

CHANGE AND CONTINUITY IN A POLITICAL-ECONOMIC CONTEXT IN TURKEY: THE RISE OF ECONOMIC POWER OF RELIGIOUS SEGMENTS

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Abstract

In recent years, much of the discussion about the Turkey has focused on the increasing role of Islam in politics and economics. In contemporary Turkey, previously rejected values have begun to be absorbed by different segments of the society. For example, the variance between Western concepts such as liberalism and modernity and their interpretation by Islamists has resulted in a search for such values in Islam and in the struggle to prove the compatibility of Islam and democracy. With the result of that Islamic values and ethics and modernity are no longer viewed as ideologically incompatible. This new paradigm that accepts liberalism and modernity as being compatible with Islam has been observed in different Islamist groups, in varying degrees. This paper will focus on one of the chief actors which played crucial roles in the above mentioned socio-economic transformation in Turkey, namely: the economic organization MÜSİAD (Independent Industrialists' and Businessmen's Association). The purpose of this study here is to elaborate on the degree of change in their discourse. Actually, this paper points out that the integration of pious Muslim businessmen in modern global market now tends to be self-referring, instead of it being defined as opposed to traditionalism.

Keywords: Political Economy in Turkey, between Islam and Westernization, Islamic capital in Turkey, MÜSİAD.

Introduction

Up until the last two decades, religiously conservative people had accepted that they carried a lower status in Turkish society, since most were poor and uneducated. They have remained as “others” in the eyes of the secular groups and never could participate in or have access to the privileges of central management. However, by the end of the 1990s, a new class of entrepreneurs who sought guidance from Islamic principles while believing in democracy and a free market had become the dominant actors in political, social and economic domains. These new religiously conservative elite are challenging the existing order in two different but naturally linked ways: economically and culturally. These pious economic elite provide the financial power needed to build the confidence of traditional and religious groups. They have begun to enjoy being active and influential actors in the economic, even the political life, in Turkey. The changing social status of these new economic actors has upset the balance of power that was in favor of the existing secular elite and powers who had traditionally excluded the conservative religious masses of Anatolia from the structures of power. These significant developments have continued with the establishment of a new business interest group Müstakil Sanayici ve İşadamları Derneği [Independent Industrialists and Businessmen's Association] (MÜSİAD). The emergence of MÜSİAD is a significant example which represents the power of new religious economic group in a society which had been overwhelmingly subject to the secularizing project of the republic since 1920's. The role and impact of MÜSİAD on the changing socioeconomic status in Turkey will be analyzed throughout the rest of the paper.

Main Text

In 1990, the Islamic businesses came together under the umbrella of a new association, a conservative Muslim businessmen's association. MÜSİAD brought together a large group of enterprises that manifested a great diversity in size and geographic location. The more urban, Westernized business elite were represented by TÜSİAD Türk Sanayici ve İşadamları Derneği (The Turkish Businessmen's and Industrialists' Association), founded in 1971, whose membership included the chief executives of Turkey's 300 biggest corporations (Buğra, , International Journal of Middle East Studies, 1998). The Islamic corporations and most of the Small and Medium Entrepreneurs in Anatolian cities under the umbrella of MÜSİAD were now seen as a challenge to the established business elite. The first letter of its acronym, "M" is in fact commonly assumed to stand for "Muslim" rather than for müstakil (independent). The founders of MÜSİAD have sympathy for an "Islamic economic system" in theory, although in practical terms they are aware that it is hard to escape participating in the capitalist market economy without submitting to all its established rules and requirements (Eken, 1995).

As can be seen from Table 1, there is no limit to the sectors in which Islamic entrepreneurs are active; small and medium sized companies are involved in every area of the economy, especially in manufacturing, textiles, chemical and metallurgical products, automotive parts, building materials, iron and steel, and food products. MÜSİAD quickly organized in İstanbul and the Anatolian provinces, registering more than 3100 members.

Table 1: Sectors where MÜSİAD's members are most active

Distribution of Sectors	Number of Companies (data for 2009)
Publishing and advertising	2,108
Information Technology	713
Furniture	3,237
Energy and Environment	1,341
Food and Agriculture	3,470
Services	1,388
Construction and Building Tools	5,438
Chemicals, Metals and Mining	2,042
Logistics	278
Machinery	1,650
Automotive	722
Health	544
Textile and Leather	3,905

Source: www.musiad.org.tr

These SMEs have become a significant power in the Turkish economy. In 2009 alone, member companies signed contracts with foreign companies worth over two billion dollars. In recent years, SMEs have also established a presence in foreign countries through investments, especially in Europe, Africa, and the Middle East (For more information on MÜSİAD activities, see www.musiad.org.tr)

Owners of Islamic companies aim to build a contemporary Islamic framework for economic life both at the individual and the organizational levels. At the organizational level this framework acts as an umbrella organization to help its members in the social, personal and economic spheres. This is evident from MÜSİAD's declarations in general and from its emphasis on shaping the Muslim businessman into 'homo islamicus,' in particular as defined by Erol Yarar, the previous president of MÜSİAD. For him, the "Homo Islamicus" is a person who has internalized Islamic values and is the basis for creating our contemporary Islamic paradigm and for realizing a society that functions according to this paradigm" (Özbudun & Keyman, 2002). This definition points to the aim of MÜSİAD, which is, building a new development model without sacrificing social identity. According to this model, capital maximization is strongly encouraged; however, it cannot be dissociated from ethical

constraints. It reminds us that Max Weber ascribed the rise of capitalism to Protestant ethics, through the moral rigor of believers and their personal work achievements. Today, Islamic businessmen are forced to work hard and consolidate a dearly gained social status.

The establishment of MÜSİAD, an organization representing the new wealthy class of the 1990s, was largely ignored by the İstanbul-based business class since it represented not only a new economic power but also because it was suspected of having an Islamist agenda. The small and medium size entrepreneurs in Anatolia, who had been looked down upon by the İstanbul-based secular business elites, now gained confidence with their newly acquired economic and political power. They have also demanded recognition of their religious and conservative ways of life. Furthermore, in time, the question of “what are ‘these people’ doing at our economic level” was replaced with questions such as: What are they like? Where do they come from? What do they eat or wear? Where do they go? Thus, although the existence and power of the new conservative business class was accepted, but still, the İstanbul-based secular bourgeoisie were uncomfortable with this transformation in the dynamics of wealth and power. Many of the Anatolian businessmen that who had interviewed agreed that the İstanbul-based elites misunderstand the identity and ideology of the Anatolian business class, and their strong reaction and resistance to the religiously conservative economic elite has created hostility between the two groups. In fact, religious Muslim businessmen believe that the rising new pious economic elite represent the real Turkish bourgeoisie, because the elitist İstanbul-based bourgeoisie’s culture is not rooted in the Turkish culture and religion. Many of the members of MÜSİAD emphasized that, in contrast to the state-centered old bourgeoisie, the new pious economic elite had grown up in a ‘natural way’. Islamic groups and the conservative wing of society concur that TÜSİAD (Buğra, *International Journal of Middle East Studies*, 1998; ,Öniş & Türem, *Turkish Studies*, Autumn 2001)³¹- representing the traditional business elite - while founded by Turkish businessmen, has as its reference Western culture and its values (Kaplan, 2006). They also argue that in terms of cultural and financial capital, MÜSİAD is definitely not an organ of global/central powers (Kaplan, 2006). At the same time, government policy expectations of these two associations are different; TÜSİAD mainly focuses on politics of the European Union (EU) and the economic reforms of the IMF. The members of TÜSİAD want to ensure that EU accession stays on track and stability prevails in the economic and political realms, since many Turkish firms today rely on the European market. For example Koç Group’s Beko, is now the best-selling appliance producer in Europe, while the stream of recent banking and industrial mergers and acquisitions have only served to reinforce the belief held by the mature capitalists of Turkey that there is a need for greater integration with Europe (Neylan, 2009). As Can Paker, a TÜSİAD member, observed in a recent interview: “Ensuring that the hundreds of billions of dollars of trade with the EU continues to flow is the driving motivation of TÜSİAD. Anything that deters this process will be resisted” (Neylan, 2009). TÜSİAD has also supported the agreement with the IMF and has insisted that this agreement is good for the Turkish economy, whereas MÜSİAD has warned the government that such a policy would be dangerous for Turkish markets.

MÜSİAD’s Chairman Ömer Cihat Vardan has reiterated concerns over a possible stand-by deal with the International Monetary Fund (IMF). Vardan said that Turkey had

³¹ The Turkish Industrialists' and Businessmen's Association TÜSİAD is the top business association of Turkey. Founded in 1971, is an independent, non-governmental organization dedicated to promoting public welfare through private enterprise. Big business in Turkey primarily located in İstanbul and the Marmara region and represented under the umbrella of TÜSİAD has typically enjoyed a tense relationship with political parties or governments with Islamist roots or orientation. The position of TÜSİAD in protecting the secular principles of the Republic has been rather close to the position of the established state elites. For systematic comparisons of these two key business associations see (Buğra, 1998) and Öniş & Türem, (*Turkish Studies*, Autumn 2001).

managed, to an extent, to keep problems at bay amidst global financial turmoil without accepting financial support from abroad and that the country had the potential to continue on this path. The MÜSİAD chairman repeated:

It has clearly been seen how irrational and deceptive gloomy scenarios presented by international credit rating agencies were when they said the Turkish economy would fall into a disastrous situation if it fails to sign a deal with the IMF. We must keep in mind that Turkey has been governed without an IMF anchor since May 2008 and managed to stay afloat without IMF help.(Hava, Today's Zaman January 5, 2010)

Vardan's remarks came in the wake of recent statements from the government that a deal would soon be signed with the Fund "as the global lender has agreed to Ankara's conditions" (Hava, Today's Zaman January 5, 2010). Vardan argued, underlining that different international rating agencies and organizations, including the IMF, also agreed that:

Turkey was one of 13 countries whose international credit ratings were revised upwards during the 2009 crisis. In addition to such an encouraging fact, Turkey was also the only economy to see a double-digit increase in its rating the same year. We do not say that our economy has been completely exempt from the crisis' impacts; however, we believe the country could still survive without IMF support. (Hava, Today's Zaman January 5, 2010)

A possible IMF deal could bring fresh cash to the markets; however, this would have some side effects, as MÜSİAD's had noted. "A swift money inflow could lead to a decline in foreign exchange rates, which would strike a major blow to the competitive power of exporting companies" (Hava, 2010). According to the association head, the government should not rush into a stand-by deal before they calculate the potential drawbacks that it could create. With regard to expectations in 2010, Vardan said that they anticipated a "more than 4 percent" growth in the Turkish economy, and that this mainly depends on maintaining political stability and peace in the country (Hava, 2010).

In contrast to this view, TÜSİAD claims that money given by the IMF would provide greater investment for the private sector. Nevertheless, between 2000 and 2008, when Turkey received money from the IMF, the percentage of total investment to national income was 21%, whereas between 1984 and 1991 Turkey did not use money from IMF and the percentage of total investment to national income increased to 24% without IMF's financial support (Hava, Today's Zaman January 5, 2010).

Thus, the difference between these two groups becomes clear: TÜSİAD previously earned money and acquired wealth from Ankara's decisions, such as loans, credits, high tax walls, and debts to the IMF, whereas MÜSİAD stood largely independent from the Ankara government and does not want IMF debt. Real tension in economic decision-making comes from the competition between these two groups.

The Turkish government finally decided to continue its economic reform program without IMF lending. The president of MÜSİAD, Vardan, said that his group was very happy about this decision because Turkey had a strong economy and showed the capability to continue without IMF assistance. He also added that, "in the last 22 months the Turkish economy has been performing without IMF and important economic organizations have increased Turkey's credit rating but an agreement with the IMF could lead to Turkey's losing prestige" (ANKA, October 03, 2010).

However, MÜSİAD is still far from enjoying the economic clout of TÜSİAD. The membership is higher in MÜSİAD but the capital power is still in the hands of TÜSİAD. TÜSİAD has 600 members who represent 2500 companies (Altan, TÜSİAD-MÜSİAD buluşması" Sabah, May 14, 2010). However, they also represent 65% of the country's entire industrial production, 50% of the total employment, (except for energy) and 80% of the export trade. TÜSİAD's members also provide 85% of the corporate institutional tax (Altan, "TÜSİAD-MÜSİAD buluşması" Sabah, May 14, 2010). TÜSİAD claims that its members

aim to improve the competitiveness of the Turkish economy in global markets and increase social prosperity. They work for increasing employment, security, modernization capacity and education. They also aspire to international integration, and regional and domestic economic development.

MÜSİAD represents 25000 companies employing 750,000 personnel and their contribution to exports is around 10 billion (MÜSİAD web page for detailed information). The members of MÜSİAD seek to encourage investment capacity and power in Anatolia and want to be the industrial power of Turkey. Whereas TÜSİAD has enormous economic power, MÜSİAD has major social support, and one can claim that economic and social power is represented by different sides. Nevertheless, the İstanbul-based elite cannot represent Turkish economic interests exclusively. On May 13, 2010, when MÜSİAD sent a delegation to TÜSİAD (Bulaç, Zaman, May, 17, 2010),³² Ali Bulaç explained the move as: “MÜSİAD has first begun to imitate TÜSİAD in terms of form and then in norms” (Bulaç, Zaman, May, 17, 2010). One can see this as a positive development, especially if they give up their mutual hostility and establish common economic policies. According to Bulaç, while TÜSİAD has represented wealth, injustice, and power, MÜSİAD has represented anger and the aggrieved outsiders. However, in the last two decades, the role of MÜSİAD has changed in dramatic ways. First, both organizations now share the same kind of approach to economics. He says that both organizations aim at growing in a free market economy under minimum state interference. Bulaç also claims that both organizations want to satisfy “the unlimited needs of human being.” Indeed, the Islamic economic aim of maintaining “the middle path, moderation and balance,” is reflected the ideology of MÜSİAD (Bulaç, Zaman, May 13, 2010).³³ Along with other religious investors in Islamic corporations and the rich members of the brotherhoods and sufi holdings, MÜSİAD today represents a new bourgeoisie. Some Turkish alarmists however see this new religiously conservative economic elite as inimical to Atatürk’s vision of a secular and Westernized Turkish Republic, because Anatolian businesses have challenged Republican cultural hegemony to gain further social and political power and they present an alternate religious world-view. It is even commonly believed by secularists that Islamic entrepreneurs emerged as a facet of the Islamization of Turkish society (Rubin, Middle East Quarterly, Winter 2005).³⁴ It is of course true that MÜSİAD began to play a larger role in the economy for its members when the Islamist Welfare Party (WP) became more powerful on the political scene. After the electoral victories of the Welfare Party in 1995, MÜSİAD has become more visible and influential (Buğra, 1998). Thus, Islam has started to play an effective role in everyday life, while the conflict between the Islamist and secularist camps has become commonplace. It seems that the traditional business class of the Kemalist state now faces challenges from a religiously inspired business class, equipped with economic power, social influence, financial clout, media support and political

³² Two organizations have an agreement on these issues in the meeting: The economic policy which will follow during and after economic crisis. Building cooperation between TÜSİAD and MÜSİAD. In order to help development of Turkish economy, supporting of improvement of small and medium entrepreneurs, working on joint project.

³³ This aim of MÜSİAD clearly underscores balance as the ultimate goal. Actually, the Turkish word for economics is “iktisat,” which is borrowed from the Arabic word “iqtisad,” meaning “median, the middle way or equilibrium.” It is not without reason that Imam al-Ghazali’s famous book in which he expounds the tenets of the Ahl al-Sunnah creed is titled “al-Iqtisad fil-i’tiqad” (the Median in Belief). Here, Ghazali uses the term “iqtisad” to mean “the middle path, moderation and balance.” Ali Bulaç, “TÜSİAD ile MÜSİAD’in izdivacı.” Zaman May, 13, 2010)

³⁴ On November 9, 2004, Deniz Baykal, leader of the parliamentary opposition Republican People’s Party, accused the AKP of trying to create a religious-based economy. Turkish Daily News, (Nov. 10, 2004). As an executive with one of İstanbul’s largest firms said, “If the AKP is able to translate money into power and power into money, then the main loser will be Turkish secularism.” (M. Rubin, Middle East Quarterly Winter 2005); <http://www.meforum.org/684/green-money-islamist-politics-in-Turkey>.

representation. However, the new pious economic elite are far from demonstrating any radical tendencies and strive for a peaceful world. Religiously conservative businessmen are not interested in radicalism, because they are aware that in order to sell their products in Europe or the United States the image of their country and the image of their companies is important. As the number of pious entrepreneurs in Turkey increases, the indication is that their rising economic success cannot be construed to depend only on the integration of religious values into economic life; other factors include the enlightenment of religious businessmen. Islam is simply a way of life for them.

Conclusion

Religiously conservative business group have begun to shape a new Muslim identity with economic power, self-confidence, advanced education, a consumer lifestyle and a new social awareness while at the same time preserving and remaining proud of their Islamic ideals. In the vision and attitude of MÜSİAD, it is impossible to see the kind of hard-edged fundamentalism, and even less so an echo of extremism, that has inspired radicalism in Pakistan and parts of the Arab world. Islam here may be conservative, but it has a pro-European, pro-democratic and above all pro-capitalist character. The modern approach of MÜSİAD can even be seen in the rise of religious Puritanism, they have integrated religious ethics with business. They justify their emphasis on work, success in economic life and the acquisition of wealth by attaching both a religious meaning to it and proposing that it provides access to a legitimate worldly modern life. Then, since the 1990s, religiously conservative groups have had the chance to integrate themselves into the Turkish and world markets while carrying their identity into the formation of new economic elite. Religiously inclined businessmen and MÜSİAD members have been sharing the economic and political power with the secularist elite in contemporary Turkey and their integration in Turkish and international market is the key to bringing about modernization and liberalization of religious segments but not fundamentalism.

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