


Fall 2019

## Neoliberal Urbanism in Turkey: A Synopsis, Two Cases

Artun Ak  
*Bard College*

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### Recommended Citation

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**Neoliberal Urbanism in Turkey: A Synopsis, Two Cases**

Senior Project Submitted to  
The Division of Social Studies  
of Bard College

by  
Artun Ak

Annandale-on-Hudson, New York  
December 2019



## Dedication

To Kris Feder for her selfless guidance these past four years, and for her pure awesomeness,

To Aniruddha Mitra for Édouard Louis, La Hacienda, and much more,

To Sanjaya DeSilva for encouraging my attempts to write about economics in a manner that is less jejune,

To Gregory Morton for his contagious enthusiasm that knows no exhaustion,

To all my friends who had to hear me whine — about this project, about other things — like a little boy who got his favorite toy, or, worse, his donut taken away,

To Craig Thorpe-Clarke and the squash team for keeping the squashing going,

To Mehreen for offering to LaTeX this project around 1 in the morning, which would have been, if I had said yes, quite a labor of love,

And to my parents for reminding me that it is okay, that it is going to be all right, and “if it does not happen, it does not happen.”



## Table of Contents

<b>Introduction: Gezi</b>	<b>1</b>
<b>Chapter 1: What <i>is</i> Neoliberal Urbanism?</b>	<b>4</b>
1.1: Neoliberalism?	4
1.1.1: David Harvey	4
1.1.2: Michel Foucault	9
1.1.3: A Working Definition of Neoliberalism, and Some Notes	12
1.2: Entrepreneurial Urban Governance	15
1.3: Neoliberal Urbanism	18
1.4: Criticisms of the Thesis	21
<b>Chapter 2: A Detour to Turkish “Economic” History</b>	<b>25</b>
2.1: The Last Days of The Ottoman Economy	25
2.2: Liberal Policies Period (1923-1929)	28
2.3: State-Run War Economy and Statism (1930-1949)	29
2.4: Back to (Quasi-)Liberal Policies (1950-1960)	33
2.5: Mixed Economy (1961-1979)	36
2.6: The Reform, The Coup, The Immediate Aftermath (1980)	39
2.7: Three Speculative Theses on 20 <sup>th</sup> -Century Turkey	42
<b>Chapter 3: Istanbul as a Neoliberal City</b>	<b>44</b>
<b>Chapter 4: Antalya as a Neoliberal City; or, the Redevelopment of Kepez</b>	<b>56</b>
<b>Conclusion: Going Forward</b>	<b>68</b>
<b>Works Cited</b>	<b>72</b>
<i>Appendix A: Map of Istanbul (Pre 3<sup>rd</sup> Bridge and 3<sup>rd</sup> Airport)</i>	<b>81</b>
<i>Appendix B: Map of Antalya (Basic)</i>	<b>82</b>
<i>Appendix C: Computer Generated Images of Sur Yapi Antalya</i>	<b>83</b>



## Introduction: Gezi

My classmates and I were in Germany, waiting for the U-Bahn to come, when the news broadcast on the big screen started to talk about the protests in Turkey. We were there on a school trip, enjoying our time, while on the streets near our high school, as we saw on the subway screen, there were large crowds chanting in anger. Against them stood the riot police, armed with tear gas as usual. Some of us texted our friends and parents to figure out what was going on. I believe someone, maybe my mother, told me not to worry about it. When we were back in Istanbul to finish off the semester, there were days where they would not let us leave the school for our safety. That, however, did nothing to prevent our throats from getting sour and sore, from burning.

Compared to other cities of similar size and importance, Istanbul is rather poor when it comes to city squares and parks. So when President Erdogan declared in 2013 that he is planning on demolishing Gezi Park next to Taksim Square to rebuild a long-gone Ottoman barracks and add a shopping mall (and maybe a luxury residential complex), Istanbulites felt the righteous urge to revolt. Near eight million people would be involved in the protests of Summer 2013 that resulted in twenty-two deaths and more than eight thousand injuries. The park thankfully stands today, next to the ugly gray brick floor that is Taksim Square.

Because the protests evolved to cover a wide range of concerns surrounding Erdogan's Justice and Development Party (AKP) government — infringements on constitutional rights such as the freedom of the press and speech, disregard for the secular structure of the republic, etc. — it is easy to forget what sparked the riots: dissatisfaction with the way Istanbul was managed. As Amnesty International reports, “anger was caused not just by the destruction of the park but also



the opaque way in which the decision for the redevelopment project was taken, which critics described as characteristic not just of urban regeneration projects but, more generally, of a government unwilling to respect or listen to opposing opinion.”<sup>1</sup> What Erdogan was attempting to do, in an authoritarian fashion, was to redesign a central part of Istanbul to serve specific interests: the Ottoman barracks to appeal to his voting base, the shopping mall to benefit merchants and tourists, and the residential complex to pamper the real estate sector. In short, Erdogan’s vision for the Gezi Park was an instance of the type of neoliberal urbanism exhibited by the AKP government since their rule in the city started in 2002. The city, according to the neoliberal logic, would not belong to its residents, but to those who wanted to utilize it as a space of accumulation, and if their wishes were to contradict with that of the Istanbulites, *c’est la vie*. This was for sure one of the reasons why the AKP government lost the metropolitan municipality of Istanbul to the Republican People’s Party (CHP) earlier this year.

Here I start with an attempt to define neoliberalism and neoliberal urbanism (Chapter 1), and then take a long-historical view of neoliberalism and neoliberal urbanism in Turkey, starting with an overview of the Ottoman Empire and building all the way up to 2019 (Chapter 2). The goal here is to expose some path-dependencies (corruption, statism, authoritarianism, Islamism) that might help the reader make sense of the current situation. The general historical review ends with the Decisions of January 24 and the 1980 coup, when Turkey enters its own neoliberal age, and then I focus specifically on post-1980 Istanbul — mass-bulldozings, megamosques, crazy highways, et cetera (Chapter 3). Scholars, even when they do not label it as such, have shown how and to what extent Istanbul has become a neoliberal city. My contribution comes in Chapter 4, where I make the case that neoliberal urbanism can be seen also in Antalya, Turkey’s tourism

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<sup>1</sup> “Gezi Park Protests: Brutal Denial of the Right to Peaceful Assembly in Turkey,” Amnesty International, October 2013, pp. 6

capital. I focus on one specific urban renewal project of sheer enormity, Sur Yapi Antalya, as a prime example of neoliberal urbanism. In conclusion, I draw attention to the entrepreneurial local government model embraced by Fatih Mehmet Maçoğlu, the mayor of Tunceli also known as the “Communist President,” as an alternative approach to urban management, and potentially a better one.

## Chapter 1: What is Neoliberal Urbanism?

### 1.1: Neoliberalism?

To understand neoliberal urbanism, we need to take a step back and define neoliberalism, an enigmatic scholarly concept that is utilized by many social scientists. Here I summarize two complementary attempts at conceptualizing neoliberalism: David Harvey's<sup>2</sup> description in *A Brief History of Neoliberalism*, and Michel Foucault's<sup>3</sup> 1978-79 lectures at the Collège de France, released under the title "*The Birth of Biopolitics*." While Harvey provides a chronology of neoliberalism, Foucault tracks the intellectual roots of this ideology. In the end, I provide my own definition.

#### 1.1.1: David Harvey

According to Harvey, the doctrine of neoliberalism is associated primarily with Paul Volcker (former chair of the US Federal Reserve) and Ronald Reagan in the United States, Keith Joseph (British politician with connections to the neoliberal Institute of Economic Affairs) and Margaret Thatcher in the United Kingdom, and Deng Xiaoping in post-Mao China. They enacted sweeping pro-market reforms in their countries during the years of 1978-1980, potentially having marked the period "as a revolutionary turning-point in the world's social and economic history,"<sup>4</sup> initiating the age of neoliberalism. For Harvey,

Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by

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<sup>2</sup> British Marxist economic geographer, currently a professor at The Graduate Center, CUNY.

<sup>3</sup> French philosopher and social theorist, famous for his work on power and knowledge. Died in 1984.

<sup>4</sup> Harvey, David, *A Brief History of Neoliberalism*, Oxford University Press, 2005, pp. 1

strong private property rights, free markets, and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices.<sup>5</sup>

This role may include guaranteeing the stability of the currency, policing, maintaining a reliable judicial system, providing military services, and, “*by force if need be*, [ensuring] the proper functioning of markets.”<sup>6</sup> Any state intervention in markets is suspect, because the state does not have enough information to assign or meddle with prices, and interest groups will most definitely skew such interventions in their own favor.

Having infiltrated all geographies and all sorts of institutions, from universities to think tanks to media to corporations to international institutions such as the IMF, the World Bank (WB), and the World Trade Organization, neoliberalism “has... become hegemonic as a mode of discourse.”<sup>7</sup> In fact, neoliberal thinking has become the way in which many people conduct their daily lives, having accepted market exchange “as an ethic in itself.”<sup>8</sup>

An important aspect of neoliberalism is that, because market transactions are deemed to be sacred, its proponents want to maximize their volume, for which “technologies of information creation and capacities to accumulate, store, transfer, analyse, and use massive databases to guide decisions in the global marketplace”<sup>9</sup> are crucial. The availability of such technologies enables “time-space compression,”<sup>10</sup> diminishing the physical constraints that are traditionally associated with trade and commerce.

The first attempt to form a neoliberal state, Harvey suggests, was after Pinochet’s US-backed 1973 coup in Chile against the government of Salvador Allende, the former

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<sup>5</sup> Harvey, pp. 2

<sup>6</sup> Harvey, pp. 2, emphasis mine.

<sup>7</sup> Harvey, pp. 3

<sup>8</sup> Treanor, Paul, “Neoliberalism: origins, theory, definition,” cited in Harvey, pp. 3

<sup>9</sup> Harvey, pp. 3

<sup>10</sup> Harvey, pp. 4

democratically elected Marxist president: “I am working for Socialism and through Socialism.”<sup>11</sup> The neoliberal agenda found its way into Chile via the University of Chicago-trained Chilean economists, who would later come to dominate the Catholic University in Santiago and were brought by Pinochet into the government after the coup: “Working alongside the IMF... they reversed the nationalizations and privatized public assets, opened up natural resources (fisheries, timber, etc.) to private and unregulated exploitations (in many cases riding roughshod over the claims of indigenous inhabitants), privatized social security, and facilitated foreign direct investment and freer trade... Export-led growth was favoured over import substitution.<sup>12</sup>”<sup>13</sup> The partial success of the Chilean experiment would encourage the enactment of similar policies later on in the US and the UK.

Why the turn? After World War II, an “embedded liberalism” was adopted by many advanced capitalist countries, in which markets, corporations, and entrepreneurs were subject to state regulation and forced to function under certain social and political constraints. The belief was that “the state should focus on full employment, economic growth, and the welfare of its citizens, and that state power should be freely deployed, alongside of or, if necessary, intervening in or even substituting for market processes to achieve these ends.”<sup>14</sup> This approach worked throughout the 1950s and 1960s, but near the end of its second decade, it started to break down.

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<sup>11</sup> Régis Debray, *Conversations with Allende: Socialism in Chile*, Verso, New York, 1971 Translation by Peter Beglan.

<sup>12</sup> “Favoured” might imply intervention, but the way this was achieved was mostly through “the elimination of all non-tariff barriers, the gradual reduction of customs tariffs and their consolidation into three levels (with a maximum rate of 60%), unification of the exchange rate, and a devaluation to compensate for the reduction in the average tariff.” In the late 1980s, however, Chile would start adopting more “pragmatic” measures to boost exports: “tariff drawbacks for exporters, a subsidy for new exports, and foreign direct investment policies which ultimately favoured non-mining exports.” For more on the topic, see: Agosin, Manuel R., “Trade and Growth in Chile,” *Cepal Review*, 68

<sup>13</sup> Harvey, pp. 8

<sup>14</sup> Harvey, pp. 10

Stagflation (partially caused by the 1973-74 OAPEC oil crisis<sup>15</sup>), fiscal crises, and the failure of the fixed exchange rates backed by gold reserves suggested to the general population that a new system had to be devised. Socialist and communist parties started to gather support, which was “a clear *political* threat to economic elites and ruling classes everywhere, both in the advanced capitalist countries (such as Italy, France, Spain, and Portugal)<sup>16</sup> and in many developing countries (such as Chile, Mexico, and Argentina).”<sup>17</sup> In the meanwhile, embedded liberalism had reduced the share of income received by the elites. This was not that bothersome as long as the economies kept growing. When stagnation became the norm, however, the elites started to also feel the *economic* threat. To their help came the once-fringe ideas of Friedrich von Hayek and the Mont Pelerin Society (founded in 1947), which claimed in their mission statement to identify “a decline of belief in private property and the competitive market,” two pillars of freedom as supposedly understood by the Western civilization. Equipped with the neoclassical theories of Marshall, Jevons and Walras, they opposed state intervention and central planning, and thus received financial and political support from the business elite. The Heritage Foundation in Washington and the Institute of Economic Affairs in London are known to be the heirs of the Mont Pelerin Society, and in academia it was Milton Friedman and his colleagues at the University of Chicago who carried the flag for years.

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<sup>15</sup> 1973-74 oil crisis started when “the Organization of Arab Petroleum Exporting Countries (OAPEC) instituted an oil embargo on the United States” to protest the \$2.2 billion of emergency aid to Israel for the Yom Kippur War. The embargo was followed by oil production cuts. Such manipulation of oil supply and availability resulted in high oil prices that stayed even after the embargo was lifted in 1974. See Corbett, Michael, “Oil Shock of 1973–74,” Federal Reserve History, November 22, 2013

<sup>16</sup> Peculiarly enough, Harvey does not include the United States on this list. While not successful in parliamentary politics (they were not huge fans of it anyway), the Progressive Labor Party was an active force in politics at-large. The following were also a collective force to be reckoned with: hippies, Yippies, Martin Luther King and the Poor People’s Campaign, Students for Democratic Society, Baran and Sweezy, The Weather Underground Organization...

<sup>17</sup> Harvey, pp. 15, emphasis mine.

The policy outcome of this ideology is commonly known as the Washington Consensus, a term originally coined by John Williamson<sup>18</sup> in 1990 to refer to the ten policy interventions that, according to him, most people in Washington then found to be necessary to help the Latin American countries with their crises:

- 1) Budget deficits should be small enough to be financed without recourse to the inflation tax.
- 2) Public expenditure should be redirected from politically sensitive areas that receive more resources than their economic return can justify toward neglected fields with high economic returns and the potential to improve income distribution, such as primary education and health, and infrastructure.
- 3) Tax reform so as to broaden the tax base and cut marginal tax rates.
- 4) Financial liberalization, involving an ultimate objective of market-determined interest rates.
- 5) A unified exchange rate at a level sufficiently competitive to induce a rapid growth in nontraditional exports.
- 6) Quantitative trade restrictions to be rapidly replaced by tariffs, which would be progressively reduced until a uniform low rate in the range of 10 to 20 percent was achieved.
- 7) Abolition of barriers impeding the entry of FDI (foreign direct investment).
- 8) Privatization of state enterprises.
- 9) Abolition of regulations that impede the entry of new firms or restrict competition.
- 10) The provision of secure property rights, especially to the informal sector.<sup>19</sup>

Williamson rightfully contends that people have *much more* than this set in mind when they use the term “Washington Consensus” to refer to the neoliberal agenda. He points out that this set leaves out “capital account liberalization... monetarism, supply-side economics, or a minimal state (getting the state out of welfare provision and income redistribution)... ideas [that] have rarely dominated thought in Washington and certainly never commanded a consensus there or anywhere much else except perhaps at meetings of the Mont Pelerin Society.”<sup>20</sup> These were ideas, however, that took hold in many international institutions, such as in the IMF and the World Bank.

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<sup>18</sup> A senior fellow at the Peterson Institute for International Economics since 1981, former WB Chief Economist for South Asia (1996-1999)

<sup>19</sup> Williamson, John, “The Strange History of the Washington Consensus,” *Journal of Post Keynesian Economics*, Vol. 27, No. 2, Winter 2004-2005

<sup>20</sup> Williamson, John, “Did The Washington Consensus Fail?”, Outline of speech at the Center for Strategic & International Studies Washington, DC, November 6, 2002

### 1.1.2: Michel Foucault

In his 1978-79 lectures, Foucault provides an intellectual history of neoliberalism, starting with the crises of the Weimar Republic. While German neoliberalism would flourish during the post-war reconstruction, relevant ideas could be traced back to the mid-1920s when economists such as Walter Eucken (a disciple of Husserl; anti-Keynes) and Wilhelm Röpke (anti-Keynes) were trying to solve the problem of “how to link together the legitimacy of a state and the freedom of economic partners, while accepting that the second must found the first, or serve as its guarantee.”<sup>21</sup> For Foucault, neoliberalism is a governmental rationality that takes as its *basis* “the existence and practice of economic freedom,”<sup>22</sup> and arranges its matters (law, policy, mission) accordingly. This is one of the primary differences between the classical liberalism of Adam Smith and J.S. Mill, and the neoliberalism of Eucken, Röpke, and Hayek: while the former tries to make the market work by trying to limit the given state, the latter tries to create a state that is based on this “non-state space of economic freedom.”<sup>23</sup> The goal is not an economy under a state, but a state that is inherently economic. In the case of post-war Germany, which was practically demolished, the (re)founding of the state on a purely economic basis was quite literal, compelling Foucault to suggest that the contemporary Germany of the 1970s can be understood as “a radically economic state.”<sup>24</sup> The primary actor of this (re)founding was Ludwig Erhard, a proud member of the Mont Pelerin society, around whom the Scientific Council had met at Frankfurt in 1948 to discuss the matter. He would become, in 1963, the second Chancellor of the Federal Republic of Germany.

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<sup>21</sup> Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-19*, Picador, 2004, translated by Graham Burchell, 2008, pp. 105

<sup>22</sup> Foucault, pp. 86

<sup>23</sup> Foucault, pp. 87

<sup>24</sup> Foucault, pp. 86



The neoliberal doctrine, Foucault claims, is a re-engineered version of the liberal doctrine. The crucial step in this process of reengineering is “a shift from exchange to competition in the principle of the market,”<sup>25</sup> as the latter ensures economic rationality by forming prices, thus regulating choices. What is especially new about the German neoliberals, however, is that they do not believe in *laissez-faire* as the best approach to fostering competition. They are well aware that competition is not a natural phenomenon, but instead a formal structure that needs to be built and maintained, which is the government’s job. As Foucault puts it, this neoliberal government should be identified with “permanent vigilance, activity, and intervention.”<sup>26</sup> Their interventions cannot include “price control, support for a particular sector of the market, systematic job creation, or public investment.”<sup>27,28</sup> What the government must do is to engage in so-called “organizing actions” to affect the framework so that “the market economy *can* come into play.”<sup>29</sup> To provide examples, Foucault explains Eucken’s 1952 approach to the problem of German agriculture:

Basically, he says, agriculture has never been normally, fully, and exhaustively integrated within the market economy. It has not been integrated within the market economy because of protective customs that, throughout Europe, have marked off, and cut out the spaces of European agriculture. These protective customs were made indispensable both by technical differences and generally by the technical inadequacy of each country’s agriculture. These differences and inadequacies were entirely linked to an over-population that made intervention, the insertion of technical improvements, pointless and, in truth, undesirable... What will good interventions act on? Well, on the framework. That is to say, first, on the **population**. The agricultural population is too large, so it will have to be reduced by interventions enabling **population transfers, migration, and so on**. We will also have to intervene at the level of **techniques, by making implements available**, by the technical improvement of elements like fertilizers, et cetera, and also by **the training and education given to farmers**, which will enable them to modify [agricultural] techniques. Third, we will also modify **the legal framework of farms, and**

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<sup>25</sup> Foucault, pp. 118

<sup>26</sup> Foucault, pp. 132

<sup>27</sup> Foucault is not explicit when it comes to what he means by “public investment,” but I believe he refers to investments in state-owned enterprises and, say, healthcare or (to give a contemporary example) federal job guarantee, given that he calls the kinds of interventions neoliberals would never do “instruments used by planning.” He is not referring to investments in what we would call infrastructure, such as roads, bridges, sewage et cetera.

<sup>28</sup> Foucault, pp. 139

<sup>29</sup> Foucault, pp. 141. Emphasis mine.

**in particular laws governing inheritance, governing tenant farms and the location of estates, trying to find the means to get the legislation, structures, and institutions of society to play a part through action in agriculture,** and so on. Fourth, as far as possible, we will modify **the allocation of the soil and the extent, nature, and exploitation of the soil available.** Finally, if necessary, we will have to be able to intervene on the **climate.**<sup>30</sup>

This is one step further than Smith's monopoly busting. Eucken is suggesting that we engage in natural and social engineering to smooth out all the rigidities that might prevent competition from taking place.

Near the end of the series of lectures, Foucault turns to what social policy looks like under neoliberalism, defining it as "a counterweight to unrestrained economic processes"<sup>31</sup> by ensuring "relatively equal access to consumer goods."<sup>32</sup> Neoliberals, on the other hand, do not believe in social policy in this form of an egalitarian force. In fact, they find it anti-economic, as they believe inequality to be an inherent aspect of competitive market structures. Minor transfers of income from those who over-consume grossly to those who under-consume terribly can happen, but only to ensure the subsistence of the latter, nothing more. Under neoliberalism, social policy becomes the privatization of risk, primarily through individual or mutual insurance. It is not the state but the individual who is responsible for the mitigation of unforeseen harm.

As the lecture of February 14, 1979, comes to an end, Foucault sums up all of this in a single concept: enterprise. What the government is trying to do by taking the market and competition as its basis, doing its best to create the conditions in which the market can excel, and outsourcing the responsibility of dealing with the harms of this system to the individuals is creating an enterprise society. This is not a market society as understood by the uniformity of commodities and overall standardization of processes, but actually a society in which there is a

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<sup>30</sup> Foucault, pp. 141. Pardon my liberal citation of Foucault paraphrasing Eucken, but no paraphrasing could do justice to the implicit humor in Foucault's rhetoric.

<sup>31</sup> Foucault, pp. 142

<sup>32</sup> Foucault, pp. 142

continuous drive towards “the multiplicity and differentiation of enterprises.”<sup>33</sup> Neoliberalism is that which fosters entrepreneurship in all its colors.

### 1.1.3: A Working Definition of Neoliberalism, and Some Notes

Drawing from both Harvey and Foucault’s work, here is the definition of neoliberalism I propose: *neoliberalism is a way of thinking that finds **entrepreneurship** and **competition** to be **the** forces through which progress can be achieved. This ideology, while indebted to classical liberalism, originates in the work of Weimar era economists and the Mont Pelerin Society members such as Hayek and Erhard. According to neoliberalism, the government is responsible for ensuring the conditions in which entrepreneurship can flourish, and the interventions for that cause are varied and occasionally violent. From transnational corporations to citizens, all kinds of agents can be seen as enterprises. The first attempt to establish a neoliberal state was the post-war Germany. The international policy counterpart of this ideology is the “broad” version of the Washington Consensus, which includes measures such as capital account liberalization and the dismantling of the welfare state. Such policies can be understood to be aiming at the total formal marketization of the world, so that all can compete with all.*

Some things need to be clarified at this point. While neoliberalism can be thought of as a project or an ideology, it is rather naive to think that a pure neoliberal state or city is possible. It might be more fruitful to think of neoliberalism as a force that acts on an object: the result of this acting-on will depend on the initial characteristics of the object too. In the case of a country, a state, or a political community, these characteristics may include already-existing institutions, norms of governance, sociocultural expectations, geopolitics, national and local histories, and a plethora of other pre-existing conditions that prevent neoliberalism from appearing in its purest

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<sup>33</sup> Foucault, pp. 149

form. This is why Theodore, Peck, and Brenner choose to talk about “an uneven, contradictory, and ongoing process of *neoliberalization*”<sup>34</sup> instead. It is therefore more accurate to talk about a *neoliberalized* state or city, but I will use the adjective “neoliberal” out of convention.

This acting-on is sometimes thought to be two-staged, creation and destruction, hence the phrase “creative destruction”<sup>35</sup> in association with neoliberalism. The initial “goal” of neoliberal ideology is to (attempt to) dismantle norms and institutions that are barriers against its ascent, which is followed by the creation of norms and institutions that are hospitable to it. This creation, of course, can take the form of transforming existing institutions and structures, and these two stages of neoliberalization can overlap temporally. In regards to urban phenomena, this creative destruction is manifested quite literally with urban renewal or revitalization projects (private, public, and private-public), in addition to the structural and institutional creative destruction that might take place simultaneously. These two stages are sometimes also called roll-back and roll-out phases.

Because it has not come up explicitly so far, there is merit in highlighting the class bias of neoliberalism.<sup>36</sup> Because of its devotion to the logic of competition, neoliberalism becomes a

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<sup>34</sup> Theodore, Nik, Peck, Jamie, and Brenner, Neil, “Neoliberal Urbanism: Cities and the Rule of Markets,” in *The New Blackwell Companion to The City* (2011), Wiley Blackwell, ed. by Gary Bridge and Sophie Watson, pp. 17

<sup>35</sup> A term made famous by Peter Schumpeter to describe the ever-recurring change in production techniques in capitalist societies. The rumor has it that Schumpeter borrowed it from Werner Sombart (German economist, 1863-1941), who probably got it from Nietzsche, who probably got it from Schopenhauer, who probably got it from the Hindu tradition. See Reinert H., Reinert E.S. (2006) *Creative Destruction in Economics: Nietzsche, Sombart, Schumpeter*. In: Backhaus J.G., Drechsler W. (eds) *Friedrich Nietzsche (1844–1900). The European Heritage in Economics and the Social Sciences*, vol 3. Springer, Boston, MA

<sup>36</sup> This is quite explicit in the 1971 memo by Lewis Powell to the U.S. Chamber of Commerce, where he asked the American businessmen to unite against the attacks on “the enterprise system:”

There should be no hesitation to attack the Naders, the Marcuses and others who openly seek destruction of the system. There should not be the slightest hesitation to press vigorously in all political arenas for support of the enterprise system. Nor should there be reluctance to penalize politically those who oppose it.

Lessons can be learned from organized labor in this respect. The head of the AFL-CIO may not appeal to businessmen as the most endearing or public-minded of citizens. Yet, over many years the heads of national labor organizations have done what they were paid to do very effectively. They may not have been beloved, but they have been respected — where it counts the most — by politicians, on the campus, and among the media.

threat to labor rights and protections. That neoliberal governments try to outsource risk management is already mentioned above. Unions are also targeted because of their monopolistic nature, which was previously seen acceptable due to the belief in the freedom of association, and more importantly because unions were seen as a balancing force to the inherent bargaining power inequality between the capitalists and the workers. Historically, opening up of national economies under neoliberalism forced workers from different countries, who have little mobility, to compete with each other and push wage levels down, while capital was allowed to travel wherever it saw fit, aided by the rise of financial channels and institutions. It should therefore not be surprising that the neoliberal project resulted in increased income inequality in the US, the UK, Russia, China, Mexico, and many other countries.<sup>37</sup>

Lastly, some scholars want to draw a strict distinction between the German neoliberalism described by Foucault (which is also called ordoliberalism) and the Anglo-American variant of it described by Harvey. Heiskala, for example, says that both agree that markets are the best way to maximize liberty, freedom and economic opportunities and therefore should be expanded. But, he continues, while “market fundamentalism à la Hayek”<sup>38</sup> holds that markets are self-sufficient and do not need government intervention, ordoliberals believe that they have to nurture market structures continuously to curb monopolistic or oligopolistic tendencies. There are (at least) two problems here. Firstly, Hayek, who is supposedly the neoliberal/market-fundamentalist in this case, had an ambivalent attitude towards antitrust. He argued against large firms when they

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It is time for American business — which has demonstrated the greatest capacity in all history to produce and to influence consumer decisions — to apply their great talents vigorously to the preservation of the system itself.

Earlier in the memo, Powell accuses “the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and [the] politicians” for leading the attack on the enterprise system. By “the Marcuses,” Powell refers to the admirers of Herbert Marcuse, the German-American Marxist scholar of the Frankfurt School. Link: <https://www.greenpeace.org/usa/democracy/the-lewis-powell-memo-a-corporate-blueprint-to-dominate-democracy/>

<sup>37</sup> Harvey, *A Brief History of Neoliberalism*, pp. 16-19

<sup>38</sup> Heiskala, Risto, “Is neoliberalism ubiquitous?” Institute for Advanced Social Research, February 28, 2018

restricted access to essential goods and explicitly barred competitors from entering the market. While his choice of antitrust enforcement was private firms suing monopolies, he did express his support for the limitation of such restrictory conduct.<sup>39</sup> It might make more sense to give Ludwig von Mises the throne of market-fundamentalism, who actually despised the German ordoliberalists of the Mont Pelerin Society.<sup>40</sup> Secondly, Heiskala calls the US neoliberal (*not* ordoliberal), hence supposedly a non-interventionist market-fundamentalist country, but it was Reagan the poster boy of North American neoliberalism who broke up AT&T in 1982, ending its six-decade long domination of the sector.<sup>41</sup> Given the muddiness of the situation, I do not hesitate to take the risks associated with clumping them all together under the umbrella of neoliberalism.

## 1.2: Entrepreneurial Urban Governance

Economies, of course, *are* in spaces, and exert influences on these spaces. So it is only natural that this neoliberal turn had an impact on the cities in those countries where neoliberalism was becoming more and more persuasive. A decade after Foucault's Paris lectures, in 1989, Harvey published his seminal article on the shift from managerialism to entrepreneurialism in urban governance, in which he shows that urban governments were becoming more involved in "the exploration of new ways to foster and encourage local development and employment growth" and less worried with "the local provision of services, facilities and benefits to urban populations."<sup>42</sup> In other words, it was now being asked of urban governments to adopt an entrepreneurial stance, and urban governments were responding in the affirmative, at least in the

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<sup>39</sup> See Paul, Ellen Frankel, "HAYEK ON MONOPOLY AND ANTITRUST IN THE CRUCIBLE OF UNITED STATES V. MICROSOFT," NYU Journal of Law and Liberty, Vol. 1, December 15, 2014. Also see Kusunoki, Shigeki, "Hayek and Antitrust," History of Economics Review, 61:1, 2005, pp 57-68

<sup>40</sup> Hülsmann, Jörg Guido, "Against the Neoliberals," Mises Institute, January 08, 2019

<sup>41</sup> Lasar, Matthew, "How AT&T Conquered the 20th Century," Wired, September 03, 2011

<sup>42</sup> Harvey, David, "From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism," Geografiska Annaler, Series B, Human Geography, Vol. 71, No. 1, The Roots of Geographical Change: 1973 to the Present, 1989, pp. 3

UK and the US. As the reasons for this development, Harvey cites chronic unemployment, deindustrialization, fiscal austerity, much stronger appeal to market rationality, and the tide of neoconservatism that took hold of many advanced capitalist countries in the 1970s. He also claims that “the declining powers of the nation state to control multinational money flows”<sup>43</sup> might be resulting in partnerships between international finance capital and local governance in an attempt to transform localities into attractive spots for investment. By governance it is meant more than just the government: governance refers to the large web of governing actors such as the government, local chambers of commerce, financiers, industrialists, merchants, business leaders, real estate and property developers, educational and religious institutions, local labor organizations, and so on. All these different parties get together and each party argues for the specific kind of civic boosterism that would benefit them. In “successful” cases, coalitions and alliances are established between different parties, which often requires “a person of vision, tenacity, and skill”<sup>44</sup> to be in charge.

Harvey suggests that there are three important aspects of this new entrepreneurial urban governance model. Firstly, the idea of public-private partnerships is central. Local governments try to attract external funding, direct investment, and new sources of employment, and are down to work with private capital. Secondly, the risk in such partnerships, which are often speculative to an important degree, are regularly absorbed by local governments, making them especially attractive for the capitalists. Thirdly, this entrepreneurial stance tries to improve the place rather than the territory, that is, its primary goal is *not* to improve the conditions of those living in the area. Investments in housing and education would be improving the territory, as they would benefit the population directly, but it is hard to characterize an investment in a stadium or a

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<sup>43</sup> Harvey, pp. 5

<sup>44</sup> Harvey, pp. 6-7

convention center in a similar vein.<sup>45</sup> Such investments aim to make the place more attractive for the global population at-large and, more importantly, for global capitalists and landowners, the latter benefiting from the rising land prices surrounding such spectacle investments.

Harvey believes this trend to be contagious as it may spur inter-urban competition: if New York starts doing it, it will probably spread to Albany and Wilmington, and from there to Boston and Washington D.C. “Indeed to the degree that inter-urban competition becomes more potent, it will almost certainly operate as an ‘external coercive power’ over individual cities to bring them closer into line with the discipline and logic of capitalist development. It may even force repetitive and serial reproduction of certain patterns of development (such as the serial reproduction of “world trade centers” or of new cultural and entertainment centers, of waterfront development, of postmodern shopping malls, and the like).”<sup>46</sup>

As his personal case study, Harvey offers Baltimore and the (in)famous Harborplace. In 1978, a referendum that almost did not pass opened up city land for private development, which eventually became Harborplace under the guidance of Mayor William Donald Schaefer, who later went on to become the governor of Maryland. Harborplace is currently home to the National Aquarium, various retail stores and chain restaurants. The project has resulted in a “radical reconstruction of the image of Baltimore,” and even put it on the front cover of Time Magazine, despite the fact of “increased impoverishment and overall urban deterioration.”<sup>47</sup> While the project did bring development money into the city (and increased property values near the port), it is unclear whether the city has lost more in risk absorption.<sup>48</sup>

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<sup>45</sup> Harvey, pp. 7

<sup>46</sup> Harvey, pp. 10

<sup>47</sup> Harvey, pp. 14

<sup>48</sup> For a more in-depth study of Baltimore’s (failed) “renaissance,” see: Levine, Marc V., “A Third-World City in the First World: Social Exclusion, Racial Inequality, and Sustainable Development in Baltimore,” in *The Social*



Interestingly enough, Harvey concludes his paper on an optimistic note, suggesting that the coalitions and alliances created by the ethos of entrepreneurial urban governance might be transformed into “a progressive urban corporatism”<sup>49</sup> to function as a force of local resistance against space-based exploitative development. In a paper almost two decades later, however, he would confess that “the social movements are not strong enough or sufficiently mobilized to force through.”<sup>50</sup>

### 1.3: Neoliberal Urbanism

Little could Harvey know that his scholarly intervention would give birth to a whole different focus in urban studies, that is, how neoliberalism interacts with urban structures. While Harvey does not use the word “neoliberalism,”<sup>51</sup> he does count much stronger appeal to market rationality as a primary reason for the rise of entrepreneurial urban governance, which is, as discussed above, in the core of neoliberal ideology.

Theodore, Peck and Brenner argue that “cities have become strategically important arenas for neoliberal forms of creative destruction.”<sup>52</sup> This is because cities have high population and capital densities, which results in high cooperative potential<sup>53</sup>, making them “key arenas (if not targets) for neoliberal rollback strategies.”<sup>54</sup> Cities are also fit to be the spaces for neoliberal

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*Sustainability of Cities: Diversity and the Management of Change*, edited by Mario Polèse, Richard E. Stren, Richard Stren, University of Toronto Press, 2000

<sup>49</sup> Harvey, pp. 16

<sup>50</sup> Harvey, David, “The Right to the City,” *New Left Review*, Sept-Oct, 2008, pp. 39

<sup>51</sup> In the introduction to his *A Brief History of Neoliberalism*, he says that he got interested in neoliberalism as a topic in 2001 (pp. 4).

<sup>52</sup> Theodore et al., pp. 21

<sup>53</sup> As Mason Gaffney puts it: “The object of human organization is synergy, combining parts into a whole greater than their sum... Cities achieve it by bringing independent actors into mutual access so they can cooperate via free contracts and association in the marketplace, in government and society.” See Gaffney, Mason, “The Synergistic City: Its Potentials, Hindrances and Fulfillment,” A Paper for the Colloquium on Land Policy The Lincoln Institute Cambridge, Massachusetts October 28, 1977

<sup>54</sup> Theodore et al., pp. 21

rollouts because they are “loci for innovation and growth... zones of devolved governance and local institutional experimentation.”<sup>55</sup> The development of entrepreneurial forms of urban governance in the face of the global tide of neoliberalism is then not a surprise. What is more interesting, however, is that such neoliberal urbanism has progressively further *emphasized* its class character by evolving from a relatively simple promotion of “market-driven capitalist growth” (which was the case in the 1980s) to “the establishment of new flanking mechanisms and modes of crisis displacement, in order to insulate powerful economic actors from endemic failures in markets and governance regimes”<sup>56</sup> (starting in the 1990s). Entrepreneurial urban governance does not simply mean the urban promotion of entrepreneurship and competition. It also refers to a privileging and protecting of capitalists and landowners, in alignment with the class character of neoliberal ideology.<sup>57</sup> Here is Theodore et al.’s list of creative and destructive moments in neoliberal urbanism:

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<sup>55</sup> Ibid

<sup>56</sup> Ibid

<sup>57</sup> For an account of neoliberal urbanism that further highlights its class character, see: Mayr, Margit, “Neoliberal Urbanism and Uprisings Across Europe,” *Urban Uprisings: Challenging Neoliberal Urbanism in Europe*, Palgrave Studies in European Political Sociology, 2016

**Table 2.1** Destructive and creative moments of neoliberal urbanization

<i>Mechanisms of neoliberal urbanization</i>	<i>Moment of "destruction"</i>	<i>Moment of "creation"</i>
Recalibration of intergovernmental relations	Dismantling of redistributive systems of central government support for municipal activities	Devolution of tasks and responsibilities to municipalities Creation of new incentive structures to reward local entrepreneurialism and to catalyze endogenous growth
Retrenchment of public finance	Imposition of fiscal austerity measures upon municipal governments	Creation of new revenue collection districts and increased reliance on local revenues, user fees, and other instruments of private finance
Restructuring the welfare state	Local relays of national welfare service provision are retrenched; assault on managerial-welfarist local state apparatuses	Expansion of community-based sectors and private approaches to social service provision Imposition of mandatory work requirements on welfare recipients; new (local) forms of welfare experimentation
Reconfiguring the institutional infrastructure of the local state	Dismantling of bureaucratized, hierarchical forms of local public administration Assault on traditional relays of local democratic accountability	"Rolling forward" of new networked forms of local governance based upon public-private partnerships and the "new public management" Incorporation of elite business interests in local development
Privatization of the local public sector and collective infrastructures	Elimination of public monopolies for the provision of municipal services (e.g. utilities, sanitation, mass transit)	Privatization of municipal services Creation of new markets for service delivery and infrastructure maintenance
Restructuring urban housing markets	Razing public housing and other low-rent accommodation Elimination of rent controls and project-based construction subsidies	Creation of new opportunities for speculative investment in central-city real estate markets Introduction of market rents and tenant-based vouchers in low-rent niches of urban housing markets
Reworking labor market regulation	Dismantling of traditional, publicly funded education, skills training, and apprenticeship programs for disadvantaged workers	Creation of a new regulatory environments to encourage contingent employment Implementation of work-readiness programs aimed at the conscription of workers into low-wage jobs Expansion of informal economies
Restructuring strategies of territorial development	Winding down of compensatory regional policies Increasing exposure of local and regional economies to global competitive forces Fragmentation of national space-economies into discrete regional systems	Creation of free trade zones, enterprise zones, and other "deregulated" spaces within urban regions Creation of new development areas, technopoles, and other "new industrial spaces" Mobilization of new "glocal" strategies intended to redirect economic capacities and infrastructure investments into "globally connected" agglomerations
Transformations of the built environment and urban form	Elimination and/or intensified surveillance of public spaces Destruction of working-class neighborhoods to make way for speculative redevelopment Retreat from community-oriented planning initiatives	Creation of privatized spaces of elite consumption Construction of mega-projects to attract corporate investment and reconfigure local land-use patterns Creation of gated communities, urban enclaves and other "purified" spaces of social reproduction "Rolling forward" of the gentrification frontier and the intensification of sociospatial polarization Adherence to the principle of "highest and best use" as the basis for major land use planning decisions
Inter-urban policy transfer	Erosion of contextually sensitive approaches to local policy-making Marginalization of "home-grown" solutions to localized market and governance failures	Diffusion of generic, prototypical approaches to "modernizing" reform among policy-makers in search of "quick fixes" for local social problems (e.g., welfare programs, zero-tolerance crime policies) Imposition of decontextualized "best practice" models derived from extrajurisdictional contexts
Reregulation of urban civil society	Destruction of the "liberal city" in which all inhabitants are entitled to basic civil liberties, social services, and political rights	Mobilization of "broken windows" policing Introduction of new discriminatory forms of surveillance and social control Introduction of policies to combat social "exclusion" by reinserting individuals into the low-wage labor market
Re-representing the city	Performative discourses of urban disorder, "dangerous classes," and economic decline	"Entrepreneurial" discourses and representations focused on urban revitalization, reinvestment, and rejuvenation. Celebration of self-actualizing "creative" growth

(58)

<sup>58</sup> Theodore, Nik, Peck, Jamie, and Brenner, Neil, "Neoliberal Urbanism: Cities and the Rule of Markets," in *The New Blackwell Companion to The City* (2011), Wiley Blackwell, ed. by Gary Bridge and Sophie Watson.

The list gives a rather clear sense of who wins and who loses under neoliberal urbanism. Welfare becomes workfare — mandatory work requirements are implemented for welfare provision, and that’s when there *is* welfare provision. The global and local business elite gets to hijack the conversation around local development, representing their own interests. Speculative real-estate development is not only allowed, but encouraged, often in working class neighborhoods. In the meanwhile, zones of deregulation are set up to accommodate global capital. Gated communities and spaces of elite consumption arise, but those who are outside them are subjected to intensified social control and surveillance in the name of order. “Dangerous classes” out — moneyed classes in. It turns out, then, that neoliberal urbanism aims to recreate the city for the capitalist and the landowner at the expense of the worker, who needs to fight back to carve himself a place in the city.

#### **1.4: Criticisms of the Thesis**

As expected with such overarching claims, dissenters abound. Pinson and Journal summarize the general objections to the neoliberalism thesis under four categories: definitional, descriptive, analytical, and normative.<sup>59</sup>

The definitional objection is that many people who work with the term do not have a clear idea of what it really is, which becomes a serious problem when “neoliberalization” is being used to explain social phenomena like an independent variable. Sometimes the definitions are so wide that they can be used to describe and explain almost anything. Given that a working definition of neoliberalism is provided earlier in this project, however, this is not a worry here.

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<sup>59</sup> Pinson, Gilles, and Journal, Christelle Morel, “The Neoliberal City — Theory, Evidence, Debates,” *Territory, Politics, Governance*, 4:2, 2016

Those who object to the descriptive capacity of the thesis question whether the theory actually matches the reality: is this really what has been happening for the past three to four decades? Pinson and Journal suggest that, “in many cities and countries, there has been no such thing as a complete and systematic reorientation of national or urban policies along more competitive and market-friendly paradigms.”<sup>60</sup> In France, for example, some cities have countered gentrification by implementing mandatory social housing stock laws. This may be because forces of neoliberal urbanism have collided with forces of Rawlsianism and new visions of social democracy. There is also the problem of periodization: the French (business-friendly *dirigisme*) and British (British Urban Development Corporations) examples suggest that capital-friendly restructurings were also taking place in the 1950s, right after World War 2. Similarly, the reorientation of capital from industrial towards real-estate investments has been taking place before the 1970s in Italy and Spain. To this objection I will simply answer that the Turkish experience of neoliberalism has been rather mainstream, and it fits the theory nicely for the most part, which may be the case because of the close political and economic alliances between Turkey and the United States in the post-war era.

The analytical objections are fourfold: (1) neoliberalism is being seen as a supercause that can explain many things that are most likely not related, (2) scholars of neoliberalism pay little attention to local context and opposing forces, (3) they pay too much attention to the power of ideas and not enough to real tangible socioeconomic conditions, and (4) they have a skewed understanding of social change: “Political, social, economic and spatial change does not necessarily occur by virtue of ideas, long-term plans or political enterprises. It also happens through pragmatic and improvised adaptations to new issues, problems, opportunities, technologies, resources, mobilizing available cognitive schemes and policy instruments.” (1) is a

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<sup>60</sup> Ibid, pp. 142

valid objection: it is hard to counter the inert tendency to designate a supercause to explain an ever-expanding universe of phenomena that seem to be related — this project will attempt to counter that (and [2]) by highlighting other influences in Turkey, such as the military and the rise of authoritarianism and Islamism within Turkey. In response to (3) and (4), I would like to highlight the following: it is in a fairly neoliberalized world economy that local actors have to respond to various issues, at least some of which are caused by the tide of neoliberalization surrounding them. Pragmatic deliberations and improvisations can result in neoliberal outcomes. In fact, it might be quite pragmatic for some local actors to adopt a neoliberal approach to their issues if the communities they end up *having to* compete against are being neoliberalized themselves, as not doing so might prescribe ruin (i.e., Harvey's contagion effect). Pinson and Journal are definitely right that local actors might not at all think about neoliberalism while advocating for their communities, but I would argue that the fact that the agents do not start from a neoliberal standpoint does not mean that the point at which they arrive cannot be a neoliberal one.

The normative objection is twofold: scholars are not generous enough in identifying the positive aspects of recent social changes, on which progressive forces could potentially build, and they do not offer any cure or alternative to the hegemony of neoliberalism, if such hegemony actually exists. This will be addressed in the conclusion, where I point to a possible alternative.

Maybe the only thing I have to say is that most of these objections are not completely applicable to this project, which is much more conservative in its aims and ambitions: here I simply attempt to show that Istanbul and Antalya have become/are becoming more and more neoliberalized by highlighting some recent developments.

Before that, however, let us take ↓



## Chapter 2: A Detour to Turkish “Economic” History

It is rather easy to point out the date on which Turkey entered its own neoliberal era: January 24, 1980, when the government signed an IMF-backed reform package.<sup>61</sup> Talks of serious economic liberalization within the government had been taking place at least since 1977<sup>62</sup> and the process would continue for at least another decade, but the Decisions of January 24 (which is how the reform package is publicly known) are generally accepted to be *the* turning point for the Turkish economy. These decisions, however, were decidedly harsh, and only after the right-wing coup<sup>63</sup> eight months later on September 12, 1980, could they be implemented as desired. Here I find my way to that point in Turkish history, starting with an overview of the Ottoman economy, and going period by period till year 1980.

### 2.1: The Last Days of The Ottoman Economy

The Ottoman Empire (1299-1922/23) was an Islamic Empire that extended, at its peak, all the way from the walls of Vienna to the place where the Red Sea opens to the Indian Ocean, but its size was disproportionate to its long-term economic success and innovative capacity:

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<sup>61</sup> Egilmez, Mahfi, *Degisim Surecinde Turkiye: Osmanli'dan Cumhuriyet'e Sosyo-Ekonomik Bir Degerlendirme (Turkey in Transtion: A Socioeconomic Evaluation from the Ottoman Empire to the Repuclic)*, Remzi Kitabevi, 2018, pp. 147. This chapter at large relies heavily on Egilmez' book (occasionally supplemented with some other works) but it will be mostly paraphrased because the book is in Turkish and there is no official translation.

<sup>62</sup> Alpay, Yalin, and Alkin, Emre, *Olaylarla Turkiye Ekonomisi: Yirminci Yuzyil Turkiye Ekonomi Tarihi (Turkish Economy through Events: 20th Century Turkish Economic History)*, Humanist, 2017, pp. 157

<sup>63</sup> Mehmet Ali Birand, a Turkish journalist, claims that Paul Henze, then CIA Ankara Station Chief, called President Carter after the coup and said, “Our boys did it.” Birand supposedly has received this information from Henze himself. Henze denies the allegations. This is one of the more controversial aspects of the 1980 coup: was the U.S. involved or not? If yes, this was Chile 2.0, and even if not, the coup still benefited Western capitalist interests by integrating a fellow NATO member into the global markets. A recent dissertation on the topic says, “General Evren [the general who orchestrated the coup] himself admitted that they were approached by their United States and NATO military counterparts, who wondered when and if the Turkish military was pondering an intervention. In this case, the US had prior knowledge that Turkish generals were close to deposing the government.” (Aslan, Omer, “U.S. INVOLVEMENT IN MILITARY COUPS D'ÉTAT IN TURKEY AND PAKISTAN DURING THE COLD WAR: BETWEEN CONSPIRACY AND REALITY, Submitted to Bilkent University in December, 2016.)



while Europe was going through various stages of industrial revolutions and starting to develop capitalist structures, the Ottoman Empire, reliant on war loot and agricultural tax revenue, was stuck with its war-dependent feudalistic ways. The government, for example, would lease land to those who agreed to “farm” tax for the state, a practice that transformed over time into an odd but predictable variant of rentierism:

Tax farms (*iltizams*) increasingly became indistinguishable from private property (*mülk*) and a new influential class grew on the land. This landed gentry commonly called *ayan* (or at times *derebeyi*), interposed itself between the government and the peasantry, and intercepted much of the State's rural income. The members of this new class were in theory only lessees, but the central government's weakness and its need for immediate revenue enabled the *ayan* not only to raise the amount of taxes they collected to an exorbitant level, but also to secure their positions by expropriating the functions of government in the provinces.<sup>64</sup>

The empire at large, however, could never go capitalist or modernize, partially because it never had its own industrial revolution. Egilmez argues that this was a result of its religious allergy to natural sciences,<sup>65</sup> but a more nuanced account of the matter by Ekmelettin Ihsanoglu states that “the Ottomans’ interest [in science] was oriented towards practical ends and the application of scientific theories, while the three main aspects of modern Western science, namely theory, research, and experiment were not taken into consideration.”<sup>66</sup> This would mean that there must be some reason other than a lack of knowledge for the absence of an industrial revolution in the Empire. The inflow of cheap manufactured goods from abroad might be one such reason,<sup>67</sup> and the simple incompetency of the imperial government another. Or maybe, the rise of rentierism might have pretended the farmers from accumulating savings that would have become capital.

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<sup>64</sup> Ergil, Dogu, and Rhodes, Robert I., “Western capitalism and the disintegration of the Ottoman empire,” *Economy and History*, 1975, pp. 46

<sup>65</sup> Egilmez, pp. 28

<sup>66</sup> Ihsanoglu, Ekmeleddin, “An Overview of Ottoman Scientific Activities,” *Foundation for Science, Technology, and Civilisation*, December, 2006, pp. 10

<sup>67</sup> Ergil et al., pp. 48

Neither did the Ottoman Empire have a well-developed financial sector, so it was not directly affected by the Long Depression (1873-1879) that hit many European economies hard. However the government had been borrowing money from several European states to finance its operations (starting with the Crimean War of 1854), and now that those debtors were in tough fiscal positions, they started to demand immediate payments. The Ottoman government was already late on its payments due to the drought in 1873-1874 which had diminished agricultural revenues. The result was the establishment of the Ottoman Public Debt Administration (*Düyun-u Umumiye*), an institution by which the European governments took control of the Ottoman fiscal matters.<sup>68</sup>

Other factors that contributed to the decline of the Ottoman Empire to the point that it would be called the sick man of Europe<sup>69</sup> include rampant state corruption and the capitulations that the Ottoman government would grant to foreign governments and non-Muslims liberally. Capitulations are economic privileges related mostly to trade but also to the right of use of Ottoman waterways, granted with the hope that they can stimulate the home economy. While they were initially formulated as exchanges (i.e., the government would grant privileges and the receiving country would pay taxes), as time proceeded, the government started handing them out for free. The first capitulation was granted to the Republic of Ragusa in 1365, and the last one would be a renewal of all prior capitulations with the Treaty of Séves in 1920, signed after World War I by the Ottoman Empire and the Allied Powers. This treaty would be abandoned, however, when the Turkish national movement led by Mustafa Kemal Atatürk (1881-1938, first president of the Republic of Turkey) won the Turkish War of Independence and established a new republic in 1923, bringing the Allied Powers back to the bargaining table. The result of

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<sup>68</sup> Egilmez, pp. 29

<sup>69</sup> Commonly attributed to Tsar Nicholas I, but some dissent: see De Bellaigue, Christopher, "Turkey's Hidden Past," *The New York Review of Books*, March 8, 2001

those negotiations was the Treaty of Lausanne, which recognized the Republic of Turkey as a sovereign country and ended the war.

## **2.2: Liberal Policies Period (1923-1929)<sup>70</sup>**

The socioeconomic situation taken over from the Ottomans by the infant Republic was grim: low income per capita, low literacy rates (10 percent in 1897<sup>71</sup>), a powerful landowning class, no industry, post-war exhaustion (two wars, to be more precise), lack of natural resources, and no culture of research and development. They also had to repay two-thirds of the Ottoman debt, which took three decades. All of the aforementioned capitulations were lifted with the Treaty of Lausanne, but according to the trade agreement signed a year after Lausanne, the Ottoman tariff system of 1916, which had made the empire an exports dump, had to be kept in place for a five year period, preventing the government from supporting the new industries that could benefit from trade protection.<sup>72</sup>

In response to this situation, the “national-liberal”<sup>73</sup> economic doctrine of the Republic was expounded during the Izmir Economic Congress of 1923, where delegates of various interest groups voiced their demands. Fitting the label “national,” no invitation was extended to the minority trade groups (non-Muslim, Armenian, Jewish, et cetera; mostly located in Istanbul), and many labor and small farm delegates could not make it to Izmir, a city that is to the westernmost of the country,<sup>74</sup> due to travel costs. The non-binding decisions announced as a result of the congress included the removal of *asar* (a direct tax on agricultural products, abhorred by

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<sup>70</sup> I use Egilmez’ periodization. Alpay et al. provides a more specific periodization, but that is not necessary for my purposes here.

<sup>71</sup> Egilmez, pp. 117

<sup>72</sup> Alpay et al., pp. 16

<sup>73</sup> Egilmez, pp. 137

<sup>74</sup> The symbolism of which must be underscored: Turkey was trying to modernize in the Western sense, both culturally and socioeconomically.

practically all groups; removed in 1925), a shift from an estimated profit tax to an income tax (accomplished), the establishment of banks with the explicit aim of helping the private sector (Isbank 2014, and 29 more banks between 1923 and 1927), and the granting of basic labor rights (the right to unionize,<sup>75</sup> 8-hour workday, 1 day vacation per week). Significantly enough, no talks of a land reform or a right to strike took place during the congress.<sup>76</sup> The Turkish government passed The Law for the Promotion of Industry in 1927, and started to establish SOEs to provide the private sector with raw materials (extractive industries) and an educated labor force (job training, schooling). The state would also fill in when the private sector slacked. This quasi-liberal attitude would continue until the Great Depression of 1929, when the government would decide to take the reins. Egilmez describes the economic approach of the period as “open for trade, incentivizing industrialization at home, and attempting to foster economic growth, with fiscal policy being utilized heavily.”<sup>77</sup>

### **2.3: State-Run War Economy and Statism (1930-1949)**

Because the Turkish economy also got hit by the Great Depression and the private sector did not flourish as expected, the government decided to step in. The Central Bank of Turkey was established in 1930, enabling the government to print money and utilize monetary policy. The Law on the Protection of the Value of Lira was also passed in 1930, resulting in the adoption of a fixed-rate exchange regime. Sumerbank was established in 1933 to fund investments in the textile industry, and the government for the first time determined an interest rate. Under the First 5-Year Industrial Plan (1934-38), the government attempted to set up production facilities in five sectors: textiles, mining, pulp and paper, chemicals, and soil. The plan cost around 100 billion

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<sup>75</sup> Reminder: non-binding. Labor unions actually became legal two decades later, in 1947.

<sup>76</sup> Alpay et al., pp. 17-24

<sup>77</sup> Egilmez, pp. 137 (translated)

liras, and some of it was funded with Soviet loans. While the plan was not fully successful, it provided educational opportunities for Turkish engineers and workers, and built the foundational infrastructure for further investments in these fields.

The Second 5-Year Industrial Plan (1939-44) was supposed to build on the limited success of the former one, but could never be enacted, as World War II broke out. Turkey did abstain from the war, but still had to mobilize as if they might need to join, given the geopolitical circumstances. The National Prevention Law passed in 1940 enabled the government to assign prices to goods and services and levy heavy fines on black market operations. Two years later, the government enacted a wealth tax that primarily targeted minorities, again in line with the nationalist economic attitude of the time that wanted to create a Muslim-Turk business class to replace the Christian Armenian, Christian Greek, and Jewish businesspeople. The prime minister of the time, Sukru Saracoglu, would comment on it as being “a revolutionary law. We have the opportunity to achieve our economic liberation. By removing the foreigners who are in control of our economy, we will give [the Turkish economy] to the hands of the Turks.”<sup>78</sup>

On March 11, 1947, Turkey joined the International Monetary Fund and the World Bank. A day after that, President Truman of the US delivered a speech to the Congress that would provide the basis of what is now known as The Truman Doctrine. The core of the doctrine was that the US had a moral obligation and a strategic rationale “to assist ‘free peoples’ in their struggles against ‘totalitarian regimes.’”<sup>79</sup> Because the British had decided to stop helping both Greece and Turkey, he argued, the US should support the Greek government in its civil war against the Greek Communist Party, and also provide aid to Turkey which was now in a fragile

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<sup>78</sup> Cited in Alpay et al., pp. 73. Alpay proceeds to explain the dirty journalism that attacked the minorities for not being “core-Turks,” for (supposedly) not having spilled blood for the land, for (supposedly) robbing those who did spoil blood, and so forth.

<sup>79</sup> Office of the Historian, “Milestones: 1945-1952 — The Truman Doctrine,” Last accessed on 10/20/2019

position. If the Greek government were to lose the civil war, Turkish political stability could also be under threat, which could give way to a new destructive whirlpool in the Middle East. More significantly, it was in the United States' best interest ("national security" and "international peace") to curb communism and the Soviet zone of influence, and both Turkey<sup>80</sup> and Greece proved to be prone to such "attempted subjugation by armed minorities or by outside pressures."<sup>81</sup> The result was \$300 million to Greece and \$100 million to Turkey in monetary aid, plus weaponry, ammunition and personnel. And the beginning of the Cold War.

The Truman Doctrine opened the path for the Marshall Plan<sup>82</sup> of 1948, a collection of aid packages for the war-ridden countries of Europe to help their economies get back on their feet, and also to disrupt and limit Soviet expansionism. It would help to create a united European economy that would counter the Soviet bloc. 16 European countries, including Turkey, received aid under this plan, totalling \$12 billion. The Conference of European Economic Co-operation (later Organisation for Economic Co-operation and Development, [OECD]) was set up to monitor how the aid funds were used. While Turkey was initially not considered for the plan because it never fought in the war, fears of Soviet influence convinced the US to give Turkey \$314 million, which, however, would be used in rather specific ways: the government was asked to shift a considerable amount of investment from heavy industry<sup>83</sup> to military, mining, and agricultural mechanization,<sup>84</sup> designating Turkey as one of the major food and raw materials suppliers of the world within this new American-led division of international labor<sup>85</sup> — a designation that, Emre

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<sup>80</sup> Remember the industrial plan funding; and it is also argued that Turkey accepted the offer because the Soviets were demanding land and waterway privileges from Turkey. Egilmez, pp. 141

<sup>81</sup> Office of the Historian

<sup>82</sup> Named after George Marshall, former Secretary of State under President Truman.

<sup>83</sup> Such as the aforementioned ones (textile, paper, chemicals).

<sup>84</sup> Koc, Nurgun, and Koc, Bedriye, "Affects of Marshall Plan on Turkish Economy," *Sociology Study*, February 2017, Vol. 7, No. 2. The shift of funds to military was to make Turkey a buffer state standing before the Soviets.

<sup>85</sup> Alpay et al., pp. 94

Alkin points out, failed to materialize in the long run.<sup>86</sup> What is important to realize, however, is that with the Marshall Plan, no matter how successful it was, the American economic and financial hegemony in the European sphere (including Turkey) was firmly established.<sup>87</sup> This hegemony also had a cultural extension to it: “The 1968 generation in Turkey grew up within the context of the Marshall Plan. During their 10-minute ‘long breaks’ in elementary school, they were fed milk made out of American powdered milk, fish oil tablets, and orange-colored cheese from cans... Interestingly enough, half of that generation grew up to oppose American policies, and the other half became avid American supporters.”<sup>88</sup>

In the middle of all of this, the Turkish government started to consider transforming the farmers without land into property owners. This was a major shift from the attitude towards the big landowners. The government had redistributed some public and private land in the 1920s, but mostly in the eastern provinces, and mostly in the areas where rebellions were common. It was more than anything a political move. In the 1930s, however, both Ataturk and Ismet Inonu<sup>89</sup> started to talk publicly about the need to make sure all farmers possess land. In an attempt to curb the pro-private property stance of the 1924 Constitution, it was amended in 1937 that the government did not have to pay the market price of the land in the case of a condemnation for public use, but a separate law would determine the price of the said property. It would take an extra eight years to pass the Law to Make Farmers Landowners (1945) due to World War II and the harsh opposition to the policy. The targets of redistribution were government lands that were underutilized or not used at all, lands with no known owner, and lands owned by big landowners,

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<sup>86</sup> Ibid, pp. 95

<sup>87</sup> Noam Chomsky, in his customary tone, claims that the European economies were simply given American dollars to buy the American industrial surplus. (Raza, Zain, “Reexamining History with Noam Chomsky: Marshall Plan Success or Failure?”, activism.org, November 17.) Chomsky also claims that the Marshall Plan is the foundation for today’s multinational corporations, as it “provided opportunities for US multinationals, then beginning to develop extensively, to move into Europe as a major area for investment, production, marketing and so on.”

<sup>88</sup> Egilmez, pp. 142-143 (translated)

<sup>89</sup> Turkish statesman and general, second President of the Republic

with the aim of phasing out the pseudofeudal relationships caused by the unequal ownership of land. One particularly radical section of the law allowed for the condemnation and redistribution of the land above 50 decares<sup>90</sup> that was farmed by tenants and not the owner, but that radicalism proved to be short-lived: a law package announced right before the 1950 election made it almost impossible to condemn privately owned land for the purpose of redistribution. In the 28-year long lifespan of the Law to Make Farmers Landowners, only 54 thousand decares of land owned by private persons were condemned for redistribution, a mere one-third of the 154 thousand decares condemned, and a tiny portion of the 22 million decares redistributed in total (most of it government land). Nevertheless, the opposition would not forget these politics of the founders' party, the Republican People's Party (CHP). They would constitute the Democrat Party and win the second multiparty elections in 1950<sup>91</sup> by a landslide.<sup>92</sup>

#### **2.4: Back to (Quasi-)Liberal Policies (1950-1960)**

The Democrat Party (DP) came to power partly as a reaction to the state planning of the previous period that threatened the interests of businesspeople and landowners. Correspondingly, the DP attempted to “liberalize” the economy and attract foreign capital. Subsidies were set up to further mechanize agriculture, which was partially the cause of the rural-to-urban migration that started in this period, as agricultural jobs were slowly disappearing. Imports were restricted to protect domestic industries that still needed to grow to be able to compete in world markets. Credit opportunities were increased and the money supply was expanded. But it was also in this period (in 1952) that a national labor union coalition (aided by anti-communist American and European unionists) was established.

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<sup>90</sup> 1 decare = 1000 m<sup>2</sup> = 0.25 acres

<sup>91</sup> The first multiparty elections were held in 1946 and CHP won by a landslide.

<sup>92</sup> Alpay et al., pp. 81-86



During this period, the government also abandoned its previous<sup>93</sup> focus on railways as the primary means of transportation, and started to invest heavily in highways and roads. This was to a great extent a result of the Marshall Plan: the US was recommending the aid-receiving countries to build more road/highway based transportation systems, and such investments were supported by the Marshall Plan. In Turkey, this shift was suggested by H.E Hiltz, a US deputy commissioner, in a 1947 report, and the government accepted it happily and started the work in 1948. By 1960, the majority of the country was covered with asphalt roads, providing all-season access. This suggestion by the Americans, however, was not simply a matter of efficiency: the American automotive and petroleum industries were quite clear with their preferences.<sup>94</sup> The same point is also made by Emre Alkin, who blames the foreign domination of the Turkish automotive market for the lack of high-quality Turkish automotive companies.<sup>95</sup>

The pogrom of September 6 and 7, 1955, can only be characterized as a wave of terror against ethnic minorities (mostly Greek), who were already explicitly targeted with the wealth law of 1942. In response to the (fake) news of a bomb explosion at Atatürk's house of birth in Thessaloniki, Greece, Turkish nationalists got together in Beyoğlu and other minority-inhabited areas in Istanbul to attack shops, houses, newspapers, and other minority-owned establishments. In Izmir, the Greek Consulate was arsoned. At least 30 people died in Istanbul. The result, in addition to the horrible stain on the Turkish conscience and the loss of innocent lives and property, was the exodus of even more minorities from Istanbul and Turkey, further harming the cosmopolitan character of the city.<sup>96</sup>

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<sup>93</sup> "We covered the motherland with steel webs," sings a patriotic song called "The 10th Year Anthem."

<sup>94</sup> Cetin, Birol, Serap, Baris, and Saroglu, Serap, "Türkiye'de Karayollarinin Gelismine Tarihsel Bir Bakis," Çankiri Karatekin Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi, 2011, pp. 133

<sup>95</sup> Alpay et al., pp. 105

<sup>96</sup> For more on the horror of that night, see: Kino, Nuri, "Fake News and History Books - The Istanbul Pogrom," The Huffington Post, September 18, 2017

While the economy was faring well for the first half of the decade, a bloated money supply coupled with a shortage of major goods and services resulted in high rates of inflation, averaging 15 percent from 1954 to 1959. The agricultural production was stalling due to a lack of access to spare parts and a drought. As the export performance started to fall, Turkey's foreign currency reserves started to diminish, making it infeasible to import oil, further hurting the economy. And there were of course debts to pay too, which the government could not do. As a result, in 1958, Turkey announced its bankruptcy and asked the IMF for a new deal to pay its debt worth \$422 million. Turkey then had its first currency devaluation and started to import more goods to fix the price imbalance between the domestic and foreign markets. The credit sector was also regulated.<sup>97</sup> What ended the Democrat Party rule, however, was not the people condemning the nightmarish economic performance and voting them out, but a coup by a certain group within the military outside the chain of command that was, Egilmez claims, fed up with the American economic hegemony that started with the Marshall Plan of 1947. The more conventional narratives of the 1960 coup emphasize the repressive and authoritarian turn in the DP politics as the coup's *raison d'être*, and describe the Constitution of 1961 as the most democratic one in the history of Turkey.<sup>98</sup> The Workers' Party of Turkey, for example, managed to put representatives in the parliament with the elections in 1961, and CHP, which barely won the elections, was transformed by the presence of such leftist forces in the parliament during their four-year rule.

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<sup>97</sup> Alpay et al., pp. 109-113

<sup>98</sup> Eryilmaz, Omer, "TURKEY IN THE TRIANGLE OF THE 1950–1960 ERA, THE 1960 MILITARY COUP, AND THE 1961 CONSTITUTION," Submitted as a Masters Thesis to Naval Postgraduate Academy, March 2014, pp. 79: "Against the unconstitutional and repressive measures used by the Democrats, the TAF felt its responsibility as the guardian of the state and seized power in Turkey. A nondemocratic action, the military coup, brought about the creation of the most democratic constitution in the history of Turkish Republic: the 1961 Constitution. Also, instead of building a repressive military dictatorship, the TAF chose to hand the power back to civilians and implement a transition back to democracy in a short period of time."

## 2.5: Mixed Economy (1961-1979)

In addition to granting inalienable rights to the citizens (which were simply legal rights in the previous constitution, hence overridable), the Constitution of 1961 re-established the Turkish state as a welfare state responsible for the socioeconomic well-being of its citizens, and adopted the principle of state planning as a means for that end.<sup>99</sup> The State Planning Organization (DPT) was already founded before the constitutional referendum. The first five-year development plan started in 1963 and aimed for an annual 7 percent growth rate with import substitution industrialization. Some prices were still determined by the government. Similar plans would be used throughout this period. While these plans prescribed what the public sector must do, they functioned more as sets of guiding principles for the private sector, as subsidies and other sorts of support depended on the private firms' adherence to the goals of the plan. Non-adherence was not penalized. In addition to industrialization (the first Turkish car to be sold, Anadol, was produced in 1966), this period also started to see the rise of service sectors in the country. The Social Security Law was passed in 1965.

One corollary of the rural-to-urban migration that took off in the 1950s was the rise of the *gecekondu*, “put-overnight,” referring to the ramshackle houses and apartments mostly built on state-owned land by those who could not afford housing otherwise. Throughout the 1950s, the inhabitants were promised land licences and infrastructural investments by various politicians for political clout, further incentivizing *gecekondu* neighborhoods. When the Constitution of 1961 made the government responsible for providing social housing for low-income families, but budget constraints made that impossible, the government stuck to its decision of turning a blind eye to the rise of these illegal developments, well aware of the political cost that would arise

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<sup>99</sup> Szyliowicz, Joseph S., “THE 1961 TURKISH CONSTITUTION—AN ANALYSIS.” *Islamic Studies*, vol. 2, no. 3, 1963, pp. 369-370

from cracking down. The presence of these low-income families in major cities such as Istanbul, Ankara, Izmir, and Adana was desirable also because they provided cheap labor, a balancing force to the expensive import of technology due to the (persisting) lack of R&D in the country.<sup>100</sup> In the 1960s, however, the *gecekondu* phenomenon evolved from being need-based to being speculative and rentier-like. A whole underground real estate sector developed in *gecekondu* neighborhoods, with the current residents arranging land for the rural newcomers and building apartment blocks to collect rent themselves. In 1966, the Justice Party (JP) government (the follow-up to DP; won the 1965 elections), passed the Gecekondu Law, acknowledging that there is a *gecekondu* problem that should be addressed by preventing such developments in the future and incorporating the existing *gecekondu* zones into the larger city via modern urban planning. While the law did not result in much action (in fact, it acknowledged the *gecekondu* as a legally valid form of residential arrangement, as local municipalities kept transferring land to illegal developers), it set the basis for the storm of urban renewal that would swell in the 1980s.<sup>101</sup>

Partially as a result of the democratic space created by the Constitution of 1961, and in alignment with the global 1968 generation, the second half of the 1960s saw the organization of socialist-communist and anti-American forces in the country, especially on college campuses such as Ankara University, Middle Eastern Technical University, and Istanbul Technical University. In reaction to these groups, students and young people with conservative, religious, and nationalist leanings organized against what they saw as communistic infidelity. Their clashes became violent (bombings, killings; anarchic terror), and seeing that the conflict was not going to

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<sup>100</sup> Which would become the subject of a commonplace self-deprecating joke in the late 1960s, “eller aya biz yaya” (“to the moon goes the foreigner, while the Turk is still pedestrian”), simultaneously referring to the Moonlanding *and* (in my speculative interpretation) to the failure of the Turkish automotive industry to take off and replace foreign firms.

<sup>101</sup> Alpay et al., pp. 135-140

cease on its own, the military ordered the JP government to step down in 1971.<sup>102</sup> While the coup of 1960 had brought left-leaning generals to power, the coup of 1971 did the exact opposite, giving the steering wheel to right-wing forces and shelving the democratic environment created in 1961 — constitutional amendments that criminalized dissent, the forced dissolution of The Workers' Party of Turkey, tortures in the Ziverbey Villa, et cetera. The economic background to all of this was the IMF-induced stability decisions of August 10, 1970, when the currency was devalued again, the prices of sugar and petroleum were increased, and the interest rates were increased for the first time since 1960. The culprit, again, was increasing foreign debt paired with diminishing foreign currency reserves. The IMF, again, was suggesting liberalization, trade and otherwise.<sup>103</sup>

After two years of brutal authoritarianism and martial law, the CHP of Bulent Ecevit won the elections in 1973, but had to create a coalition with Necmettin Erbakan's National Salvation Party. Another attempt at land reform in 1973 failed (again), as the Supreme Court nullified the law upon the JP's request in 1976. The most significant undertaking of this coalition was the Cyprus operation in 1974, which was condemned universally and brought on an economic embargo against Turkey. The direct result was a shortage of goods and the rise of black markets (again). Equally detrimental for the oil-dependent economy was the 1973-74 OAPEC oil crisis — rising production costs, increasing trade deficit, reduction in remittances from the Turkish workers abroad (mostly in Germany and the Netherlands), resulting in inflation of 28 percent in 1977, 47.2 percent in 1978, and 56.8 percent in 1979. Combined with the political reality of right-wing groups becoming even more violent, epitomized in the assassinations of left-wing and liberal

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<sup>102</sup> Koca, Mehmet, "68 Öğrenci Olayları ve Üniversitelerde Politik Şiddet," *Birey ve Toplum*, Spring 2018, Vol. 8, Issue 15. Or, even better, read *Silent House* by Orhan Pamuk.

<sup>103</sup> Alpay et al., pp. 142-144

figures by the Grey Wolves, a far-right ultranationalist group,<sup>104</sup> another coup was practically inevitable. But first, the Decisions of January 24.

## **2.6: The Reform, The Coup, The Immediate Aftermath (1980-)**

During one of his many short tenures as the prime minister of Turkey (this specific tenure being from November 12, 1979 to September 12, 1980, the day on which the coup took place), Suleyman Demirel asked his undersecretary (and later prime minister and president) Turgut Ozal to design a stability and austerity plan to put the Turkish economy back in order. The result was the Decisions of January 24, an IMF-backed orthodox plan that included the following:<sup>105</sup> devaluation (again); daily flexible exchange rate system; elimination of all subsidies (except those for energy, transportation, and soil); cancelling of the governmental wholesale purchase of agricultural surplus; trade liberalization (IMF: “finally”); price liberalization; incentivization of foreign direct investment by easing the restrictions on profit transfers; (temporary[!]) suspension of unions; privatization of state enterprises, properties, and utilities; and establishment of subsidies for export-oriented industries.<sup>106</sup> In other words, Turkey switched from a primarily state-planned protectionist economy to an export-oriented and seemingly pro-market economy, open for global business, a switch the magnitude of which is impossible to overestimate. In adherence to the neoliberal ideology, the Turkish economy was restructured to be more friendly to the tenets of competition, domestically and internationally, the historical corollary of such restructuring being a collaboration with global capital against local labor.

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<sup>104</sup> Anderson, Sean K. and, Sloan Stephen, “Death Squads” in *Historical Dictionary of Terrorism*, The Scarecrow Press, 3rd Edition, 2009, pp. 139-140: “In Turkey, prior to the military coup and crackdown of September 1980, right-wing death squads, such as the Gray Wolves, and left-wing death squads, such as the Revolutionary People’s Liberation Party/Front (formerly known as Dev Sol) and the Turkish People’s Liberation Front, were operating simultaneously.”

<sup>105</sup> Reminder: Not all these things happened immediately. It took the next two decades to restructure the Turkish economy according to this new plan.

<sup>106</sup> Egilmez, pp. 147

That the coup of September 12, 1980, was partially in response to the left-right political chaos in the country is generally accepted. Some commentators, however, insist that the coup took place primarily to implement the Decisions, to which the public opinion was not hospitable. Ozdemir Ince, for example, points out that it was Turgut Ozal who designed the plan, was responsible for economic affairs during the military government (1980-1983), and became the prime minister as a result of the 1983 elections.<sup>107</sup> Either way, it is clear that the generals supported the Decisions and facilitated the successful unfolding of its policies. For example, the constitution of 1982<sup>108</sup> was sneakily anti-labor: it acknowledged the right to lockout<sup>109</sup> of employers who are trying to negotiate with their employees, putting it on the same level with the right to strike. It also allowed the government to prevent a strike for “national security” reasons. A 1983 amendment to the corresponding law redefined the rules surrounding strike postponements: if a strike is delayed for more than sixty days, it can no more be continued, and the workers *must* negotiate with their employers or go to the higher court<sup>110</sup> that takes care of such disputes, which is a tedious process with no definite outcome. The perversity of the regulation comes from the fact that it is the Council of State that issues postponements and the end of them, which means that the workers are captive to the state. Correspondingly, as one commentator put it in a labor-friendly newspaper, “the constitutional right to strike is a farce, a deception.”<sup>111</sup> (To cite a more scholarly voice, “the income distribution after 1980 became

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<sup>107</sup> Ince, Ozdemir, “12 Eylül ve Turgut Özal’ı,” *Hürriyet*, October 5, 2010

<sup>108</sup> An American reader might be surprised by the number of constitutions Turkey had, and might even be slightly jealous.

<sup>109</sup> A lockout refers to the employer not allowing the employees to work until the dispute between them is resolved. It is essentially a counter-strike, and might be quite effective to keep wages and benefits low, especially if there is high unemployment, given that the workers have to work to keep subsisting.

<sup>110</sup> Yüksek Hakem Kurulu (High Referee Council)

<sup>111</sup> Celik, Aziz, “Grev hakki aldatmacasi,” *BirGun*, January 23, 2017. And I use this article for this account of the labor rights post-1980.

forever skewed in favor of the industrial elites as previous unionization efforts were destroyed, leaving no chance for wage negotiations under the more restricted 1982 Constitution.”<sup>112</sup>)

And it goes without saying that the IMF-WB-OECD trio had enormous influence on the Turkish government, because the state was (again) drowning in foreign debt. Ozal’s program had to adhere to their recommendations, because Turkey owed them *and* needed to borrow more from them to save the economy. In Dr. Bilsay Kuruc’s words, “this is how financial capital works. When they lend you money, they will want to guarantee that you pay them back, and decide on the rules themselves. With the January 24 decisions, we declare ourselves bankrupt.”<sup>113</sup> The last two decades of the century were a financial fiasco. Ozal believed that he could bring enough foreign currency in if he just incentivized exports enough, which did not work out because Turkish industries were not well-developed and exported low-value goods. In response, he liberalized the capital accounts fully in 1989 — which, according to John Williamson, is one of the primary policy tools of neoliberalism<sup>114</sup> — hoping that it would bring more currency in, and bring it did, because “while the interest rate abroad for dollar was 3 percent, it was 30 percent in Turkey.”<sup>115</sup> The sudden influx of foreign capital was costly, because (1) the economy became dependent on foreign investment (the flight of foreign capital in the face of political and economic instability resulted in bankruptcy in 2001), (2) the yield for the government bonds was simply too high (the government had overestimated its capacity to raise revenue), and (3) the influx of foreign capital unleashed unproductive gains all throughout the economy, the prime example of which was the gains made via arbitrage by Turkish banks. After the 1994 currency crisis, privatization with the specific aim of raising funds to repay foreign debt

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<sup>112</sup> Nurcan, Elif Sercen, “January 24 Decisions: An Overview of the Neoliberal Transformation of the Turkish State,” 2018 (Working Paper)

<sup>113</sup> Kuruç, Bilsay, “Yaşadığımız ekonomik krizler 24 Ocak kararlarının devamı,” AnaFikir, February 22, 2017

<sup>114</sup> See the end of 1.1.1.

<sup>115</sup> Kuruc



took off. And the bankruptcy of 2001 resulted in what was just too similar to 1980: new crisis, new IMF reform.

Relying on foreign financial capital to fix the economy, and then becoming victim to the policies prescribed by foreign capital designed to uphold the interests *of* foreign capital — the parallels to the last days of the Ottoman Empire are nightmarish.

### 2.7: Three Speculative Theses on 20th-Century Turkey

- 1) *The Turkish state has always been an active one.* Even during its most liberal periods, it arguably has been interventionist. The coups might have also resulted in some sort of acceptance of the powerful (ab)using their power.<sup>116</sup> There might be some sort of a path dependence on such authoritarian governmental norms and attitudes, which would mean that the Turkish state of 1980 was well-equipped to perform the role of a neoliberal state that exhibited “permanent vigilance, activity, and intervention.”<sup>117</sup>
- 2) Despite being an active one, however, the Turkish state has consistently failed to counter the landowning class (e.g. the chronic failure of land redistribution, and the political and legal giveaways to landowners) and been mostly in cahoots with the nationalist-capitalist class (for example, the attempt to replace the non-Muslim bourgeoisie with a Muslim-Turk one, and the five-year plans of even the most leftist period of the country only being “recommendations” for the private sector). *With the exception of the 1960s, it has been*

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<sup>116</sup> In other words, Turkey might have managed to nurture a culture of power in which the use of power by the authorities is somehow tolerated, if not seen as normal or admired.

<sup>117</sup> Foucault, pp. 132

*the labor that suffered the most in the hands of the Turkish state.* It should therefore not be surprising that the state turned such blatantly anti-labor after the 1980 coup.<sup>118</sup>

- 3) Turkey has a long and complicated history with Western governments, especially with the United States. It has been importing both economic doctrines and cultural frameworks from the West since its inception, but it has also been puppeteered in alignment with Western geopolitical and economic interests. *The relationship between the West and Turkey can thus be described as neocolonial*, the definition of which I borrow from Kwame Nkrumah: “The essence of neo-colonialism is that the State which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty. In reality its economic system and thus its political policy is directed from outside.”<sup>119</sup> Correspondingly, the neoliberal restructuring of the Turkish state and economy starting in 1980 might just be the logical follow-up to the neoliberal restructuring of the United States and other major Western countries.

Now, reminder: economies, of course, *are* in spaces, and exert influences on these spaces. So it is only natural that this neoliberal turn had an impact on Turkish cities. Unsurprisingly, the prime example of what neoliberalism did to Turkish cities is Istanbul.

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<sup>118</sup> Here is a more radical version of this: Aydemir Guler, the former head of the Turkish Communist Party (which should help the reader gauge the bias in his statements), calls the Turkish state “the Capitalist Republic,” suggests that it survived 1929 simply because it borrowed Soviet state planning, and names capitalism as *the* problem of Turkey (Guler, Aydemir, “Turkiye’de krizin adi: kapitalizm,” Gelenek, Subat 2019, Sayi 138).

<sup>119</sup> Nkrumah, Kwame, “Introduction” to *Neo-colonialism: The Last Stage of Imperialism*, Thomas Nelson & Sons, Ltd., London, 1965. Available on <https://www.marxists.org/subject/africa/nkrumah/neo-colonialism/>.

### Chapter 3: Istanbul as a Neoliberal City

*When I was born, Istanbul — considering its relative place in the world — was going through its weakest, poorest, remotest and most isolated times in its two-thousand year long history. Throughout my entire life, the misery caused by the Ottomanite feeling of demolition, poverty, and the ruins spread all over the city signified Istanbul to me. I spent my life either fighting this misery, or, like all Istanbulites, accepting it.<sup>120</sup>*

This is the Istanbul of Nobel laureate Orhan Pamuk’s 1950s childhood, and his observation is not without any ground. The Istanbul of the Ottoman Empire was a multinational trade hub that was well integrated into global economic and cultural networks. As the empire collapsed, so did the city. While Ataturk’s nationalist movement was fighting for independence and later setting up a new state with Ankara as its new capital, “the well-to-do non-Muslims and foreign residents of Istanbul, uneasy under the new regime largely emigrated,” taking the international trade relations away with them — and the infant Republic tolerated it, as “in the ethos and nationalist discourse of the period, Istanbul became the symbolic vestige of decadent Ottoman cosmopolitanism.”<sup>121</sup> Financially and populationally strained, the city was something of a phantom until the late 1940s, when Turkey restructured its economy in accordance with the Marshall plan. Victims to the mechanization of agriculture, rural masses migrated to large cities such as Istanbul, creating a cheap labor force. The outskirts saw the rise of large-scale private manufacturing enterprises, while the inner city experienced “the proliferation of a large number of labor-intensive, small-scale manufacturing and commercial enterprises.”<sup>122</sup> Devoid of proper housing, the new migrants lived in and aided in the rise of *gecekondu* neighborhoods, and the politicians allowed it, as it made sense both financially and politically (see 2.5). The overflow of people put extra pressure

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<sup>120</sup> Pamuk, Orhan, *Istanbul: Hatıralar ve Sehir*, Yapi Kredi Yayinlari, 2003, pp. 14-15. Translation mine. Pamuk was born in 1952.

<sup>121</sup> Keyder, Caglar and Oncu, Ayse, “Globalization of a Third-World Metropolis: Istanbul in the 1980s,” *Review*, XVII, 3, Summer 1994, pp. 394

<sup>122</sup> *Ibid*, pp. 395

on the city's infrastructure, about which the national governments in Ankara cared little, as they were focused on rural politics which was more profitable from a political perspective.<sup>123</sup> This was Pamuk's decrepit Istanbul of the 50s, 60s, and 70s.

Things changed in the 1980s. Having entered its own neoliberal era, Turkish economy needed to be restructured according to the logic of domestic and international competition, and it did not take long for the Motherland Party (ANAP; the post-coup government) of Turgut Ozal to realize that Istanbul had what it takes to become a hub of competition and accumulation: cheap labor, relative presence of local capital, land to sprawl into, and a historical-cultural heritage that can easily be capitalized on. As Keyder and Oncu note, in the midst of fiscal austerity and stability measures, "Istanbul received a major influx of state funding — for the first time in Republican history."<sup>124</sup> ANAP's "urban populism," as Oncu calls it, supported the urban lower and middle classes with their entrepreneurial endeavours, a prime example of which was the legalization of the previous speculative developments in *gecekond* areas undertaken by their own residents, resulting in a sudden influx of wealth. (This move also opened those lands for later development in the form of urban renewal — more on that soon.)

A major component of this restructuring at the city level was a 1984 law (Law No. 3030) that created metropolitan municipalities. Provinces with more than one electoral district were now considered metropolitan municipalities (MMs). They had enormous organizational power, and were hierarchically above the individual district municipalities. With the creation of the MMs, "authority over development issues was transferred from central to local governments."<sup>125</sup>

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<sup>123</sup> Ibid, pp. 395

<sup>124</sup> Ibid, pp. 397

<sup>125</sup> Uzun, Nil, "Urban governance in Istanbul," *Análise Social*, Vol. 45, No. 197, Urban Governance in Southern Europe (2010), pp. 762

The first mayor of Istanbul MM was Bedrettin Dalan, “a person of vision, tenacity, and skill,”<sup>126</sup> the co-founder of ANAP with Ozal, and something of a mascot of entrepreneurialism in Turkey. Famous for saying that he will make the waters of the Golden Horn as blue as his eyes, he proceeded to “bulldoz[e] the old streets along the shores of the Golden Horn, concret[e] the Bosphorus and Marmara corniches, throw up new highways lined by monumental middle-class apartment blocks,”<sup>127</sup> invest in the Central Business District in Maslak that was soon surrounded on both sides by business centers, and build the second bridge over the Bosphorus.<sup>128</sup> Approving of Dalan’s willingness to make the city more attractive, financial capital poured in: during his five year tenure from 1984 to 1989, at least a dozen international banks opened branches in the city.<sup>129</sup>

But more than just financial capital entered the city under Dalan. While some may argue that the bazaars were a prelude, Turkey did not have a shopping mall at this point. During his visit to Houston, Texas, Ozal was extremely impressed by The Galleria there, and demanded that a similar one be built in Istanbul. The result was Galleria Atakoy, opened in September 1988, and Turkey has not stopped building shopping malls since then, with Istanbul now having around 100 of them.<sup>130</sup> Thus a distinctively American type of consumption and competition (between individual sellers in the mall) was imported to Istanbul. Other examples of such Americanization include the first McDonalds in 1986 and, later on, the first Burger King in 1995. In alignment with such globalization — Westernization, homogenization; ickification — of the city, tourism has become to be thought of as an economic driver. The bulldozed Golden Horn was made it into

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<sup>126</sup> Harvey, pp. 6-7. See 2.2.

<sup>127</sup> Tugal, Cihan, “The Greening of Istanbul,” *The New Left Review*, May-June 2008

<sup>128</sup> Uzun, pp. 765

<sup>129</sup> Keyder et al., pp. 406

<sup>130</sup> Sayar, Yasemin and Suer, Durrin, “Alisveris Merkezleri Turkiye Ornekleri,” *EgeMimarlik*, 2001-2 (40-41), pp.

a *de facto* open air museum with its “historical monuments and picturesque old wooden houses.”<sup>131</sup> The tourist, if hesitant to indulge in the local cuisine, could travel for ten minutes from the Golden Horn to Taksim for a Big Mac.

In the meanwhile, the Mass Housing Fund (MHF) was created to subsidize housing, from which Istanbul received the most funding. The Housing Development Administration of Turkey (TOKI) was also established at this time as a planning and project-development agency. The fund money was dispersed in the form of subsidized credit through the commercial banking system to incentivize private housing projects — between 1984 and 1991, 1080 projects were thus funded in Istanbul.<sup>132</sup> The MHF, however, paved the road for a real estate boom in Istanbul, with prices in prime locations somehow becoming “comparable to Manhattan levels.”<sup>133</sup> Keyder and Oncu give two reasons for this development: (1) one could sell undeveloped land, the prices of which were already rising due to speculation, to the MHF for profit, pushing the real estate and land prices further up, as there was a ready buyer in the market now, and (2) the rising real estate (and land) prices made it harder for people to buy or rent apartments, which resulted in the creation of MHF-funded housing cooperatives, which built high-rise apartment complexes around the new highways built by Dalan. The MHF thus also benefited large contractors, which were already receiving cheap land from the local government.

In other words, the city was building up on multiple dimensions: shopping malls, hotels, highways, shoreside developments, middle class apartment complexes, and so on. But such rapid change comes with pains, as globalized growth endangers distribution<sup>134</sup> and local culture: “by the late 1980s, Dalan’s road-building projects were provoking furious resistance in some of the

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<sup>131</sup>Keyder et al., pp. 409

<sup>132</sup> Ibid. 403

<sup>133</sup> Ibid.

<sup>134</sup> Ibid, pp. 419. “Greater globalization seems to be the recipe for accumulation; but accumulation brings with it, at least in the short to medium run, an income and employment polarization.”

new municipalities” which would vote Dalan out in 1989 and elect the Populist Party (SHP), a “disaster” characterized by corruption, which nevertheless “produced a powerful denunciation of Dalan’s ‘world-city’ project and gestured towards a more popular-democratic vision.”<sup>135</sup> And in 1994, Istanbul elected Recep Tayyip Erdogan of the Islamist Welfare Party (RP) as its new mayor.

As Tugal puts it, RP/Erdogan victory “created both panic and euphoria in the city, at the prospect that... [the] Islamist urban *imaginaire* would be applied wholesale,” which refers to the kind of urbanism exhibited, for example, in the neighborhood of Sultanbeyli: a mosque in the center with the marketplace surrounding it, an architectural modesty (no buildings higher than the *minaret*<sup>136</sup>) that’s harmonious with both nature and the city’s history, an “alcohol-free, gender-segregated zone.”<sup>137</sup> But even Sultanbeyli had given up on its commitments over time, cutting down forests to spread out and eventually building tall buildings, so it was no surprise when Erdogan, who initially had tried to Islamize the city but encountered civil and military opposition, reinvented both himself and the Islamist movement in a more pro-business and pro-American/European bent, and founded the Justice and Development Party (AKP) in 2001. AKP won the 2002 general elections easily, initiating the age of “moderate Islam” and free-market conservatism in Turkey. Islamists who were opposing Dalan’s aggressive, secular, and pro-globalization urbanism a couple of years ago were now demanding that skyscrapers be built, and the previously modest religious festivals were now made into spectacles, with concerts and comedy shows, and with Muslim tourists from all around the Middle East also in attendance. The rise of what might be called neoliberal Islamic urbanism continued with AKP’s Kadir Topbas becoming the mayor of Istanbul in 2004, which increased coordination between the central and

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<sup>135</sup> Tugal, pp. 71

<sup>136</sup> The tower of a mosque from which, traditionally, an *imam* delivers the *ezan* (the prayer to call).

<sup>137</sup> Tugal, pp. 72-73

local governments, with the former willing to handle the legal overhauls necessary for the imagined change in Istanbul. Furthermore, the reader will see that the central government (and Erdogan specifically) has played a major role in the reimagining of Istanbul during AKP's local and central tenures.

During Topbas' thirteen year long adventure, Istanbul was transformed radically. The real estate and built-space craze that started with Dalan was brought to a whole different level as the central government refurbished TOKI as a machine of public-private enterprise that exceeded its initial mission of low-income housing. Following is a non-exhaustive list<sup>138</sup> of the laws passed for this purpose in the period 2004-2008:

- ❑ Law No. 5162: TOKI is given the authority to design and develop urban transformation projects, to claim eminent domain, and to establish partnerships with private companies
- ❑ Law No. 5273: the Urban Land Office is abolished, and almost 16 thousand acres of land are given TOKI.
- ❑ 2007 amendment to Law No. 775: TOKI is allowed to take treasury land for free.
- ❑ Law No. 5366: major historical conservation sites can now be considered for urban renewal.
- ❑ Law No. 5793: TOKI can start a project without the approval of local authorities.

Additionally, in 2012, the AKP government would rid the forest lands' protections against commercial use, opening those that lost their "forest status" due to fires or cutting of trees to development (Law No. 6292), and Law No. 6306 would allow the Ministry of Environment and

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<sup>138</sup> Tansel, Cemal Burak, "Reproducing authoritarian neoliberalism in Turkey: urban governance and state restructuring in the shadow of executive centralization," *Globalizations*, August 21, 2018. All the laws cited here have been compiled by Tansel. See the paper for more on TOKI's enhanced legal authority.



Urbanization and TOKI to designate natural disaster risk areas, which would then be subject to urban renewal. The highly ambiguous definition of risk areas make the law open to abuse.

The effectiveness and importance of TOKI, which are the results of these legal boosts, are hard to overemphasize: “TOKI’s share of the housing market rose from 1.1% in 2003 to 18.6% within four years... while the value of its investments at the municipal level reached \$11 billion by 2014.”<sup>139</sup> To put it in a different way, it is simply impossible to stand somewhere (anywhere) in Istanbul, turn one’s head a full rotation, and not see a TOKI banner in the vicinity.

One significant difference between Dalan and Topbas has been the criminalization of the *gecekondu*. While the former either formalized or turned a blind eye to it, the latter made building one “punishable by a five-year prison sentence.”<sup>140</sup> *Gecekondu* neighborhoods, some of which were prime locations,<sup>141</sup> became targets of TOKI’s urban renewal projects. Those who could prove legal property rights could move in to a TOKI-built apartment, while those who could not were often subject to eviction, often having to find some other periphery of Istanbul where they could afford rent.<sup>142</sup>

It is, however, not only housing projects that are popping up here and there. Under the AKP government, Istanbul has been flooded with megaprojects, some of which are rather hard to justify. Camlica Mosque, Erdogan’s personal project, was ordered in 2012, cost around \$100 million, and was opened earlier this year despite not being completed yet, probably to rally the voters right before the local elections. The mosque, which has a museum and a library in it, is on a hill looking over the entire city. It has been criticized for not having a community around it,

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<sup>139</sup> Ibid, pp. 7

<sup>140</sup> Ibid, pp. 8

<sup>141</sup> Fikirtepe, for example, is near Kadikoy, an area of high economic activity on the Asian side of Istanbul. In the face of local resistance, TOKI had to invoke the “risk area” law to further the project (Tansel).

<sup>142</sup> For other problems the evictees face (loss of networks, loss of access to informal credit/financial systems, and more), see Tansel.

thus not really serving anyone as a mosque traditionally does. An architect would even go as far to suggest that “its only characteristic is being big and expensive... It will be a mock-up that is a concrete imitation of its ancestors.”<sup>143</sup> A similar project in Taksim — an old dream of Erdogan while he was the mayor, which he could not pull off — was partially justified by Ahmet Misbah Demircan, the former Beyoglu district mayor and current assistant to the minister of tourism, in terms of its potential touristic benefits, claiming that the foreigners who come to see the city will marvel at the building and have a chance to see Islamic art in the mosque’s museum.<sup>144</sup>

Istanbul’s other megaprojects, some of which are more utilitarian, include: a third bridge over the Bosphorus which is a public-private partnership in which the government agreed to set up a revenue guarantee for the firm that will operate the bridge for ten years and then transfer the bridge back to the government,<sup>145</sup> a third airport that will supposedly be the busiest one in the world once it is fully operational,<sup>146</sup> another megamosque in Atasehir (which is a neighborhood that may or may not become a second financial district in, depending on the completion and success of the Istanbul Financial Center, a megaproject of its own),<sup>147</sup> an underwater tunnel for the subway, another underwater tunnel for the cars, a web of highways spread over the northern section of the city, two stadiums (one looking over the Bosphorus), and one of the largest

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<sup>143</sup> Ibrahimoglu, Maaz, “Erdoğan opens giant mosque on Istanbul’s Asian shore,” *Ahval*, March 07, 2019. It might be important to mention for the reader who has not seen Istanbul that there are as many minarets in Istanbul as there are TOKI signs and banners, raising the question whether Erdogan has a personal motive for this project. It might also be important to remind the reader that Taksim is where the 1955 pogrom against non-Muslims had taken place.

<sup>144</sup> “Ahmet Misbah Demircan: Taksim Camisi mimari bir ikona olacak,” *Yolculuk*, November 23, 2018.

<sup>145</sup> That is, the government decided to pay for the difference between the pre-agreed revenue the bridge should generate and the actual revenue the bridge generates daily, making it a remarkable deal for the IC Ictas Construction - Astaldi duo.

<sup>146</sup> “Yeni havalimanının dünyanın en büyük havalimanı olduğu iddiasını inceledik,” *Dogruluk Payi*, October 29, 2018

<sup>147</sup> Editor, “Istanbul Finans Merkezi projesi degisiyor,” *Indigo*, March 9, 2019

shopping malls in Europe (in addition to many other shopping malls of astounding sizes).<sup>148</sup> For the curious, there exists a website cataloguing all such projects: [megaprojeleristanbul.com](http://megaprojeleristanbul.com).

Some of these projects have explicit touristic functions (malls like Istinye and Cevahir cater to high and middle income tourists, respectively), and some others benefit the Istanbulites greatly (the subway tunnel). All of them nurture Istanbul's world-city image, making Istanbul, as one journalist put it, the Paris of the Arab world.<sup>149</sup> But let me draw attention to the 3rd airport-3rd bridge-Northern Marmara Highway trio to highlight something potentially more sinister.

The northern section of Istanbul near the Black Sea, where this trio is located,<sup>150</sup> was for the most part publicly owned forest land before these projects, and multiple parties opposed the projects due to the environmental damage they might inflict — the airport being too near to the birds' migration routes, increased heat island effect due to deforestation, air and noise pollution, potential decrease in water resources, and more.<sup>151</sup> As one environmental group puts it, however, the environmental effects of this trio will not be limited to their construction, because “mega projects will also pioneer the transformation of the region into new usage areas.”<sup>152</sup> Remember that TOKI has the legal authority to expropriate forest land that is no longer seen as a forest as determined by Law No. 6306, which means that the surrounding lands can now be opened to development via public-private partnerships. It is already the case that the third airport is being used as a focal point to build a new city: when completed, it will include “a central innovation

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<sup>148</sup> Omondi, Sharon. "The Largest Shopping Malls in Europe." WorldAtlas. <https://www.worldatlas.com/articles/the-largest-shopping-malls-in-europe.html> (accessed November 18, 2019).

<sup>149</sup> Kosdere, Senay, “Arap dunyasinin ‘Paris’i Istanbul oldu,” Ekotrent, July 17, 2017

<sup>150</sup> There is also a plan to build a second strait called Kanal Istanbul paralleling the actual Bosphorus. I am not going to talk about it here because it is yet to happen, but it will for sure continue the process that I am describing here.

<sup>151</sup> Dogan, Evinc and Stupar, Aleksandra, “The limits of growth: A case study of three mega-projects in Istanbul,” *Cities*, 60 (2017), pp. 286

<sup>152</sup> Northern Forests Defense, “The third airport project vis-a-vis life, nature, environment, people and law,” 2015, cited in Dogan et al.

district, hotels, retail and commercial office space, logistic centers, an expo and convention center, public space, and metro and high-speed rail connections to Istanbul and beyond.”<sup>153</sup>

The sinisterness of the entire ordeal does not end with the opening of the entire Northern Forests to development with a decadent airport and a bridge “with pylons higher than the Eiffel Tower,”<sup>154</sup> which might be an attempt to revitalize a slumped construction sector that kept the economy afloat for the past decade.<sup>155</sup> What’s worse is that TOKI, which will most likely be a primary actor in the future development of Northern Istanbul, and other government institutions that are involved with the construction sector (state banks, for example) are prone to corruption. As Luke Rodeheffer wrote for *The Business Insider* in December, 2013:

Allegations of sweetheart deals and palm greasing in privatization bids, land sales, and government tenders have risen as quickly as the new skyscrapers and shopping malls that now dot Istanbul’s skyline. Businessmen close to the government have been rewarded with no-bid contracts, while state banks have been pressured to grant well-connected companies generous loans.

In addition to shady methods of obtaining credit, a number of construction barons close to the AKP and Erdoğan himself have been sold huge amounts of land, often for projects that have nothing to do with public housing. Emrullah Turanli, one of the construction barons arrested, is a case in point.

Turanli is one of a number of businessmen from the Black Sea region who have become very wealthy under AKP rule: Torunlar GYO, a real estate partnership was founded by Aziz Torun, one of Erdoğan’s childhood friends, has become Turkey’s wealthiest private real estate partnership.<sup>156</sup>

Rodeheffer is talking about the corruption scandal that broke out in 2013. Earlier that year, two TOKI officials “were charged with extorting bribes and abuse of power,”<sup>157</sup> first such event in TOKI’s history. The December 2013 corruption investigation resulted in the arrests of around 90 people, all of whom were in one way or another connected to the AKP government. In addition

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<sup>153</sup> Dogan et al., pp. 284

<sup>154</sup> “Yavuz Sultan Selim Bridge and Northern Marmara Highway,” AECOM

<sup>155</sup> Jones, Dorian, “Turkey’s Construction Sector in Crisis,” *Voa*, November 28, 2018

<sup>156</sup> Rodeheffer, Luke, “A Vast Network of Corruption Is Upending Turkey’s Government As Three More Officials Resign.”

<sup>157</sup> Beaumont, Peter, “Turkey’s building boom unrest conceals fear of corruption,” *The Guardian*, June 1, 2013

to the aforementioned Turanli, two more real estate moguls, Ali Ağaoğlu and Osman Ağca, were also arrested. Erdogan argued that this is the “Deep State” trying to undermine his authority and success. The judges who brought up the investigations got assigned to other posts and other judges were told to take care of the corruption case. At the end of an almost one year long “investigation,” the case got dismissed.<sup>158</sup>

What remains, however, is TOKI’s well-earned reputation as a “notoriously opaque state housing agency.”<sup>159</sup> To put it even more plainly, Northern Istanbul, once the city’s lungs, is now open not only for business, but also to be expropriated by Erdogan’s cronies via TOKI and its legal authority — which raises the question of whether such crony capitalism is compatible with neoliberalism as defined here: *a way of thinking that finds entrepreneurship and competition to be the forces through which progress can be achieved*. After all, such privileging of a handful of companies goes directly against the tenets of fair competition, as it gives arbitrary competitive edge to these companies. In response I recite Theodore et al.’s claim that “we are dealing here with an uneven, contradictory, and ongoing process of *neoliberalization*.”<sup>160</sup> Turkey, starting with its Ottoman roots, have suffered from corruption to a not negligible extent, so it is not surprising that this socioeconomic reality persists despite neoliberalization.<sup>161</sup> That being said, even if competition within Istanbul is being thwarted by the state, Istanbul as a city *is* being made to compete with other major cities both in the region and in the world, and is being restructured to accommodate global and local capital.

And, of course, Istanbul is not alone.

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<sup>158</sup> Hamsici, Mahmut, “10 soruda: 17-25 Aralık Operasyonu,” BBC Türkçe, December 16, 2014

<sup>159</sup> Beaumont

<sup>160</sup> Theodore et al., pp. 17

<sup>161</sup> One may even make the claim that the neoliberalized states and cities have particular attributes that make them more prone to corruption. On the level of the neoliberalized city, the politician is tasked with the economic “development” of the city, and having close relations with certain firms and people and giving them competitive advantages might seem (from the perspective of the politician) more beneficial than just establishing a business-friendly environment. I leave it to others to expand on/proof/disproof this one.



## Chapter 4: Antalya as a Neoliberal City; or, the Redevelopment of Kepez

*“I believe that it is a multifaceted trap set for Antalya.” -- a local journalist<sup>162</sup>*

435 miles south of Istanbul sits Antalya on the Mediterranean, right across from the northern coast of Cyprus. It has a coastal line of 397 miles (310 of which providing easy access to the water) and practically no winter — the seawater is warm enough to swim in from March to December,<sup>163</sup> and the average January temperature is 50 °F.<sup>164</sup> In fact, the month of August sees temperatures above 100 °F regularly, with the locals staying at home under their ACs. Most of the beaches are sandy, and the views of the Taurus Mountains, the sunsets and the sea cliffs are regularly splendid. All of this is to say that Antalya is a natural location for coastal tourism. While the city also benefits from the presence of a ski center nearby and its historical heritage (Hadrian's Gate and the Roman theatre of Aspendos, for example), the main reason why more than 12 million tourists have been in Antalya in 2019<sup>165</sup> is the good ol' sun-sea-sand trio.

Antalya's potential was seen as early as in the 1950s, with the mayor Hasim Iscan trying to implement a tourism consciousness among the locals. In November 1950, the city was put in the “First Tourism Development Region,” and the planning for touristic facilities and necessary infrastructure thus started. The 1950s saw a theater and music festival at the Aspendos theatre, the opening of the first runway of the airport, the construction of roads connecting different

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<sup>162</sup> Akkaya, Ibrahim, “Antalya'ya kurulan tuzak,” Akdeniz Gercek, May 17, 2017

<sup>163</sup> “Deniz Turizmi,” Antalya İl Kültür ve Turizm Müdürlüğü. Link: <https://antalya.ktb.gov.tr/TR-68436/deniz-turizmi.html>

<sup>164</sup> “Antalya, Turkey: Annual Weather Averages,” holiday-weather.com

<sup>165</sup> “Antalya'da turist sayısı 12 milyonu geçti,” Milliyet, September 17, 2019. In 2018, it was the 11th top tourist destination in the world. “2018'de dünyanın en çok ziyaret edilen şehirleri belli oldu,” CNNTurk, October 20, 2018

coastal regions of the province,<sup>166</sup> the opening of the first tourism-oriented hotel in the city, and the construction of bungalows on the Konyaalti beach. These initial attempts were not that successful: in 1958, only 208 tourists came to the city.<sup>167</sup> Nevertheless, they were the first steps of the long journey that would make the city into a world-class tourism center. Antalya currently has 407 5-star resorts and 42 percent of the hotel bed capacity in Turkey. To put it in perspective, Antalya has more 5-star resorts than Spain has.<sup>168</sup>

Not surprisingly, the real boost to the tourism sector came in the 1980s. The Tourism Incentivization Law of 1982 enabled the establishment of new tourism zones, reversing the prior attitude of conservation regarding land use. As Kaan et al. puts it, “investors, who previously had to deal with 1001 bureaucratic obstacles, were relieved when, in 1983, the prime minister [Ozal] advocated for the ‘chimneyless industry’ as a source of national revenue and designated Antalya as *the* location for it.”<sup>169</sup> Entrepreneurs were given reductions in VAT and cheap or free land for hotel construction. The sector’s success henceforth is nothing short of miraculous: while only 4,903 tourists were recorded in 1980, 826,027 tourists were seen in 1990, and almost two million people visited the city in 1999.<sup>170</sup>

Add the convention centers, the annual Golden Orange Film Festival, G-20 Summit in 2010, and EXPO 2016 — with Deep Purple as the headliner — and you have a city with global aspirations, catering to international actors. With restaurant menus in three languages (Turkish, English, Russian) and cabs offering their prices in multiple currencies, it is easy to get caught up

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<sup>166</sup> Important clarification: Antalya is a province, one of 81 in Turkey, with the metropolitan center of the province also being called Antalya. The same thing applies to Istanbul. A province can be thought of as a region that is larger than a city but smaller than an American state.

<sup>167</sup> Kapan, Kaan, and Timor, Ayse Nur, “Turizm gelisme modellemeleri acisindan Antalya sehri,” Turkish Geographical Review, Issue 71, 2018, pp. 54-55. Check the paper (only available in English) for a detailed history of tourism in Antalya.

<sup>168</sup> “Antalya’da Kac Otel Ne Kadar Yatak Var?”, turizmaktuel.com, May 8, 2019, accessed 11/29/2019

<sup>169</sup> Kaan et al., pp. 58, emphasis/translation mine

<sup>170</sup> Ibid



in the world-city image of Antalya, and to an extent, it is impossible to imagine another Antalya: in 2016, 21 percent of the city's GDP came from the tourism sector, without competition the highest rate in the world, with the second highest rate being that of Lisbon, Portugal, a mere 5.3 percent.<sup>171</sup> Nevertheless, there *is* another Antalya that has (or had) little to do with what has been described so far, where the sea is not even in sight: Kepez.

Before the 1950s, Kepez did not exist. Covered in shrubs and wild strawberry trees, it was the section through which people exited the city. It was mostly an old Ottoman farm of over 14,000 hectares (Vakif Muratpasa Ciftligi), neglected for almost a century and then, in 1930, revitalized to grow olives and pistachio trees. In the 1950s, however, some locals successfully lobbied the government to help them build factories, and they were shown land near the farm. A textile factory (1955), an electric plant (1955), a ferrochrome factory (1957), a rubber factory (1964), an oil factory (1969), and a battery factory (1976) opened in its vicinity, jumpstarting the area's development. These new factories functioned as pull factors of migration: 1970s onwards, people from more rural sections of Antalya and from other provinces started moving to Kepez to find jobs, and in the absence of affordable proper housing, they built *gecekondus* neighborhoods on some of the farm land. It was, however, not only these workers who were involved in this process. Some started to speculate that Kepez would become extremely valuable in the near future and fenced off tracts of lands, and some others built winter-*gecekondus* for themselves, living up in the mountains during the warmer months and coming down when it got too cold. Paralleling the situation in Istanbul, the government first resisted this development — they built walls around the farm, hired guards to report when they saw someone trying to build, but alas: an underground real estate sector developed in Kepez, with one-family houses being transformed into multiple-story apartment buildings, and politicians started to promise legalization and land

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<sup>171</sup> Salvarci, Simge, "Kent Turizmi," in Goral, Ramazan, *Turizm'de Nis Pazarlar*, Egitim Yayınevi, 2018 pp. 111

licenses right before each election. Some people got them, and some others did not. In the end, Kepez became a district with its own municipality in 1994. As local historian Huseyin Cimrin put it, “a city was thus born where, before 1970, only those who were going for a long trip could be seen.”<sup>172</sup> Today, more than 500 thousand people live in the district of Kepez.

The neighborhoods of Kepez<sup>173</sup> and Santral neighboring the ferrochrome factory are currently going through what the state calls “the largest urban transformation project in the country.”<sup>174</sup> When concluded, this “new Antalya in Antalya” (sic) will accommodate more than 70 thousand people, with 17000 residential units and 2000 stores, home offices and other multi-use spaces. It will have “hospitals, educational institutions, shopping malls, commercial centers, a large city park, a museum, and a technocity,” that is, “in short everything a city needs” (sic). The project has an investment value of 8 billion Turkish liras (around \$1.4 billion), “making Antalya an important city of life and investment in the future, just as it is today” (sic).<sup>175</sup>

This monumental project is being handled by Sur Yapi, an Istanbul-based real estate developer and one of the most dominant ones in the market: one of every 15 Istanbulites works in an office building built by them.<sup>176</sup> Sur Yapi easily won the 2017 open auction for the right to do the project, as the only other firm withdrew from the auction without bidding. While the then-mayor of the Antalya Metropolitan Municipality, Menderes Turel of AKP, bragged about how transparent and open the entire process was, highlighting how they did not have a legal obligation to have an open auction but had it nevertheless,<sup>177</sup> the entire ordeal reeks of corrupt

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<sup>172</sup> Cimrin, Huseyin, “Tarihçe,” Kepez Belediyesi, accessed 11/29/2019. Link: <https://www.kepez-bld.gov.tr/page.php?id=12/Tarihce>. This paragraph relies heavily on Cimrin’s account.

<sup>173</sup> Yes, there is a Kepez neighborhood in the district of Kepez.

<sup>174</sup> “Kentsel Donusum,” Antalya Buyuksehir Belediyesi. Link: <https://www.turkiyeguzelantalyacokguzel.com/kepez-santral-kentsel-donusum-projesi-1>

<sup>175</sup> “Antalya’da Yeni Bir Antalya Kuruluyor,” Sur Yapi, accessed 11/30/2019. Link: <https://www.suryapi.com.tr/projeler/konut/devam-eden-projeler/sur-yapi--antalya--57>

<sup>176</sup> “Facts & Figures,” Suryapi

<sup>177</sup> Topkaya, Deniz, “Kepezalti Santral Sur Yapi’nin,” Akdeniz Gercek, March 7, 2017

alliances: Sur Yapi volunteered to build the Taksim Mosque, Erdogan’s failed mayoral aspiration, saying that they will do it “for the love of God,”<sup>178</sup> and Altan Elmas, the owner of Suryapi, claimed during an interview on the Antalya project that “the world’s dominant powers are trying control us... and for the past 15 years they have been trying to make our President [Erdogan] pay [for resisting them]. He is giving the biggest fight.”<sup>179</sup> During the 2016 failed coup attempt, Elmas e-mailed 500 of his Sur Yapi employees to go on the streets to resist the soldiers, he himself taking to the streets with his three brothers, and claimed after the coup that Erdogan is the person who keeps this country together like “that piece of a *tespîh* (*imame*) that keeps the praying beads together.”<sup>180</sup>

***Rumor 1: “Menderes Turel got a good deal out of it, he has 50 units, 50!”***

One obvious question is that of “why” — that is, why Kepez and why now? The easy answer given by the government is a combination of countering “unhealthy urbanization” and getting ready for a possible earthquake. As Turel put it in one of the many pamphlets printed in relation with the project, “to counter unhealthy urbanization and create safe, high quality and inhabitable spaces, we need to refine, renew, and improve disaster prone areas.”<sup>181</sup> In fact, it was the above-mentioned Law No. 6306 (about risk areas and urban renewal) that was invoked to legally justify the project. Recent research suggests that Antalya *is* disaster prone: a 2011 paper

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<sup>178</sup> “Taksim camisi’nin yapımını Sur Yapi ‘Allah rızası için’ üstlenmiş,” *Diken*, February 18, 2017

<sup>179</sup> Alakent, Betül, “Sur Yapi’dan Antalya’ya 8 milyarlık yatırım,” *Sabah*, December 1, 2017

<sup>180</sup> Tabak, Seda, “500 iscisiyle sokaga cikti,” *Sabah*, July 19, 2016

<sup>181</sup> In a pamphlet the Turel government gave to the people of Kepez. Can provide upon request.

claims that the chance of a destructive earthquake (of a minimum magnitude of 6.5) happening in the following fifty years is 15 percent.<sup>182</sup>

There exists, however, other reasons why Kepez must have been seen fit for a \$1.4 billion investment. While the sea is indeed not in sight, it takes only 15 minutes to drive to the closest beach, Konyaalti Beach, which recently got renovated. Beach Park, a semi-private area of Konyaalti, which had been in a poor state for many years, is now home to many restaurants and beach clubs, and a dozen almost identical coffee shops with card games and hookah, waiting for a microeconomist to study them as a real-life case of perfect competition. Previously in 2009, Kepez was connected to the larger city with AntRay, a 7-mile light-rail system mostly above ground, which was expanded, on the eve of EXPO 2016, to the airport and the fairground, connecting the area directly to the airport. Taking the AntRay from Kepez to the airport takes less than an hour, and costs an extremely affordable 3.20 TL (\$0.55). A new tram line, which will connect the existing line to the “nostalgic tram” starting at the city museum, which is right next to Beach Park, is currently under construction. So a person who has a place in Sur Yapi Antalya can land at the airport, take the tram to their flat, and go to the beach in the morning rather easily. The land on which Kepez stands has thus been made extremely valuable, as it has now become a central location.

When I mentioned this to multiple locals, the response I received was that “no local from Antalya will move there because that’s the slum neighborhood,” “that’s what the reputation is,” and so on and so forth. That, however, is not a problem at all for Sur Yapi, as this project is not for the locals to be interested in anyway. Antalya is still receiving migrants from other cities, and

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<sup>182</sup> DİPOVA, N., CANGİR, B., (2011), “Antalya İli Yerleşim Alanının Depremselliğinin Araştırılması”, Jeoloji Mühendisliği Dergisi, 35 (2), 93-114, cited in Bayraktar, Deniz and, Bayraktar, Emre Artun, “Antalya Kent Merkezinde Kentsel Donusum Uygulamaları,” Beykent Üniversitesi Fen ve Mühendislik Bilimleri Dergisi, May 24, 2019

even from other countries such as Russia. Given its moderate size and tolerable pace, it is a solid alternative to larger cities like Istanbul and Ankara. It is also one of the largest city in southern Turkey, drawing people from the region's countryside when they decide to move to a city. Those people will care less about the reputation of Kepez, and more about the quality of life and services they are being offered, which will decidedly be high when the project is completed. Moreover, Sur Yapi Antalya is being marketed abroad. The firm has recently opened a sales office in Cologne, Germany, to advertise the project, along with their other projects, both to German investors and those of Turkish descent who come back to Turkey regularly.<sup>183</sup> As of October 2019, people of 29 nationalities (Russia, England, South Korea...) and Turks living in 27 different countries have bought residences from the megaproject.<sup>184</sup> Sur Yapi's success is in alignment in Antalya's general success in selling residential property to foreigners, mostly from Russia, England, and Germany, and more recently from Iraq, Iran, and other Middle Eastern countries.<sup>185</sup>

Furthermore, the project has become, in Altan's words, "a project of reference for the entire world"<sup>186</sup> (sic). Earlier in October, a group of representatives from the Commonwealth of Independent States<sup>187</sup> was hosted at the construction site under the banner of an international construction working group. Local and national colleges bring their students to see the project, which has received a Green Good Design Award in 2018 from the Chicago Athenaeum and was one of the top 3 projects chosen by the European Union's "Smart City" initiative.<sup>188</sup>

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<sup>183</sup> Kulahci, Ahmet, "Sur Yapi, Almanya'da satis noktasi acti," Hurriyet, November 13, 2019

<sup>184</sup> Aslanhan, Ugur, "Sur Yapi Antalya'ya uluslararası ziyaret," AA, October 31, 2019

<sup>185</sup> DHA, "Yabancıya konut satışında rekor artış," haberler.com, November 21, 2019,

<sup>186</sup> Aslanhan

<sup>187</sup> A regional organization consisting of post-Soviet republics in Eurasia, such as Armenia, Azerbaijan, Belarus and Russia. Similar to EU.

<sup>188</sup> "Sur Yapı Antalya Projesi Hızla Yükseliyor, Ödülleri Topluyor," Sur Yapi, September 11, 2018

The other obvious and probably more pressing question is what is happening to the people who were living in Kepez and Santral neighborhoods. Of the 17000 residential units, around 5400 are meant for them, with the choice of getting one to two units depending on the size of their property. Which specific units they got was determined via lottery. They paid for the difference in value between the residential units and the land they turned in, as calculated by the authorities. Rental and moving assistance is being provided by the government until they get their units, which is supposed to start happening this year.

The media coverage of the project oscillates between no coverage and positive coverage, the latter regularly quoting affirmative or encouraging messages by mayors or ministers, most of whom are involved with the project directly or indirectly. The occasional talk of concrete jungles and some accusations of legal shenanigans (such as the start of sales before the issuance of a construction permit<sup>189</sup>) notwithstanding, an overview of all the talk about the project suggests that this is the best thing that has ever happened to Antalya. It also seems like the locals from Kepez are content with the development. For example, the locally elected representative and administrator (*muhtar*) of Kepez, Yusuf Kucukkaya, said this to a journalist back in January: “It was hard, but in the end I made 99 percent of them believe in the project. Now they are all happy and waiting for their apartments.”<sup>190</sup> The sole piece of academic work I could find referring to the project claims that “those who lived in the area and had land rights... approved the revisions made to the reconstruction plan proposed by the metropolitan municipality and thus became property owners. This shows that this urban transformation project has been ‘appropriate’ (sic). In other words, this project in-hand dissolves the usual criticisms of Law No. 6306-associated transformation projects, such as that they ‘distance local citizens from their neighborhoods and

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<sup>189</sup> Editor, “Akaydın Sur Yapı için uyardı: Hak sahipleri mağdur olacak!”, [haberimizvar.net](http://haberimizvar.net), August 17, 2019

<sup>190</sup> Calislar, Oral, “Her yer Antalya olsun!”, *Posta*, January 31, 2019

destroy the neighborhood culture.”<sup>191</sup> But things are sometimes not what they seem to be, so I got in touch with a couple I have known for years (let us call them X and Y), who exchanged their property for two small units, and are now living in a different district an hour northwest of Kepez, waiting for their apartment block’s completion.

***Rumor 2:** Late in 2018, a group of workers started a fire in one of the blocks in protest of the company’s non-payment of their wages. There exists no media coverage of the incident.*

X and Y moved to Kepez in 1983 and a year after that they bought a parcel of land from a local seller, on which they built their abode. This purchase, as was usual then, was not legal, but more of an informal transfer of illegally claimed land via an unofficial land license (*el senedi*), some of which were still around by the time urban transformation started. Throughout the 1990s, because there was a possibility of a legal transfer of these lands to them, they paid assessors to measure their property, as most of their neighbors did. This possibility was coupled with the constant political promise of what might be called a “planning pardon” (*imar affi*) which would legally acknowledge their buildings as residential units. They eventually were given a “land licence acquisition document” (*tapu tahsis belgesi*), the legal condition of which is ambiguous to say the least. They always paid taxes for the services they received (trash and road maintenance, for example), which means that they were in the system. X and Y tell me that one of the reasons why many people agreed with the project so easily was that it was a rather easy way out of the legal limbo.

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<sup>191</sup> Bayraktar et al., pp. 28

X and Y chose to get two small units of 80 meters squared in exchange for their one story house with a large garden. The difference they had to pay was 7200 Turkish liras (\$1250), which is not little. Three things they highlight: (1) the apartment blocks designated for them are not that close to the main road, where the tramline is located, but instead closer to a correction facility, which may be demolished. (2) They are told that their blocks and the common spaces associated with them will be managed “neighborhood style,” that is, those who are living there will decide on what services they want, which will supposedly help them keep the maintenance fees (*aidat*) low. X and Y, however, are not really sure about that, as they claim that Sur Yapi will do their best to keep all the blocks in top-shape (whatever that means to Sur Yapi) to keep the reputation of the project good, hence its value high. This is important because maintenance fees in such residential complexes can get notoriously high, and residents of some Sur Yapi projects in Istanbul have been complaining online about how high their fees are for the quality of service they get.<sup>192</sup> (3) In 2018 (they do not remember exactly when), Sur Yapi got in touch with them to let them know that they are adding two more stories to their buildings, and enlarging their (X and Y’s) bathrooms in return, which would mean that the units on these two floors were not up for grabs during the lottery. There is a slight chance that these last two floors are high enough to see the sea, making them extremely valuable.

That being said, there is also another side to (3): these people are not necessarily used to apartment-style living. Most of them used to have their own gardens in which they grew fruits and vegetables, and some of them simply cannot live in such high altitudes. While X and Y got a first floor unit from the lottery, in which they will probably live, someone they know got a 9th floor unit and is thinking of selling and moving away. This is just one way in which the above-cited paper is wrong about how Sur Yapi Antalya does not “destroy neighborhood culture.” If

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<sup>192</sup> <https://www.sikayetvar.com/sur-yapi/aidat>



altitude seems like a petty argument, these people will also lose access to informal systems of credit, as their local market, which let them pay later for the stuff they bought if they did not have all the money right then (*veresiye*), will not be there when they move back in. Similarly, they will lose access to their gardens, where they grew their own food items. While Sur Yapi insists on the abundance of the green spaces in their project, it would be unreasonable to expect that they will let people keep chickens in those common areas. Similarly will be gone the small workshops people used to run in the neighborhood, and, maybe most importantly, as the situation of the 9th floor person suggests, there will be many people renting out or selling their units and moving somewhere else, and it is hard to claim with ease that the neighborhood culture has not changed when chunks of people who constituted that neighborhood are going away. Lastly, there is also the problem of what will happen to the units bought by non-locals when they are not there. Some will be rented during the off-season for sure, but there is a chance that there will be a lot of empty spaces too. The fate of the Kepez locals might be a radical switch from the vibrant neighborhood life of Kepez and Santral to the sparsely populated concrete jungle of Sur Yapi Antalya. To respond to the scholars above, someone saying “yes” to something does not mean that it is perfect — it either means that it is better to say “yes” than to say “no,” or there is no way to say “no.”

***Rumor 3:** The ferrochrome company might be closing soon, and the land might be acquired by TOKI. That parcel is right next to Sur Yapi Antalya, and TOKI and Sur Yapi might get in a partnership to expand on the initial project.*

Nevertheless, X and Y are excited about their new apartment with natural gas. They get their rental assistance regularly (with minor delays) and “trust” Sur Yapi. They wait for their block’s completion, living in a small apartment not unlike the one they will hopefully move in to soon enough. As far as they are concerned, the company is already late — they were at first told that they would move in during Summer 2019. And even if their block were to be completed right now, how nice would it be to live in the middle of a gargantuan construction site?

Since I left Antalya, things seem to have become a bit more convoluted. On Facebook there exists multiple pages used by the people of Kepez and Santral neighborhoods to stay in touch with each other about the construction. A page titled “Kepez Santral mah Hisse sahipleri dayanışma/Birlik Grubu” (Kepez Santral neighb. Right owners resistance/Solidarity group) has some recent construction photos to keep the community updated. On September 27, however, the group’s administrator shared this message they got from CIMER (Presidency Communication Center): “The firm running the project has asked for an extension. The relevant authorities are currently talking with the firm about a potential time extension, and, if necessary, an extension of the rental assistance. The residents will be updated as soon as possible.”<sup>193</sup> On another page titled “antalya kepez ve santral kentsel dönüşüm sur yapi mağdurlari” (antalya kepez and santral urban renewal sur yapi victims), questions about the promised rental assistance abound, with people asking each other whether they know when the assistance will be in. There are posts as recent as the first week of December 2019, showing that the issue persists. While some comments exhibit humor (“Ghosts ate your assistance”<sup>194</sup>), others show anger: “They won’t deposit it, forget it,

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<sup>193</sup> Kepez Santral mah Hisse sahipleri dayanışma/Birlik Grubu, Screenshot of CIMER response, *Facebook*, September 27, 2019, accessed 11/30/2019. Link: <https://www.facebook.com/996777313804860/photos/a.1001191883363403/1408604439288810/?type=3&theater>

<sup>194</sup> Korkmazturk, Ramazan, comment on a post dated 12/02/2019 on the page “antalya kepez ve santral kentsel dönüşüm sur yapi mağdurlari,” *Facebook*, December 2, 2019, accessed 12/02/2019. Group link: <https://www.facebook.com/groups/2337325303186479/>

now we go break Sur Yapi’s windows.”<sup>195</sup> A post from November 28 claims: “You will wait for a loooong time, they are having a hard time paying the workers.”<sup>196</sup> Insults directed at Yusuf Kucukkaya, the *muhtar*, are sprinkled here and there. One dissenter suggests that they stop talking badly about the company and the project, because they might be reducing the values of their properties. The synthesis of all of this is a graffiti shared by a user: an ad reads, “everyone will be happy in this city” — the graffiti painted right under reads, “except us.”<sup>197</sup> This graffiti is most likely from Istanbul (there are posts from 2016 in different contexts with the same graffiti), as if to suggest, on a symbolic level, a connection with all those horrible examples of urban renewal in Istanbul, where people not only did not get their rental assistance, but had to wait years and years for their apartments, with some of them still waiting.

On a more positive note, these same pages are saturated with comments of people saying that they should get together, organize, elect some spokespeople, resist, occupy Sur Yapi’s sales office and the construction site, hold the *muhtar* and other governmental authorities accountable — in short, exhibit democratic will and demand that they get what they were promised, or, even better, get what they deserve, like people did in 2013 during the protests, and kept Gezi Park in its place.

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<sup>195</sup> Koca, Nermin, comment on a post dated 12/02/2019 on the page “antalya kepez ve santral kentsel dönüşüm sur yapı mağdurlari,” *Facebook*, December 2, 2019, accessed 12/02/2019. Group link: <https://www.facebook.com/groups/2337325303186479/>

<sup>196</sup> Bayraktar, Turgut, post on the page “antalya kepez ve santral kentsel dönüşüm sur yapı mağdurlari,” *Facebook*, November 28, 2019, accessed 12/02/2019. Group link: <https://www.facebook.com/groups/2337325303186479/>

<sup>197</sup> Atay, Murat, post on the page “antalya kepez ve santral kentsel dönüşüm sur yapı mağdurlari,” *Facebook*, November 13, 2019, accessed 12/02/2019. Group link: <https://www.facebook.com/groups/2337325303186479/>.

## Conclusion: Going Forward

Earlier in 2019, the AKP government lost the metropolitan municipalities of Istanbul and Antalya to CHP, suggesting that the people are fed up with their authoritarian neoliberalism, but the more intriguing result in these local elections came, I believe, from the small province of Tunceli, located 697 miles northeast of Antalya with a modest population of around 77 thousand. For the first time in Turkish history, a candidate from the Turkish Communist Party won the race for a metropolitan municipality — a remarkable achievement given the terror against the left that took place in the 1970s.

In 2014, Fatih Mehmet Maçoğlu was elected as the mayor of Ovacik, a minor district of Tunceli, where he showcased what might be called a people’s entrepreneurial municipalism. During his five-year tenure, as Reuters reports it, Macoglu “paid off most of the municipality’s sizeable debt, provided free public transportation and opened up government land for agriculture.”<sup>198</sup> He increased the chickpea production in Ovacik, sent the goods to other cities to be sold, and used the revenue raised to fund scholarships for students. He built two libraries within the capitol building to foster book-reading. To increase democratic involvement, he created councils for women and people with disabilities. Macoglu’s entrepreneurialism can be seen most clearly in the opening of government land for the establishment of cooperative grain farms, but it is one that grants the right to the city to its inhabitants: as Harvey would put it, Macoglu’s “Ovacik Model,” as some call it now, has resulted in the “greater democratic control over the production and utilization of the surplus”<sup>199</sup> in Ovacik. Having now become the mayor of Tunceli, Macoglu is implementing his system in the province-at-large. Tunceli, with its small

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<sup>198</sup> Kucukgoemen, Ali, “Turkey’s sole communist mayor promises small steps to socialism,” Reuters, April 23, 2019

<sup>199</sup> Harvey, “The Right to the City,” pp. 37

population and land size, is no comparison to Antalya or Istanbul, and looks more like a controlled experiment in perspective, but Macoglu wants to bring more tourists to Tunceli and to travel abroad to talk to others about his progressive municipal approach. His approach might be extremely local, but his vision is globally-oriented: “The world’s resources are being wasted... Half the world’s wealth belongs to just a small number of people, and makes people feel there’s no possibility of justice and equality. We as socialists want to show policies against this mindset are possible.”<sup>200</sup>

To say the least, Macoglu’s victory has unsettled some media outlets known to side with the AKP government. *Takvim*<sup>201</sup> published an article titled “Terrorist Supporter Macoglu Cut Services to Tunceli,”<sup>202</sup> claiming that the mayor has closed a tea garden, a food bank, a masjid, and an infant care room. Macoglu was quick to respond to these allegations — *Takvim* was not the only newspaper targeting him — using the municipality’s website, another example of his devotion to transparency and constant communication: the tea garden was closed by the previous mayor and it would be reopened soon, the masjid and the infant care room were never closed, and the food bank was actually emptied by the previous government three days before Macoglu took over the municipality, and, before that, was inappropriately serving food to the workers at a local private textile factory, while the purpose of the food bank was to serve the students and other desperate residents of Tunceli. After a thorough evaluation, Macoglu promised, the food bank would be reopened.<sup>203</sup>

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<sup>200</sup> Daragahi, Borzou, “‘Basic needs should be met for free’: Turkey’s new communist mayor wants to create a model socialist city,” *The Independent*, April 23, 2019

<sup>201</sup> Currently owned by Zirve Holding, whose CEO is Omer Faruk Kalyoncu. Erdogan was a witness for Kalyoncu’s 2004 wedding. For more on Kalyoncu, check: <https://turkey.mom-rsf.org/en/owners/individual-owners/detail/owner/owner/show/oemer-faruk-kalyoncu/>

<sup>202</sup> “Teröristlere destek veren Komünist Başkan Fatih Mehmet Maçoğlu halka hizmeti kesti,” *Takvim*, May 3, 2019

<sup>203</sup> “Basına ve Kamuoyuna,” T.C. Tunceli Belediyesi, May 2, 2019

AKP has multiple reasons to be hostile towards the Communist President. When asked about Turkey's involvement in Syria, Macoglu said: "The right to live for all living things is sacred for us. I'm against violence."<sup>204</sup> Despite such claims, he is accused again and again of having ties to Kurdish separationists, probably because he is a Zaza Kurd himself. More relevantly, his support for transparency, democracy and egalitarian municipalism is at direct odds with the governance model of AKP. As Uzun suggests, in Topbas' Istanbul, "city-wide decisions [were] discussed and criticised in the media and by professional associations only after they have been made."<sup>205</sup> In Macoglu's Tunceli, on the other hand, "the word, the authority, [and] the decision"<sup>206</sup> belong to the people of the city. Then the question arises: does the AKP government see Macoglu's "Ovacik Model" as a threat to the city governance model they put forward during their tenure?

Furthermore, will Macoglu succeed in his experiment, without flirting with corruption and getting crushed by global hegemonic forces? If he does, will the Ovacik Model become a national (or global) standard for what progressives should demand in their own cities? These are questions of time, not ours to answer, but what we *can* do is act.




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<sup>204</sup> Nawa, Fariba, "The Unlikely New Hero of Turkey's Opposition," *The New Yorker*, April 21, 2018

<sup>205</sup> Uzun, pp. 766

<sup>206</sup> Macoglu, Fatih Mehmet, Twitter banner photo, *Twitter*, accessed 12/05/2019



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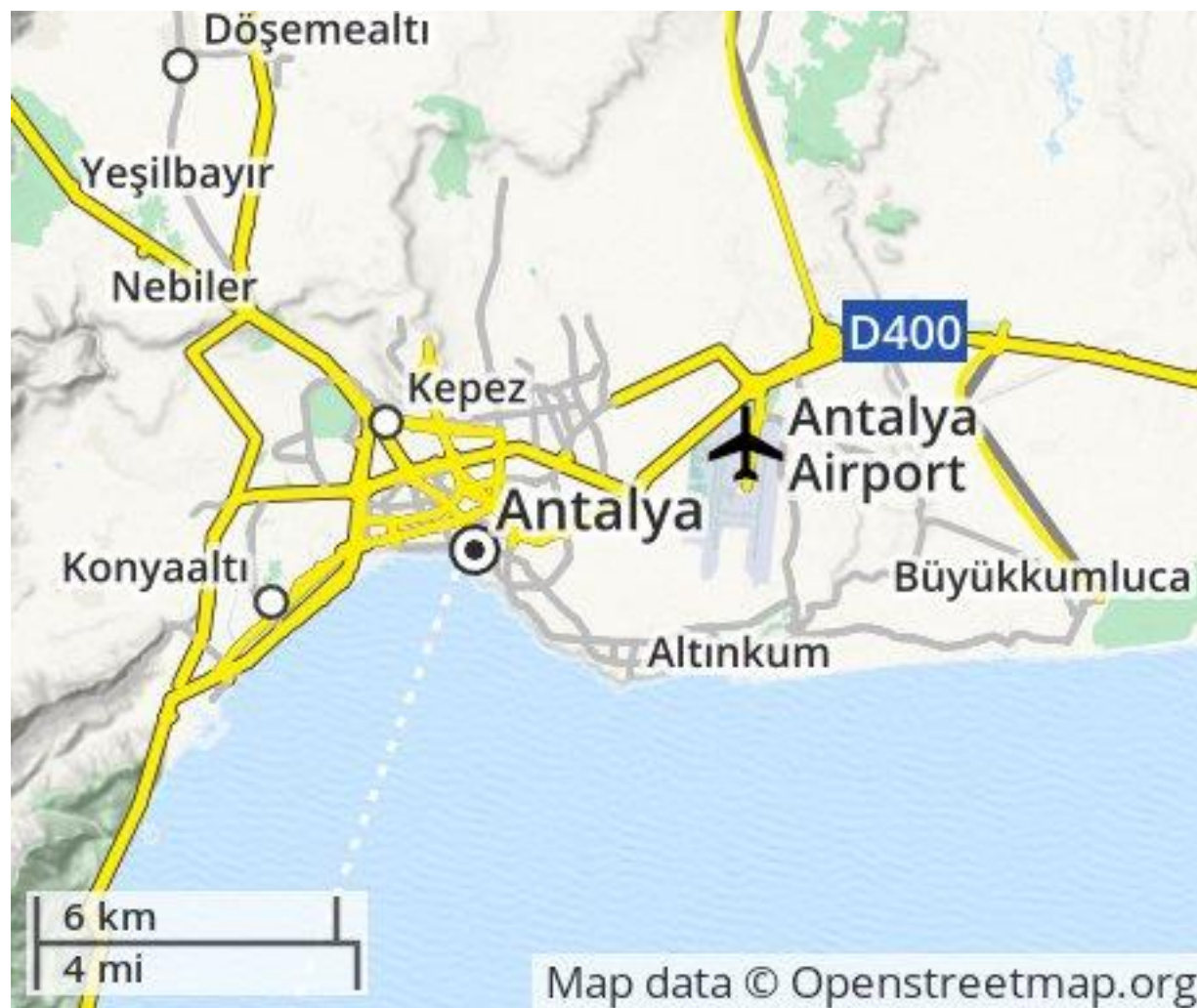
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Appendix A: Map of Istanbul (Pre-3<sup>rd</sup> Bridge and 3<sup>rd</sup> Airport)



**Appendix B: Map of Antalya (Basic)**

**Appendix C: Computer-Generated Images of Sur Yapi Antalya**

