development strategy based on free markets and the private sector. In that process the nature of the Turkish development plans and the planning organization has changed substantially.

The transformation in the Turkish development strategy is not a unique experience but rather shared by many developing countries. Though happened during the 1990s, Indian experience regarding transformation from a planned to a market economy, for instance, is very similar to Turkish case (Shariff, 1995). As Kuhlman (2000:1) observes, "since the early 1980s, and even more since the fall of communism in Europe, development planning has lost much of its appeal." In most of the developing countries, the objective of establishing a self-sufficient and diversified domestic economy has been replaced by policies favoring integration into the world markets and specialization in certain sectors during the 1980s and 1990s. In other words, there seems to exist some general forces operating at the global level that shape the policy range for those countries beside their "internal" dynamics. Moreover, under the new conditions it is getting increasingly difficult to make a clear distinction between external and internal.

International forces, guiding the states to adopt certain policies and rule out others, depend not only on the "invisible hand" of the markets but also on the visible institutions like the World Bank and the IMF, among others. In that sense, the developing countries differ from the developed countries that have more autonomy and better means to respond to this new environment. Having said that, it needs also be emphasized that this imposition from "outside" was not a simple and one-sided phenomenon but rather operated in relation to the political background of each country and found "internal" counterparts, blurring the "inside/outside" distinction.

In that context, this chapter is also expected to shed some light on the overall experience of the developing countries in the example of Turkey and try to show that there are alternative ways of responding to globalization beside the present one, even for the developing countries.[76] However, one must be very careful not to over-generalize individual experiences to larger groups. In addition to some major differences between the developed and developing economies, each cluster, especially the latter, has significant variations within itself (Amin, 1997). Therefore, there is a need to enlarge our understanding of various individual cases parallel to more theoretical efforts to understand the overall trends of the present times.

In the following sections, the Turkish planning experience will be discussed on the background of neo-liberal and cosmopolitan globalization perspectives that have been presented in chapter three of this thesis. It will be argued that Turkey has followed the neo-liberal framework in its transformation of economic policies and planning practice since 1980, like many other developing countries. That neo-liberal preference preserved the legal and institutional aspects of planning but reduced its effectiveness and legitimacy. However, there is also an alternative that has not been considered seriously up to date. That alternative is neither going back to conventional past planning mechanisms nor defending a minimalist state devoid of any planning, but opting for a democratic planning in a global context.

[76] As Weiss (1998) observes powerless state is a myth even under globalization conditions. Japan and Germany are still two significant countries for arguing in favor of an activist state in economic policy. The power of state, in that context, should not be discussed in abstract but related to concrete analysis of particular states and their institutionalization.

6.1.2 Neo-liberal Globalization and Planning in Developing Countries

While developed countries were in the process of consolidating national capitalism, newly established and economically backward countries were in the process of nation building, state-building and economy-building, especially after de-colonization in the 20th century. The route to real independence was linked to building a self-sufficient economy for most of the new nations, attempted either under socialist or mixed economy policies, both of which envisaged a widespread direct state interference into the economy. De-linking from global capitalism was considered as the most appropriate way to change relatively inferior positions of those countries. Central planning in socialist countries and *drigiste* or *etatist* policies in many non-socialist developing countries were framed under import substitution strategies. National development plans have been an integral part of such efforts. As has been discussed in the earlier chapters, national development plans became one of the key elements for modernity and catching up the modern countries via comprehensive state intervention and agency.

Resurgence of neo-liberalism during the 1980s, upon the background of economic problems of 1970s, attacked exactly at those powerful aspects of the state in developing economies—its welfare aspect and protective aspect as well as direct state interference into the markets through central planning and other means. New right governments in the U.S.A. and the U.K. led this new spirit, which was to be followed by most of the other developed and developing countries, and be institutionalized into the practices of international agencies like the World Bank and the IMF.

The new spirit and policies, labeled as the "Washington consensus," have been imposed on developing countries under the stress of foreign debt crisis, in the form of conditionality. In Taylor's (1997: 145) words "half the people and two- thirds of the world lack full control over their own economic policy" due to this "consensus" imposed upon most of the developing world. The orthodoxy of the new policies is perhaps best described by "there is no other alternative" slogan used by Thatcher in the British political context. Many other conservative leaders, among whom Turgut Özal in Turkey was probably the most early and prominent one in the developing world, later adopted this slogan.

In sum, neo-liberal globalization stresses the validity of the classical economic analysis both for the developed and developing countries and announces the failure of socialism and import substitution policies, as well as the welfare state, in a global competitive environment (Lal, 1985). As part of this process, development economics as a distinct discipline has lost much of its former appeal as well (Leys, 1996). After the development of post-Fordist flexible production and networking by the transnational capital, particularly finance capital, it is claimed that those countries following market-friendly policies will gain, while those insisting on state control will lose, this time not by being exploited but by being excluded from the production and exchange relations (Keyder 1993, 24-25; Beck 1997, 48-49). Traditional form of planning is not an effective tool for development in that new environment but rather an obstacle for being included into global market networks. Globalization, in that context, cannot be isolated from worldwide power relations configured around Western modernity (Keyman, 1995: 54).

6.2 Repercussions of Globalization on Turkish Planning Since 1980

6.2.1 From Import Substitution to Outward-oriented Development Strategy

Turkey entered into an outward-oriented and market-based development strategy after 1980, *via* a radical departure away from the previous import substitution development strategy characterized by extensive protectionism (Öniş, 1997). The process started with the January 24, 1980 stabilization program announced by the right-wing civilian coalition government at the time, but continued under the surveillance of the military following a military coup in October 12, 1980. Through the repression of all opposition, among which labor movement and radical left-wing organizations were primary targets, the military-backed government prepared the ground for a successful implementation of the new economic development strategy. Deputy prime minister responsible for implementing this economic stabilization program was Turgut Özal who was the top technocrat responsible for drawing up the January 24, 1980 stabilization program and who later became the prime minister of Turkey in 1983 elections held under the conditions of the 1982 Constitution.

Özal's Motherland Party (MP) was to be the main instrument of reforming the economy and redefining the role of the state along neo-liberal premises, throughout the 1980s. Being the former Undersecretary of the State Planning Organization, beside his experience in private sector and the World Bank, Özal was a strong advocate of privatization, direct foreign investment, free trade and free movement of capital. Based on an eclectic liberal-cum-conservative-cum-nationalist ideology—with the famous slogan of uniting three tendencies—he gained a strong popular support and parliamentary majority to continue to the reform process until the end of the 1980s. One should also note that a legal ban on the former parties and party leaders leaders until 1987 and veto of many candidates in 1983 elections were also

leaders until 1987 and veto of many candidates in 1983 elections were also effective for the recruitment of the new political parties and political figures.

Increasing exports to solve the main bottleneck before economic growth was the top priority in early years of the Özal government. That objective was realized to a great extent and Turkish exports increased from $ 3 billion level in 1980 to $ 7 billion in 1984. Put in different terms, export/GNP ratio increased from 4.2 percent to 11.7 percent during the same period. Meanwhile structure of exports changed toward manufactured products that today comprise around 90 % of all exports. Growth rate also resumed and GDP grew around 5 percent on average during the 1984-89 period (SPO, 1998). Trade liberalizations in early 1980s have been taken one step further into liberalization of capital accounts towards the end of 1980s. All these developments made Turkey more open to the world markets and diversified its interactions with the external world mainly through trade, capital movements and tourism.

6.2.2 Five-Year Development Plans of the 1980s

Turkey prepared its 5th and 6th FYDPs during the 1980s. A brief description of these plans and their effectiveness in implementation would help to understand the effects of new development strategy and the new global environment upon the planning process in Turkey.

5th Plan is actually the first plan prepared with a new spirit under a very different political environment. 5th Plan covering 1985-1989 period was put into implementation after a transition program applied in 1984. With this Plan Turkey has abandoned its

traditional import substitution policy and adopted an outward-oriented development strategy for integrating Turkey into the international economy. In that context, the 5th Plan emphasizes reduction of state intervention into the economy, liberalization in foreign trade and foreign capital, increase of basic infrastructure and housing investments, and amelioration of regional imbalances.

5th Plan targets and realizations are respectively 3.6% and 0.8% for agriculture, 7.5% and 6.5% in industry, 6.5% and 5% in services, and 6.3% and 4.7% in GNP. Considering the international environment during the plan period and structural adjustment process in Turkey, the realization level is fairly successful.

Domestic saving and fixed capital formation ratios (respectively 22.2% and 22.5%) improved to a great extent relative to the previous plan period. The share of the public sector in total fixed investments decreased parallel to the private sector and outward-oriented development strategy. More important than that, the composition of the public fixed capital formation transformed. The share of infrastructure increased while that of industry rapidly decreased in the total public fixed capital formation.

With all these qualities, the 5th Plan may be accepted as a turning point in the Turkish planning. Although the basic format and procedure as well as terminology in the planning remained largely intact, the whole philosophy behind the plan changed in a radical way. From that plan onwards planning, particularly five-year development plans, gained a ritualistic character. As put by Mıhçı (2001: 171) "planning after 1980s turned into letters of intent for the international financial circles." They have been prepared mainly due to the constitutional framework for planning. The content

of the economic policies were largely shaped by the Prime Minister Özal himself and by the stabilization programs or structural loan agreements with the international financial institutions. FYDPs were used as documents to present some basic data for bureaucracy and academia and introduce new policies in a comprehensive way.

Ironically, the plans and the SPO were successfully manipulated in order to reduce the effect of planning in Turkey and transform the economic administration. Besides its function as an advisory body for the government, the SPO retained one important function even after this period and this was its responsibility for preparing the investment program for budgetary and non-budgetary public agencies.

Investment programming is indeed an implementation rather than a planning function. SPO was also used as an implementing agency for distributing incentives for private investments, giving incentives for foreign direct investments, operating free trade zones, etc. That is, the organization was no longer planning government policies but acting as a tool to implement them. That function gave a new, though a transitory, popularity and power to the SPO in the public. However, many of such implementation related functions and units of the SPO were transferred to the Treasury by a Decree enforced in 1991. From that year onwards the organization lost much of its popularity and became a relatively passive agent compared to the other economic policy units.

6th Plan covering 1990-1994 is in a sense the continuation of the previous plan, based upon the new outward-oriented development strategy. The main approach in this period was to increase liberalization and the role of the markets. The Plan envisaged a

transfer of resources from the public to the private sector, and some measures to reduce consumption and increase investments.

Growth rate targets were set higher for this plan period compared to the previous one: 4.1% in agriculture, 8.1% in industry, 6.7% in services and 7% in the GNP. However, the economy went through a crisis in 1994, the last year of the Plan, due to deterioration of the balance of payments, high level of inflation, and increase in the public sector barrowing requirement. The crisis, and the April 5, 1994 Decisions taken to curb the crisis, caused a rapid slowdown in the economy, enlarging the gap between the plan targets and realizations. Realized growth rates were 1.6% in agriculture, 3.8% in industry, 4.1% in services and 3.5% in the GNP

Despite these negative results, the ratio of domestic savings and fixed capital formation to the GNP increased respectively to 23% and 24.4%. The share of the public sector in total fixed capital formation decreased significantly in the same period, reducing up to 20.2% under the effect of the April 5, 1994 Decisions. These data show that the crisis in 1994 was mainly a financial crisis focusing on the public sector with limited negative effects upon the private sector or the real sector.

The 6th Plan was prepared during the rule of the Motherland Party, which was replaced by a coalition government of the True Path Party and Social Democratic People's Party. These two parties were heirs to the two main center right and center left parties of the 1970s, which were banned during the early 1980s under the decisions taken by September 12 military administration. Under the leadership of Süleyman Demirel, the new government coming to power in 1991 brought forth a short-term

and *ad hoc* policy formation in Turkish politics. Among short-term actions of the government were generous subsidies to certain agriculture products, reduction in the required age for retirement, distributing provincial status to certain cities, etc. In that context, it was hard to expect the new government to take a plan prepared by their main rival MP serious and use its policy advices.

That episode in the planning history of Turkey also reveals the weakness of the planning process against changes in the government. Without a real consensus behind plans, including parliament and civil society, it is hard to expect ownership of a plan prepared under the previous administration from a new government. Thus Turkish plans lose much of their meaning in such transition periods. However, despite serious divergences from the plan in some specific issue areas, the new government basically adhered to the outward oriented development strategy implemented under the MP governments under the leadership of Özal. Neo-liberal discourse continued alongside short-term and *ad hoc* policy formulation. As part of Turkey's attempt to integrate into the world, Özal had applied for full membership into the European Union (EU) in 1987. The new government also pursued the goal of signing a Customs Union Agreement with the EU in 1995, as part of the broader process of integration with the Union as a full member.

6.2.3 Turkish Public Investments in a Global Context

As has been observed in the previous chapter, planning in Turkey or the State Planning Organization (SPO) has been mainly focused on the public investments since the early 1960s. Beside overall planning and policy formulation activities, the SPO's role in practice or day-to-day implementation has been defined mainly around

public investments and resource allocation. Tinbergen's[77] three stage planning model was accepted for the organization of planning activities; namely macro, sectoral and project levels (Tinbergen, 1964; 1967). Planning was to be indicative for the private sector and imperative for the public agencies. This imperative aspect has been expressed in the resource allocation for different sectors, regions and projects more than anything else. That is why it would be informative to look at what has happened to the investment policies of Turkey after 1980, in order to draw some conclusions about the repercussions of globalization over the Turkish planning experience.

The public investment strategy of Turkey has been geared towards the improvement of social and economic infrastructure, making more room for private sector investments in the manufacturing industry since the beginning of the 1980s. Since then, the public sector has focused on the development of energy, transport & communications, and agricultural infrastructure. Only Priority Development Regions are excluded from this general investment policy in order to decrease regional disparities (SPO, 1995).

As a result of above-mentioned overall strategy, the share of infrastructure investments (economic and social) in the total public sector investments has gradually increased, from nearly 55 percent in 1980, reached the level of 80 percent of total public sector investments in the early 1990s. Meanwhile, the share of manufacturing sector in public investments has declined steadily from 26.3 percent in 1980 to 5-6 percent level in the first half of the 1990s[78]. The relative share of

[77] Tinbergen actively involved in the establishment of the SPO and preparation of the First Five Year Development Plan and his approach to planning dominated the future course of planning in Turkey.
[78] Turkish Five-Year Development Plans and Annual Programs.

public sector investments also changed considerably during the same period. The ratio of public sector investments to GNP decreased from 9 % in 1980 to around 5 % in the 1990s. Putting this relative decline in public sector investments in another way, the share of public sector was 40 % and that of private sector 60 % in 1980, while the same shares were realized as 23 % and 77 %, respectively in 1998 (SPO, 1998).

Public sector investments increased their share as a result of recent economic crises in Turkey, which affected the private sector investments relatively more than the public sector investments. Today, the share of public sector investments in total investments is around 30 % and that of the private sector around 70 % (SPO April 2002: 36). However, despite the relative increase in the public sector investments, the structure of the public sector investments remained stable. It can also be argued that, this relative increase would rapidly erode when confidence resumes for the private sector investments.

The relative decrease in the amount, as well as the change in the composition of the public sector investments could be interpreted as part and parcel of liberalization policies and outward-oriented development strategy adopted from 1980 onwards. The main logic behind the replacement of public investments by private investments in the manufacturing sector was to increase competitiveness in tradable goods through the dynamism of private enterprises. The underlying assumption was the "economic principle" –or the behavioral assumption of orthodox neo-classical economics—, which means the private entrepreneurs are more efficient than public enterprises due to the motive of profit maximization (Lal, 1985: 104).

The process of liberalization and free market-driven economic policy has continued and deepened during the 1990s with a growing emphasis on the need to channel private sector finance even into some traditionally public sector dominated infrastructure investments (basically, energy and transport) via models like build-operate-transfer. In addition, a special emphasis, particularly from 1990 onwards, has been placed on increasing investments in health and education sectors in order to improve basic health conditions and to raise the number of well-educated and skilled people in a rapidly growing population. As a consequence, the combined share of these two sectors in total public investments, which was about 6.0 percent in 1985, reached the region of 15.0 percent after 1993 (SPO, 1998). Since mid-1980s there has also been an increasing private sector participation in these sectors that are deemed as critical in the development of human resources. According to provisional data for the year 2002, the share of education and health sectors in the total public and private sector investments is respectively around 17 % and 7 % (SPO April, 2002: 35).

These investments in human resources are not only emphasized to increase the welfare of the population, but also considered as vital for increasing competitiveness in a global international economy. A young, skilled, disciplined and healthy working population creates comparative advantage via raising productivity of national enterprises and attracting foreign investments. Capital movements, direct foreign investments in particular, are getting more and more liberalized and playing a more significant role in the development process. That is why, Turkish development process is more and more focusing on attracting foreign sources of finance by means

of privatization, BOT type projects, liberal capital markets and relatively cheap and educated labor force.

In the early stages of export promotion competitiveness was mainly secured through relatively cheap labor, which could be achieved by the suppression of the labor movement by military rule and legal continuation of restrictions in the later years. However, this policy was not sustainable in the long run, and parallel to democratization and growing social discontent, Turkish governments abandoned incomes policy and started to act more sensitive towards the demands of labor class instead (Önder, et al., 1993: 1-2).

Exports, which were perhaps the single most important achievements of new policies, have slowed down towards the 1990s. That was largely because inadequate production capacity due to low level of investments in the productive sectors. Liberal policies during 1980s used earlier idle capacity and increased the level of capacity utilization but failed to develop sufficient additional capacity particularly in the manufacturing sector (Ayanoğlu, 1994: 95-100). The private sector did not substitute the public sector in the manufacturing sector to the extent it was expected. Price incentives under idle capacity, cheap labor and a restricted domestic demand led to a high level of exports in earlier years, but that policy reached its limits when capacity utilization saturated and domestic demand started to grow. The result was ironically the resurgence of balance of payments difficulties, which were the original cause of initiating the neo-liberal policies.

When it comes to the efficiency of the public sector investments there is also a clear failure particularly evident in the 1990s. Increasing short-term policy framework in the Turkish politics during the 1990s and loss of bureaucratic barriers to political demands led to over-programming in the public investment programs. That is, the investment programs included too many projects with little resources to finance those projects. Under these conditions individual projects could get very limited allocation leading to increasing completion times, raising costs and a general inefficiency in resource utilization. As a result, the Turkish citizens could not get necessary services in adequate amounts and in a timely manner despite a sizeable public spending.

PEIR Report (2001) prepared by the World Bank staff in close collaboration with the Turkish counterparts contains a detailed analysis of this problem. According to the report, this problem can be explained on the background of ineffective screening and limitation on inclusion of many new projects into the investment portfolio particularly at the second half of the 1990s. Average completion time was 6 years in 1994, but over 1995-99, 3455 new projects were initiated of which 2399 were multi-year projects and the residual 1456 were single year projects. By the end of 1999, the public investment program consisted of 5321 projects with an estimated cost of US$ 150 billion and an unfinished balance of US$ 105 billion (equal to 70 percent of the estimated total cost of projects in the public investment portfolio). Based on the approximately US$ 5 billion allocated in total to all public investment in 2001, it is estimated that the current portfolio will take, on average over 20 years to complete.[79]

[79] It should be noted that the year 2001 was a crisis year in which public investment funds declined radically. The normal volume of public investment funds in recent years has indeed been around US$ 10 billion. Using this figure completion rate of public investment portfolio is around 10 years. However, this is still a very long period for a sustainable program.

An incomplete investment does not constitute an asset to the public sector. Spending on a much-delayed investment can constitute a significant waste of public resources. In a context where the share of public investment in GNP has declined, the indication that a substantial part of ongoing public investment is of low value should raise serious concerns about the sustainability of public sector services and infrastructure support for the private sector.

Below given table from the PEIR report indicates the completion ratio, measured as the ratio of cumulated investment spending over the estimated total cost of the portfolio. It is observed that there is a *decrease* in the completion ratio of total public investment from 47 percent in 1995 to about 35 percent in 1999.

Completion Ratio of Investment Portfolio

By Budgetary Agency	1995	1996	1997	1998	1999
1 Consolidated Budget	41.1	32.9	30.4	28.7	36.5
2 Autonomous Agencies	50.9	52.6	36.4	38.1	36.9
3 SEE	50.2	39.1	25.0	29.2	29.4
4 Bank Of Provinces	38.1	35.1	32.0	31.4	28.1
5 Sub-Total (1+2+3+4)	43.3	34.5	29.2	29.0	34.7
6 EBF	58.3	60.5	65.7	62.8	N.A.
7 SEE UNDER PRIVATIZATION	49.0	60.2	52.1	44.2	44.3
Grand Total (5+6+7)	47.1	39.6	35.3	34.1	34.6

Source: SPO

The World Bank mission identifies the problem in investment portfolio and relates it to; (1) the inclusion of high number of new multi-year projects into the public investment program, (2) decreasing investment allocations due to fiscal restraints, and (3) increasing cost of existing project portfolio over time via revisions. Though these are accurate representation of the problem, it does not go into deeper and more political aspects. The World Bank approaches the problem as a purely technical

problem and avoids bureaucratic, political and social framework conditions creating a suitable environment for the rise of the problem at the first place.[80]

This "irrational" structure in the public investment program continued till today with no clear solution within the existing planning process that is supposed to be rational. Rationalization efforts over the 2001 period decreased the number of projects and the average completion period to some extend without attacking the structural causes that led to the problem in the first place. It seems that the emphasis on efficiency raised by neo-liberal discourse could not prevent this inefficient public spending but probably generated it due to neglecting efforts for creating an appropriate mix among the state, market and civil society.

It has also been increasingly clear that without an effective and efficient state, with multiple channels to the society, there is little chance neither for the state nor the markets to function effectively. Various economic and financial crises in Turkey during the 1990s reveal this close and intimate relationship between the state and the market. It seems that, without a new planning paradigm based upon communicative rationality, respecting all relevant parties or stakeholders, the state/market dichotomy shall not solve Turkey's developmental problems.

6.2.4 Transformation in the Functions and Organizational Structure of the SPO

What Beck (1997: 146) writes about political parties in a new milieu is largely applicable to the planning organization in the Turkish context: "their names and

[80] It is interesting to note that the World Bank (1981) had indeed made similar analysis for Turkish investment budget just at the beginning of neo-liberal policies in Turkey. Coming back and identify-

organizations continue to exist but are filled out with new contents." The State Planning Organization of Turkey also continued to exist with the same name and with an even larger organizational structure and staff after 1980 but filled out with a new content in the new policy environment.

Considering neo-liberal market-based policies from 1980 onwards, growth in the organizational structure and manpower of the SPO looks like a paradox. However, the SPO is no longer having the same content or functions. One may further argue that the new role given to the SPO is just opposite of what it was originally designed to perform (Türel, 1996: 1055). Instead of intervening into the economic development process and directing it, the planning organization assumed the role of transforming the planned economy into a market economy via structural reforms and encouragement of the private sector. This new role was somewhat imposed upon the planning organization from two different but complementary sources; the party in power 'within' and international organizations like the World Bank and the IMF from 'without'[81]. This is by itself a micro level manifestation of how the classical "inside/outside" distinction in the context of nation-state paradigm becomes problematic under the conditions of globalization.

Effects of international agencies are visible especially in their demand for structural adjustment in the Turkish economy. Structural Adjustment Loans (SALs) given by the World Bank had a very important effect on the priority set of the Turkish

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ing similar problems after more than 20 years imply ineffective solutions when there is not a political commitment beyond technical analyses.

[81] It is not easy to identify the demarcation line between 'local' and 'global' in this process. The situation is rather akin to what Robertson (1992) calls 'glocalization' whereby it is hard to think of them independent from each other.

planning. The first SAL was signed on March 1980, and especially after the third SAL signed on May 1982, specific regulations for the public sector came to the agenda. Furthermore, in the fifth SAL there was a specific condition that the Fifth Five Year Development Plan strategy and preparations should be in conformity with the content of the SAL agreement (Önder et. al., 1993: 122). In other words, planning document is expected to be in conformity with the policies of transforming Turkish economy along neo-liberal principles.

However, it is hard to say that the pressures from the international institutions were a total imposition upon the Turkish government. Rather than an imposition, it was actually a reinforcing factor for the government that had already internalized such policies. But, in any case, one has to note that, beside global market constraints there are usually constraints of international agencies for the governments of developing countries. Those institutions limit the power of governments for autonomous decision making, problematize democracy and representation in political front, and put their support on the benefit of some parties against others. That is an important difference and peculiarity of most developing countries compared to the developed countries.

The SPO acted as one of the most important counterparts of international agencies during this process. Although its name and basic organizational structure remained intact, overall organization of the SPO has undergone some important modifications in the process of transformation of the economy along neo-liberal policies. One of the most important changes was restructuring of the High Planning Board (HPB), which is the top decision making body of the SPO.

Originally HPB was composed of equal number of politicians and bureaucrats but the representation of bureaucrats has been gradually decreased. Today there is only one bureaucrat, who is the undersecretary of the SPO, as a permanent member of this board and it functions like an inner cabinet (Türel, 1996: 1055). On the other hand, some new boards like Money and Credit Board and Coordination Board have been strengthened, which focus on conjectural day-to-day decision-making rather than long-term planning (Aslan, 1998). On top of these changes other bureaucratic institutions like Central Bank and Treasury have been promoted *vis-à-vis* the SPO. This change in relative position of economic agencies can also be interpreted on the background of the globalization debate. As Panitch (1996: 92-93) observes, those agencies that have stronger international links gain, while others lose power, in the neo-liberal globalization. The claim that "the Treasury and the Central Bank in Turkey are acting as agents of the IMF" (Boratav, et. al., 2000: 29) is meaningful in that context.

Another important change is the reduction in the effectiveness of temporary or permanent Ad Hoc Committees (AHCs). The AHCs have been an important tool for participatory planning modeled after the French and Indian example. These forums played a valuable role to provide a platform for dialogue particularly between industry and the state and legitimized the overall planning process. However, they have been ineffective during 1980s and lost their attraction despite their formal continuity (Türel, 1996: 1054).

One should also touch upon change in the style and discourse in planning process. First, there has been a growing stress on the concept of strategic planning rather than rational comprehensive planning. Indeed, that conceptual shift has been parallel to the general trend in the developing world and the policies of the international organizations like the World Bank (Agarwala, 1985). Strategic planning is barrowed from practices of firms in oligopolistic markets and underlies uncertainty in an economy interacting with and vulnerable to external forces. That planning approach has been widely applied in the public sector as part of rising managerial understanding (Bryson and Roering, 1987). However, despite this new discourse it is very hard to claim that Turkey has effectively adopted this strategic planning perspective. Strategic planning discourse has rather been used to eliminate the effectiveness of the classical planning than to create a new and effective planning approach. In other words, planning has been deformed rather than reformed in the Turkish case.

Second, in conformity with the growing emphasis on strategic planning, the plans and annual programs started to stress qualitative targets rather than quantitative targets. Particularly the Seventh Five Year Development Plan has been prepared in that spirit, which envisages institutional and legal reforms rather than quantitative production targets in critical issue areas. Even for the production, demand and trade figures there is a change in the terminology of the plan documents. The term "estimation," in sector wise tables, for instance, has replaced the term "target" in order to signal that the numbers are not imperative but rather indicative.

Finally, there is now more autonomy for public investment agencies and municipalities in terms of resource allocation for particular public projects. However, this autonomy is usually exercised in a highly 'politicized' manner in which political elite at local and central level makes arbitrary interventions for narrow group interests. Without inclusion of diverse groups within the process and development of accountability at the local and central level, more autonomy ends up with technical and democratic inefficiency. The current state of the public investment stock is a clear indicator for such inefficiency, which is overextended to a large number of projects almost all of them subject to long delays and high cost overruns (SPO, 1995; PEIR, 2001).

All these changes were brought about by a top-down approach that increased efficiency in some respects but reduced the self-esteem of bureaucracy and politicized the decision-making process to a large extent (Öniş, 1997). It may be necessary to make some informal interventions into the operation of the bureaucratic mechanism in order to bring about a major shift in the operation of the public organizations along different policy premises. However, without a re-institutionalization, these temporary interventions lead to a vacuum, which is likely to be filled by powerful interest groups rather than democratic initiatives of the citizens. Moreover, in a highly oligopolistic market, weakening of planning organization does not lead to a well functioning market but rather to various rent-seeking activities. This is particularly important in the case of privatizing former public monopolies.

In short, the SPO has been transformed along neo-liberal premises during 1980s and its future organization is still uncertain. As Turkey moves along a deeper reform policy that aims at privatizing even some traditionally public sector dominated infrastructure investments and devising new institutions like competition board, consumer protection law, etc. there is an increasing need to rethink about the role of the SPO. Structural adjustment policies to transform economy from protectionism and state-led industrialization can be divided into two main stages. The first stage, which has largely been completed during 1980s, was a relatively easy process as it involved destruction of barriers (legal or institutional) rather than creation of new institutions. However, Turkey is now in the second stage of structural adjustment, which requires new institutionalization for a healthy functioning of the market.[82]

Worsening income distribution, inflationary pressures, vulnerability to exchange rate and financial instability, increased corruption are all accompanying transition to liberal policies (Taylor, 1997: 150). Markets may be important relative to earlier failure of over-intervention and over-protection, but it is certainly not a panacea to all problems. As cases like Somalia, Afghanistan, and many other countries in Africa and Asia show, without well-organized state apparatus, there is no chance for democratic governance and an orderly market. There is no global substitute for such institutionalization. As Stiglitz (1999) correctly observes, external agencies may even "short-circuit" people's learning abilities in the developing world and reinforce their impotence. Provision of lucrative opportunities for domestic bureaucrats employed in

[82] The World Bank seems to recognize this in its 1997 World Development Report. In other words, after so much experience and some obvious failures, the Bank rediscovered the importance of the state, the rule of law, and well –functioning institutions in the development process.

international projects also created a tension within local bureaucracies and speeded up bureaucratic degradation (Hirschmann, 1999).

Economic crisis in 2000 and 2001 forced Turkey to reconsider its whole legal-institutional structure under close scrutiny of the international financial institutions. The relationship between politics and economic management has been the key area for reform in that process. What the IMF and the World Bank advised in that regard is establishment of autonomous regulatory bodies. Turkey has since established such regulatory bodies for banking (High Board of Banking Supervision and Regulation), telecommunication (High Board of Telecommunication), energy (High Board of Energy Regulation), and tobacco. There are various remaining areas yet to be put under such autonomous regulatory bodies, like water. The main idea behind this institutionalization is to cut the ties between political and economic domains.

Considering partial, particularistic relations between politicians and business, open to widespread corruption, such regulatory bodies may look a "rational" way out. However, there are problems in this approach. First and foremost, insulation of economic domain from politics proper may raise significant problems in terms of democratic politics. That is, attack on particularistic relations between political elite and business may turn into a general dissociation between politics and economics, generating a democratic deficit in bureaucracy. Second, these regulatory bodies are staffed still in a political environment characterized by particularism, leading to institutionalization of specific interest groups. Third, such novelties are not well integrated with the broader bureaucratic establishment in Turkey, generating tensions particularly between ministries and regulatory bodies.

It may be argued that there is a growing discontent about the present situation of the economy in Turkey that may lead to a political will to rethink about a better institutional set up. However, there is not yet a clear direction adopted and the planning is basically in a stage of transition. That transitory stage makes it so much important to put forth alternative ideas and provoke broader discussions for the realization of a more democratic and efficient system of planning. Applying Ulrich Beck's terminology into planning (Gleeson, 2000), Turkey needs to consider the possibility of "reflexive planning," accepting uncertainty as part and parcel of planning in a democratic and global context.

6.3 Five Year Development Plans During the 1990s

6.3.1 Seventh Five-Year Development Plan

During the 1990s Turkey has entered in a new environment that marked with the full effects of globalization, with its uncertainties and instabilities, leading to periodic crises. It is important to analyze the plans prepared in this period in order to get the new directions for a realistic reform agenda in the field of planning.

7th FYDP coving 1996-2000 period, put into implementation after a transition program in 1995, is yet another change in the basic structure and discourse on planning in Turkey. This plan was indeed representing the culmination of the basic policy preferences developed over the 5th and 6th Plan periods. These basic policies can be summarized as (1) globalization and competition as its indispensable component, (2) flexibility in the labor market, (3) technological change, and (4) regulatory and supervisory state (Türel, 1997: 33).

The most important difference of the Plan is its stress on the "structural reform projects"[83] (20 reform areas) rather than quantitative targets and all encompassing sector-wise content of the previous plans. The Plan was prepared after a serious crisis in the economy in 1994, which pointed out the limits of the prevailing policies and demanded more radical changes in the economic policy. The basic philosophy behind the Plan was the need for the realization of the so called "second generation structural reforms" in Turkey. Turkey has taken a significant road in the direction of liberalization by lifting many limitations and legal barriers before the private sector and foreign trade since 1980. However, this period was a relatively easy one with fewer requirements for creating new institutions. The second-generation reforms, on the other hand, required creation of new institutions for an effective functioning of the market and stable growth environment.

That was a new arrangement, which was based on reform projects rather than classical sector wise classification of the previous plans. The plan emphasized qualitative changes through legal and institutional reforms rather than quantitative production and foreign trade targets. Sector wise quantitative targets were downgraded and the plan presented alternative scenarios for macro variables. Turkey was envisaged to grow 5.5 or 7.1 % according to the worst and best growth scenarios. That was also a novelty which implies a change towards "strategic planning" approach instead of comprehensive planning.

[83] These 20 reform projects include fields like the development of human resources, structural reforms related to agriculture, industry and integration to the world, efficiency in the economy, regional balances, and environment

What is clear in the 7th Plan was a new conception regarding the functions of the state in the economy. As a natural outcome of structural reforms since 1980, the plan envisaged a regulatory and supervisory state in the economy. That conception was actually shared by the World Development Report 2000 of the World Bank.

What is underlined both in the Turkish 7th Plan and the World Bank report is the role of the state and state institutions for an effective functioning of the markets. Turkey has undertaken many liberalization reforms without preparing its state structure for a really autonomous market regulated by specialized agencies and laws. Despite the "free market" rhetoric used during the 1980s the state preserved its traditional control and continued its particularistic interventions into the economy. That is why the liberal policies did neither reduced uncertainty for the private sector (Buğra, 1997) nor eliminated rent seeking and corruption. On the contrary, liberalization and privatization policies were used in a particularistic way to open new and even larger opportunities for distributing rents in a particularistic manner.

7th Plan, in that context, aimed at a very intensive legislative activity in order to create a well-developed institutional infrastructure for the functioning of the markets. However, that was not politically feasible and most of the reform proposals in the Plan remained on paper. Since at least mid-1970s the ties between plans, annual programs and budget were very loose and plan realizations were far away from plan targets. That is why there was a very low public attention paid to the 7th Plan debates in the Parliament (Konukman, 1997).

Erosion in the credibility of plan activities was clear in this process. Once again, what was formulated in the plan could not be implemented due to lack of ownership on the part of the political parties and the civil society. That was also an example for the failure of plans that could not raise political and popular support *via* participatory mechanisms. One may argue that this failure has ultimately led to the crisis in the Turkish economy and imposition of international conditionality by the IMF and the World Bank towards the end of the 1990s.

7th Plan is also important as a plan that introduced the Economic and Social Council as a new and participatory institutional mechanism in the planning process. That was a platform to bring the government, business and labor together in order to set national priorities and basic policy objectives. However, this corporatist arrangement in the planning process failed and could not produce effective results in its practice. As Türel (1997: 35) observes its membership was dominated by the public sector (2/3 of the total membership) and its primary concern was to hinder the labor demands for wage increases after the radical erosion in the wages in 1994. That was a "dead-born" mechanism that could actually play a very positive function if it had been designed and operated in a different way. In the recommendation part of this chapter the possibility of using this platform within a new participatory planning perspective will be explored.

6.3.2 Eight Five-Year Development Plan

8th Plan, covering 2001-2005 period, has been prepared at the end of 1990s as the first step for the Long Term Strategy covering 2001-2023 (SPO, 2001), whose last year is the centennial of the Turkish Republic. The Long term Strategy sets ambi-

tious targets. It envisages 7 percent average annual growth over the 2001-2023 period (whose 30 % would stem from total factor productivity), converging per capita income level to those of EU countries in 2023. It is also targeted to raise Turkey among top ten countries in the world at the end of this period with $1.9 trillion GNP in absolute terms.

Turkey has been given a candidate country status for full membership to the European Union in Helsinki Summit in 1999, after a great disappointment on the part of Turkey in its exclusion from the process in Luxemburg Summit in 1997, determining new EU enlargement strategy. That positive development is reflected in the 8th Plan documents. In the "Basic Targets, Principles and Policies of the 8th FYDP" (SPO, 2001b: 25), it is declared that:

> The European Union shall be one of the focal points in Turkey's globalization process. In line with the Helsinki Summit decisions where the candidate status of Turkey for membership was approved, necessary steps shall be taken towards realization of the membership target. During the Plan period, efforts shall be accelerated for taking measures for meeting the Copenhagen criteria and adaptation of the Community legislation (*Acquis Communautaire*). The National Program for the Adaptation of the European Union *Acquis* to be prepared shall be in accordance with the general targets and priorities of the 8th Plan.

That emphasis on the globalization and regional integration process for the overall framework of planning is a continuation of the 7th Plan approach. Establishment of an Ad Hoc Committee for Globalization (SPO, 2000) for drawing up the general strategy for the Plan also shows the strong emphasis on the new policy environment shaped outside the national borders. Though this is just one out of 98 AHC reports,

the AHC report on globalization is a significant document that recognizes the new conditions for undertaking development efforts and particularly the need for redefining the role of the state in the development process within this qualitatively different environment.

Though the general approach in the 8th Plan can be considered as a continuation of 7th Plan there are also some differences in the format and the content of these two plans. First, there is a return to the classical format of previous plans. Although the structural reforms projects identified by the 7th Plan were largely preserved under different names, the 8th Plan returns to the classical sector-wise evaluation and planning format. 8th Plan also preserves the emphasis put upon legal and institutional arrangements in the 7th Plan.

There are also some content-wise differences between these two plans. Leaving aside sector-wise and specific issues, it can be argued that there is a more cautious approach to globalization in the 8th Plan compared to the 7th Plan. The 8th Plan stresses that the "globalization process, besides its significant opportunities, may also lead to some adverse effects" (SPO, 2001b: 2). In that context, the 8th Plan underlines restrictions on the macroeconomic policy tools under liberal financial markets, increasing risk of financial crises (as observed in the South-eastern Asia), distorted income distribution among and across countries, cultural monopoly due to globalization of demand and uniformity of consumer preferences (SPO, 2001b: 2-3). Under these considerations 8th Plan does not advise inward-looking policy but a more cautious balance between favorable and adverse effects of globalization. In other words, 8th Plan adopts the same outward-oriented and liberal development strategy and the

need for structural reforms to take full advantage of a more competitive global market, but also stresses the risks in the process.

These differences between 7th and 8th Plan should be interpreted as a natural outcome of changing political conditions in Turkey. 7th Plan was prepared by a coalition government of center right (True Path Party) and center left (Social Democratic People's Party), whereas 8th Plan was prepared during a coalition government of nationalist left (Democratic Left Party), nationalist right (National Action Party) and center right (Motherland Party) parties. It should also be emphasized that 7th and 8th Plans were prepared under different global conditions, too. Relative to the 7th Plan, the 8th Plan has been prepared in a period of crises in the world, undermining a simple and optimistic approach to globalization.

Alongside its FYDP Turkey has also prepared a "National Plan" for the EU. That was a plan that contained detailed commitments of Turkey regarding political and economic harmonization with the EU. Turkey has identified its short, medium and long term actions in this Plan to be undertaken in order to converge the EU standards and start negotiations for full membership. Issues regarding various economic and social sectors were planned under the coordination of the SPO, while political issues and commitments were drawn according to government policies as well as National Security Council decisions. The National Plan has an "action-plan" format with certain time limits and financial considerations. It is objective-oriented (preparation for full membership) and thus, it has a better prospect for implementation compared to the FYDPs.

6.3.3 An Overview of FYDPs during 1990s in Turkey

Despite various changes in the plan formats, in the organization structure of the SPO and in some policies, FYDPs in Turkey continued to lack a clear strategic vision and a strong link to actual budget expenditures and other implementation processes like legal and institutional reforms.

Turkey went through various economic crises, changed many governments and developed new international commitments towards the European Union during the 1990s. All these developments required a better coordinated and strategic planning and effective policy formulations in order to solve domestic issues and adopt global and regional conditions. It might have been possible to develop a new planning perspective and propose a new organizational structure for planning in that turbulent and crisis-ridden environment. However, planning could not gain its old popularity and the SPO could not reform itself to adopt into the new environment as an effective agency.

The old planning was *passé*, at least in the political establishment. However, the neoliberal policies of the 1980s were also a failure considering the inflation, low growth, periodical crises, deteriorating income distribution and lack of technological progress. Leaving aside some *ad hoc* changes in plan formats and in the organizational structure of the SPO, a new and effective planning paradigm could not develop and gain legitimacy in the political arena.

There are basically two deficiencies that could not be addressed in reform efforts regarding planning in Turkey. First, Turkish FYDPs and annual programs could not be

evolved into a strategic planning perspective with an "action plan" format for implementation. Plans continued to retain their "comprehensive" approach without clear priorities and costing for policies. Almost every sector and issue have been given priority, which means political authority could not make tough policy decisions through planning. That aspect could be related to the *ad hocracy* and short-term policy in Turkey during the 1990s as well as inadequate bureaucratic guidance to make politicians perceive the results of their actions in a long-term perspective.

Apart from lack of clear priorities plans have not provided a clear time frame and financial requirements for various policy statements. That is why policies lost their credibility and plans turned into no more than a "letter of intent" or "wish list." If a strong costing element could have been incorporated into the planning process together with a resource constraint, the bureaucracy and the government could not escape from making choices in a transparent way.

The second major deficiency of the plans is their weakness in terms of political commitment and social ownership. The plans are formally prepared by governments and adopted by the Parliament. However, they have largely lost their significance in political debates and transformed into bureaucratic documents. The limited political input in the planning process, in turn, led to lack of "political will" during the implementation phase.

The issues related to the effectiveness of the plans in terms of implementation are related to a weak participation on the part of civil society, too. Though the plans continued to use AHC mechanism and some other channels to get input from busi-

ness and academia into the planning process, these mechanisms played largely a ritualistic role with little impact on the overall shape of the plans. Without necessary budget and clear rules for functioning and reporting, the AHC mechanism lost much of its attraction on the part of civil society and reflected just the ideas of a few active participants under the guidance of the SPO experts.

Weak and ineffective participation in the planning process not only decreased the legitimacy of the plans but also reduced their quality and effectiveness in terms of their preparation and execution. Without a strong participatory mechanism at macro, sector, region, agency and project levels there is little hope for reforming planning in Turkey.

In short, planning in Turkey remained largely a technical issue based upon instrumental rationality of planners working under parameters set by political environment and international financial institutions. With no clear political commitment, financial programming and social ownership, plans have been doomed to remain as wishful thinking that could easily be neglected when political exigencies and/or international pressures dictated different courses of action. The last episode, in that context, is the February 2001 crises and policy changes in its aftermath.

6.3.4 February 2001 Crisis and the PEIR Report

As part of Turkish efforts to reduce long lasting inflation problem Turkey has started to implement a stabilization program with a strong emphasis on predetermined foreign exchange rates, monetary policy, more discipline in government spending and privatization. Turkey has unilaterally invited the IMF in 1999 to monitor its reform

process and its efforts to bring stability to the Turkish economy. With this program supported by the international financial institutions, Turkey could reduce wholesale price index from 62.9 % in 1999 to 32.7 % in 2000, reducing average real interest on government barrowing substantially in 2000. However, Turkish Lira over-appreciated in the process, government spending could not be taken under discipline and privatization efforts largely failed. In this process Turkey faced a rapidly growing foreign trade deficit and significant reduction in its foreign exchange reserves, and a rapid erosion of confidence in financial markets and banking sector. Combined with political conflicts between coalition government and the Head of the Republic Ahmet Necdet Sezer, the anti-inflation policies of the government lost their credibility in the public. As a result, Turkey changed its program abruptly, depreciating its currency more than 100 percent with immediate adverse effects on the financial sector in February 2001.

The 8th Plan covers 2001-2005 and it is still in effect. However, 8th Plan is one of the unluckiest development plans considering the fact that one of the most devastating crises of the Republican Turkey occurred in the early months of the first year of the Plan implementation. The crises and following developments in political and administrative environment changed the policy parameters in a radical way and marginalized the Plan as well as the State Planning Organization in policy formulation and execution process.

Kemal Derviş became a state minister responsible from the Treasury and Central Bank in order to curb the February 2001 crisis. Derviş was one of the high-ranking officials of the World Bank at the time and the Prime Minister Ecevit invited him for

assuming this political post. From this point onwards macro economic policies of Turkey have been shaped by Derviş in close consultation with the IMF and the World Bank to rescue Turkey from its deep economic and financial crisis. New stand-by agreements signed and various structural adjustment loans[84] with strict conditionality put into force in this process. Not only the SPO but also the government has been largely marginalized in policy formulation and execution after the crisis.

One of the most important documents in this period is Public Expenditure and Institutional Review (PEIR) Report (World Bank 2001) prepared through joint work by the World Bank and Turkish experts. In the opening pages of the report it is argued that; "underlying the immediate triggers for this and previous crises is a deeper problem of governance which is manifested in serious, non-transparent and unsustainable imbalances in public finance" (PEIR, 2001: i). The report makes references to Special Ad Hoc Committee Report on Fiscal Transparency and Public Finance prepared in the context of 8th FYDP (SPO, 2001b) and the Fiscal Transparency Report prepared by the IMF, stressing the deficiencies in the institutions of collective decision making in government. There are three major problem areas identified in this report:

Aggregate fiscal management is weak. Due to off-budget and quasi budget activities and lack of a functional classification system for budget Turkey could not measure and thus manage its public expenditure effectively. That is why Turkey could not see

[84] The World Banks' "Programmatic Financial and Public Sector Adjustment Loans" (PFPSAL I and II) signed by the government of Turkey, respectively on July 10, 2001 and March 22, 2002, basically replaced plans and programs. PFPSAL I provides US$ 1.1 billion and PFPSAL II US$ 1.35 billion, with strict conditionality regarding banking sector, agriculture, social security, and budget. Turkish Treasury under Derviş coordinated formulation and execution of these loans, whose policy prescriptions are fully supported by the IMF loans as well.

the scale of public debts before the February 2001 crisis and take the necessary measures in a timely manner.

i- Strategic decision-making or policy formulation is neglected and there is not an effective policy-plan-budget linkage. Due to insufficient information and lack of costing for different policies, plan priorities remain on paper without any accountability on the part of agencies responsible for implementing plans. With its current restricted structure and cumbersome procedures budget does not reflect priorities and encourages off-budget mechanisms.

ii- Excessive but ineffective budget controls create inefficiency. There is a tight and centralized control focusing on rigid compliance with regulations without considerations for increasing managerial discretion and assuring efficiency. That structure also forces agencies to generate off-budget mechanisms to escape from rigid controls, fragments the system and results in inefficiencies.

As a result of all such deficiencies the consolidated budget of the central government remains as a partial and non-transparent expression of total public expenditure.

The consolidated budget of the central government indicates total expenditure of 36 percent of GDP in 1999, and this is not a full measure of government spending. Adding in the non-budgetary funds, revolving funds, social security institutions and local government would boost the total to 46 percent of GNP. The addition of quasi-fiscal activities would boost the total expenditure by an additional 10 percent of GNP (PEIR, 2001: iv).

Among this expenditures interest payments comprise 35.9 percent and wage expenditures 23.6 percent, adding up to 59.5 percent of total central government spending in 1999. Considering 10.1, 10.5 and 20.6 average OECD values respectively for interest, wage and interest plus wage expenditures in total spending, Turkey's peculiarity is clearly observable (PEIR, 2001: ix). In this context, Turkey does not have any room for social transfer spending and investments. In other words, with its very high external and internal debts resulting in very high interest payments and an inefficient public personnel structure, Turkey does not have a meaningful tool for social and economic development programs and projects.

The diagnosis and institutional reform proposal contained in the PEIR reform gives important ideas for overcoming the current problems in Turkey with a sustainable approach. However, there are some problems with this PEIR report that would probably make it less feasible in the actual implementation phase.

First of all, the PEIR report does not have a clear political commitment but reflects bureaucratic or technocratic concerns. The report seems to be a product prepared by close collaboration with the Turkish bureaucracy in the Treasury, SPO and the Ministry of Finance. It seems that the Turkish technocrats have used this opportunity to raise their long held ideas and criticisms for the existing structure. With the weak ties between the Turkish political process and bureaucracy, the experts and administrators of the Turkish institutions seem to prefer to communicate their ideas *via* the World Bank experts who are supposed to have more credibility and better access to political authority. That may have some practical benefits but not a sustainable solu-

tion to the long term problems of Turkey that require a close and better communication directly between Turkish politicians and technocrats in various institutions.

The second major weakness of the PEIR report or the World Bank approach is its neglect concerning civil society organizations, particularly the business and labor organizations in the process of preparing the report. In that sense, the report remains somewhat a joint product of World Bank and Turkish professionals or experts with little concern on the part of neither political authority nor civil society. That problem goes at the heart of the issue since the underlying assumption in the World Bank approach seems to be a belief in the technical solutions to essentially political issues. Using Habermas' (1970a) terminology elaborated in chapter three, the main weakness in the World Bank approach is "scientization of politics," based upon instrumental rationality, neglecting the link between politics and planning. That is where one should draw a limit to the applicability and legitimacy of such reports albeit their very important technical merits for a reform process.

6.3.5 November 2, 2002 Elections and A New Political Context for Planning

Within the turbulent economic conditions, coalition government in Turkey could not sustain it power and decided to held early elections on November 2, 2002. That election has been one of the most interesting elections in the history of Turkish democracy in terms of massive changes in the composition of the Turkish Grand National Assembly. Thanks to the 10 percent threshold, all political parties, except Justice and Development Party (JDP) and Republican People's Party (RPP), failed to send MPs to the Parliament. JDP gained one third of votes, which have reflected in almost a two third majority in the Parliament. After a long period of coalition

governments, Turkey has returned to a single party government with a solid majority in the Parliament.

It is too early to assess probable implications of this recent political development in terms of planning. However, taking previous experience of Turkey into account, it seems very likely that this new political environment will profoundly affect the role of planning and the functions of the planning organization. New government declared an "Urgent Action Plan," (UAP) listing major reforms to be done within the first year of the government. The coordination of the UAP is given to the State Planning Organization. This preference signals the intention to revitalize the SPO *vis-à-vis* the Treasury and international financial institutions.

There have also been very rapid developments regarding the full membership into the European Union in the first months of the government. Party chairman R. Tayyip Erdoğan could not be elected as a MP because of his past imprisonment, and thus, JDP had to offer Abdullah Gül as Prime Minister, due to legal and constitutional procedures. However, Erdoğan actively worked for gaining a date for starting negotiations between Turkey and the EU for full membership in Copenhagen Summit of the EU. The result has been a conditional date, stating that the EU shall start negotiations as soon as possible if Turkey realized political criteria for full membership at the end of 2004. This development and uncertainties in international relations of Turkey, particularly the approaching US intervention in Iraq, and Cyprus problem between Turkey and Greece under new UN proposals, seem to shape the main agenda for the Turkish politics. Here again, it is very interesting to observe the joint and interactive

"external" and "internal" developments shaping the overall framework for any substantial issue, including the future of planning in Turkey.

It seems that Turkey has to deepen its democracy and strengthen its economy in order to solve legitimacy crisis of the political system in the eyes of Turkish citizens and preserve its active involvement in her global political position. Both democratic and economic dimensions may be linked within a democratic planning perspective. This is a possibility whose realization requires not just the support of the government, but also bureaucracy and broader civil society. However, it is too early to be either optimistic or pessimistic.

6.3.6 General Evaluation of the Planning after 1980

Turkey has been largely integrated into world trade and capital movements during the 1980s. That transformation also affected the planning process and discourse. Instead of a comprehensive rational planning focused on optimum allocation of resources, the planning efforts were put to the service of structural adjustment policies along neo-liberal premises. Plan rationality has been substituted by market rationality discourse in that transition.

However, these two rationalities are mainly dependent upon the same conception of universal instrumental rationality (Lal, 1985; Dahrendorf, 1968). That is why the justification is the same for both type of rationality. The issue is optimum allocation of resources and the problem is which method is best for that purpose. Neo-liberals favor demand and supply forces, while traditional planning approach stresses expert knowledge. Turkey has abandoned expertise and turned towards markets as a

mechanism to achieve economic prosperity. That was not just a national decision. International environment and 'intervention' by the international institutions played a significant part in that 'choice'. Ironically, it was experts from remote international organizations that 'recommended' abandoning expert-guidance in the domestic economy.

However, change in the Turkish development strategy cannot be solely based on international environment. It is clear that the traditional inward-looking development strategy and conventional planning did not any more work in the case of Turkey [85] towards the end of the 1970s. It was the inadequacy of then current strategy that brought about the new approach based upon market-orientation. Under these conditions, it would not be wise to go back and use the traditional means to cure problems of the new approach. However, it is not wise to continue with the new approach either, which succeeded in some respects –particularly in increasing exports—but failed in many other domains –like income distribution, inflation, macroeconomic stability, vulnerability to external shocks, etc.. In that context, the more appropriate answer is probably not an either or choice between an ineffective planning and an imperfect market. There are various alternatives in between, which may also add a strong democratic element into the development process beside instrumental rationality of optimum resource allocation.

[85] There may be two reasons for this failure: either the failure of the tool itself or the failure in not using it appropriately or misusing it –or else a combination of both. Whatever the reason, one thing is clear that the strategy had reached its limits within the context of economic crisis toward the end of 1970s.

That alternative in between may be called as communicative planning or democratic planning. The issue here is not just substitution of one form of instrumental rationality with another, but opening the space for different forms of rationalities. That approach may be related to deliberative democracy model developed by Habermas, as explored in chapters two and three, favoring communication between free and equal participants. The state is not withering away but changing its present form and function in this response to globalization. Instead of a paternalistic or authoritarian state, there is a possibility of "negotiation state" (Beck, 1997), which would supervise the markets as well as facilitate interactions among various groups within the society.

Development of a regulatory and supervising state is indeed reflecting the spirit of the 7th Plan of Turkey covering 1996-2000 period. Globalization and regional integrations, particularly the Customs Union Agreement between Turkey and the EU and prospects for a full membership, are at the background of this Plan whose strategy document clearly recognizes their importance for the future policies of Turkey. Publication of an Ad Hoc Committee Report on Globalization and Regional Integration before the preparation of the Plan also witnesses these considerations.

Although the 8th Plan has a more cautious approach compared to the 7th Plan, the same considerations and general direction of planning can be identified in the 8th Plan (2001-2005) as well. The SPO did also organize an AHC Report on Globalization in the preparation process of the 8th Plan, with a stronger prospect for full membership to the EU after the Helsinki Summit decisions that identifies Turkey as a candidate country.

Although the 7th and 8th Plans recognize the significance of globalization and the need for re-institutionalization in various domains, there is not yet a clear path to be followed in order to create a democratic reform process. Insufficient political and social ownership for the plans have so far created a clear failure in the linkage between plans and actions.[86] In the context of Turkish planning, the idea of a communicative planning is still an open alternative. Planning can be rescued from being a tool of the state elite and experts by devising mechanisms to involve different groups and individuals within the larger society. Society in that case would not just mean business elite and academia but different groups of civil society from environmental groups to village communities. At the macro level the state, business, labor and academia may collaborate better to devise macro-level plans, while on the project level all those who are affected from consequences of specific projects or programs may have a voice. A real and extensive decentralization and incorporation of the NGOs within the deliberation process are also critical elements for a democratic planning.

In sum, planning should be a humane planning that empower its participants and stop forcing those disabled by market forces to accept their situation as a fate. In that framework, different rationalities, beside technical instrumental one, should have a legitimate saying in the decision making process. Virtue needs to be part of this process as much as impersonal technical rationality and private self-interest. There is a room for experts as well as laymen in that conceptualization of planning. However, this time experts would not be above others (Kennedy, 1996). In other words, they

[86] Ownership of plans in the body politics is indeed one of the central elements in measuring the "quality of planning" (Chakravarty, 1991: 10).

have to accept a modest position of facilitating others to make their own minds and provide them with the necessary means. In that understanding, the loyalty of the planner should not be fixed to a narrow state elite but enlarged towards the larger public.

It is not absolutely necessary to change the name of the planning organization or its legal standing in a radical way. Such an effort may even harm the goal of reaching a different planning practice. The challenge is rather to think of new mechanisms and new concepts to be incorporated into the current planning process. A revitalization of Ad Hoc Committees might be a starting point. Novel forms of participatory project preparation, evaluation and application might be another tool. Cooperating and coordinating macro level decisions with the representatives of civil society organizations (business, workers, civil servants, etc) is yet another tool. These changes need to take place within a context of a deliberation process participated by the planners and others, on a permanent and flexible basis.

Simple mechanisms or tools are not meaningful in themselves. They need to be part of a change in overall understanding of planning. Thus, there is a need for a different discourse on planning, with a strong democratic element internal to its application rather than a technical discourse. However, such a discourse cannot be separated from the larger issue of effective freedom of speech and empowerment of citizen initiatives. In that sense, development of democratic planning should be considered as part and parcel of broader democratization of Turkey along with its grand project for becoming a full member in the EU.

Participation by diverse groups within the planning process would provide two major benefits. On the one hand, it would increase the legitimacy of the plans and programs as well as specific projects and policies in the eyes of the public. On the other hand, it would increase efficiency of the planned actions by directing resources into those areas that are most demanded by the society. Of course, this process should not be considered as a smooth one devoid of power politics and conflicting interests. One needs to remember Foucault and his contribution to the politics of discourse at this junction. Conflict should be accepted as part of the process as much as possibility of a consensus. The problem is to create an institutional environment and a broader discourse that would reduce the domination of one group or narrow interests and increase accountability. However, planning process should not be a substitute for politics proper and should not hide political divergences by turning them into simple technical issues.

Finally, one needs to point out the fact that developing countries are relatively more receptive or more constrained by the changes in the world, and especially in the developed parts of the world. That fact can be observed throughout the history of planning in Turkey from 1930s up today. That is why, it is also very important to observe changes in the developed world and their repercussions on international institutions for a relatively easy transformation towards democratic planning in developing countries. Robertson's (1992; 1995) glocalization concept is to be stressed and adopted to planning at this junction. More democratic global governance may facilitate more democratic forms of planning in various localities, and *vice versa.*

This agenda is broader than reforming the planning process and planning agencies and mechanisms. That is why recommendations regarding a new planning framework developed in this thesis should be interpreted within this broader reform agenda stimulated by the global trends as well as acute economic crises in Turkey over the last decade. A new planning paradigm would hopefully create synergies for other reform areas and provide a general framework for a more effective state/society relationship in a global environment.

6.4 Mechanisms for Communicative/Democratic Planning in Turkey

6.4.1 Communicative Planning as a Realistic Alternative in Turkey

Habermas' communicative action theory may not look very suitable for many developing countries with weak democratic institutions and an authoritarian political culture, dominated by a small state or political elite. However, it is going to be wrong to make broad generalizations. As has already been stressed on various occasions, developing countries are not uniform. They share some general characteristics but, at the same time, differ in their economic as well as political experiences. It is also important not to be over-ambitious. A country may not apply communicative rationality in all fields of political practice, but successfully adopt communicative practices in specific fields like planning, creating a suitable environment for future applications in a broader framework. This is a process, and through experience, political culture, too, may develop along the communicative practices across various fields.

A significant enabling factor in that regard would be development of a positive global environment for adopting communicative practices in planning and public policy. A critical assessment and reform in global institutionalization is necessary for

such a development. In that context, international institutions may foster this process by adopting communicative practices in their relationships with individual countries. Most of the international agencies already declared their support for participatory policy formation and implementation. However, as the recent Turkish relations with the international institutions prove, this new approach is not as strong in practice as it is in discourse.

In a new global context characterized by new epistemologies and complexity, deepening of democracy at global, national and local levels become part of development process. As Sen (1999) correctly emphasizes, democracy is today gained a universal appeal, and democracy and development are no longer perceived as separate and oftentimes conflicting ideals. In that sense, democratization of state/society relationships and strengthening of civil society, in connection with communicative planning may solve problems of development within democratic framework. Turkey, and other developing countries, should overcome "there is no alternative" or "the TINA syndrome," and see that there are alternatives in all situations (Amin, 1997: 151). This syndrome may also be criticized in terms of power/knowledge perspective developed by Foucault, whose "histories aim to show the contingency" and intolerability of "practices and institutions [that] present themselves as having no alternative" (Gutting, 1994: 10)

There are indeed alternatives. With relatively more developed economic and political structures as well as accumulated experience in planning, Turkey seems to be one of the potential developing countries to adopt and apply communicative planning. Considering its prospects for full membership into the European Union and its domestic

mounting social and economic problems (income distribution, regional imbalances, inflation, inadequate health and education, lack of a good urban and rural infrastructure, etc.) to be addressed in a democratic framework, Turkey needs to use some sort of a planning besides the functioning of the market forces. In that context, conventional planning approach and organization do not meet the necessities of the new environment facing Turkish society. But a new planning paradigm based upon communicative practices do.

It is also important to note that there is a growing concern for democratization, at least in some influential sections of the business community in Turkey. The demand for democratization is advocated as a panacea for fragmented social and political structure as well as a precondition for joining the EU (İKV, 1997; TÜSİAD, 1997). That is, both in terms of domestic political stability and better access to the global markets, an observable portion of the Turkish business community seems to perceive its interest in democratization of Turkey. That is a very important step considering the traditional particularistic mode of relationship between the business and government. In that context, it can be argued that a well-designed and presented participatory and democratic planning model would find significant support from the business community in Turkey.

If democracy is going to have a real meaning in the sense of giving the public the chance to be involved into administration, then planning need to be put into a democratic context as well. For an authoritarian planning practice, power and expertise may suffice, but not for a democratic one. In that context, participatory mechanisms at different levels (project, agency, region, sector/issue, macro, global) need to be developed at the crossroads of power, public and expertise.

This mix also refers to a confrontation of different rationalities in a deliberation process to reach temporary understanding on policies. That necessitates a paradigm shift from a subject-centered instrumental rationality based upon technical knowledge to an intersubjective approach based upon communicative rationality, a broader conception of rationality, which also includes instrumental part. On the basis of communicative practices, it is expected that each party is going to enrich the perspective of other parties and help formulation of policies with a stronger legitimacy basis. This process may also be considered as a tool for enlarging the information basis, managing complexity and ensuring successful implementation of decisions in a highly differentiated as well as interconnected world.

6.4.2 A New Issue-oriented Organizational Perspective

The current sector-wise division of labor within the SPO is a necessary but insufficient structure to identify and cope with diversifying and complex problems in the face of new domestic and global environment. As Roxas (1996: 20) stresses, sector-specialized view is a paradigm problem that hides economic, social and environmental connections. There is a need for flexible and horizontal organization and team working to develop effective response to new issues. That is, the SPO needs to adopt its internal organization and provide open and flexible teams for planning with respect to specific issues that go beyond traditional boundaries. Among these issues are domestic and cross-border environmental problems, technology development,[87] migration, disaster management, traffic problem, etc.

[87] Kepenek (1999), for instance, insists on the role of an active developmental state using new tools in a global context to tackle with technology development and innovation. Apart from education, SME and regional policies, this role requires a broader concern for quality public administration and a relatively free environment.

Because of the sector wise division of the planning system, a previously unrecognized issue becomes "no-one's" problem (Stromberg, 1999). Disaster management issue in Turkey is a good case for this problem. With its current sector specific organization it is very hard for the SPO to identify the significance of this issue and develop adequate response, though it is now very clear that there is a close linkage between development and disaster. Treating disasters as natural phenomenon with no implication for development planning would be a grave mistake in the face of existing experience. In contradistinction to the received views disasters are affected by and, in turn, affect development process or development strategies.

Natural disasters, more specifically earthquakes, are among the key factors affecting social, economic and political process in Turkey in recent years. For instance, economic losses, erosion of political credibility and social unrest are all parts and parcel of Kocaeli Earthquake. Turkish GNP went through a significant decline (around – 5 percent) and Turkish industry severely damaged due to this earthquake that took place in the industrial heartland of Turkey. The state could not act promptly and in an organized and efficient manner to help the people, giving rise to harsh criticisms. NGOs as well as international assistance gained prestige *vis-à-vis* state actions in the process.

In this important event the need for coordination and communication as well as collaboration among the public agencies, NGOs and international efforts became evident. The problem is the creation of necessary mechanisms to form the necessary linkages among various actors and actions. If the SPO or a similar planning body

could organize an interdisciplinary team to overview the general environment for disaster management the problem of coordination and collaboration would be minimized. This is not only necessary in disaster recovery phase but also in disaster preparation phase in order to reduce vulnerability.

There is a need for a broader concept of development and a cross-cutting organizational structure as well as networking in order to take necessary measures against disasters. The first step to be taken is to define disasters as a development problem, particularly for the developing countries that are much more vulnerable (BID, 2000). There are even attempts in the world to integrate "natural" catastrophes into development planning (Freeman and others, 2001). The main idea in such efforts is that "natural disasters" are not totally "natural" but rather closely related to men-made environment. Both causes and effects of disasters must be conceptualized on the background of economic, social and political institutionalization of the society.

This brief analysis of disaster management suffices to back the argument that the Turkish planning should go beyond sector wise organization. An issue-oriented organizational perspective would not only create synergy among traditionally compartmentalized units within public planning organizations but also provide a ground for interacting with relevant local, sectoral, regional, national and international formal and informal stakeholders, depending on the nature of issue at hand. That is actually more or less what is stressed in the context of the growing importance attached to the term "governance" in the international development literature and practices.

6.4.3 From Government to Governance

Governance is a fashionable word in recent years particularly in the international financial circles. World Bank (1992) is a leading organization in that respect. Some other international financial institutions and policy bodies (the UNDP, the Asian Development Bank, the OECD, the EU, etc) have also followed the suit and adopted governance as a guiding principle in their perspectives and functions.

USAID (2001), for instance, stresses its DG (Democracy and Governance) programs' "unique ability to serve as both a means for sustainable development and an end to consolidate democratic regimes throughout the world." ASIAN Development Bank (1999), following the World Bank guidelines, underlies four basic elements of good governance: accountability, participation, predictability, and transparency, as factors for sound development management. UNDP (1997), another pioneering international agency, declares that governance includes the state, but transcends it by taking in the private sector and civil society. The state, in that conceptualization, creates conducive political and legal environment, the private sector generates jobs and income, and civil society facilitates political and social interaction. The end result is a constructive interaction among all three. "Good Governance," for UNDP (1997), is characterized by participation, transparency, accountability, rule of law, effectiveness and equity.

That strong emphasis on the concept of governance is in a sense acceptance of the limited power of market for reaching developmental goals. In that sense, it is an emphasis on the appropriate institutional context for effective, equitable and sustainable development. However, this should not be considered as a return to the

classical institutional context dominated by the nation state as the primary agency. On the contrary, the concept of governance implies a multi-actor model based upon a tripartite dialogue and interaction among formal government bodies (at the national and local levels), civil society organizations and private sector (at the local, national and international levels). In short, the market is still there as an indispensable component which is, in a sense, located within a web of institutional mechanisms.

This new framework does not mean a return to classical state-centered planning paradigm but neither does it mean leaving everything to automatic and impersonal forces of market as the most efficient mechanism. It is rather in favor of a participatory planning approach at different levels (local, national and international) and with multiple actors or stakeholders (official policy makers, civil society organizations and private sector representatives). There is no generic form for such an institutional framework. The concrete shape of the planning mechanism needs to be tailored depending on the issue at hand.

Strengthening institutions like ECOSOC and AHCs in the planning process in Turkey and empowering such mechanisms in the policy formulation and decision making process would greatly enhance the possibility of governance in the Turkish planning. Some similar mechanisms could also be developed at the local level, providing appropriate linkages between macro planning at the national level and local planning, where necessary.

The following part comprises more concrete proposals for a comprehensive multi-actor and multi level planning process in Turkey. These proposals should be

considered as a tentative framework that needs to be further elaborated through participatory forums and detailed research for each particular case. That is, the participatory development process and its concrete mechanisms should themselves be subject to participatory treatment. In that context, the following ideas should be taken as indicative framework for debate rather than final or ideal mechanisms for an effective participatory planning in Turkey.

6.4.4 Mechanisms for Communicative/Democratic Planning

The development of participatory mechanisms for the Turkish planning process is basically related to how to define a new state in a global world. In that context, shift from a bureaucratic to a managerial public administration plays a key role. As Pereira (1997:9) puts it:

> The solution is not to wither with the state, but to rebuild it, to reform it. The reform will probably mean shrinking the state to limit its role as a producer of goods and services, and to a lesser extent as a regulator; but it will probably entail increasing its role in financing nonstate organizations that will respond competitively for the provision of the social services where externalities or basic human rights are involved, and increasing its role in promoting international competitiveness for local industries.

There are various efforts all over the world in that direction. It is well known in development literature that the East Asian countries foster a dense network of ties between public officials and private entrepreneurs through deliberative councils (as in Japan or South Korea) or through the tightly knit party organization (as in Taiwan), allowing operational space for negotiating and renegotiating goals and policies. In Korea, for instance, there are functionally separate organizations in the canal sys-

tems. The implementation and routine maintenance tasks are delegated to the Farmland Improvement Associations, one per catchment area, which are staffed by local part-time farmers (selected by the village chiefs), knowledgeable about changing local conditions, dependent for their salary and operational budget largely on the user fees paid by the farmers, and continually drawing upon local trust relationships (Bardhan, 1999: 101-104).

Malaysian "deliberation councils" linking government, business and civil society, Malaysian Business Council (MBC), Singapore National Wages Council (NWC) and Saskatchewan Collaborative Committee on Education Policy (SCCEP) in Canada, are some other examples. The MBS is particularly informative for reconsidering the role of ECOSOC in Turkey. It was founded in 1991 to prepare policy papers for Malaysia. Among the policy papers prepared so far are "Malaysia: The Way Forward" and "Malaysia's Vision 2020." This is a forum for the nation's corporate leaders to exchange view on economic and business policies with top political leaders and civil servants. 76-member committee, chaired by the prime minister, includes seven cabinet members, eight senior civil servants and 50 private sector representatives. Public and private grants, and four public and five private sector representatives act as vice-chairperson fund the MBC. All members are personally invited and appointed by the prime minister to serve on the MBC on a two-year rotation. There is a number of Working Committees (WOP) preparing working papers becoming basis for economic policy in Malaysia. Secretariat of the MBC is located at the Institute of Strategic and International Studies (ISIS). Cabinet decisions are taken on the papers refined by the secretariat and those papers are disseminated to relevant ministries (Taschereau and Campos, 1997).

Among other participatory mechanisms are *Neighborhood Governance Councils* in Chicago, devolving substantial power over policing and public schools; *The Wisconsin Regional Training Partnership (WRTP)*, supporting labor/firm/government participation to help workers in volatile economic times; the *Habitat Conservation Planning* under the Endangered Species Act bring together stakeholders to develop ecosystem governance arrangements in the USA; *the Participatory Budget* of Porto Alegre in Brazil, enabling residents of that city to participate directly in forging the city budget; and *Panchayat Reforms* in West Bengal and Kerala in India, devolving substantial administrative and fiscal development power to individual villages (Fung and Wright, 2000: 4-5)

There is no limit to designing and operating participatory mechanisms, which should themselves be part of a communicative process open to multiple alternatives. In that sense, participatory planning mechanisms suggested below should be considered as preliminary or draft proposals to be open to discussion with all relevant parties or stakeholders. There are mainly 5 levels that are identified in this prescriptive part for participatory planning in Turkey.

1) Macro Level
2) Issue or Sectoral Level
3) Regional Level (Provincial Plans included)
4) Project and Program Level
5) Institutional or Agency Level

Each of these levels should be restructured and provided with appropriate and sufficient mechanisms for the interplay of formal and informal stakeholders in

reaching agreements for collective action at local, regional and national levels. The below given table summarizes this multi-level and multi-actor framework for participatory development and planning. Issuing of a "Freedom of Information Act," defining the rules and obligations in opening public information to citizens, is a critical initiative to make such participatory mechanisms effective in practice.

Participatory Mechanisms at Different levels

Level of Planning	Participatory Mechanisms	Products, Decisions or Collective Actions
Macro	ECOSOC, HPC, macro level AHCs	Long term national plans, annual programs, stabilization programs
Sector/issue	AHCs, Master Plans, Team Work	Policies and priorities at the sectoral level, issue-based policies
Regional/local	Regional Development Agencies, Provincial and Regional Coordination meetings, Regional Plans by NGOs,	Regional and provincial strategies and operational programs
Program/project	PCM, Logframe, OOPP, PRA, etc.	Investment portfolio, project implementation, monitoring & evaluation
Agency/institution	Strategic plans at agency level	Agency mission statement, policies and priorities Costumer-oriented services
Freedom of Information Act		

There are planning products in each of these levels. However, it should be stressed from the outset that this participatory planning perspective does not emphasize plans as documents or paper work, but rather planning process as a learning process. In short, in line with communicative planning theory, it is process rather than product oriented (Sager, 1994: 16). Coupled with distribution of necessary responsibilities for

implementation and a realistic financial program, these participatory processes of plan making will address the "representation crisis" in planning by reducing the gap between what is planed and what is realized.

That change towards participatory planning will also affect the content of plans and their presentation. Plans prepared in that new environment shall be more focused, service and target group-oriented, sensitive to the concerns of all relevant stakeholders. These plans need to be clear in their financial sources and set clear and inter-subjectively measurable indicators for assessing the future success or performance. There is a possibility for preparing different plans with different time frames and concerns in that new environment involving multiple actors in diverse contexts.

6.4.4.1 Macro Level

The primary participatory mechanism at the macro level is the economic and social council (ECOSOC). This is a mechanism that can be encountered in various developed countries including the EU countries. In that sense, ECOSOC would not only bring participation at the macro level but also help the harmonization process with the EU and other developed countries. Six critical dimensions need to be taken into consideration in reforming and assessing the functions of ECOSOK and other participatory mechanisms like AHCs in Turkey:

(i) How genuinely *deliberative* are the actual decision-making processes?

(ii) How effective are the decisions made through this process translated into real action?

(iii) To what extent are the deliberative bodies able to effectively monitor the implementation of their decisions?

(iv) To what extent do these reforms incorporate recombinant measures that coordinate the actions of local units and diffuse innovations among them?

(v) To what extent do the deliberative processes constitute real "schools for democracy"?

(vi) Are the actual outcomes of the entire process more desirable than those of prior institutional arrangements? ((Fung and Wright, 2000: 41-42)

ECOSOC has already been established in Turkey with a circular of the Prime Minister. However, it could not act as a powerful mechanism due to its membership structure dominated by the public sector, unclear procedures and lack of budget. After the February 2000 crisis the need for the ECOSOC became more apparent and "the Law No.4641 Regarding the Establishment, Working Procedures and Methods of the Economic and Social Council" has been published in the Official Gazette on April 21, 2001 (SPO, 2001c). The most important contribution of the new Law is the identification of the SPO as the secretariat of ECOSOC. However, this new Law just gave a more formal status to the ECOSOC without addressing its problems mentioned above. For instance, since the publication of the new Law, ECOSOC hold no meeting due to problems in selecting vice chairmen as a result of unclear provisions and lack of ownership.

ECOSOC should be strengthened at the macro level with a new membership composition and more effective and clear procedures for functioning. It should have a budget and necessary sub-committees to identify research and negotiation areas and

develop policy. Ad Hoc Committees should also be convened when ECOSOC requires. Issue based invitation to NGOs can be a standard procedure. Agreement reached among parties in ECOSOC can be transformed into authoritative decisions through the HPC, empowering this participatory organ with practical results.

The role of ECOSOC should particularly be emphasized in the formulation of macro strategy for long-term development plans, giving a sense of direction for the society, and providing a framework for political bargaining on long-term interests of business, labor and consumer-citizens. It may also be considered as an effective tool for easing transition or stabilization periods that generate costs for various sections of the society.

However, there is also a danger of incorporating the opposition and manipulating the representatives of the civil society in such participatory forums by the bureaucratic apparatus of the state. This danger needs to be acknowledged for sustainable and respectful existence of the participatory mechanisms in general. What is required under this risk is a lively public debate outside such semi-formal mechanisms as a check upon their effective functioning. In other words, power relations and private interest would always be part of the process, which requires persistent resistance and struggle on the part of active social groups.

The right to set the agenda, invite relevant parties to the dialogue, inform the general public about the debates, set up working committees to study specific issues, etc. should not be left solely at the discretion of the public representatives of ECOSOC. Civiv society members of ECOSOC should also have such rights to ensure “free and

equal participation" and eliminate the risk of being used just as a passive legitimizing party in a ritualistic participatory environment.

There is also a need for more cooperation among government institutions themselves. The current economic administration is fragmented and ineffective due to lack of effective cooperation among the SPO, the Treasury, the Ministry of Finance and the Central Bank. HPC could be activated to bring these different economic decision-making bodies together periodically and providing a room for debate between technocrats and politicians. That change requires new rules and procedures in the functioning of the HPC and a stronger political mandate. As voiced by different political parties, and the incumbent government party JDP, in their election campaigns, high level policy related economic agencies may also be covered under a broader umbrella of an "Economy Ministry."

Determining investment, recurrent and transfer spending of agencies all at the same time in the HPC or Economy Ministry might be an effective mechanism to relate different issues in a broader perspective. That would help devise these different "means" or "tools" in accordance with the policy statements. In that process, however, means-ends relationships and technical rationality needs to be complemented with social demands and priorities arising from participatory mechanisms like ECOSOC and AHCs.

As a final check to the decisions of HPC or Economy Ministry, the TGNA needs to be incorporated into this process. TGNA members and general public should be informed with standard and transparent reports, containing all necessary details for

debate. Otherwise, the relative power of representative organs and civil society organizations that are not represented in the ECOSOC would be diminished to a great extent.

At this junction, as a framework condition for effective macro level participation in public policy, transparency issue should be discussed in broader terms. When used by the international financial institutions like the IMF, transparency usually denotes to the openness to external scrutiny in order to judge the creditworthiness of an indebted and crisis ridden economy. Put in a broader context, transparency means accountability of public officials and politicians to the public. A legal framework provided by a specific "freedom of information act" would help a lot in that regard.[88] With an effective media scrutiny in the framework of freedom of press and measures against monopoly in the field of media, such a freedom of information act would greatly enhance the accountability and contribute to mentality change within the public sector.

6.4.4.2 Sector and Issue Level

Considering communicative mechanisms at the sectoral level (or *meso* level) AHCs should be used as a valuable asset from the history of planning in Turkey despite their deficiencies generated over time. They should be reexamined and reactivated on the basis of a communicative planning perspective, with necessary linkages to macro level and micro level planning.

[88] Freedom of information act is operational in many European countries, adopted by some member countries in recent years (e.g., Ireland) and recommended to candidate countries.

AHCs should be reformed, given a more permanent structure and sufficient budget. Rules for AHCs should be written and developed over time. SPO experts should be part of these mechanisms as facilitators rather than coordinators or reporters. NGOs, business, labor, consumers, etc. should be represented in AHCs, taking into account the nature of the problem at hand.

Similar to macro level ECOSOC procedures, issue level AHCs should also have clear procedures for creating "free and equal" participation. In that context, informal members of the AHCs should also have the right to set the agenda, invite new participants, disseminate the results, monitor the implementation, etc.

Sectoral master plans are also a *meso* level planning mechanism for bringing different stakeholders and experts together. Such plans (covering areas such as transportation, health, education, etc.) need to be given a strong participatory element in their preparation and revisions.

Apart from these participatory mechanisms, the SPO could also use commercial mechanisms to buy services from the domestic and foreign private consultants and academicians. That would be only a small part of the budget compared to the spending to the physical assets, but no less significant. That demand created through public funds might also encourage creation of private research units and academic efforts in the areas given priority by the governments. Terms of references drawn for consultants would also provide an opportunity to incorporate communicative dimension into the planning process. Particularly important in this regard is

employment of independent facilitators who would reduce manipulation of participatory mechanisms by the bureaucracy or any particular group.

It is also important to put participatory methods in the terms of references as a condition for private consultancy firms preparing reports on various sector and issue areas. This practice would increase participatory planning capacity in private consultancy firms along with increasing quality of plans.

6.4.4.3 Project or Program Level

The problem in the current approach to projects and programs is that there is a fragmented structure (between the SPO and the MOF) and a top-down approach throughout the project cycle.[89] The SPO is related directly with the investment budget, while the MOF is responsible for the recurrent budget. Adding the Treasury as an increasingly strong economic policy institution directly responsible for debt management further complicates the institutional framework. Apart from these institutional problems, projects do not have a clearly defined and participatory project cycle management (PCM) process.

What is required at the project level is a well-defined PCM process that incorporates participatory mechanisms. This need has indeed been identified by an AHC report in the preparation of the 8th Plan and included in relevant sections of the Plan document

[89] Project cycle covers stages of indicative programming, project identification, project preparation, project analysis and finance, project implementation and monitoring and evaluation of projects.

as a recommendation (AHC Report; SPO, 2001b). Identifying stakeholders [90] through a stakeholder analysis has a critical role in that process. The projects need to be designed together with the target group(s), beneficiaries and other relevant parties, facilitated by project experts and other technical and bureaucratic staff. It is also important to include evaluation criteria other than a simple cost-benefit analysis in project appraisal, going beyond instrumental rationality. Converting the "value of human life" in monetary terms, for instance, calls for ethical judgment as much as technical complexity in calculations (Kelman, 1981).

Objectives Oriented Project Planning (OOPP or ZOPP in German initials) at the project level employed in the EU countries and agencies provides systematic and well-structured mechanisms for communicative rationality to be operationalized at the micro level (EU, 1993). All relevant stakeholders participate in all phases of project cycle management (PCM) under competent and neutral facilitators in that method.

OOPP methodology works both at the project and program level, through "the logical framework and integrated approach" developed as a participatory problem solving tool, making use of visualization (card technique) as much as possible to be accessible to all parties. The process starts with participatory workshops involving all key stakeholders and beneficiaries of a project in order to make a comprehensive

[90] Stakeholders are all parties who are directly or indirectly affected by the realization of a project. These affects may be positive or negative, short-term or long-term. Many projects are doomed to failure just because of ignoring stakeholders and their concerns. A well-known example in that framework is a foreign gold mining company in Bergama Turkey. This foreign company ignored the local community and their health and environmental concern in its project preparation and implementation process and ended up with a very effective civil society resistance that delayed the project and increased its cost. This example is also important to hope for the feasibility of civil society involvement at the micro level with some leadership and appropriate mechanisms.

situation analysis. Situation analysis is used to identify key potentials and problems, organize and clarify them, and prioritize among various problem areas. After situation analysis done, workshop techniques are used to draft alternative strategies, select the preferred or realistic strategy, and identify risks that are beyond the control of the project. By developing common indicators for success, OOPP and logical framework approach also functions as a basis for monitoring and evaluation at later stages of the project implementation, creating necessary tools for accountability.

In all these stages of the project relevant parties are involved into the process through participatory workshops facilitated by moderators. The stakeholders build and revise logical framework of the project throughout the life cycle of the project, down to ex-post evaluation of project impact upon the relevant target groups or beneficiaries. There are various adaptations of *logframe*. However, the basic structure and concepts maintain a consistency over time that can be explained in the following matrix representation and terms.

Logical Framework (*Logframe*) Matrix

	Intervention Logic	**Objectively Verifiable Indicators**	**Sources of Verification**	**Assumptions**
Overall Goal				
Project Purpose				
Results				
Activities		Means	Costs	
				Preconditions

Going into more detail on OOPP methodology is of no use within the context of this thesis. What is important, in that framework, is to see the well-structured methodologies already developed by EU and other developed countries and use them in Turkish context with appropriate modifications. Considering the fact that Turkey is a candidate country for the EU, adaptation of such methods would also contribute to its accession process. Creating the necessary skills and capacity in Turkey for using such tools would enhance Turkey's ability to make maximum use of the EU and other international funds.

There are various other participatory techniques used in the PCM adopted by various international and national technical assistance and financial institutions. For instance, "rapid rural appraisal" or "participatory rural appraisal" (Chambers, 1992) has long been used in rural projects, creating conditions for social transformation at the village level. It is a tool for empowering village community and designing as well as implementing projects with a stress on local knowledge and context-specific solutions. As the USAID observes in its monitoring studies, when development projects are put into a participatory or democratic context, "the projects not only achieve better results but also can change the way communities go about solving problems. (USAID, 2001: ix). In other words, participatory mechanisms at the project level are not only means for efficiency but also mechanisms for community development. IFAD (International Fund for Agricultural Development), for instance, strives to design projects that provide what people want as opposed to telling what

they should have (IFAD, 1999). It promotes participation in a demand-driven approach at the project level in order to:

- Reduce the cost of project development and implementation
- Promote sustainability and replicability
- Take advantage of traditional practices and indigenous technologies
- Facilitate training, extension, input delivery and credit services, and
- Enhance community cohesion (IFAD, 1999)

Some public agencies in Turkey (like the Southeastern Anatolia Project Administration) are already using participatory mechanisms effectively at project and planning studies. What is required is a widespread and enabling environment for a broader spectrum of public agencies. Such macro level mechanisms are very effective tools for "social and bureaucratic learning" as well. Without much theoretical rhetoric and formal education, participants of such workshops enjoy the benefits of communication by being part of the process and getting used to its practicalities.

6.4.4.4 Regional or Local Level

Particularly important for the current thesis is the development of local and regional initiatives in development planning. Under the new concept of regional development based upon local amenities used within a global competitive environment, it is important to recognize unique socioeconomic structures that are also spatial units, and to select the region as a planning area where there is a high potential for local people to become the major participants in the development process.

Regional policies are gaining a new momentum all over the world with new objectives, new actors and new instruments. Particularly important for the purposes of this thesis is the involvement of new "internal" and "external" actors within the regional development process. Originally, regional policy and reducing interregional disparities was in the responsibility of the central government. This concept of regional policy is now completely outdated and a new approach needs to go with close cooperation of other actors; such as, sub-national governments, enterprises and other nations. As a result of globalization of the economy, intensification of international relationships and focus on cross-border cooperation, international organizations became important actors to be taken into consideration in regional policy. In this respect, several OECD countries; including Portugal, Greece, Denmark, Belgium, Norway and Finland take Economic Union procedures and policies into account in designing their regional policy. By the appearance of the new actors, the role of the central government is changed to facilitate the action of other actors and coordinate them. This new role is reflected in the new instruments of regional policy (OECD, 1994).

Decentralization efforts are very important in devising regional planning framework. Generally speaking, the objectives of decentralization are:

- Promotion of a more balanced development in the country
- Design of more realistic projects and programs which take into account local potentials and constraints
- More effective coordination of development activities at various spatial levels through desegregation of planning functions
- Strengthening of local political institutions and increase of people's participation in development

- Boosted mobilization of local resources (Maetz and Quieti, 1987)

Turkish planning experience and the organizational structure of the SPO have been based on macro and sector wise classifications, paying no effective attention to spatial dimension in the planning process. Even when regional planning issues are addressed they have been treated through formal means and with limited regional participation up until recent years. However, regional problems and the need for effective regional institutionalization remain important issues before Turkey. Particularly as a result of globalization processes regional identities as well as complex articulation of certain provinces and regions with the "external" world created new challenges for planners.

According to the Census of 1997 the population of Turkey is 62.6 million, about 65 percent of which live in cities and towns. Annual population growth rate is around 1.5 percent and an annual urbanization rate about 4.5 percent. Turkey is a country with a wide variety of topographical and climatic conditions that form seven different regions, namely, Marmara, Aegean, Mediterranean, Central Anatolian, Black Sea, Eastern Anatolian and Southeastern Anatolian. There have been considerable social, economic and cultural disparities among these regions in terms of development indicators such as GDP per capita, unemployment rate, literacy rate, etc. Economic growth is largely concentrated in the Western parts of country around big cities like İstanbul, İzmir and Ankara.

The regional disparities and concentration of population as well as economic activities in certain regions are evident from the below given tables.

Mid Year Population Estimates by the Regions (SPO)

Regions	1990	% Share	1995	% Share	2000	% Share
Mediterranean	7,026,489	12	7,875,119	13	8,774,881	13
Eastern Anatolia	5,346,208	9	5,409,886	9	5,374,184	8
Aegean	7,594,977	13	8,367,419	14	9,160,718	14
Southeastern Anatolia	5,159,464	9	5,952,662	10	6,823,811	10
Central Anatolia	9,913,306	18	10,487,183	17	10,985,086	16
Black Sea	8,136,984	14	8,088,787	13	7,854,861	12
Marmara	13,295,607	24	15,462,944	25	17,860,454	27
Turkey	56,473,035	100	61,644,000	100	66,833,995	100

Gross Domestic Product by Regions

(in Current Prices - Million TL)

Regions	1987	% Share	1992	% Share	1996	% Share
Mediterranean	8,937,414	12	128,819,712	12	1,817,377,378	12
Eastern Anatolia	3,054,349	4	46,545,049	4	567,574,729	4
Aegean	12,391,697	17	171,045,318	16	2,375,479,133	16
Southeastern Anatolia	3,905,910	5	60,684,887	6	789,407,897	5
Central Anatolia	12,635,749	17	183,822,241	17	2,423,833,904	16
Black Sea	7,449,852	10	106,943,539	10	1,386,758,863	9
Marmara	26,346,958	35	395,507,302	36	5,411,678,291	37
Turkey	74,721,929	100	1,093,368,048	100	14,772,110,195	100

With its young, dynamic and rapidly urbanizing population Turkey has faced many problems in her development process, which forced to adopt an effective regional policy. Sustainable regional development has been gaining importance in Turkey with globalization like the other countries in the world. Considering the problems the country has faced, development policies keep importance such as; controlling the growth of metropolitan areas, appraising the resources of less developed regions, re-enforcing the development of poor regions as well as stimulating the urban-rural relationships.

There have been many small and large-scale regional planning efforts in Turkey since 1950s. Among these the Southeastern Anatolia Project (SAP) is the largest and the most comprehensive project ever carried in Turkey. This regional development project has recently been revised under the coordination of the SAP Administration. What is very significant for the purposes of this thesis is that this revision has been done mainly through participatory methods involving public, private and civil society representatives from national and regional levels. That is an important sign for the feasibility of more extensive participatory planning practices in other parts of Turkey on a wider scale.

There are also on-going regional development plans and projects, such as the Eastern Anatolia Regional Development Project, the Eastern Black Sea Regional Development Project, and the Yeşilırmak River Basin Development Project. It should also be noted that, since the 7th Plan (1996-2000), the public sector adopted the policy of countrywide development of growth poles in order to curb the uncontrolled growth of the metropolitan areas and foster the reduction of regional-spatial disparities in Turkey. In sum, the reduction of regional disparities and support of country-wide growth of healthy metropolitan areas are fundamental objectives of regional policy in Turkey for achieving economically, socially, culturally and politically coherent development that would contribute to the strengthening of national unity. However, such policy statements in development plans and annual programs are yet to be achieved.

Considering the importance of regional policies for the EU and its repercussions in terms of benefiting from EU funds, Turkey needs renewed attempts to formulate and implement effective regional policies. These new attempts should focus on the creation of new mechanisms for public and private partnerships, development of local media and civil society as well as better coordination among public agencies at the local level.

A critical work to be done in this context is identification of NUTS [91] at different levels for Turkey. Indeed, the Institute of Statistics and the SPO has already identified NUTS-II level for Turkey in the broader harmonization process with the EU. A Government Decree No 2002/4720 dated on August 28 2002 officially declared these new 26 units. Besides, the same Decree identified 12 NUTS-I and 81 NUTS-III. These NUTS-IIs will draw more realistic regional units for policy formulation and implementation as well as appropriate locations for creating new regional development agencies that will bring public/private partnerships and civil society contribution.

Each NUTS-II level, in that framework, will draw its own regional strategic plan based upon an analysis of regional situation with the help of all relevant parties. Apart from strategy document, each NUTS-II shall have its "regional operational programme." Analyzing such a program prepared by Czech Republic for the NUTS

[91] In the European Union NUTS-I, NUTS-II and NUTS-III levels are particularly important for regional planning. NUTS-I corresponds to "regions" in Turkey and NUTS-III to "provinces." However, Turkey, until recently, lacked NUTS-II level, which basically means "planning units" or "service units" that are critical for channeling the EU regional funds. NUTS-II is a sub-region which does not have to be an administrative unit, but requires a regional planning body.

II Region Southwest (Final Report, November 1999), in the context of the EU Phare programme, NUTS II level programs should include:

- Description of the current situation,
- Priorities of the regional operational plan,
- Outline of the measures,
- Financial plan, and
- Implementing provisions (managing authority)

OOPP (Objectives Oriented Project Planning) methodology explained in project planning context is also a very effective tool for participatory preparation, implementation, monitoring, revision and evaluation of such regional operation programs. Local or regional plans prepared in that participatory way are;

- Vision driven, as opposed to problem driven model,
- Thematic or issue based, instead of discrete chapters on different sectors,
- Collaborative, more open, inclusive and interactive, involving stakeholders
- Region-specific, with a special emphasis on interdependence among localities, and
- Prepared with the help of information technologies, reducing paper work (Chandler, 1998).

One of the recent initiatives by the SPO in recent years is to create regional branches of SPO in selected provinces, directly linked to central organization. That is a positive development in terms of acknowledging the significance of regional planning, but does not have a clear and cost-effective content. A more proper solution is not regional branches of SPO but development of planning capacity in each region on the background of central guidance by the SPO and networking among different regions

and provinces. Decentralized managerial functions entails decentralization of certain planning decisions as well. However, in the transition period central planning personnel should support local planners by training and other means. That is, some planning functions need to be located at the center even after a full decentralization. These functions include preparing and explaining guidelines, ensuring local compliance to nationally set technical guidelines, participating in negotiation processes at the central government and donor agency levels, ensuring consistency among local plans, planning shared or national services, supporting national level legislative process, undertaking overall human resources planning and allocating resources to local levels (Green, 1992: 320-321).

It is a general tendency in Turkish modernization to generate new institutions and enact new laws, naively expecting such novelties to change reality almost automatically. What is perhaps more important than creating new institutions and legal framework is to make the best use of existing ones in a time and cost effective manner. To change the content of existing practices and institutions, to involve new actors into the process, and to create new synergies through networking and better communication, should gain priority over hallow reform efforts. For instance, there are current mechanisms like "provincial coordination meetings," held quarterly, which are not used effectively at present. Such already existing mechanisms can be reformed, and instituted not only at provincial but also at regional level with the help of regional development agencies, and better linked to national planning process through effective participation of SPO experts.

The new Local Administrations Act on the agenda of the TGNA does have a critical importance in the institutionalization of local and regional planning. This law could incorporate necessary participatory mechanisms at the local level parallel to the delegation of more resources and authority. Apart from local administrations and decentralization, the role of the local community should go beyond identifying problems and needs through popular participation and should involve itself in acquiring some capability to handle the means of development through empowerment mechanisms. As a condition, which allows the local community to play such a role, it is essential to establish a local area that is self-sustaining, both socially and economically.

However, as many observers caution, in making such reforms one should also be conscious about the dangers of localism, losing the broader development agenda and substituting elitism at the national level with similar structures at the local level, ending up with the dominance of the local elite (Bardhan, 1997; Blair, 2000: 25; Streeten, 1995: 212). That is why regional and local planning initiatives need to be put into the larger development framework and developed along democratic lines at the local level. National planning agencies like the SPO might play a critical role in that regard, both in terms of integrating different regional policies along national priorities and cross regional issues as well as in acting as a counter force against local powerful groups vis-à-vis less organized broader sections of the local community.

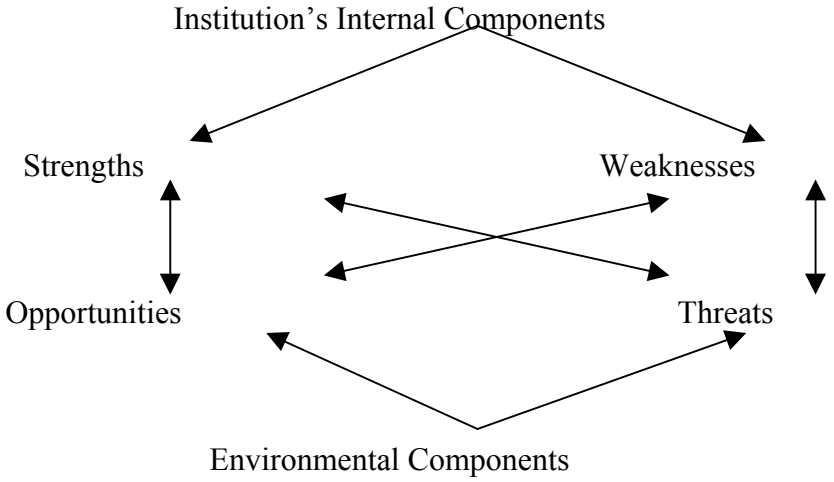
6.4.4.5 Institution or Agency Level

The main instrument for the institutionalization of participatory mechanisms at agency level would be a strategic planning initiative. Strategic plans (SPs) at the public agencies imply a re-orientation in the functioning of formal public agencies

along the lines of participatory, flexible and effective plans to meet the demands of target group. They are also considered as mechanisms to develop a stronger link between plans and budgets. In that framework, public agencies are expected to transform their current passive status in terms of policy formulation and better relate their resource utilization to their specific goals and objectives.

Strategic planning started in the private sector and later adopted by the public sector in various developed countries, among whom the United States of America played a pioneering role. It depends on SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, which is also called as the "Harvard Policy Model" (Yılmaz, 1999)

Basic Headings of SWOT analysis



This planning approach departs from the understanding of organizations not as isolated units but as part of a broader environment, which pose uncertainty and which contains elements beyond the control of the single organization (Bryson and Roering, 1987). What an organization is expected to do in this context is to analyze

its environment, draw a broad policy formulation (mission, vision, goals, etc.), identify and analyze its costumers and stakeholders (internal and external), identify and analyze key issues and set priorities for action. Under uncertainty, planning never ends and the organization is expected to monitor its success very carefully (Benveniste, 1989: 79). Some theoreticians for the private sector emphasize the concept of "strategic thinking" instead of strategic planning to differentiate between "visions" on the part of leadership and "planning" on the part of technical staff (Mintzberg, 1994).

Agarwala (1985) argues that this model is basically what has been applied in East Asia in their development process. This approach in public sector entails selective involvement of the public sector on the basis of clear priorities, provides flexibility, and sets a balance between long-term objectives and short-term activities under the general conditions of uncertainty. This new understanding in public planning might also be related to "policy planning" which stresses qualitative rather than quantitative targets in selective sectors and issue areas (Celasun, 1984: 342). As observed in the evaluation of planning in the 1990s, Turkish planning has evolved towards this approach particularly with 7th Plan. However, Turkey could not achieve this transformation in a comprehensive way to date.

Recently, a variety of efforts focused on public spending have begun, aimed at increasing the effectiveness of the budgeting process, both under the eighth Five Year Development Plan and under joint projects with international bodies. Within the scope of these efforts, the main areas that appear are ensuring financial discipline in the budget preparation and implementation process, distributing resources according

to strategic priorities, checking whether these resources have been efficiently used or not, and developing a corporate responsibility to account for this.

Turkey's recent economic crisis and stabilization programs with the World Bank and IMF, particularly PFPSAL credit agreements, brought forth the issue of strategic planning again on agenda. In PFPSAL the SPO is given the mandate to prepare a strategic planning guideline to generate policy formulation capacity in line agencies. According to this initiative, the SPO will supervise the process and help line agencies prepare their own strategic plans within the broader macro priorities and national policies.

Strategic planning is a flexible, change-oriented approach, working within the framework of long-term perspective. What is most important for the purpose of this thesis, however, is participatory element in agency level strategic planning initiative. It is essential that the top-level management of an institution fully support the strategic planning process. Along with this, a strategic planning process cannot succeed without the participation, cooperation and support of managers and employees at every level. In addition to these internal stakeholders, SP also entails involvement of external customers into the planning process. This participatory planning process increases communication and learning along horizontal and vertical lines, and contributes ownership of the plans and their success in implementation. This process is more important than printing the planning document.

The SPO has already started to prepare a guideline in order to assist institutions in the strategic planning process. It is expected that the strategic plan prepared by an

organization will, on the one hand, help to create, develop and strengthen an organizational culture and identity, and on the other hand, increase the effectiveness of the financial administration of the organization within the framework of its budgeting process.

In that context, strategic planning at the agency level may also be considered as a tool to integrate planning and budgeting process. With the current division of labor between the SPO, MOF and Treasury, there is no holistic approach to the activities of an agency. With clear goals with resource statements covering all investment, recurrent and transfer budgets, SPs of line agencies would provide an opportunity to close the gap between what is stated in the plans and what has been delivered[92].

In summary, strategic planning helps an institution answer the following four basic questions[93]:

- Where are we now?
- Where do we want to go?
- How do we get there?
- How do we measure our success?

The answers to these questions make up the strategic planning process.

[92] This issue has been extensively discussed in analyzing past plans over the 1980s and 1990s. Without closing the huge gap between plans and realizations, planning in Turkey would have little chance in regaining its credibility.

[93] The following description of SP process reflects the draft guidelines of the SPO regarding SP at the level of line agencies in Turkey. These are actually steps that are observed in many guidelines all over the world, particularly in the US. US administration has introduced this concept during the 1990s and passed a law to force all public agencies to prepare SPs in the mid-1990s.

The question 'where are we now?' will be answered by carrying out a situation analysis, which includes a comprehensive examination and evaluation of the internal and external environment in which an institution functions, and drawing up a mission statement, which is a short statement of the institution's reason for existence. The principles that allow for the institution's activities will also be expressed here.

The answer to the question 'where do we want to go?' will be given in the vision, a conceptual, realistic and short statement of the desired future; the goals, which can be defined as the general conceptual results which will direct efforts and actions in order to attain the vision; and the objectives, which means the measurable results that must be secured in order to attain the required results.

The strategies and activities which are the methods used to achieve the aims and targets will answer the question 'how will we get there? Finally, the monitoring system, consisting of compiling administrative information and reporting on the implementation of the plan, and the evaluation process, which measures the degree to which the results of the implementation fulfilled the previously stated mission, vision, principles, goals and objectives and reviews the plan according to these results, answers the question 'How will we observe and measure our success?'

Without creating and developing the necessary institutional and human resources capacity, Turkey could fall into superfluous and formalistic application of SP at the agency level and confront the problem of ineffectiveness as in the macro level planning. That is why it is very important to implement SP initiative parallel to a broad spectrum of promotion, training and institution building activities. The SPO

has a very critical role in this process as the central agency to guide the rest of the bureaucracy. Hence the need to start capacity building from the SPO, which shall also contribute to the transformation of the SPO's mission and organizational structure along the way.[94]

As in the SPO, line agencies and local administrations need to be developed along human resources and organizational capacity to apply SP. In addition to large-scale promotion and training, certain organizational changes are also required for this purpose. Among such organizational requirements is the specific role of Research Planning and Coordination (RPC) Units within agencies. They must be strengthened and given a new mandate. Strategic planning at the agency level required involvement of all main units. RPCs shall act as a coordination unit to bring other units and outside stakeholders into the planning process. RPCs should also act in an active manner in the process of monitoring and evaluation of the planning process. A better communication and coordination between the SPO staff at the center and RPCs would provide the necessary linkage between national and agency level issues and priorities.

[94] Even the traditional five-year development planning process might evolve towards a new direction after institutionalization of SP at the agency level. Long-term national plans would not only dictate policies in a top-down manner, but would also get affected by agency level policies and priorities, motivating a two-way interaction. The concrete shape of long-term national development plans shall be adapted to the new environment and gain a strategic approach after starting an extended application of SPs at ministerial, regional and local contexts.

6.4.4.6 What About Unorganized Society

The whole debate on participatory planning mechanisms so far turns around organized formal and informal sections of society. However, it is a widely observed phenomenon that the organization level in developing countries and the level of civil society development are rather low. In that context, participatory planning might create new exclusion mechanisms while trying to enhance inclusive practices. How civil is civil society is another problem that needs to be tackled as well[95]. All such problems go back to the historical conditions and characteristics of Turkey, which have been discussed in the relevant parts of the thesis.

There is a broader and long-term answer to such problems, which is to foster organization of the society and support civil society by various means. Development process itself is a means for this in the long run. Autonomous and strong civil society organizations develop as economy grows, urbanization and education level increases and legal framework improves. In that context, overall socio-economic development and democratization of Turkey is a critical framework condition for the broader application of communicative planning. Democratization process within the context of Turkey's efforts for full membership into the EU is a very positive factor in that regard.

The second response is specific participatory mechanisms that do not require a previous organization on the part of larger society. OOPP mechanisms discussed in the context of participatory project planning could be accepted as such a

[95] As Muzelis (1995: 232-233) puts in clear terms "the majority of civil society organizations operate not so much as safeguards against state despotism, than as administrative extensions of the state's highly corrupt and particularistic apparatuses."

mechanisms. Some similar mechanisms might also be conceived at the other levels of participatory planning. However, such proxy mechanisms should not overshadow the general requirement for a more developed and democratic environment for broader and equal participation.

The third response to the problem is to reconsider the role of planning experts in the participatory planning process and increase their role as guardians of unorganized groups or general interest. That is actually what "advocacy planning" approach defended in the planning history since 1960s (Goodman, 1971). Considered in-itself advocacy planning has its own limitations, but taken in combination with the above-mentioned measures, it might improve the lot of unorganized sections of society in the planning process.

As has been emphasized before, power is not a negative term in the context of planning. Foucault emphasizes this "productive" aspect of power and thinks that "resistance cannot be external to power" (Rouse, 1994: 108). In that context, "radical planning," as advocated by Sandercock, going beyond state-centered planning (Sandercock, 1999), is an alternative for broader social involvement in planning.

> Her planning theory combines feminism, postmodernism and political economy… Civil society is itself part of a larger political economy where inequalities and injustices abound and where people who lack resources and power and who are not white, male, heterosexual and middle- and upper-class are marginalized. … She exhorts planners to be personally engaged and to identify those on the society's margins. (Beauregard, 1998: 95)

Empowerment of society through communicative planning is the main idea behind radical planning (Kennedy, 1996). That is, future planners will also be community planners and plan for those who oppose but cannot get organized to be effective. Empowerment through community planning may also be considered as a learning process for more effective participation in formal planning mechanisms. Community planning is significant also to prevent participation within formal planning mechanisms to turn into ritualistic and manipulative platforms maintaining the status quo.

In any case, planning in post-positivist global world cannot be reduced to a single methodology, mechanism, or approach.[96] Old planning will continue along with new alternatives, generating multiplicity or plurality, in response to diversified demands of a multi-layered public sphere.[97]

[96] It is also argued by radical pluralists that the disadvantaged groups "must be free not participate, not to be visible to powerful and potentially hostile others," taking into account the representation problem and non-neutrality of facilitators in a Habermasian planning context (Edmunds and Wollenberg 2001: 246).

[97] An interesting case for participating disorganized public into the planning process is the jury system in which participants are selected by lot. In Germany "planning cells" have been organized along these lines to contemplate issues such as energy policy planning and in Minnesota "citizen panels" on issues such as agriculture and water quality. Statistical representation in that manner provides a method that is less open to manipulation by powerful interests (Dryzek, 1996: 114)

CHAPTER VII

CONCLUSION

As has been observed in the chapter two, the relationship between man, nature and society in modernity is conceptualized primarily along instrumental terms based upon a positivist epistemology and legal-institutional frameworks provided by the nation-state and capitalist economic organization. The dominant mode of thinking in that framework has been the domination of nature and social reality *via* technologies developed on the basis of objective knowledge and expertise. Despite universal ideals in the Enlightenment thinking, this manipulative and domination-oriented relationship has resulted in the separation between elite and the rest within the same society, while creating a hierarchy between developed and developing parts of the world. Under this "simple modernity" conditions, as conceptualized by Ulrich Beck in a broader context, conventional planners derived their legitimacy from their access to scientific and rational knowledge, and worked their plans by the agency of the state and the state elite within national boundaries.

In chapter three, I have argued that this "simple modernity" framework for planning faced with a crisis as a result of various theoretical and practical developments over the 20th century. Development of post-positivist epistemologies, debates on postmodernity, discourse on and evolution of globalization, are but some major signs for this transformation into a new intellectual and material environment. It has been observed that this new environment made conventional planning obsolete to a great extent and fostered liberal ideas of previous centuries. However, it is getting

increasingly clear that neo-liberal and market-based approaches to the problems of development and social improvement do not deliver what they have promised either, particularly for the developing countries. Recent economic crises in various parts of the world, East Asia, Russia, Latin America and Turkey, among others, as well as growing inequalities over the last decades within and across nations entail a more qualified and critical approach.

What is emerging from such developments in terms of planning is the necessity of going beyond a simple state/market dichotomy and bringing in new forms of improving our lives. The response to this challenge is neither the guidance of the state elite nor blind functioning of the market. What is required is an appropriate mix between the state, market and civil society. Planning, in that context, entails the full use of communicative channels among multiple actors, without ignoring the role of power relations and private interest. In that context, a new and broader conception of rationality along communicative lines developed by Jürgen Habermas has been identified—with some qualifications and criticisms—as a more appropriate theoretical framework for proposing a new planning paradigm.

One needs also emphasize that the conventional planning is both an outcome of and a means for modernity. On the one hand, planning has been a natural consequence of modern state structures, assuming increasingly important roles in social life, and a reaction to periodical and systemic instabilities and inequalities generated by uneven development of the capitalist market. On the other hand, conventional planning has been used as an effective tool for deliberate modernization, by the latecomers in

industrialization (including today's developed countries like Germany and Japan) and particularly by the so-called developing countries.

In the developing countries planning has been enthusiastically adopted as a tool for rapid and deliberate modernization after the Second World War. However, as modernity has transformed in its intellectual and material framework, particularly after the 1960s and 1970s, developing countries have come to face a crisis in their modernization efforts as well. Turkey, a new modern state established on the ruins of an old empire, has gone through all these developments and reflects the general trends in its individual experience to a great extent. That is the reason why this thesis, in its second part, focused on Turkey as a case to discuss the evolution of planning in a modernizing country in detail on the background of theoretical analyses in chapters two and three.

As has been discussed in chapters related to the Turkish experience, the history of planning in Turkey goes back to 1930s. This early experience was confined to industrial plans that were aiming at import substitution in some basic consumer goods and intermediate inputs. It is observed that Turkey adopted this planning perspective within its broader nation-building, state-building and modernization efforts. That experience was interrupted by the Second World War, which was followed by relatively liberal policies of the 1950s. Turkey has started to prepare comprehensive five-year development plans aiming at a systematic policy of import substitution since the early 1960s. This was, in a sense, a continuation of modernization efforts of Turkey under new global conditions. The State Planning Organization was established in that process and became part of the Turkish public

administration. With this new institutionalization under the Post-War conditions, Turkey tried to manage its development through five-year plans and annual programs.

Today Turkey is in the period of its 8th Plan. However, there has been a major shift in the development strategy of Turkey since 1980. That shift has been summarized in this thesis as a transition from the state-led, inward oriented development strategy to an outward oriented development strategy based on free markets and private sector discourse. It has been argued that the nature of the Turkish development plans and the planning organization has changed substantially in this process. I have related this change to global trends of the times and argued that this change could be explained within the larger framework of the globalization processes. Under the new conditions, the State Planning Organization maintained its legal existence but lost much of its former functions and status. Plans, in that context, lost their meaning, too. They have transformed into somewhat ritualistic exercises with little implications for the actual policy formulation and implementation.

The transformation in the Turkish development strategy is not a unique experience but rather shared by many developing countries similar to Turkey. In most of the developing countries, the objective of establishing a self-sufficient and diversified domestic economy has been replaced by policies favoring integration into the global markets and specialization in certain sectors during the 1980s. Apart from post-socialist countries, Latin American countries, India and various other Asian and African nations revised their planning frameworks and adopted a new market friendly development discourse in this process. In other words, there seems to exist

some general forces operating at the global level that shape the policy range for those countries beside their "internal" dynamics.

In fact, the very concept of "external/internal" distinction has lost much of its practical meaning in this process. These "external" forces shaping the policy range for Turkey, for instance, depend not only on the "invisible hand" of the markets but also on the "visible" institutions like the World Bank and the IMF, among others. Moreover, I have stressed on some occasions that this was not a "necessary and inexorable" fate, but a result, which has been brought about with the preferences of the political agents within Turkey as well as global conditions. In that sense, globalization has been treated in this thesis not as an "external" and outside phenomenon that forces us to adopt one single course, but rather a process embedded in local and national contexts, open to different reactions and alternatives.

Turkey has been largely integrated into world trade and capital movements during the 1980s. That transformation also affected the planning process and discourse. Instead of a comprehensive rational planning focused on optimum allocation of resources, the planning efforts were put to the service of structural adjustment policies along neo-liberal premises. Plan rationality has largely been substituted by market rationality in that transition.

However, as has been argued in this thesis, these two rationalities have been mainly derived from the same conception of universal instrumental rationality, being prominent in the simple modernity context. Moreover, they were legitimated with reference to the same objectives or goals in the field of public policy. At stake in

both conventional planning and market rationality is the optimum allocation of resources. They differ only in tools and methods chosen for that purpose. It has been observed that the conventional planning approach stresses expert knowledge, while neo-liberals or market advocates favor demand and supply forces in a deregulated environment. Turkey has largely abandoned expertise and turned towards markets as a mechanism to achieve economic prosperity during the 1980s. That was not just a national decision. International environment and 'intervention' by the international institutions played a significant part in that 'choice'.

However, as has been stressed in this thesis, the change in the Turkish development strategy cannot be solely based on international environment. Based upon the analysis of the historical experience in the thesis, it is clear that the old development strategy and conventional planning did not any more work in the case of Turkey[1] towards the end of the 1970s. Furthermore, it has been argued that it was the inadequacy of then current strategy that brought about the new approach based on free markets ideology. Under these conditions, it would not be wise to go back and use the traditional means to cure problems of the new approach. However, I have not argued for continuing with the present approach either, which succeeded in some respects –particularly in increasing exports—but failed in many other domains –like investments, income distribution, inflation, macroeconomic stability, vulnerability to external shocks, etc.

[1] There may be two reasons for this failure: either the failure of the tool itself or the failure in not using it appropriately or misusing it –or else a combination of both. Whatever the reason, one thing is clear that the conventional planning had reached its limits within the context of economic crisis towards the end of 1970s.

In this context, this thesis advocates that we don't need to make an "either or" choice between an ineffective planning and an imperfect market. I have introduced the idea that there are various alternatives in between, which may also add a strong democratic element into the development process besides instrumental rationality of optimum resource allocation.

As has been elaborated on in the previous chapter, it is possible to devise communicative planning mechanisms for Turkey at macro, regional, sectoral, agency and project levels. A more effective ECOSOC at the macro level, functional AHCs at sector or issue level, regional planning bodies at provincial and sub-regional levels, strategic planning at agency level, and participatory techniques (e.g., OOPP) at project level, are but some main mechanisms discussed in that framework. Each of these mechanisms is supposed to bring the state, market and civil society representatives together for creating an understanding through open and equal discussion. Habermas' communicative action theory guides the formation of such mechanisms, without putting a strong emphasis on the Habermasian idea of reaching consensus as the *telos* of communication.

Disorganized and disadvantaged sections of society that will be excluded from such formal mechanisms are also considered in this attempt to suggest a new planning paradigm. It has been argued that an informal community planning should be activated in order to represent larger sections of society and counterbalance the power of formal planning. Foucault's idea of power/knowledge and ideas of radical planning theorists have guided the suggestions developed in that regard.

It should be noted, however, that these mechanisms do not exhaust the possibilities of the new approach based on inter-subjectivity and involvement of multiple actors. Democratic or communicative planning approach, by definition, entails a participatory development of participatory mechanisms. In that sense, all mechanisms suggested in this thesis are just provisional and open to revision through dialogue with relevant parties.

Those alternatives in between state-led and market-led paradigms may be called as democratic or communicative planning in a global environment. The issue here is not to substitute one form of instrumental rationality with another, but open a space for different forms of rationalities. That approach may be compared to deliberative or dialogical democracy, which favors communication between free and equal participants in a broader public sphere. The state is not withering away but changing its present form and function in this response to globalization. What is emerging from these processes is the "negotiation state" which would supervise the markets as well as facilitate interactions among various groups within the society. In a similar vein, communicative planning advocated in this thesis does not ignore or object to the role of the state and expertise but argues against their dominance or monopoly.

The development of a regulatory and supervising state is indeed reflecting the spirit of the 7th and 8th Plans of Turkey covering respectively 1996-2000 and 2001-2005 periods. Globalization and regional integration, particularly the Customs Union Agreement between Turkey and the EU and prospects for a full membership, are at the background of these Plans whose strategy documents clearly recognize their importance for the future policies of Turkey. Publication of Ad Hoc Committee

Reports on Globalization and Regional Integration during the preparation of these Plans also supports these considerations. In this sense, communicative planning approach, as proposed in this thesis, is also in line with broader trends in Turkey.

"Democratic planning" has been accepted as a normative principle in the Turkish planning since 1960s. This principle has been operationalized to some extent through AHCs within the planning process as described in relevant parts of the thesis. What is required today is to fully operationalize this normative principle of Turkish planning in various contexts and at various levels of planning, turning it into a central organizing principle in real life situations. That process is not by nature a once and for all enterprise but rather one that entails a perpetual effort in theoretical as well as practical contexts. In other words, operationalization of democratic planning itself needs to be a democratic enterprise, working through efforts of multiple actors in diverse situations.

Apart from normative ideals embedded in Turkish experience, it has also been argued that the evolving globalization processes force Turkey towards adaptation of new planning practices. Although recent development plans recognize the significance of globalization and the need for re-institutionalization in various domains, there is not yet a clear path to be followed in order to create a democratic reform process. In the context of Turkish planning, this is still an open alternative. Although there are more favorable normative and material conditions for democratic planning, there is no automatic and necessary trend for the evolution of planning in that direction. In other words, there are no natural laws of historical development to transform Turkey in democratic directions. We are rather confronted with a historical

possibility, which entails human agency and effort. That agency should neither be confined to the state nor to the civil society, but attributed to both.

Planning can actually be rescued from being a tool of the state elite and experts by devising mechanisms to involve different groups and individuals within the larger society. Society in that case would not just mean business elite but different groups of civil society from labor unions, to academicians, environmental groups, and local administrations, down to village communities. At the macro level the politicians, state bureaucracy, business, labor and academia may collaborate better to devise macro-level strategic plans, while on the regional, sectoral and project levels all those who are effected from consequences of specific projects or programs may have a voice. A real and extensive decentralization and incorporation of the NGOs and civil society organizations within deliberation processes are critical elements for this new planning framework.

In sum, I have argued that planning should be a humane planning that empower its participants and stop forcing those disabled by market forces to accept their situation as a fate. In that framework, different rationalities, beside technical instrumental one, would have a legitimate saying in the decision making process. Virtue needs to be part of this process as much as impersonal technical rationality and private self-interest. There is a room for experts as well as laymen in that conceptualization of planning. However, this time experts would not be above others. In other words, they have to accept a modest position of facilitating others to make their own minds and provide them with necessary means and mechanisms for effective participation in the

pursuit of collective actions. In that understanding, the loyalty of the planner should not be fixed to a narrow state or business elite but enlarged towards the larger public.

As a general proposition it has been emphasized that simple mechanisms or tools are not meaningful in themselves. They need to be part of a change in overall understanding of planning. Thus, I have argued that there is a need for a different discourse on planning with a strong democratic element internal to its application rather than a solely technical discourse on planning. In this context, post-positivist epistemology stressing inter-subjectivity and the value of local knowledge is a critical theoretical condition for a new planning paradigm. However, such a discourse cannot be separated from the larger issue of effective freedom of speech and empowerment of citizen initiatives. On the contrary, this new epistemological underpinnings of planning entail an enabling legal-institutional framework to be operationalized.

For communicative planning to be effective it is necessary that the powerful groups within the society and the state recognize its merits, particularly its effectiveness in solving Turkey's long-term development problems and periodically repeating instabilities and crises. In this context, I have pointed out that participation by diverse groups within the planning process would provide two major benefits. On the one hand, it would increase the legitimacy of the plans and programs as well as specific projects and policies in the eyes of the public. On the other hand, it would increase efficiency of the planned actions by directing resources into areas that are most demanded by the society.

Of course, this process of institutionalizing communicative planning should not be considered as a smooth one devoid of power politics and conflicting interests. Conflict should be accepted as part of the process as much as possibility of a consensus. The problem is to create an institutional environment and a broader discourse that would enhance effective governance, reduce the domination of narrow interests and increase accountability. That would contribute in the amelioration of the "legitimacy" or "representation crisis" of the state and forge better linkages between the state and society.

In different parts of this thesis I have also pointed out the fact that developing countries are relatively more receptive or more constrained by the changes in the world, and especially in the developed parts of the world. That fact can be observed throughout the history of planning in Turkey from 1930s up to date. Power relations and clash of interests occur not only at the national level but also at a global scale, characterized by hierarchical relations among different countries and regions. For these reasons, it is also considered as very important to observe changes in the developed world and their repercussions on international institutions for a relatively easy transformation towards communicative planning in developing countries.

In this context, the "World Development Reports" issued by the World Bank in recent years signal a very positive re-orientation at the international level, considering their strong emphasis on second-generation structural reforms and governance issues. Participatory practices developed in the regional integration process in the EU and in various technical assistance agencies of the individual

developed countries are important in that regard as well, though one should also note that this trend is more in discourse than in deed so far.

However, as I have emphasized in various contexts, such globalization efforts "from above" need to be complemented by globalization "from below" (various forms of resistance and alternative global movements) in order to cope with the growing inequalities and erosion of autonomy on the part of poorer regions of the world. "Glocalization" concept needs to be stressed at this junction. More democratic global governance may facilitate more democratic forms of planning in various localities and *vice versa*. In this sense, democratic forms of governance in global level would support democratic planning practices in Turkey. In turn, progress in communicative planning in Turkey and in some similar countries is expected to help overcome a simple state/market dichotomy in the developing world.

This argument of glocalization is also in line with the general observation of this thesis about the parallelism between broader modernity and Turkish modernity throughout the 20th century. Planning in the 1930s or 1960s were not unique experiences of Turkey but rather reflected the respective periods in their broad characteristics. Hence the need for a new alternative that would respect to the historical experience and particularity of Turkey as well as broader trends of our times.

In this search for a better alternative by going beyond state/market dichotomy, this thesis has advocated the possibility of reforming and transforming planning in Turkey by introducing new participatory mechanisms incorporating communicative ra-

tionality in the field of public policy formulation for collective action. A new organizational perspective based upon interdisciplinary approach and teamwork as well as governance structures emerge as desirable and feasible options in the new planning environment characterized by complexity and multiple actors. It has been argued that this new perspective saves us from being in a necessary position to make a simple either-or choice between ineffective planning and imperfect market. The *telos* of this initiative is democratization of the state and state-society relations, democratic planning being a significant interface of this broader agenda. In other words, democratic planning mechanisms would contribute to broader democratization process, and at the same time, be reinforced and consolidated with broader democratization—particularly in the fields of freedom of expression and organization.

In the last chapter of this thesis, it is observed that the conventional planning approach lost its theoretical attraction and practical effects as a result of globalization processes and neo-liberal reform efforts in Turkey. However, particularly after the 7th and 8th Plans, Turkey has also started to search for a different planning approach. Though in its embryonic forms, this new approach should be built upon and developed into practical mechanisms. In that context, I have recommended some practical participatory mechanisms in macro, sectoral, regional, program/project and agency levels. Besides some other sources, the EU practices have guided much of the substance in these reform proposals –due to advanced practices in the EU as well as the fact that Turkey is a candidate for full membership into the EU. In all these participatory planning mechanisms there is a networking structure, which involves formal institutions of the state as well as informal organizations of the civil society. The SPO as the central planning agency does have a significant role to play in the effec-

tive working of these networks as a locus for moderating among different views and interests, and in transforming temporary agreements of various participants of such mechanisms into practical actions. Power relations and private interest would not disappear in this new planning environment but be forced to be more transparent and share their influence on collective actions by deliberation mechanisms open to a broader set of stakeholders.

It would be naive not to consider structural constraints in front of any reform agenda that depends on the agency of social actors. "Globalization from above" as well as local power relations may hinder such reform efforts or set limits to their reach. However, in social life "structures" should not be taken as permanent and unbreakable elements, but rather as forces to be overcome in order to enjoy the real meaning of freedom. Freedom, in this context, is not to do as we wish, but to search for improving our environment in the future as conscious and responsible human beings, working upon our history and resisting to our present conditions.

It should also be stressed that a new planning paradigm and practice based upon communicative rationality is not only more humane but also favored with the new mode of thinking and material conditions of "complex modernity." That is, "structures" that we face today do impose constraints but also provide incentives for action. That double-faced nature of structures like globalization and post-positivist epistemologies increases the possibility of success in our efforts for reform. Besides these "structural dynamics" that force Turkey to change, there are also conjectural factors, like the recent deep economic crises in Turkey and Turkey's candidacy into the EU, that support reform ideas within the state structures as well as in society.

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