

FARMER SUPPORT REGIME AND POLITICAL ECONOMY OF
AGRICULTURAL REFORM: TRANSFORMATION OF TURKISH
AGRICULTURAL POLICY IN THE POST-2000 ERA

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Title: Farmer Support Regime and Political Economy of Agricultural Reform:

Transformation of Turkish Agricultural Policy in the Post-2000 Era

This thesis analyzes the changing dynamics in post-2000 agricultural policy making in Turkey in terms of populist electoral tradition in relation to the international and domestic policy dynamics. The focus of the study is early 2000s when the reform moves gained a renewed pace as a result of the international pressures' winning leverage over the incumbent governments of the era following the 2001 economic crisis. The thesis takes a snapshot of the trajectories in agricultural policy making and reform efforts in the sector and reveals the changing nature of governmental policy attitude towards agriculture in the early 2000s. While analyzing the evolution of the agricultural support regime and policy making in Turkey of the Justice and Development Party (AKP) government era, starting from 2002 until 2011, the international and domestic roots of the reform move and the erratic governmental policy and discourse changes towards the agricultural sector are traced.

The main hypothesis of the thesis is that the early years of the AKP rule do not exemplify a deviation from populist policy tradition in Turkish agriculture but was more of an "obligated" policy transfer to save the day. The initial reason for AKP's seemingly leading away from populist-corporatist electoral tradition in agriculture was mainly because of the AKP's weak capacity in handling electoral promises and populist legacy while trying to adhere to its promises to international pressure groups and lack of an innovative and comprehensive policy alternative rivalling the reform designs of the World Bank and IMF. However, once it gained more political power with the help of a more stable economic and political environment and ensured some space to wriggle out of IMF constraints, the initial determination for reform on part of the AKP government did not last long and agricultural policy making started to move back again on the populist-corporatist electoral track with the introduction of agricultural policies deviating from the IMF and the WTO principles and original aims of the WB backed ARIP. In the end, the populist tradition in agriculture survived a new wave of reform pressure striking a happy medium with the old and new policies for the sake of the new giving way to a hybrid and disorienting agricultural regime with the future prospects of hatching into new and more radical policy reforms.

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Başlık: Çiftçi Destekleme Rejimi ve Tarım Reformu Siyasal İktisadı: Türkiye Tarım Politikalarının 2000 Sonrası Dönemde Dönüşümü

Bu tez 2000 sonrası Türkiye’de tarımsal politika geliştirilmesi sürecinde değişen dinamikleri popülist seçime yönelik geleneğin uluslararası ve yerel siyasi dinamikler çerçevesinde incelemektedir. Çalışmanın odak noktası reform hamlerinin uluslararası baskıların 2001 ekonomik krizini takiben dönemin işbaşındaki hükümetleri üzerinde baskı sahipliğini kazandığı erken 2000’li yıllardır. Tez, tarımsal politika geliştirmenin ve sektördeki reform çabalarının takip ettiği yörüngenin bir fotoğrafını sunmakta ve erken 2000’li yıllardaki tarıma yönelik değişen hükümetler siyasi tutumun değişen doğasını ortaya çıkarmaktadır. 2002’den 2011’e Adalet ve Kalkınma Partisi (AKP) hükümeti döneminin Türkiye’inde tarımsal destekleme rejimi ve siyaset geliştirmenin evrimi incelenirken reform hamlesinin uluslararası ve yerel kökenleri ve kararsız hükümet politikaları ve tarım sektörüne yönelik söylem değişikliklerinin izi sürülmektedir.

Tezin temel hipotezi erken dönem AKP yönetiminin Türkiye tarımında popülist siyasi gelenekten uzaklaşılmasına bir örnek teşkil etmediği ve daha çok günü kurtarmak için yapılmış “mecburi” bir politika transferi olduğudur. AKP yönetiminin baştaki tarımda popülist-korporatist seçime yönelik gelenekten görünüşte uzaklaşması temel olarak AKP’nin uluslararası kuruluşlara verdiği sözlere uymaya çalışırken seçimsel sözlerini ve popülist mirası idare etmekteki zayıflığı, Dünya Bankası ve IMF’nin reform tasarılarına rakip olacak kapsamlı ve yenilikçi bir alternatif politikaya sahip olmamasıdır. Ancak daha kararlı bir ekonomik ve siyasi ortam ve IMF kısıtlamalarından kurtulmak için bir alan ele geçirmesi sayesinde daha çok siyasi güç kazanması ile birlikte, AKP hükümetinin reforma yönelik başlangıçtaki kararlılığı çok uzun sürmemiş ve IMF ve DTÖ ilkelerinden ve Dünya Bankası destekli ARİP’in orijinal ilkelerinden sapacak tarımsal politikalar uygulamaya konularak tarımsal siyaset geliştirme popülist-korporatist seçime yönelik rotaya geri dönmeye başlamıştır. Neticede tarımda popülist gelenek eski ve yeni politikalar arası yeninin lehine bir orta yolu bularak hibrid ve kafa karıştırıcı bir tarım rejimine yol vermiş ilerde yeni ve daha radikal reformları doğurma olasılığı ile yeni bir dalga reform baskısının da üstesinden gelmiştir.

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Istanbul, Turkey

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ABBREVIATIONS

ANAP	<i>Anavatan Partisi</i> (Motherland Party)
AKP	<i>Adalet ve Kalkınma Partisi</i> (Justice and Development Party)
ARIP	Agricultural Reform Implementation Project
ASCs/ ASCUs	Agricultural Sales Cooperative Unions
Çiftçi-Sen	<i>Çiftçi Sendikaları Konfederasyonu</i> (the Farmer Union Confederation)
CAP	Common Agricultural Policy
DIS	Direct Income Support
DSP	<i>Demokratik Sol Parti</i> (Democratic Left Party)
EU	European Union
EUROSTAT	Statistical office of the European Union
IMF	International Monetary Fund
IPARD	Instrument for Pre-accession Assistance Rural Development
MARA	Ministry of Agriculture and Rural Affairs
MHP	<i>Milliyetçi Hareket Partisi</i> (Nationalist Action Party)
SPF	Single Farm Payment
TurkStat	Turkish Statistical Institute/ <i>Türkiye İstatistik Kurumu</i>
TNCs	Transnational Organizations
ZMO	<i>Ziraat Mühendisleri Odası</i> (Chamber of Agricultural Engineers)
WTO	World Trade Organization

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CHAPTER ONE:

INTRODUCTION

This thesis analyzes economic prescriptions for neoliberal agricultural reforms, the changing role and initiative of the government in this process, and the resulting socio-economic and political impacts of these reform attempts in post-1980 Turkey. Specifically, I will analyze the period after 2000 when the economic and political interventions of the World Bank and IMF, and hegemony of transnational companies (TNCs) in Turkish agriculture became much more visible. The main focus will be on the evolution of the agricultural support regime and policy making in Turkey of the Justice and Development Party (AKP) government era, starting from 2002 until 2011. The roots and trajectories of the “populist-corporatist” (Güven, 2009, p.162) policy tradition in the agricultural sector and agricultural policy making in Turkey will be sought.

Here the most important issue that arouses an intellectual curiosity is the big gap between social and economic promises and the prescriptions of the reforms by the state towards its farmers that were mainly efficiency, development and improvement in the economic and social conditions of farmers; and on-going governmental policies, practices, and the resulting policy picture which is a “hybrid” (Güven, 2009, p.163) and disorienting agricultural regime.

This, in turn, brings with it the questions of how the state has managed to nail down the support of the main political and civil actors, such as the Ministry of Agricultural and Rural Affairs (now the Ministry of Food, Agriculture and Livestock), the Chamber of Agricultural Engineers and semi state-controlled sales

cooperatives and their unions and other enterprises, and etc.; in addition to farmers unions and other relevant NGOs in the agricultural sector in implementing these reforms or why there was not any significant challenge and opposition on the part of farmers and other interest groups against these top-down policy changes.

Although these agricultural reforms affected farmers' lives and livelihoods directly, there was no consultation and transparency for the farmers in decision making and implementation processes of these reforms. These were the processes of an inconsistent and hasty application of reforms, lacking a popular base.

Given the results it almost might appear that an improvement in farmers' economic conditions and the lessening of rural poverty were not the aims of the reforms, since rural poverty levels have not changed a great deal since the beginning of the post-2000 reforms. "Concerning the distribution of agricultural income over time, it appears that, with the exception of 2006, there has been a slight improvement over the 2004-2008 period" (OECD, 2011, p.19). According to the 2012 TurkStat data total non-agricultural income is almost 2.5 times larger than total agricultural income (TurkStat, 2012b). This governmental attitude towards the agricultural sector has strengthened the pure economic motivations of the reform attempts. The discourses of economic growth and development did not necessarily imply filling the farmers' pocket.

However, although the state makes promises along the WTO lines, it can be claimed that the agricultural sector is still too big, around 25.5 percent of the general employment (TurkStat, 2012b), and the farmers' votes are too significant to ignore constituting around 30 per cent of the general population that the reforms in the end were "diluted" (Akder, 2010, 47). This was even more obvious in the Agricultural Reform Implementation Project (ARIP) of 2001. From 2003 onwards, the AKP

government started to add new subsidies, failing in its attempt to phase out all the subsidies in the end, thus, “diluting” the initial program (Akder, 2010, p.47). I believe that the recent radical reforms in the agricultural sector under the AKP rule constitute an important site at which to analyze the volatile and hesitant nature of the state intervention in the agricultural sector in Turkey.

Market reforms in Turkish agriculture started in the 1980s. However, until 1999 and especially the 2001 economic crisis, reform efforts were relatively slow. From the 2001 economic crisis onwards, the old farmer support regime and agricultural structure in Turkey began to be dismantled and replaced with a new one. However, the initial covetousness of the state for an overall rural transformation soon slackened and most of the reform attempts were “diluted” one by one (Akder, 2010, p.47). Therefore the overall outcome of reform moved into a “hybrid” (Güven, 2009, p.163) agricultural regime, as a mixture of old and new policies.

When the axe fell on the Turkish economy in 2000-2001, a new generation of reformers quickly moved to dismantle the antiquated support regime and transplant a new, World Bank-inspired framework. These attempts were soon to be partially subverted. Before novel mechanisms could consolidate, older instruments resurfaced. Turkish policymakers have since settled on a hybrid support regime that blends newer and older elements. (Güven, 2009: p. 163)

With these in mind, the leading question of this study is to discover the motivations behind the dilution of neoliberal agricultural reforms by the state, despite the lack of mass opposition or a coherent lobbying by the main actors in the agricultural sector. More specifically, how can we explain the path the ruling Justice and Development Party (AKP) government took in sticking to the IMF, World Bank and WTO structural reform prescriptions in the first place, seemingly choosing to diverge from the “populist-corporatist” (Güven, 2009, p.162) electoral tradition and

then distort neoliberal policy tools even though there was no overt public opposition and the AKP had an effective parliamentary majority under its command? How can we account for the role of the AKP government in both the implementation of the reform policies and the subsequent policy subversion?

In the second chapter of this thesis, the bigger international picture of the developments recently taking place in Turkey will be scrutinized by mapping out the international sources of the reforms. After discussing the big international commitments made to introduce a functioning market economy to the agricultural sector, like the WTO Agreement on Agriculture (AoA) or the EU Common Agricultural Policy (CAP), I will talk about the main policy reforms set out under the rubric of the 2001-2009 Agricultural Reform Implementation Project (ARIP).

In the third chapter, I will address main questions of this research by analyzing the international challenges, largely the pressures posed by the IMF and the efforts to satisfy the economic and political conditions for EU membership, and domestic challenges, mainly the 2001 economic crisis, budgetary pressures coming from the Treasury, the AKP's lack of an innovative and comprehensive policy alternative rivalling the reform designs of the WB and IMF, and the AKP's weak capacity in handling electoral promises and populist legacy while trying to adhere to its promises to international pressure groups.

ARIP ended without achieving any of its original promises, except for almost completing the farmer registration database (Akder, 2010, p.61). In the process of agricultural policy making in the early 2000s, the Erdoğan government adopted a "double discourse" (Patton, 2006, p.516). While reassuring the international pressure groups that they would follow neoliberal doctrine strictly, they try to make the Turkish public think that what they are doing is temporary and because of "foreign

pressure” and that their high priority is the welfare of Turkish farmers and producers and that they have been trying hard to renegotiate the IMF principles. Patton writes, “In effect, the government sought to foster two impressions: one image vis-à-vis the IMF was concessionary, ‘we did what they wanted’, whereas the other vis-à-vis the Turkish public was defiant, ‘The IMF wants, the AKP resists’” (2006, p. 519).

The reason why I wanted to study neoliberal agricultural reforms and the role of the state in this process is that the studies so far have analyzed how these projects have affected the farmers, but very few of them have looked into the institutional dimension of these policies. According to my research so far, there is not enough comprehensive work in the literature on governmental policy shift and the role and agency of the state in these developments, specifically answering the question of the erratic governmental policy changes in Turkish agriculture. Thus, while the existing works emphasize the resulting miseries for the rural population, I will instead attempt to explain the main motivations of the state behind its efforts to neoliberalize and globalize the agriculture and its tide turns towards “populist-corporatist” tradition, and the changing nature of state intervention in the process, which is recently the case in Turkey. I will not question the specific applications of these projects or the reasons behind their failure. My curiosity is about the nature of the projects and the ways and means through which they are implemented.

In order to uncover this confusing policy pattern and fathom the policy making processes, this study has three aspects. First, I will present statistical data in line with the changes in law and agricultural policy outlook. Here the most important data source will be a 2011 OECD Report called “Evaluation of Agricultural Policy Reforms in Turkey”, bringing the diluting process of the reform to the light with the latest data sets it provided.

Second, I will look at the national newspapers covering the current governmental debates until 2011. I believe that because the media outlets are powerful tools to reach the rural-agrarian population of the country and can be used as a means to spread state-led discourses, analyzing governmental debates through them are crucial for this study. However, I do believe that making only a textual analysis would not be enough. Moreover, these reforms and policies have developed without having been widely discussed in public. For this reason, I will discuss the interviews that I conducted with related politicians, agricultural interest groups and farmer organizations. Moreover, I will scrutinize the public speeches made by the respective Ecevit-led tripartite governments and AKP authorities. The fourth chapter of the thesis will be a discourse analysis based on these data.

In light of these textual analyses and personal interviews, I believe my study will provide a sound vantage point from which to get a sense of the latent motivations behind these recent erratic policy and discourse changes on the part of the official governmental ideology towards agriculture. At the end of this work, I hope to provide a sound perspective for a comprehensive understanding on the nature of the political economy of agricultural reform in Turkey by mapping out neoliberal structural adjustment reforms driven almost exclusively by economic objectives, treating other social and environmental concerns as issues of secondary importance.

Finally, in the conclusion part, I will discuss the legacy of ARIP and the possible implications of the erratic policy scheme and dallying with reform in the context of the possible resumption of the Doha Round of uncertain fate and bleak scenarios that might come with it. I will first talk about what remained behind these reform efforts. Although the reform attempts failed to cultivate the overall desired outcomes, they brought about an important policy experience and organizational

practice. Then, I will discuss new prospects introduced by the lessons gained from the failures of previous rural and agricultural reform projects and deepening the processes of globalization and the EU integration. In addition, I will question whether there is any possibility for a more democratic and participatory agricultural reform that includes farmers, consumers and processors alike in the decision making process while appealing to their needs.

CHAPTER TWO:

THE STATE AND NEOLIBERAL AGRICULTURAL REFORMS IN TURKEY

Radical reform efforts in agriculture have had both international and domestic sources in Turkey of the early 2000s. In order to uncover the roots of governmental policy change towards the agricultural sector starting with the three-party coalition government of 1999-2001 and following the AKP's single party rule of 2002 up to present, it is important to analyze the international and domestic developments of the time. Throughout this chapter I will sketch out the bigger international picture of the developments recently taking place in Turkey by juxtaposing the ideas uttered by the mainstream discourse. Therefore, for now I will withhold any critical engagement and a theoretical perspective, which I will offer in the following chapter, by interweaving the mainstream ideas with critical approaches from the related literature.

It is important to realize that this whole process is a part of a bigger global move towards a complete liberalization of agriculture. The hesitation and reluctance experienced by the governments at the time are shared in many other countries, especially in the European Union with a traditionally generous support regime for the Union's agricultural produce. Completing a customs union in 1965 and establishing a single market in 1993, the Union farmers were well pampered being protected from harsh competition in the world agriculture market. On the other hand, domestic political dynamics interacting with international pressures and ideas have been imperative in shaping Turkish agriculture.

Therefore, it is necessary first to map out the sources of international pressures that motivated and initiated a radical reform move in the Turkey of the early 2000s.

International Sources of Agricultural Reform in 2000s

The GATT Uruguay Round (1986- 1993) and the World Trade Organization

Agreement on Agriculture (AoA) (1994)

The Uruguay Round of multilateral trade negotiations in GATT (General Agreement on Tariffs and Trade) started in 1986 with the aim of introducing liberalization to a wide range of policy areas. A structural reform in agriculture was one of the priority concerns during the negotiations for the first time.

“The Round took seven and a half years, almost twice the original schedule” (The WTO official website). The efforts to reach an agreement on agriculture delayed the reaching of agreements in other policy areas. Diverging views between those arguing strongly for a radical liberalization of international agricultural markets and those in favour of relying on traditional protectionist measures were the main hindrance to consensus-building.

“The USA and its allies, the Cairns Group, a group of 14 net exporters of agricultural produce, notably Argentina, Australia, New Zealand, Uruguay and Thailand” (Fouilleux, 2007, p.346), were for introducing a series of structural reforms and policies to achieve complete liberalization in the agricultural sector while “the EU with traditionally protectionist countries [in agriculture] like Japan and Norway” (Fouilleux, 2007, p.346) were against this policy outlook. The first wing of countries argued that domestic protectionist support measures prevent fair

competition within the world market posing trade-distorting barriers for other world producers. They argued that all trade distorting domestic and international policies in agriculture should come to an end (Fouilleux, 2007, p.346). In order to reach to a final agreement on agriculture, three different policy areas in agriculture required being opened up to market sources with minimum state involvement. These core policy areas were “levels of internal support”, “levels and forms of border protection (market access)”, and “levels of export subsidization” (Paarlberg, 1997, p.427).

At the end of the Uruguay Round, the WTO replaced GATT as an international organization. In 1994, an Agreement on Agriculture (AoA) was signed by the participant countries under the rubric of the WTO. The main reform objective of the final agreement on agriculture of the Round was to reform agricultural trade and make policies more market oriented. To achieve this end, they agreed on removing trade restrictions impeding import and fair competition in the world market, reforming agricultural subsidies and seeking reductions in all direct and indirect subsidies affecting agricultural trade and export subsidies and other measures applied in order to make exports more competitive (Paarlberg, 1997, p.427; the WTO, 1995).

One of the heatedly debated topics negotiated was agricultural subsidy reform. The Uruguay Round negotiations introduced the concept of “decoupling” to distinguish agricultural support regimes that stimulate production directly from those that have no direct effect on it. A policy of “decoupling” required that any support to farmers should be independent of the production process (The WTO, 1995, p.61). In decoupled income support:

- (a) Eligibility for such payments shall be determined by clearly defined criteria such as income, status as a producer or landowner, factor use or production level in a defined and fixed base period.

(b) The amount of such payments in any given year shall not be related to, or based on, the type or volume of production (including livestock units) undertaken by the producer in any year after the base period. (c) The amount of such payments in any given year shall not be related to, or based on, the prices, domestic or international, applying to any production undertaken in any year after the base period. (d) The amount of such payments in any given year shall not be related to, or based on, the factors of production employed in any year after the base period. (e) No production shall be required in order to receive such payments (The WTO, 1995).

In order to distinguish support programs that stimulate production directly from those that are considered to have no direct effect, the WTO Agreement on Agriculture defined three “boxes”. Domestic support measures having a direct link in stimulating production were to be put in the “amber box” and were to be cut back (Fouilleux, 2007, p.349).

Support measures that were considered to have no linkage with the production process, agricultural produce prices, or factors of production, i.e. those that are completely “decoupled” from the production, were to be placed in the “green box” and used freely by the governments. These measures were believed to have a minimal impact on trade. These included measures taken to achieve food security, improving infrastructure in agriculture, research and development, disease control, and payments directly made to farmers that would not stimulate production, such as assistance to restructure agriculture, certain forms of direct income support and direct payments with the aim of environmental and regional assistance (OECD 2001; Fouilleux, 2007, p.349; Paarlberg, 1997)

Finally, measures aiming at limiting production with certain direct payments to farmers were to be placed in the “blue box” (Fouilleux, 2007, p.349). These support measures did not need to be cut back if certain criteria were met. These are certain direct payments to farmers made to limit production, assistances to promote

agricultural and rural development and a small scale “de minimis” support measures, 5% or less in the case of developed countries and 10% or less for developing countries (WTO, 1995).

Turkish Agriculture and Turkey’s European Union Integration

Agriculture has always been an issue of high priority throughout Turkey’s European integration process. The European Union claims that Turkey has a huge and inefficient agricultural sector and this is one of the biggest issues slowing down Turkey’s accession to the Union. Although the agriculture and farm structure in Turkey show similarities to some of the new member states in terms of employment and support patterns, it is easy to speculate that a possible membership of Turkey would bring dramatic changes to the Union agriculture.

In the EU-27, the total agricultural area is 41% of the total land area, while this is about the half of total land area in Turkey. This means that Turkey’s accession to the EU would increase the Union’s agricultural area by 39 million hectares, and would constitute 22% of the EU agricultural area. According to 2012 TurkStat data, the 25.5% of the total workforce is employed in the agricultural sector in Turkey while this is 5.6% in the EU-27 average (TurkStat, 2012b; Eurostat, 2008). These figures show that a possible accession of Turkey to the EU mean a one-third increase in the agricultural workforce of the Union (European Commission, 2006).

Moreover, agricultural holdings in Turkey are smaller compared to the EU average. Turkish agriculture consists of roughly 3 million agricultural holdings. Most of these agricultural holdings consist of small family farms with a 6 hectares farm land in average. The agricultural holdings in the EU-27 are approximately 15

million, with a 13 hectares farm land average (European Commission, 2006). As of 2010, agriculture represents 10.1% of GDP in Turkey, while this is only 1.8% for the EU-27 average. (TurkStat, 2010; Eurostat, 2008)

Turkey signed a Customs Union Agreement with the EU in 1995, becoming the first country to be included into the customs union without being a full member. Based on the “Decision No: 1/95 of The EC–Turkey Association Council of 22 December 1995 on Implementing the Final Phase of the Customs Union (96/142/EC)”, however, agriculture was not considered to be a part of the customs union since Turkey had not yet taken necessary measures in line with the CAP. Nevertheless, it was made clear that Turkey needed to achieve compatibility with the CAP in order to ensure in the long run the free movement of the agricultural products under the customs union (Cetin, 2010, p.40).

Turkey’s historical EU integration process and signing the Accession Partnership Agreement in 2001 and starting the accession negotiations in 2005 shape and lead any agricultural reform in Turkey to a great extent. With the opening of the chapters of the acquis for negotiations, an integration with the EU Common Agricultural Policy gained new importance for Turkey.

In order to understand this process, it is better first to talk about European Union Common Agricultural Policy and the transformations it has undergone through the years in line with international pressures and multilateral international agreements.

The European Union Common Agricultural Policy (CAP)

The European Union set up its Common Agricultural Policy in 1962 following the Rome Treaties of 1958, which established the political and legal background of the CAP by laying down the objectives of having a common agricultural policy. After establishing the Customs Union in 1968 and completing the common market, the Union countries focused on agricultural development and support to farmers, keeping them well protected from outside competition in the world market with the aim of creating a European agricultural market.

In the early years of CAP, main policy objective was to secure free trade internally within the borders of the Community while erecting barriers to outside competition. Guaranteed price and stable market and income for the producers and food security and sustainable and viable production were the main aims of the CAP. The initial general principles of the CAP were “market unity”, “community preference”, and “financial solidarity” (Fouilleux, 2007, p.341).

The “market unity” principle necessitated the setting up of a European common agricultural market, securing internal free trade while protecting outside world market competition. The principle of “community preference” required erecting tariff barriers for outside competition and providing export subsidies in order to enable European producers to compete in the world market. The principle of “financial solidarity” induced the establishment of a common agricultural fund (known as the European Guidance and Guarantee Fund) in order to finance the CAP and to provide services to the Community farmers (Fouilleux, 2007, p.342).

The post-war economic environment made food security of an utmost importance for the Community countries, making the agricultural sector well

protected and well pampered. However, continued price and income support resulted in overproduction, making “butter mountains”, “milk lakes” the famous metaphors of the era to describe the overproduction problem in European agriculture (European Commission official website; Fouilleux, 2007, p.342).

By the end of 1970s, this became an important political issue and achieving self-sufficiency and increasing productivity in agriculture were no longer the aims of the CAP.

With an ever increasing volume of products surplus to internal requirements being paid for at the guaranteed price, being stored at high cost, and finally being exported out of the Community, with support again from the agricultural budget to compensate for lower prices on the world market, the CAP was becoming more and more costly to operate. (Fouilleux, 2007, p.342)

As a consequence, agricultural policy reform began to occupy a place of high priority on the European policy agenda. The main calls for reform focused on the argument that CAP was too expensive to maintain and it was taking up too much of the Community resources and creating disparities for the development of other policy areas.

To deal with this problem the policy makers at first tried to set production quotas during the 1980s, trying to limit supply without touching the policy of guaranteed price. This can be considered as a compromise between the producers and policy makers who were reluctant to lose popular support in their national policy environment. In the early reform era many European countries, especially in those in which agriculture had a greater share in the national economy and public opinion, influenced by a “deep-rooted affinity for rural life”, farmers have been able to exert pressure on their national governments thanks to their ability to mobilize public

support (Fouilleux, 2007, p.344). A deep-rooted affinity for farmers is commonly a case in Turkey, too.

However, production quotas have been widely opposed to by some as a hindrance to the working of the market mechanism. After 1992, the Union policy makers started to move away from production quotas towards the policy of restoring market forces by cutting guaranteed prices. They argued that market forces would work better in cutting overproduction by giving less of an incentive to farmers to produce, without putting additional burden on the union budget. This radical policy turn was a result of international pressures for more liberalization in the economy as it was a result of domestic pressures seeing traditional agricultural policies as unsustainable for the Union budget.

The biggest international pressure came with the GATT Uruguay Round, as explained above. During the GATT Uruguay Round, the USA and its allies of agricultural producer countries criticized European common agricultural policy as a system generating trade distortions by offering European farmers protection from international competition in the world agricultural market (Paarlberg, 1997).

The Common Agricultural Policy of the EU was modified dramatically with a series of reforms known as the Mac Sherry Reforms of 1992. The Irish Agricultural Commissioner, Ray MacSharry, decided to launch a project known as the MacSharry reform. This can be considered to have been the first radical reform attempt for the CAP (Fouilleux, 2007). These reform efforts were partly in line with what had been demanded by international pressures. The major policy change was to replace the agricultural price support system with a direct income support regime. However, as Robert Paarlberg writes,

the Uruguay Round contributed little to the 1991-92 Mac Sharry reforms at the EU end and almost nothing to the 1990 and 1995-96

reforms at the US end. At the EU end, external political pressures did help speed some internal reforms, but the pressures that mattered most were bilateral pressures from the United States (backed by threats of sanctions). These pressures derived not from the dynamic of the Uruguay Round but from a separate dispute-settlement process linked to an EU concession (a zero-duty obligation on nongrain feed ingredient imports) made thirty years earlier in Dillon Round, that the United States would have defended with sanctions threats even if no Uruguay Round had occurred (1997, p. 416).

A deeper CAP reform came after the 1999 Berlin Compromise, known as the Agenda 2000. It can be claimed that the Agenda 2000 worked to adapt Union agriculture increasingly to the market. Basically, the Agenda 2000 continued the reforms introduced in 1992 in many ways in line with further international pressures and in light of forthcoming enlargements in addition to putting a renewed emphasis on the protection of the environment and the issue of sustainability. Although the issue of observance of the environmental dimension of agriculture was emphasized for the first time with the 1992 reform move, the Agenda 2000 made environmental protection and sustainability primary conditions for direct payments (Fouilleux, 2007, p.347- 349).

The 1999 reform introduced the concept of “multifunctionality” to the Union Common Agricultural Policy. It can be claimed that during the Berlin Compromise of 1999, the Union countries tried to get around the requirements introduced by the WTO Agreement on Agricultural signed at the end of the GATT Uruguay Round. The Union policy makers tried to place as much compensatory payments as possible into the “blue box” under the rubric of the new policy cover known as “multifunctionality”, defining non-production goals as well as production goals under direct payments. Direct payments were to be of three types: payments made explicitly to “agro-environmental issues”, payments made conditional upon the protection of the environment; and payments made according to specific

environmental conditions (Fouilleux, 2007, p347- 349; European Commission official website).

A policy of rural development, known as the second pillar of the CAP, in addition to first pillar of market measures, became an important part of the policy of multifunctionality with the Agenda 2000. However, “although rural development was newly presented as the ‘second pillar’ of the CAP intended to enhance the multifunctionality of European agriculture only 10.5 percent of total CAP expenditure was allocated to it, as against 89.5 per cent for the market measures as the first pillar” (Fouilleux, 2007, p.348).

However, with the 2001 WTO Doha Round, the blue box came under continuous criticism and began to be more unsustainable (Fouilleux, 2007). Continued international pressures triggered another reform move by the European Commission in 2003, known as the Mid-term Review. The 2003 reform reemphasized the crucial role of starting a policy of rural development as it was stipulated in the Agenda 2000. “Protection of environment”, “high quality and healthy food”, “animal welfare” and etc started to occupy the CAP agenda in addition to supporting the farmers (Fouilleux, 2007, p349-350). The policy of “cross compliance” necessitated that in order to benefit from direct payments farmers needed to observe these community priorities (European Commission official website).

What is new in the 2003 Mid-term Review was the introduction of a new form of direct payment known as the Single Farm Payment (SFP). The SFP is a support regime of complete decoupling between support and production. According to the SPF, direct payments are so regardless of the production that a farmer growing nothing can benefit from it under the condition that he follows environmental

protection, food and occupational safety and animal welfare regulations. The 2003 Mid-term Review also introduced a policy known as “modulation”. The policy of modulation required that 3 percent of the direct payments made under the CAP first pillar had to be transferred to the second pillar, i.e. to the rural development policies (Fouilleux, 2007, p.350- 351).

The Acquis Communautaire of the European Union Chapter 11: Agriculture and Rural Development

The European Council decided to open accession negotiations with Turkey on 3 October 2005. The screening on “Chapter 11: Agriculture and Rural Development” in Turkey was carried out between December 2005 and January 2006 and Turkey was informed in January 2007 that in order to conduct a more effective opening negotiations for Chapter 11 Turkey should meet the opening benchmarks as soon as possible. As of December 2006, however, opening negotiations for Chapter 11 were suspended with 7 other chapters. The opening of these chapters is upon the condition that Turkey follows the Additional Protocol completely (European Commission, 2006; ABGS, 2011).

The Chapter 11 on Agriculture and Rural Development of the EU acquis mainly deals with issues related to support measures towards producers in agriculture, export subsidies and import barriers, production quotas and other mechanisms that are believed to have a distorting effect on the functioning of world agricultural market (ABGS, 2011).

As was declared in the Copenhagen criteria “to have the ability to take on the obligations of political, economic and monetary union” is one of the basic

requirements in order to have full membership in the EU. In a similar line, the EU acquis Chapter 11 puts emphasis on the EU Rural Development Policy and makes it essential to undertake the requirement of a social, economic and monetary union and the agricultural and rural community. Therefore, Chapter 11 “introduces measures aiming at meeting the needs of the agricultural and rural community with less income levels and diversification of their incomes, and establishment of basis for implementation of this policy such as planning, programming, monitoring and evaluation, financial management and control, and systems and administrative structures.” (ABGS, 2011)

To achieve full membership Turkey is required not only to complete the setting up of the necessary administrative structures, legal mechanisms and policy tools crucial for the complete functioning of the European Common Agricultural Policy in the country but also to gain more experience in policy implementation and demonstrating genuine resolution and practicing before accession.

Accession Partnership Agreement

Turkey signed an Accession Partnership Agreement with the European Union on October 03, 2005 at the Luxemburg Intergovernmental Conference, following a European Council decision taken at the Summit on December 17, 2004. This date signified a turning point in Turkey- European Union relations with the opening of accession negotiations for Turkey on its way to possible full membership in the future. The Accession Partnership Agreement set out short-term and medium-term priorities that Turkey was to carry out before accession to the Union (Council of the EU, 2003).

The Accession Partnership Agreement was revised in 2007 and introduced benchmarks to lead future reforms and progress on the way to Turkey's integration into the European Union. In terms of agriculture and rural development, the revised Agreement deals with four main priorities for the short-term and medium-term. Regarding the short-term, it necessitates the establishment of an IPARD (Instrument for Pre-accession Assistance Rural Development) agency in accordance of the Union measures and removing the restrictions on trade of specific animal products namely, beef meat, live bovine animals and their by-products (Commission of the European Communities, 2007; Council of the EU, 2008). "The aim of IPARD is to prepare candidate countries for implementation of the EU's Common Agricultural Policy upon accession by assisting them to align their agricultural sectors to EU standards and to develop a policy for the agricultural sector and rural areas" (OECD, 2011, p.60).

For the medium-term, it stipulates to continue on National Farmer Registration System, which was started with the Agricultural Reform Implementation Project in 2001 as I will discuss later on this chapter, and on "the system of land identification". Moreover, the revised Agreement lays down the necessity of initiating the preparations for "the implementation of pilot actions relating to environment and the countryside, in view of future implementation of agri-environmental measures" (European Commission official website; Commission of the European Communities, 2007; Council of the EU, 2008).

The WTO Doha Round

In 1995, the GATT became the World Trade Organization while increasing the spectrum of the issues dealt with under the organization. The WTO Doha Round was

one of the intergovernmental meetings carried out by the WTO. After a failed negotiation attempts in Seattle, the USA in November 1999, the “Doha Development Round”, as it is also called by some, started in November 2001 to discuss the future of world economic relations (Zuming, 2007).

According to the initial program, the countries planned to finish negotiations before 1 January, 2005 (The WTO official website). However because of the failure to reach an agreement on key issues in trading in the agricultural sector, such as domestic subsidies and tariffs due to the fact that major exporters like Argentina, Australia and Brazil and major importers like China and India have diverging interests on the issues, the Doha Round negotiations came to a halt on 24 July, 2007. A failure to reach an agreement in negotiations on agriculture was the main cause of the collapse of the Doha Round (Srivastava, 2007, p.104).

The Doha Round agricultural negotiations focused on three main areas, namely “market access”, “export competition” and “domestic agricultural support measures” (The WTO official website). The market access component aimed at substantial reductions in tariff and non-tariff barriers causing artificial incentives/disincentives for the world agricultural producers. The export competition component intended to achieve reductions in export subsidies with a view of phasing out, all forms of these in order to allow fairer competition in world market. The domestic agricultural support concern focused on substantial reductions in domestic support and assistance measures that distort trade to achieve a less distorted sector (the WTO, 2001a).

The Doha Round was simply a follow-up of the issues negotiated at the GATT Uruguay Round of 1966-1994 and subsequent Agreement on Agriculture, which agreed on improving market access and reducing trade distorting domestic and

export subsidies in agriculture. The Doha Declaration signed on 10 November, 2001 reinforced the long-term economic objectives of establishing a fair and market-oriented world trade system already agreed in the 1995 WTO Agreement.

We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 members. We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm our commitment to this programme. (The WTO, 2001a)

After signing the WTO 1995 Agreement on Agriculture, the signatory countries committed to commence negotiations for continuing the agricultural trade reform process one year before the end of the six year implementation period (10 years for developing countries). In early 2000, the member countries started negotiations revolving around the original terms of Article 20 of the 1995 Agreement on Agriculture, these later being incorporated in the broader negotiation proposals of the 2001 Ministerial Conference in Doha, Qatar (the WTO official website).

The Doha Round is the most recent of comprehensive trade negotiations at a stalemate under the WTO rubric, “covering about 20 areas of trade”, and the agricultural sector being the one of them (The WTO official website). In the agricultural sector, the WTO aimed to remove restrictions and distortions in world agricultural markets with an extensive structural reform in the international agricultural trade through the introduction of lower trade barriers and lesser domestic support mechanisms.

The Round also formed a development plan for the “developing countries”, known as “the Doha Development Round”, focusing on addressing the possible political and technical problems they would face in implementing the latest WTO principles and helping them in capacity building and improving trading prospects (Zuming, 2007, p.157). Zuming points out that “According to the World Bank’s estimation if the Doha Round could meet its goals, developing countries would benefit from the global economic growth with a surplus increase of US\$ 300 billion” (2007, p.157).

The Reform: From the ARIP to the Beyond

Since the late 1990s, there was an increased pressure for a reform in the agricultural sector. The incumbent governments of the late 1990s set up a series of strategy papers to introduce grounds for structural reforms in the sector and repeated their intention and determination to reform Turkish agriculture in line with the stipulations of the 1995 Agreement on Agriculture signed under the WTO rubric in a number of letters of intent given to the IMF. All these efforts culminated in a major structural adjustment reform move concerning rural development and agricultural transformation, comprising budgetary obligations and addressing the pressures coming from international commitments, known as the 2001 Agricultural Reform Implementation Project (The WB, 2001b).

The major policy objective introduced by the Agricultural Reform Implementation Project was to achieve a more market-oriented agricultural sector by phasing out all government price, input and credit subsidies and replacing them with the Direct Income Support (DIS) regime, restructuring parastatal agricultural sales

cooperatives and state owned enterprises; hence restructuring the agricultural production (The WB, 2001b; Akder 2010).

The Agricultural Reform Implementation Project (2001-2006)

The Agricultural Reform Implementation Project started following the 2000-2001 deep economic crisis in Turkey. The Project was approved on 12 July, 2001 by the tripartite DSP-MHP-ANAP government with the suggestion coming from the Undersecretary of Treasury, following a loan agreement (Loan No. 4631-TU) with the World Bank for funding the project (The WB, 2001a; Akder, 2010, p.51). At the time of signing, the project was expected to be completed by 30 June, 2005; however, the program could not be finished until December 31, 2008 because of the delays and slow implementation of some components of the Reform.

The official objective of the ARIP was to implement policy tools to remove government subsidies which worked as artificial incentives on the “natural market order” and instead introduce market-oriented incentives to agricultural producers in order to enable them to be competitive in world market by letting them increase productivity and efficiency under a state-intervention free medium. According to a Ministry of Agriculture and Rural Affairs document, “The objective of the Project is to encourage agricultural producers and agricultural industry to produce products they have comparative advantage on under the competitive conditions and reduce financial aids or incentives to the minimum when the production is made under reverse conditions.” (2007). Other primary aims of the Project were to evade the efficiency costs and budgetary burden of the current agricultural regime.

The Reform Project included four main components. The basic and most essential component of the project was “the design and implementation of the Direct Income Support (DIS) system”, with the ultimate of phasing out of all government subsidies that had distorting effects on the working of a liberal agricultural market. The official document of the ARIP states that the design and implementation of the DIS is “at the heart of the whole program” (The World Bank, 2001b).

The second component was the “Farmer Transition” which aims to encourage farmers to produce alternative crops of high market value and to quit producing crops that are already excessively produced in areas not best-suited for production by promising to cover the cost of switching for the producers (The World Bank, 2001b).

The third core element of the Project was the “Agricultural Sales Cooperative Unions (ASCs/ ASCUs) Restructuring”, aiming to privatize quasi-governmental ASCUs, transform their functions and roles and minimize government involvement in to the agricultural sector.

The final element was the “Project Support Services”, aiming to provide support for the management and implementation of the program. The core subcomponent of this element is the “Public Information Campaign” which aimed to “provide accurate and timely information about the reforms and describe the support mechanisms available under the project to farming communities through television, radio and newspaper announcements” (The World Bank, 2001b).

The Design and implementation of the Direct Income Support System

As the core component of the project, the design and implementation of the Direct Income Support System included the phasing out of government subsidies and

credits to the farmers and providing payments to alleviate potential short-term adverse effects of subsidy removal on farmers and encourage them switch to economically more efficient production patterns (The WB, 2001b). Greater market deregulation was aimed to be achieved through phasing out agricultural input subsidization, removal of state-set support prices, and reduction in intervention purchases financed by the government budget. “The intention is not to fully compensate every farmer for income lost by removal of the old subsidy system, but rather to cushion the short-term losses and continue to provide adequate support to the agricultural sector, but in an incentive-neutral way.” (The World Bank, 2001b)

The Direct Income Support regime was a support regime along the WTO Agreement on Agriculture lines. The payments made per hectare of “registered” land, regardless of being owned, shared or rented, independent of the type and quantity of product produced. In other words, payments made to the producers are “decoupled” from the production process (Akder, 2010, p.53). “DIS payments (of approximately USD 90 per ha) were not related to crop type or quantity of agricultural production and were made to those farmers (individual persons or legal entities) dealing with land-based agricultural activity, regardless of the status of land tenure” (OECD, 2011, p.46). Per hectare payments were estimated according to support necessary for an average farmer. The Direct Income support regime represented an “approximately 50 % loss in agricultural income” (Akder, 2010, p.53) only covering “half of their short term income loss” (OECD, 2011, p.91). Indeed, “The aim of the DIS scheme was not to provide producers with full compensation for price cuts or to relieve rural poverty; it was intended rather as a transitional measure to cushion the immediate impact of reform on farm incomes” (OECD, 2011, p.91).

The implementation of a Direct Income Support system was not feasible without a nationwide registry system since a “decoupled” support regime requires the data of farmers and agricultural lands. At the beginning of the project the information to complete the registry was quite limited. Therefore, in order to determine farmers eligible for the DIS, it was decided to set up a nationwide farmer registration database (Akder, 2010, p.53). Until the end of the Program, it was aimed for 95 percent of the farmers to be registered and benefiting from the DIS. The necessary technical assistance, training and equipment to complete and computerize farmer and land records were to be financed by the World Bank under the rubric of the Project (The WB, 2001b). The total number of farmers received the Direct Income Support payments were approximately 89% of total farmers, amounting to 2.8 million, covering around 63% percent of total agricultural area equalling to more than 16.4 million ha (OECD, 2011, p.46).

The Bank promised to continue to finance the project under the condition that the government included the project components into current and future yearly budgets.

Disbursements under the first and second adjustment tranches also depend on the adoption of a revised 2001 budget that does not introduce new or increase existing direct or indirect agricultural subsidies and submission to Parliament of a 2002 budget that does not include credit or fertilizer subsidies and does not increase existing direct or indirect agricultural subsidies, respectively. (The World Bank, 2001b, p.3)

The Farmer Transition Program

The Farmer Transition component of the Project, or “the Alternative Crop Program” as unofficially called so (Akder, 2010, p.56), aimed to encourage farmers to switch

from producing some products that were over produced in not well-suited areas, such as hazelnuts, tobacco and sugar beet, to alternative products and activities of high quality, high market value, such as, such as feed crops, oilseeds and maize. The Projects planned to achieve this by cutting state purchases of these highly produced products and offering them one-time payments to cover the cost of transition.

According to the World Bank,

The current inconsistent and arbitrary pattern of state purchases commissioned to ASCUs or SEEs send very confusing messages to farmers and agricultural processors when they are deciding what to produce and how to produce it. It is leading them to overproduce crops which they can produce only at high cost relative to world markets, and underproduce crops which they can produce more efficiently. (The World Bank, 2001b)

The main anticipation of the reform program was that when the “artificially” high prices declined once the government stopped offering price supports, farmers would no longer have the incentive to focus on producing these products and would shift to alternative products which would offer better or same market prospects.

The program focused on two products, hazelnut and tobacco, which the ARIP considered as the most problematic. This was because hazelnut and tobacco had been the receiver of high support prices, giving way to large expansion of cropping area and heavily over-production and stock accumulation in these crops. The “one-time transition payments” were to cover the average cost of buying new inputs, preparing efficient conditions in agricultural lands for the alternative crops and uprooting the old crops (The WB, 2001b). Moreover, the Project aimed to establish farmers’ association helping the ease the process of transition.

The regions where the Farmer Transition Program was set up for hazelnut and tobacco were the Black Sea region for hazelnuts and eastern and southeastern

Anatolian regions for tobacco. “The production of hazelnuts was restricted in Artvin, Bartın, Giresun, Düzce, Kastamonu, Kocaeli, Ordu, Rize, Sakarya, Samsun, Sinop, Trabzon and Zonguldak and the production of tobacco was reduced in Adıyaman, Bitlis, Hakkari, Diyarbakır, Malatya, Muş, Şiirt, Bingöl, Mardin, and Van” (MARA, 2007).

Agricultural Sales Cooperative Unions (ASCs/ ASCUs) Restructuring

The restructuring of Agricultural Sales Cooperative Unions intended to transform ASCs/ASCUs from being parastatal organizations into private, “independent, financially autonomous and self-managed” bodies “serving their farmer members by selling and processing crops on their behalf” and by providing financial and technical support during the process of restructuring (The WB, 2001b). The scheme of a structural reform in Agricultural Sales Cooperatives and their Unions is based on the 2000 ASCU Law. ARIP was, in a sense, a buildup of this law enforcing the implementation of it (OECD, 2011, p.42).

At the beginning of the reform ASCs/ASCUs were under the supervision and direct control of the Ministry of Industry and Trade and financially supported by the Treasury and were used to intervene to support certain commodity prices on behalf of the government, sell and process crops on behalf of their farmer members (Akder, 2010, p.58; The WB 2001b). According to the World Bank, the main inefficiency of the cooperatives and state economic enterprises stemmed from their employing staff more than required and paying them far more than in the private sector, due to government pressure. As a result a structural reform of ASCs/ASCUs became imperative to undo state intervention and achieve productivity and fiscal

sustainability because “This intervention has left the ASCs and their unions alienated from their members, saddled with excessive wage costs, heavily indebted and without proper arrangements for corporate governance” (The World Bank, 2001b, p.5).

At the beginning of the Project, there were 330 ASCs and 16 ASCUs with around 750 thousand farmer members and around 16,500 employees. The Project intended to turn the ASCUs into “sales agencies” of crops and “providers of business services” for the member ASCs (The WB, 2001b, p.5). Because the ASCs/ASCUs would be transformed into private enterprises, they needed to downsize and reduce the wages in order to achieve compatibility with their private sector competitors. If the reform would be successful, a total of 12,155 workers were to be unemployed (The World Bank, 2001b).

Through a process of restructuring and privatization it was aimed to reduce government involvement and regulation in the marketing and producing of agricultural products. For this purpose, some of the enterprises under the unions would be shut down because of their continued inefficiency and financial unsustainability. Furthermore, the Project intended to increase the capacity of the ASCUs in providing marketing and management services to the ASCs under its rubric, decrease their expenses and help to achieve business development and capacity building (The WB, 2001b). The Project stated that the ultimate aim of the structural reform in ASCs/ASCUs is to achieve cooperatives and unions working independently and efficiently. The transformation of ACs/ASCUs would be successfully completed when they became:

- i) member-controlled and operate in accordance with needs and priorities identified by their members; ii) efficiently managed and able to provide effective services to their members; and iii) competitive and self-reliant and thereby able to operate in competition with other

private sector enterprises without having to depend on government subsidies and supervision. Achievement of this objective will enable farmers to take ownership of their cooperatives and get access to efficient services which improve farm productivity and income. (The World Bank, 2001b, p.6)

Project Support Services

The main purpose of this component was to initiate a “timely and effective” (Akder, 2010, p.59) “Public Information Campaign” to introduce reforms to the public, providing them clear and accurate information about new support mechanisms and describe changes that would come up with it, through mass media instruments. Moreover, it intended to provide training and technical assistance for the Ministry of Agriculture and Rural Affairs staff to create necessary expertise to enable them to answer farmer questions about the Project and reforms introduced by it, offer advisory and technical services related to management of the project, help them to be able to supervise and evaluate financial and social outcomes of the reform project as a whole (The WB, 2001b, p.6).

The Public Information Campaign part of the project was supposed to begin at the stage of the implementation of the pilot program, but failed to do so due to bureaucratic procedures and political negotiations of the Bank and the Treasury and assumingly to avoid any early opposition. However, this delay became one of the primary reasons why the program ended without fully achieving any of the initial goals. There was a serious lack of information and misinformation of the farmers. This was a result of inadequate, perfunctory and behind-the-schedule public information campaigns (Akder, 2010, p.53).

Moreover, in some cases certain points of the reforms were announced to the public with different wordings. For example, as noted by Halis Akder, during the

implementation of the Direct Income Support policy of ARIP in order to completely abolish government subsidies in the long run, the government officials declared to the public that the aim of DIS is to give incentive for farmer registration to complete the database. They did not mention the ultimate aim of phasing out of all the subsidies (Akder, 2007, p.527; Akder, 2010, p.53).

CHAPTER THREE:

THEORETICAL DEBATE ON POLITICAL ECONOMY OF AGRICULTURAL REFORM

It is evident that structural reform efforts in Turkish agriculture are a result of a process of the interweaving of international context putting pressure and providing incentives for reform with the national context acting as a constraint and drive to the later series of policy changes. To analyze the nature of this process, the reasons behind it and policy dynamics that brought the recent reform efforts and policy dialogue in Turkish agriculture, it is important to grasp the interactions between these interrelated factors. Here I suggest that “policy transfer” literature will provide important insights to better understand these recent developments in the agricultural sector in Turkey and in mapping the role of the AKP government in both the implementation of the reform policies and the subsequent policy subversion, as the main question of this thesis.

Dolowitz and Marsh define policy transfer as “a process by which knowledge of politics, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements, institutions and ideas in another policy setting” (2000, p.5). The Dolowitz and Marsh model of policy transfer argues that in order to analyze a process of policy transfer, one need to answer six questions:

Why do actors engage in policy transfer? Who are the key actors involved in the policy transfer process? What is transferred? From where are the lessons drawn? What are the different degrees of

transfer? What restricts or facilitates the policy transfer process? How is the process of policy transfer related to policy ‘success’ or ‘policy failure’? (Dolowitz and Marsh 2000, p.8)

In scrutinizing Turkey’s recent policy experiment in agriculture, I will address these questions.

Why Transfer? : Between Obligation and Espousal

The Dolowitz and Marsh model of policy transfer focuses on two core issues in analyzing a process of policy transfer: the distinction between voluntary and coercive transfer and the relationship between policy transfer and policy failure. Dolowitz and Marsh argue that a policy transfer becomes coercive when transnational organizations and international aid agencies leave limited window of opportunity from outside the policy agenda designed by the agencies for the governments, thus making them obligated to adopt these programs and policies through putting pressure and imposing sanctions (Dolowitz& Marsh, 2000, p11).

Dolowitz and Marsh claim that a policy transfer becomes voluntary when political actors choose the policies they think best suited to their economic and political situations. However, in “real” situations the distinction between voluntary and “coercive transfer” is quite blurred. Therefore, Dolowitz and Marsh come up with the concept of “obligated transfer” to explain policy choices in between two extreme ends of voluntary (or “lesson-drawing”) and coercive policy transfer continuum they invented (2000, p.15). In terms of the Turkish agricultural sector, the recent reform efforts can be regarded as a good example of the “obligated transfer” of policies. To answer the question of why to introduce reform in the agricultural

sector in Turkey we can categorize reasons for change into two main categories as international challenges and domestic challenges.

International challenges mainly consist of pressures posed by the WTO Agreement on Agriculture, the WB, IMF and TNCs; and the efforts to satisfy the economic and political criteria for the EU membership. In terms of reform in the agricultural sector, as discussed in the previous chapter, the WTO Agreement on Agriculture provides a basis of current waves of policy changes not only in Turkey but also in many parts of the world, including the EU. Policy liberalization in Turkish agriculture can be evaluated to be a result of exogenous pressures coming from the organizations dating back to the Washington Consensus, which preached all around the world the merits of a functioning neoliberal market economy. Turkey's commitments to international agencies, like the IMF, WB and the WTO, requires Turkey to follow in the footsteps of these agencies in the agricultural sector too, the immediate to-do-list being replacing price supports with non-distortionary policy tools, and limiting state involvement in the sector to the minimum.

Moreover, Turkey's determination to join the European Union and future prospects of membership makes it imperative to set up agricultural policies with the long-term aim of integrating into the European Common Agricultural Policy (CAP). In addition, the EU stipulates that countries aspiring to be a member need to meet certain requirements known as "conditionality" (Patton, 2006, p.527). In terms of economics, conditionality necessitates having a viable and functioning market economy with competitive actors in it within every sectors of economic life, including agricultural production.

Dolowitz and Marsh identify nine main categories of political actors engaged in the policy transfer process, namely, "elected officials, political parties,

bureaucrats/civil servants, pressure groups, policy entrepreneurs and experts, transnational corporations, think tanks, supra-national governmental and nongovernmental institutions and consultants” (2000, p.10). They argue that the last two categories of political actors, i.e. supra-national governmental and nongovernmental institutions and consultants, have become increasingly important players in the process of a policy transfer. Dolowitz and Marsh point out that “Their role is particularly important because they tend to offer advice based upon what they regard as the ‘best practice’ elsewhere often paying little attention to the particular context in the borrowing political system” (2000, p.10). David Benson and Andrew Jordan, on the other hand, argue that the concept of policy transfer now extended to the wider debates on issues like “globalisation, Europeanisation and policy innovation” (2011, p.366). They point out that the influence of global finance institutions, TNCs and “intergovernmental norm diffusers such as the Organisation for Economic Cooperation and Development (OECD)” became big players in the field of policy transfer in the era of greater globalisation (2011, p.369).

Domestic challenges for a reform in agriculture consist of the 2001 economic crisis and austerity measures that followed and the IMF obligations, pressures for reform coming from the Treasury to balance the budget, and lack of an innovative and comprehensive policy alternative rivalling the reform designs of the WB and IMF.

The 2001 Economic Crisis and Beyond

In 2000-2001, the Turkish economy experienced the biggest financial crisis in its history. This was a direct continuation of the developments taking place in the

second half of the 1990s when the situation in country was deteriorating in terms budget deficits and debt levels that resulted in the undermining of macroeconomic stability in the country coupling with high inflation and volatility of the real exchange rate.

After a set of fruitless attempts throughout the decade, the Turkish government of the time broached a comprehensive policy of disinflation and fiscal stabilization known as the 2000 Disinflation Program with the December 1999 Letter of Intent given to the IMF. With the aim of overcoming the issue of financial instability by the end of 2002, a series of austerity measures were introduced under the guidance and technical support of the International Monetary Fund (IMF) (Yeldan, 2001, p.3). Newly introduced austerity measures required a reduction in government expenditures in all sectors. Nevertheless, in 2001 only months after the implementation of the program, a severe financial crisis in Turkey reared its ugly head.

With the failure of the IMF backed up disinflation program, the new minister of economy appointed from outside the elected cabinet and a former World Bank vice-president, Kemal Dervis prepared a new letter of intent to the IMF (Yeldan, 2001, p.3) addressing the current economic situation and suggesting a plan of bail-out financed by the IMF. The new stabilization effort under the guidance of the IMF would be the continuation of the previous disinflation program being backed up by a three-pillar approach. These included introducing a series of structural adjustment policies in order to correct distortions that gave way to the latest financial crisis; achieving fiscal stability and disinflation with new policies; and “an enhanced social dialogue aimed at price and wage policies consistent with macroeconomic stability,

growth, and the protection of the most vulnerable parts of the society”. (IMF, May 2001)

These structural adjustment reforms and stabilization policies introduced in conjunction with the IMF following the financial crisis were follow-ups of the principles introduced by the Washington Consensus and acted as catalysts to the introduction of further neoliberal reforms in Turkey. The privatization of state-owned enterprises speeded up, while policies favouring international capital were being introduced (Dufour& Orhangazi, 2009, p. 102). Government borrowing reached to unprecedented levels from the pre-crisis era to the end of the immediate crisis. “Between December 2000 and the end of 2002, the total debt owed to multilateral institutions rose from about \$8 billion to \$31 billion” (Dufour& Orhangazi, 2009, p.117).

The internationalization and neoliberalisation of Turkish agriculture were not left outside the pre and post-crisis IMF agenda. Zulkuf Aydin defines the internationalization of agriculture as “the process of how international agribusiness companies increase their global reach by determining the conditions and nature of agricultural production” (2009, p.223). The deregulation and liberalization policies in agriculture with privatization of state-led ASCUs and reform in agricultural subsidization played leading roles in the post-crisis monetary and fiscal stabilization programs.

International actors like the IMF and WB and some domestic actors like the Treasury blamed large governmental budget deficits for the chronic inflation of the decade and the following demise with the 2001 financial crisis. To deal with the issue of deficit spending, the easy-found solutions were the privatization and the introduction of a series of austerity measures mainly cutting welfare expenses in the

budget. This policy outlook increased the momentum of pressures for a structural reform in agriculture determined to minimize government social spending on the agricultural sector.

The economic downturns and crises of the last decade assumed a role as “the lender of the last resort” for the IMF in terms of Turkish economy (Dufour& Orhangazi, 2009, p.117), making it an indispensable player in determining the post-crisis fate of the country. In order to have the money to bail the economy out of the financial nadir, Turkey had to play by the rules of the international lenders. The cooperation with the IMF meant that Turkish governments had no more room to eschew a set of policy moves for further deregulation and privatization in agriculture that long had been upheld by all post-Washington Consensus bodies.

Turkey signed the GATT Uruguay Round Agreement on Agriculture in 1995. However, up until to the 2001 economic crisis none of the ruling governments attempted fully to put into practice the agricultural policies preached by the treaty.

The political composition of successive short-term coalition governments throughout the 1990s did not prove conducive to following a well-determined and consistent policy of agricultural liberalization... None of the political parties, either from the left or from the right, was prepared to lose the votes of the farming population by appearing to be responsible for comprehensive reforms (Aydin, 2009, p.224).

The recent financial downturn, however, provided an opportune moment for international financial institutions to make these policies be implemented in Turkey. It can be claimed that the Turkish governments of the era became the executives of an “obligated” policy transfer experience in the Dolowitz& Marshian sense or a receiving end of a “shock doctrine” as Naomi Klein theorizes (2007).

It was immediate following of the 2001 economic crisis that the Turkish government finally gave in to introduce radical reforms in agriculture in line with the WTO Agreement on Agriculture spirit. In a narrow sense, these dynamics were as brief as a simple mathematical equation. On the one hand, to be able to bail out from the financial crisis, Turkey needed to borrow money from international financial institutions. To lend the money, on the other hand, these international bodies made it obligatory to set up reforms to achieve the ideas that they exalt (Akder, 2003, p.49). “The project underpinned by the World Bank, and was a pre-condition for obtaining support from the International Monetary Fund (IMF) for the macro-economic stabilisation programme, which aimed to reduce the high inflation rate and stabilise the general price level” (OECD, 2011, p.46).

This cursory perspective was complemented with the principles of the neoliberal doxa which idealizes a world of mathematical equations disregarding social consequences with the discourse of rationality. As Pierre Bourdieu argues, neoliberalism is the “implementation of a utopia” which is “converted into a political problem” with the backing of an “economic theory” under the scientific guise and identified with individual rationality. It is in essence both a “pure mathematical fiction” and a “political project” which makes the theory conceived as reality and enables it to function smoothly (Bourdieu, 1998a, 1998b, 2003; Bourdieu & Wacquant, 2001).

It is by arming itself with mathematics (and power over media) that neoliberalism has become the supreme form of the conservative sociodicy which started to appear some thirty years ago as ‘the end of ideology’, or more recently, as ‘the end of history’ (Bourdieu, 1998b, p.35).

For Bourdieu, despite its scientific and developmentalist discourse neoliberalism is a conservative revolution which aims to restore historical means of domination and exploitation.

The present conservative revolution takes an unprecedented form: in contrast to earlier ones, it does not invoke an idealized past, through exaltation of soil and blood, the archaic themes of the old agrarian mythologies. This new kind of conservative revolution appeals to progress, reason and science (economics in this case) to justify the restoration and so tries to write off progressive thought and action as archaic.” (1998b, p.35)

Following the commitments made to the IMF, the Turkish government of the time embarked on a big agricultural reform move in 2001. Funding for this project, this time came from another big financial player in the international arena, the World Bank. Indeed, “The project was underpinned by the World Bank, and was a precondition for obtaining support from the International Monetary Fund (IMF) for the macro-economic stabilisation programme, which aimed to reduce the high inflation rate and stabilise the general price level” (OECD, 2011, p.46). As discussed in detail the components of the reform in the previous chapter, the ARIP was a significant turn in terms of populist support regime and redistribution trends in Turkish agriculture. The issue of populism in agriculture will be discussed more in the following sections of this chapter.

Domestic Dynamics: Eager Treasury, Reluctant Ministry of Agriculture, and Hesitant Government

The reform calls in agriculture by the Undersecretary of Treasury dates back to the late 1990s. The Treasury’s call for reform was of pure economic motivations aiming

to balance the government budget regardless of any possible social or political consequences. For the Treasury, the current regime of agricultural subsidies was putting a heavy burden on the government budget, and therefore inefficient and unsustainable in the long term (Akder, 2010, p. 48).

However, the budgetary concerns of the Treasury were not enough for the incumbent elected government to take up on a series of structural changes that will be unfavourable in terms of electoral prospects. Agricultural subsidies had always been a major policy tool for governments or other political parties, be it from the left or the right, used in order to harvest the votes of agricultural producers in the upcoming elections (Akder, 2007, p.522). “According to the OECD’s 2006 economic survey on Turkey, budgetary transfers to farmers increase above trend in election years and decline in others” (OECD, 2006 in OECD, 2011, p.89). This populist regime played a vital role in slowing down the process of neoliberalisation of agricultural sector and postponing policy changes arising from international commitments up until the 2001 economic crisis.

Apart from the electoral concerns, there was also an issue of division of power within the government. In the face of pressures coming from the Treasury for a reform in agricultural subsidization, the Ministry of Agricultural and Rural Affairs were reluctant for such a policy action. A decrease in support measures meant a decrease in the power of the Ministry of Rural Affairs, both within the government and in terms of maintaining political support of farmers (Akder, 2007, p.527; Akder, 2010, p.59).

To be able make the government yield to the introduction of an agricultural reform that would phase out agricultural subsidies and control the power of the state within the sector through limiting its intervention capacity; and make the MARA

submit to this sweeping changes, the Treasury needed the backing of an independent international actor (Akder, 2010, p.47). Therefore, the involvement of the World Bank not only provided funding for the reform, but also gave credibility and technicality to the reform move as well as providing a division of responsibility.

This gave an opportunity to the implementing governments to move away from taking up the sole political responsibility of the reform by shifting the issue from a political to a technical problem. Now that the World Bank was one of the players and the main designer of the reform, they would always have a scapegoat to put the blame on in case of failure and in the face of popular resentment might be induced by adverse socio-economic consequences. When things went wrong, the government would be able to move away from the discourse describing the WB as a benevolent fundraiser to the discourse denoting it as a foreign power forcing the government to implement certain policies against its will.

However, it is important to note that describing the World Bank as the sole designer of the ARIP is a quite tricky argument. Unlike the common belief, the World Bank did not come with a reform outline and suggested the Turkish government to implement it with the promise of funding it. On the quite contrary, it was the Turkish government that sketched out the project and asked for the financial backing of the Bank (Akder, 2003, p.52); though the items on the list would always be open to negotiations on part of the Bank. However, it is most probable to expect that so as to attain the funding and backing of the Bank, the government had to appeal to the principles that the WB exalted as a vigorous advocate of the dominant neoliberal economic principles and the related international agreements, in addition to sticking to its earlier commitments to the IMF.

This is also quite obvious in the original documents of the project.

Throughout the documents, the Turkish government is described as the active agent in the process rather than the passive recipient of the reforms. While describing reform components, the document tends to use sentences referring to the Turkish government's intention and willingness for the changes, such as "the Government intends to...", "the Governments' strategic objectives to be supported by this project..." and etc. (The World Bank, 2001b, p.2):

...the Bank has received a letter dated June 6, 2001, describing a program of strategies, policies and actions designed to strengthen and reform the Borrower's agricultural sector (the Program), declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during the execution thereof; and the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), which forms a part of the Program, has requested the Bank to assist in the financing of the Project..." (The World Bank, 2001a)

Moreover, in this agreement, the authorized representative of borrower country was stated as the Undersecretary of Treasury, emphasizing that "Aside from promoting allocative efficiency, the reforms to be implemented are necessary for fiscal stabilization" (The World Bank, 2001b, p.2).

Nevertheless, the 2001 economic crisis gave the international financial institution an important control over the policy agenda of the incumbent and successive Turkish governments. The 600 million US dollars allocated by the WB to fund the ARIP (The World Bank, 2001b) legitimized the Bank's direct involvement in the country's policy agenda and eased the path for the governments to initiate a policy experience that they would not easily dare to before, by providing a scapegoat to put the blame on in case of a socio-economic failure.

This uneasy alliance between the Turkish government and international financial bodies and binding agreements gave rise to the establishment of policies that were mainly neoliberal and the structural changes imposed on the agricultural sector, among many others, through privatization of state-led enterprises and limiting farmer support mechanisms favouring the big capital in the sector.

AKP and Agricultural Populism Paradigm

When the newly founded AKP took office, having won a surprising majority of votes in the November 2002 elections after a decade of coalition government rule in the country, Turkey was in the aftermath of bleak days of an economic crisis. The country's economy was convulsing in a barely sustainable debt level and structural policy reforms were being introduced to many sectors of the social and economic life as a series of shock doctrines aimed at revitalizing the economy from its deathbed. This meant that new-at-the-office AKP had to play very carefully in the dilapidated policy arena, just like an acrobat trying to walk on a rope stretched between two unstable columns.

...One of the keys to debt management was for the government to take steps to reassure markets that the IMF economic program was on course because any crisis of confidence could jeopardize debt rollover by pushing up interest rates, thereby driving down the Turkish lira and plunging the country into another economic crisis (Patton, 2006, p.517).

A serious default risk following an IMF-led bailout from the financial demise of early 2000s left little room for political manoeuvring for the young AKP government. "At the end of 2002, Turkey was saddled with an external debt of

\$131.6 billion, an increase of 15.5% over 2001, and domestic debt had expanded by 86%. Domestic and foreign debts totalled \$206 billion with debt servicing payments equalling nearly half of GNP” (Patton, 2006, p.516). Since huge external borrowing was crucial for the short term while the domestic borrowing was already on load, the AKP government had little option but to stick to the IMF prescriptions and endure tight budgetary restrictions so as to avoid total bankruptcy, as it had happened to Argentina, which had shared the same doom with Turkey in the early 2000s (Patton, 2006, p.517).

It is also important to note that the Fund kept back the payment of a \$1.6 billion loan in the face of the inability of the DSP-MHP-ANAP tripartite government to swiftly introduce a package of promised structural reforms, like downsizing and privatization in public offices. According to Marcie Patton, with this the IMF aimed to secure its leverage and intervention capacity over the succeeding government, too (2006, p.517).

Under these circumstances, the AKP invented a policy outlook during the 2002 election campaigns that they believed to accommodate IMF pressures while balancing popular resent against the austerity measures, economic distress and bleak socio-economic conditions. This is when Erdoğan-led AKP came up with a “double-sided discourse” (Patton, 2006, p.516). While assuring the international pressure groups that he would strictly follow neoliberal remedy introduced by the IMF as had been agreed to by the preceding Ecevit government, Erdoğan promised the electorate that he would renegotiate the IMF terms once he won the office. However, the party agenda was never clear about how to handle addressing both international financial pressures and domestic social concerns (Patton, 2006).

By the time AKP won the elections, the ARIP reform process was already on the move. Direct Income Support payments started in early 2002, though announced in 2001, while some components of the reform were still waiting to be implemented. One of the main promises made during the 2002 election campaigns by the AKP was to renegotiate with the IMF the issue of agricultural support. A total of \$600 million disbursement promises made by the WB to fund the ARIP has already dragged the issue of reform in assistance to farmers to new twists and turns, harming the prospects of applying to traditional populist spending practices for the AKP, like its successors governments. I argue that all these socio-political and economic conditions combined created the circumstances that made the ruling the AKP government conform to the IMF and WTO reform prescriptions in the first place, seemingly choosing to diverge from the traditional populist electoral path.

Pressures to adhere to the IMF prescribed reforms doomed the AKP's social promises to an immediate failure. Therefore, once in the office, the AKP government modified its policy discourse aiming to make the Turkish public think that what they were doing is temporary and because of "foreign pressure". They kept emphasizing that their high priority was the welfare of the farmers and producers and they had been trying hard to renegotiate the IMF principles.

Policy Failure and Emergence of a Hybrid Regime

Given Turkey's political and electoral dynamics, the AKP government was not able to pursue a fully devoted neoliberal outlook, like the preceding and rivalling political parties.

While the state's commitment to neoliberalism necessitates fundamental institutional changes which do not pay attention to food security and the welfare of farmers, its legitimacy concerns make it obligatory to pay attention to the needs of the great majority of farmers (Aydin, 2009, p223-224).

The political stance of the AKP government was torn between eagerness to join the EU by following international financial prescriptions and achieving compatibility with the Union agricultural policies; and practical vote-hunting promises.

Dolowitz and Marsh argue that “policy transfer can, and often does, lead to policy failure” (2000, p.6). They point out that there are three factors that lead to a policy “failure” rather than a policy “success”. These are “uninformed transfer”, “incomplete transfer” and “inappropriate transfer” (2000, p.17). Dolowitz and Marsh claim that when the borrowing country has insufficient information about a policy/institution transferred and how it operates (uninformed transfer), or when crucial constituents and conditions of a policy/institution are left untransferred (incomplete transfer) or when economic, social, political differences and ideological contexts are overlooked (inappropriate transfer), a policy transfer is doomed to fail.

When is assessed the Turkish experience of post-crisis agricultural reform, all these three factors were indeed applicable while scrutinizing policy transfer experience and subsequent policy failure. Given the inability to fully implement the four main components of the ARIP- namely, the implementation of a DIS payment through phasing out of price and product subsidies, privatization of parastatal ASCUs and state-owned agricultural enterprises, alternative crop program, and project support services and public information campaign, it can be argued that the WB and IMF induced agricultural “policy transfer” led to a “policy failure” in the Dolowitz and Marshian sense.

First of all, the Turkish experience of agricultural policy transfer in the ARIP package was an “uninformed transfer” failing to address all political actors in the agricultural sector about the full components and prospects of the reform. The Public Information Campaign component of the reform initially designed to be implemented at the start of the program simultaneous with the other components in 2001 (Akder, 2010, p.50). However, because of technical delays and unwillingness on part of the government in order to eschew an early popular resentment this reform was put into effect almost at the beginning of 2005. Although the original deadline of the Project extended from 2006 to a couple of more years, until the informing the agricultural producers about the reform and familiarizing them with new support regime and production patterns, newly the Direct Income Support regime, as the core component of the reform, was already being “diluted” (Akder, 2010, p.47). Moreover, as mentioned before, the publicly available information was mostly imprecise, incomplete and misleading presented by different wordings and definitions. According to the OECD report, “In order to increase the stakeholders’ acceptance of the DIS, new labels were given to direct payments, such as the ‘diesel payment’ in 2003, which was also independent of crop choice, and the area-based ‘fertiliser payment’ - based on land area, with rates varying by crop groups- in 2005” (OECD, 2011, p.93).

Second, the ARIP failed to achieve its initial goals because it was a process of an “incomplete transfer”. In addition to a considerable delay in initiating the public information campaign, the other two main components of the reform were not properly set out. The unwillingness on part of the Ministry of Industry and Trade, which was responsible for ASCs/ ASCUs, put off the early application of a reform in parastatal ASCs/ ASCUs (Akder, 2010, p.58) which aimed to privatize them so as to

minimize direct or indirect- in this case through giving money to the ASCs/ ASCUs in regulating prices, supplying credits to the farmers and etc.-government intervention in the agricultural sector and make their functioning “more efficient” (The World Bank, 2001b) with the policy of retrenchment and making them independent from the state regulation.

Restructuring the ASCs/ASCUs along the ARIP lines meant that the power and control of the Ministry of Industry and Trade over the ASCs/ASCUs would decrease, if not be lost completely. The resistance by the Ministry resulted in modifying the terms of this component, moving away from the original form by omitting some parts and adjusting some others. “This is of course not what ARIP had foreseen, but it is some kind of evidence that the AKP government was not serious about withdrawing from ASCs/ASCUs and giving them independence and autonomy” (Akder, 2010, p.57). The delays in this component also contributed extending the original deadline of the Project. At the end of the Project, none of the ASCUs reached to the level of the original aims of this component, in terms of achieving full independence and becoming a commercial enterprise (OECD, 2011, p.94, the World Bank, 2009).

Moreover, the “farmer transition” component of the reform was also incomplete. The project aimed to shift production from over produced products to alternative crops of high market value. The reform was limited to hazelnuts and tobacco and was planned to be implemented only in certain regions. However, at the end of the project there were quite a few implementation of the reform, resulting in the complete failure of the component. According to the OECD report based on the 2004 World Bank data “...Only 0.05% of the targeted area (i.e. 500 ha of the

hazelnut-growing area) was actually reduced” while reduction in tobacco-growing area was approximately half of the original aim (2011, p.93).

The success of the farmer transition program was somewhat connected to the full implementation of the Direct Income Support Regime. According to the rationale of the project, this was imperative in giving farmers the necessary incentives and/or disincentives to switch to an alternative crop. A price support regime would nullify what this reform aimed to bring about (Akder, 2010, p.57). However, “the freshly minted AKP government” (Patton, 2006, p.517) was already adding new subsidies before completing the farmer transition, “diluting” the original implementation of the DIS (Akder, 2010, p.47& 57).

Finally, the policies meant to be transferred by the Agricultural Reform Implementation Project were “inappropriate” given the socio-economical and political context of Turkey. Firstly, the project was designed as a follow up of the IMF-led austerity measures and based on the WTO 1995 Agreement on Agriculture. Both of these external impetuses were international projects blind to local socio-economic dynamics. For the Turkish case, agriculture was still a very important sector of the economy. Today it still represents the 10.1% of GDP and the 25.5% of employment (TurkStat, 2012b). Therefore, a radical subsidy reform insensitive to local sectoral dynamics had inevitable socio-economic side-effects. In addition, the political tradition of using agricultural subsidization as a populist measure to harvest electoral support has always been an important dynamics in Turkish politics. This has also led to an ultimate failure to fully implement the project, diluting the components of the reform one by one.

Furthermore, Ali Burak Guven suggests that a structural change and a transformation in support mechanism in Turkish agriculture can only be achieved

gradually with introducing transitional arrangements and that “shock-therapy-type overnight reforms” would only result in “a strategic compromise between the old and a new”, what he calls a “hybrid regime” (Guven, 2009, p.164). For Guven, this policy outcome is the result of two important dynamics in Turkish policy structure, namely “resilience” and “persistence” (2009, p.164). He claims that the stickiness of institutional structures in Turkish agriculture, like rural populism and corporatist interventionism, creates “structural disincentives” against the emergence of an institutional change. Those institutions having enough resilience will show persistence to swift change attempts, and thus in the long run what we at most get would be a “strategic compromise” with the pressures for change, creating an institutional mixture rather than bringing a freshly new change (2009, p.167). For Guven it is this interaction between resilience and change that underlies the “dynamic continuity of populist-corporatist form of market governance in Turkish agriculture” in the face of decades of neoliberalisation attempts at changing degrees (2009, p.162).

Given the results, it can be argued that the latest reform initiatives in agriculture were more efforts to save the day rather than achieving significant structural changes in the sector. For this reason, Halis Akder claims that it is more appropriate to call the post-crisis reform efforts the “Agricultural Subsidy Reform”, rather than “the Agricultural Reform” (2003, p.46). However, as Zulkuf Aydin points out “the long term tendency has been to favour neoliberalism” (2009, p.224).

I argue that the tripartite crisis era government led by Bulent Ecevit and the early years of the AKP rule do not exemplify a deviation from populist policy tradition in Turkish agriculture but was more of an “obligated” policy change to save the day. Commenting on Stone (1999), Benson and Jordan suggest that “....Policy

makers are often unwilling to move beyond the status quo unless forced to by unexpected shocks such as a huge failure in an existing policy or a global economic crisis” (Benson& Jordan, 2011). The 2001 crisis created specific conditions that cornered the governments of the time, leaving them a very little room for manoeuvre in the face of international and domestic pressures for reform.

The initial reason for AKP’s seemingly leading away from populist-corporatist tradition in agriculture was mainly because of the AKP’s weak capacity in handling electoral promises and populist legacy while trying to adhere to its promises to international pressure groups and lacking of an innovative and comprehensive policy alternative rivalling the reform designs of the World Bank and IMF.

However, once it gained more political power with the help of a more stable economic and political environment and ensured some space to get rid of IMF constraints, the Erdoğan government started to introduce policies diluting the initial program by moving away from the IMF and the WTO prescriptions. It is because “One obvious benefit of the agricultural subsidy reform program has been its significant contribution to fiscal stabilization by making the support budget transparent and establishing accountability” (Cakmak& Dudu, 2010, p.63). Therefore, the overall outcome of reform moved into a “hybrid” (Güven, 2009, p.163) agricultural regime, as a mixture of old and new policies. It can be argued that this erratic policy scheme proves that the populist tradition in agriculture survived a new wave of reform pressure though with some compromises and at a significant social cost. Moreover, I claim that this was a strategic compromise of the old and new for the sake of the new. In other words, ad hoc policy changes introduced served the purpose of easing the path of the new with each policy experience creating a new

policy tradition with the future prospects of continuing and enhancing the reforms.

Therefore, it would be perfunctory to describe recent policy scheme solely as a policy arena of arbitrary tide and turns. It is equally important to take notice of the paradigmatic policy accumulation incubating to hatch into new and more substantial policy changes and more radical reforms.

CHAPTER FOUR:

HOW TO FANTASIZE AN AGRICULTURAL REFORM: GOVERNMENTAL DEBATES IN NEWSPAPER COVERAGES AND PERSONAL INTERVIEWS

This chapter will analyze the recent neoliberal agricultural reform process and the discourse changes on part of the government in line with the socio-economic conditions and populist electoral tradition from three different sources. First of all, I will present statistical data in line with the changes in law and agricultural policy outlook. Secondly, I will look into national newspapers covering the current governmental debates before, during and immediate afterwards of the implementation process of the reforms. I believe that because the media outlets are powerful tools to reach rural-agrarian population of the country and can be used as a means to spread state-led discourses, analyzing governmental debates through them would be crucial for this study. However, I do believe that making only textual analyses would not be enough. Moreover, these reforms and policies have developed without having been widely discussed in public. For this reason, I will introduce an analysis of the interviews that I conducted with representatives from the Ministry of Food, Agriculture and Livestock (before Ministry of Agriculture and Rural Affairs), an expert from the Agricultural Economics and Policy Development Institute functioning under the rubric of this Ministry, and Turhan Tuncer the president of the Chamber of Agricultural Engineers as of some of the main political actors involved in the process of agricultural policy making in Turkey. In the Ministry of Food,

Agriculture and Livestock, I made an interview with four officers, namely a high officer from Directorate General of the Agricultural Reform, a high officer from the Directorate General of Agricultural Subsidization, a high officer from the Directorate General of Projects and Credits, and a middle officer from the Directorate General of Rural Development.

Moreover, the public speeches made by the respective Ecevit-led tripartite governments and AKP authorities will be closely analyzed. In order to sketch out the policy debate on the recent changes experienced in line with the WTO 1995 Agreement on Agriculture and European Union Common Agricultural Policy as a part of big process of neoliberalization and globalization, projecting different views on the issue will be important in better understanding the whole framework and trace the changing attitude and discourse on the agricultural sector reform governance in Turkey.

While Implementing the ARIP

From the 1980s to early 2000s, the dominant track the populist tradition in agriculture took was a policy of accommodating neoliberal policies with political and economic populism. However, in the long run, this potion comprising the two proved unviable, generous electoral spending and macroeconomic instability leading way to a deep economic crisis. The 2001 financial crisis became a turning point in witnessing the rule of parties daring to sideline populism, though temporarily, outside the policy making arena. “Progress in improving market orientation has been variable with frequent ad hoc changes being made to policy setting during periods of economic crisis and political instability” (OECD, 2011, p.88).

Before 2003, the early reaction on part of the ruling governments was firm determination to accomplish full implementation of every component of ARIP and continuously putting an emphasis on the need to achieve efficiency, productivity and competitiveness of Turkish farmers and urgent need for a reform in the agricultural sector:

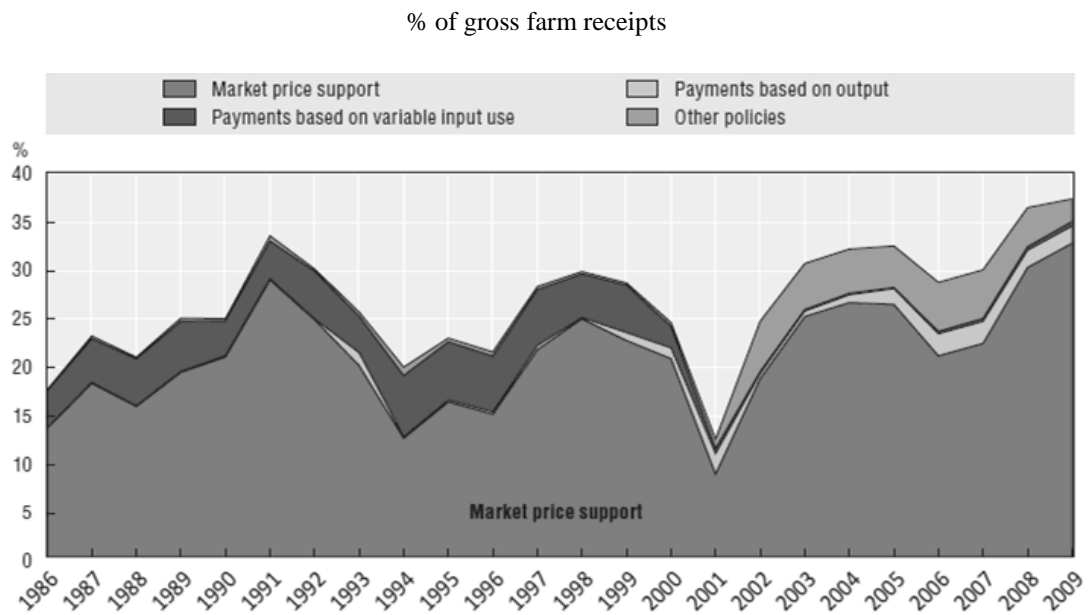
“At this point the most important thing is the implementation and continuity of the process of implementation. Any possible delay will be costly for Turkey” said the World Bank Turkey Representative Ajay Chhibber (Chhibber: En önemli şey uygulamadır, 2001).

Hence, fertilizer support was cut back in 2001, subsidies for pesticides were removed in 2002 and credit subsidization was abolished by 2002. Therefore, “Within the reform framework, indirect support policies (price and input subsidies) were phased-out at the end of 2002 and replaced with the DIS programme” (OECD, 2011, p.46). Being accompanied by some fiscal discipline on state-led enterprises and Agricultural Sales Cooperative Unions, significant fiscal saving was achieved throughout the early years of the reform. According to the World Bank estimates, “fiscal savings over the years 2002, 2003 and 2004 exceeded USD 10 billion” (OECD, 2011, p.90).

While the share of total agricultural support was the 5% of the GDP in the late 1990s, following the 2001 economic crisis and the implementation of the Agricultural Implementation Project, the total share of support in GDP declined to 2.4% in 2006 (Cakmak& Dudu, 2010, p. 69).

Indeed, under the reform programme, agricultural income fell sharply in the aftermath of the removal of the very high levels of distorting support. It is estimated that agricultural income fell by 16% between 1999 and 2002 (four-fifths of which due to the removal of support), although it subsequently began to recover, as from 2003 (World Bank, 2009) (OECD, 2011, p.91).

Figure 1: Evolution of producer support: Most-distorting and other policies



Source: OECD, 2011, p.88

As mentioned in the previous chapter, before the AKP won the 2002 general elections, the IMF decided to keep back \$1.6 billion of loan payments with the claim that the Ecevit-led coalition government was unable to efficiently implement the IMF reform principles. This development had a broad repercussion in press, while the Prime Minister Bulent Ecevit giving public speeches one after another to assure the public and the IMF that the government has firm determination to continue on the IMF reforms that would achieve a bailout of the economy from the financial breakdown. Ecevit claimed that this IMF move was “unfair” to the Turkish government:

Turkey has always followed a policy of paying great attention to details in its relations with the IMF and World Bank. For this reason, I believe that, withholding the aid payments to the Turkey is very unfair. I hope that Mr.Dervis [the Finance Minister] will fix this mistake (Ecevit: IMF haksızlık yapıyor [Ecevit: IMF is unfair to Turkey], 2001).

While Diluting the ARIP

By the time AKP won the elections the Agricultural Reform Implementation Project was already approved by the tripartite Ecevit-led coalition government and started to being implemented. As explained in the previous chapter, the 2002 general elections followed the financial demise brought about by the 2001 economic crisis. Therefore, as one could expect, the election promises revolved around the issues of a more stable economy, more equal distribution of income, and a more firm government in the face of international financial intervention groups. Nevertheless, in the immediate afterwards of its electoral victory, the AKP was no different from the previous government in following in the footsteps of the IMF, WB and the WTO principles.

However, soon enough the challenging voices from within the government against the international pressures began to be heard more loudly. Additions to the initial Direct Income Support Regime took a slow but a determined pace coupling itself with a return to additional subsidies, like the fertilizer and gas supports.

...The original plan was not adhered to for very long, and generous flexibilities were introduced in order to complete ARIP. New items were added during the amendment and extension of the loan agreement in 2005, and the allocation of the budgetary transfers was also altered (OECD, 2011, p.96).

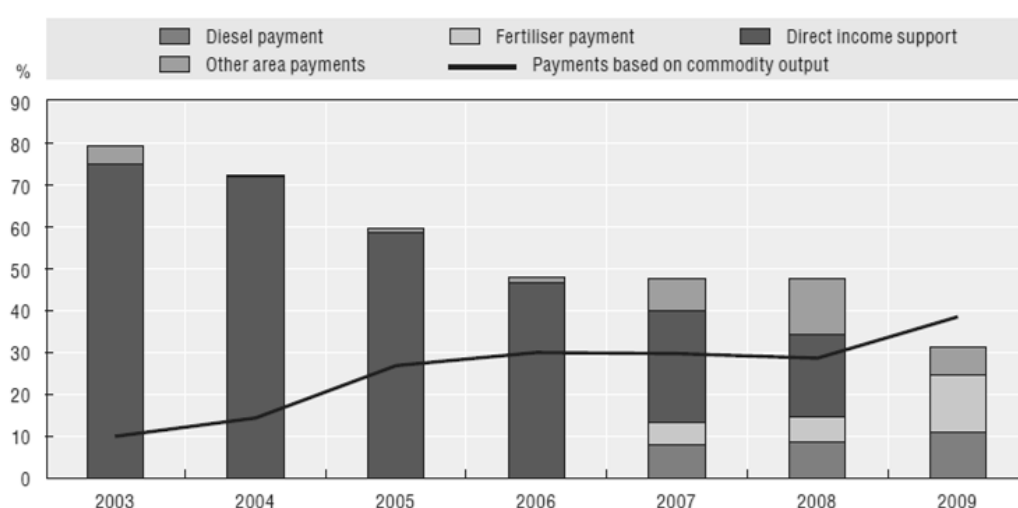
This change of discourse on part of the government was clearly visible all over the national newspapers:

Officials from the Agriculture Ministry, the Treasury, the State Planning Organization (DPT) and the World Bank met yesterday to tackle the project, *which has been waiting to be implemented for the past two years* [emphasis is mine]. The \$600 million project includes items such as transfer investments and alternative products. Urging changes, Turkish economic management pointed out that it was hard to carry out the project in its current form. They want the project to

focus on the farmer registration system (Economic Management Seeks Changes to Agricultural Reform, 2003).

From 2003 onwards, the share of Direct Income Support, as a regime of agricultural support decoupled from production, in total agricultural subsidization had a determined decline. “The share of DIS payments in total budgetary support to agriculture was gradually decreased, and the scheme was practically eliminated in 2007 (DIS supports in 2008 were delayed payments from 2007)” (OECD, 2011, p.96). While Direct Income Support was the dominant support instrument in early 2000s, it was completely abolished in 2009.

Figure 2: Share of area-based and commodity output-based payments in total payments to farmers, 2003-2009



Source: OECD, 2011, p.97

As can be observed in the Figure 2 prepared by the OECD (2011), support payments based on production, i.e. coupled to the production process, gradually increased in time becoming major support components especially after 2008. In other words, “...Decoupled payments were short-lived and payments based on commodity

output have again re-emerged as the core form of budgetary support” (OECD, 2011, p.96).

By the end of the 2004, the government prepared a new agricultural strategy called “Agricultural Strategy Paper 2006-2010” in order to define and reshape the policy of agricultural subsidization that has already moved away from what had been designed by the Agricultural Reform Implementation Project of 2001. Akder purports that the Paper opened new ways to government intervention over agricultural support, practically undoing the ARIP’s main aim of abolishing state control over the agricultural market (2010, p.59). The main purpose of the Paper was to define a minimum for agricultural subsidies in order to keep under control the big and untimely leaps and bounds in subsidization policy changes. Halis Akder points out that “the document was an attempt to limit the arbitrariness of subsidies” (2010, p.59).

The Strategy defines one percent of the annual GDP as the minimum amount of subsidies assigned for agriculture, specifying the types and shares of each support means within this one percent while not setting a maximum to the policy of subsidization. The Strategy was made public avowing that it is a clear break from the previous era.

The new agricultural strategy comprising the 2006-2010 period has been presented to the HPC [High Planning Council] for approval. In the new era, at least one percent of the GDP will be used to finance agricultural subsidization. Moreover, the share of DIS will be reduced (Tarımda destekleme sistemi değişiyor, 2004).

It is important the notice that the Agricultural Strategy Paper 2006-2010 played a significant role in turning the policy objective back into the populist-corporatist track. It became an official symbol of increased producer subsidies with the policy goals it has proposed. A more than 50 percent decrease (from 78% to

45%) in Direct Income Support and increasing the deficiency payments from 9 percent of the agricultural subsidization budget to 13 percent were two basic indicators of a breach of the 2001 Agricultural Reform Implementation Project.

The strategy document ... was an attempt to legitimize a major deviation from ARIP by introducing new instruments and decreasing the importance of DIS. It killed (or revised) the original goal of 'phasing out all subsidies'. Now, by the World Bank as well, it was decided that DIS was only one of the support instruments. There was no opposition to this move, or criticism of it" (Akder, 2010, p.59).

However, the actual policy implementation remained well behind the original aims of the Agricultural Strategy 2006- 2010.

Table 1: Distribution of agricultural budgetary payments, 2006-10
%

Support Instruments	Target (%)	Actual (%)
Direct Income Support (DIS) payments	45	20
Deficiency payments	13	33
Livestock support	12	17
Rural development	10	2
Compensatory payments- alternative crops	5	4
Crop insurance	5	1
Environmental support (ÇATAK, organic farming, good practices)	5	1
Other Payments (<i>i.e.</i> R&D, agricultural extension and training activities, certified seeds support, credit support, etc.)	5	2
Total	100	100
Share in GDP	1	0.6

Source: OECD, 2011, p.96

As shown in the table above, Direct Income Support payments were targeted to constitute 45 percent of the total support budget in agriculture. However, with the actual implementation of the Strategy, DIS payments decreased to the 20 percent of the agricultural budgetary payments, slightly below the half of the targeted payments.

In addition, deficiency payments were substantially above the targeted share, increasing from 9 percent to 33 percent, rather than 13 percent as planned. However, the share of the total agricultural support did not meet the one percent objective, remaining well below with a 0.6 percent share in the annual budget.

Even though the Strategy Paper stated that integration with the European Common Agricultural Policy and adhering to the World Trade Organization Agreement on Agriculture would be the ultimate agricultural policy objective, the aftermaths of the Agricultural Strategy 2006-2010 witnessed rather a deviation from both the EU and the WTO principles.

...Producer support in Turkey does not follow the same pattern as the CAP and since 2006 the gap with that of the EU has been widening. While in the EU agricultural support is becoming increasingly delinked from commodity production and more targeted to stated objectives, support coupled to commodity production continues to be the main policy instrument in Turkey (OECD, 2011, p.105).

The commitments of the Agricultural Strategy Paper 2006-2010 repeated and enhanced in the Agricultural Law No. 5488 enacted in 2006. The Law sets forth and defines the priorities and goals of agricultural policies in Turkey. Some of these priorities introduced in Article 6 are,

to increase productivity, product diversity, quality and competitiveness in agricultural production; to improve agricultural input and production market and to achieve the production-market integration; to make arrangements related to credit and financial supply to agricultural sector; to introduce measurement related to support and guidance; to establish and utilize agricultural information system; consolidation, to plan land use and establish big agricultural management; to make administrative and legal changes according to common market order in order to fulfill the requirements in line with the changes introduced in the process of European Union integration (2006).

The Agricultural Law No.5488 describes a variety of support instruments to be used in agricultural subsidization. These mainly include Direct Income Support,

deficiency payments, farmer transition payments (or compensatory payments), livestock support, crop insurance, Environmental support (ÇATAK, organic farming, good practices), rural development payments and other support payments (R&D, training, and etc.). However, as what happened with the Agricultural Strategy Paper 2006-2010, the Agricultural Law No.5488 was not able to fully achieve its original promises. "...The Agricultural Strategy Paper and the 2006 Agriculture Law appeared to re-couple part of the DIS payment, and support linked to production was defined as a key instrument of agricultural policy" (OECD, 2011, p.47).

In addition to domestic policy and discourse changes, important developments in the international arena negatively affected the government's determination and motivation to continue sticking to ARIP and the WTO Agreement on Agriculture principles. Moreover, the obligation to do so due to the international pressures started to be felt less. According to Halis Akder, the failure of Doha Round had also played a significant symbolic role in the failure of ARIP. This was mainly because "The goal of 'phasing out all subsidies' was based on the expectation that global liberalization in agricultural markets would continue" (Akder, 2010, p.58).

Shortly before the implementation of the Agricultural Strategy Paper 2006-2010 and the enactment of the Agricultural Law No.5488, the Second Advisory Meeting summoned in Ankara in 2005. The ultimate aim of the meeting was to listen to different views on the current waves of policy changes and suggestions and wishes for the future of the Turkish agriculture. Main political actors in agriculture, such as agricultural chambers, farmers unions, and NGOs and etc. were asked for their opinion and expectations. However, the advisory meeting failed to offer frank and candid criticism to the current agricultural policy regime and ended without bringing out any new and alternative policy proposals. This was mainly because of the fact

that farmer organizations and agricultural unions have a fragmented and multi-headed power structure. In addition, agricultural interest groups remain quite passive in the face of state-led restructuring plans. They do not propose alternative policy options or can cultivate mass opposition on part of the farmers towards governmental efforts. The Second Agricultural Advisory Meeting is a striking example of this attitude. When Ministry of Agriculture invited all parties involved in agricultural policy to express their opinions on reform efforts, they were contented with uttering general wishes lacking innovative suggestions.

“...Starting from 2005, the weight of DIS payments in total budgetary support to agriculture has decreased (from 19% of the PSE [Producer Support Estimate] in 2002, to 3% in 2008)” (OECD, 2011, p.47). The end and the failure of the Project accompanied a discourse change on part of the AKP government putting the blame on the initial incompatibility of the reforms for the Turkish agriculture and underlining the government’s early reluctance to continue the Project.

The prime minister announced that direct income support will not be paid as of this year, Eker [Mehdi Eker, the incumbent Minister of Agriculture] reminded. However, the premium and input subsidies we have designated will be paid. Area-based input subsidies, fertilizer, diesel, stockbreeding, agricultural development subsidies will be paid. *Agricultural support will not decline, however it will change face in favor of producers, rather than focusing only on landowners* [emphasis is mine], Eker said... Direct income support formerly constituted 86 percent of agricultural supports, he noted. We have reduced it to 30 percent, but now we are removing it (Agriculture production suffers YTL 5 billion loss, 2008).

In the 60th Governmental Action Plan it was categorically stated that “Agricultural support will continue increasingly” (60. Hukümet Eylem Planı, 2007, p.18). Moreover, in a press meeting made to explain the 60th Governmental Action

Plan Erdogan stated that (Agriculture production suffers YTL 5 billion loss, 2008; Yildirim, 2008),

We are removing the Direct Income Support System. *From now on we will give support based product rather than land* [emphasis is mine]. There is a huge land and here we go and support that land based on the square meter. We don't see think that this was as a fair move. We say "we will support the product". The more the support the more the product. We believe in this and we are taking the move. We will pay our debts from 2007 onwards very quickly and we will switch to the implementation of the regime I mentioned just now. We are working on it and we will start the implementation with this move (Bundan sonra ürüne destek vereceğiz, 2008).

One of the noticeable results of the Agricultural Reform Implementation Project or a "success" considering the Project aims is the continuous decline in employment in agriculture throughout the implementation process of the reforms. As shown in the table below, from the beginning of the reform to the year 2009 total agricultural employment in rural areas fell from 70.2 percent to 62.6 percent.

Table 2: Agricultural Employment, 2000- 2011

(aged 15 or over)

	Total	Agriculture	Share
	(000)	(000)	(%)
2000	21,580	7,769	36.0
2001	21,524	8,089	37.6
2002	21,354	7,458	34.9
2003	21,147	7,165	33.9
2004	19,632	5,713	29.1
2005	20,067	5,154	25.7
2006	20,423	4,907	24.0
2007	20,738	4,867	23.5
2008	21,194	5,016	23.7
2009	21,277	5,254	24.7
2010	23,114	5,683	25.2
2011	23,805	6,143	25.5

Source: OECD, 2011, p.119& TurkStat, 2012b

Moreover, the share of agricultural employment in total employment declined continuously from 36.6 percent in 2000 to 23.5 in 2007. With the gradual

abolishment of Direct Income Support regime and the end of ARIP, agricultural employment witnessed a new rise. The share of agriculture employment increased from 23.5 percent in 2007 to 25.5 percent in 2011. In other words, while the agricultural employment decreased from 7.769 million in 2001 to 4.864 million in 2007, it started to increase gradually as of 2008 and hit 6.143 million in 2011.

In analyzing policy and discourse changes on part of the government towards the agricultural reform and tracing the patterns of the populist-corporatist electoral tradition, it is crucial to scrutinize pre-election policy trends. As discussed previously on this chapter, the AKP's coming to the office for the first time was the immediate aftermath of a deep economic crisis in 2001. Therefore, the issues of economic stability and the IMF suzerainty occupied main election agenda and promises of the newly-founded AKP. Shortly after a big victory in general elections, local elections were held on March 28, 2004. Although it is hard to claim that there was a direct relation with the two, the 2004 local elections were preceded by introduction of significant deviations from the ARIP principles as of 2003. In the local elections the AKP government won a definitive electoral victory, getting the 42 percent of the total votes, more than what it had won in the 2002 general elections (34.43 percent).

As of 2005, the increasing number of support instruments already diluted most of the original aims of the Agricultural Reform Implementation Project. "The general support level started to rise again, indicating the coming elections in 2007" (Akder, 2010, p.57). The July 22, 2007 general elections were also marked by an overwhelming victory of the Erdogan-led AKP government. Gaining the 46.58 percent of the general votes increased AKP's power and control over the government apparatus. Both in the country and in the international arena, the Erdogan government confirmed that they would now take the law in their own hands.

Increased popular support, mainly because of the more stable and promising economic and social situation consolidated more the AKP's policy-making power.

However, the March 29, 2009 local election shook the AKP's authority with a shocking decline in electoral votes compared to the previous election results. The AKP was only able to gain 38 percent of the total votes. As a follow-up of a 2008 government decision, Direct Income Support payments are totally abolished in 2009. It is hard to claim that decline in the votes of the AKP in 2008 elections played a role of speeding up the process of the removal of DIS. However, this decline has more or less contributed to the shaping the future of populist-corporatist tradition in Turkish agriculture.

The July 2011 elections, on the other hand, brought about another AKP victory. Getting almost the half of the total votes with a 49.90 percent, Erdogan government confirmed their third term at office. Before the elections Erdogan claimed that AKP's mastership era would start following the electoral victory, calling the previous office terms as the eras of apprenticeship (Erdogan, 2011; Başbakan: '2011'de ustalık dönemi başlayacak', 2011; Erdoğan: Ustalık dönemi başlıyor, 2011).

Since 2010, preparations for a new support program, called as the "basin-based support program", started. According to this new support program, "crop deficiency payments are differentiated according to 30 agricultural basins throughout the country" (OECD, 2011, p.48). This new regime will coexist with other support instruments. The Ministry of Agriculture argues that this new basin-based support regime will increase productivity, efficiency and farmer income. However, for now it is too early to assess the details and possible impacts of the program on Turkish agriculture. At the time this thesis was written, Turkish agricultural support regime

had been experiencing a new phase of transformation with the end of ARIP and beginning of designing new policies.

The Ninth Development Plan 2007-2013 sets out the Turkey's agricultural policy objectives. Prepared in 2006, it offers policy goals in line with the Agriculture Law No.5488 and constitutes the basis of current and future agricultural policies. The main projections of the Plan are to achieve productivity, efficiency and compatibility with the European Union Common Agricultural Policy.

The Interviews and Observations

On part of the government officers, I observed three arguments repeatedly throughout the interviews I conducted with four officers from the Ministry of Food, Agriculture and Livestock. First of all, all four officers consistently emphasized that ARIP was a project imposed on the AKP government and was not necessarily “to the best interest of Turkish farmers and Turkish economy in general”. Cynicism and mistrust towards the IMF, WTO and WB were quite obvious in their interpretation of and attitudes towards the reform moves.

Secondly, they all insisted on the fact that ARIP was just a project deemed to end at a specific time so as the each of the components it cherished. They claimed that when the Direct Income Support Regime was introduced the aim was to complete the farmer registration database by giving incentives to farmers with the payments made, to get the economy on its feet again following the 2001 economic breakdown, and to regulate the government budget. A high officer from the Directorate General of Agricultural Subsidization argued that “ARIP was just a project as any other. It was implemented, it served its duty and now it is gone. We

did not aim to remove the agricultural subsidization in the long run at all. We implemented it because it was a project and we got money for it”.

Thirdly, they all believed in the importance of reaching the European Union Common Agricultural Policy standards in Turkish agriculture by increasing the competitiveness of the agricultural producers and taking on the idea of economies of scale. A high officer from the Directorate General of Agricultural Reform stated that a successful reform was only possible with a regulation in property relations in rural areas. He kept on emphasizing that “This is the real reform”.

Moreover, I interviewed an expert from the Agricultural Economics and Policy Development Institute functioning under the rubric of the Ministry of Agriculture. This institute conducts research and data analyses, and based on these it presents policy recommendations to the Ministry. Discussing the process of agricultural policy making and reform implementation, he claims that under the current agricultural policy regime agricultural subsidies have been increasing in line with the policies based on efficiency, productivity and rural development. He points out that the ultimate aim of the agricultural reforms is to achieve integration with the European Common Agricultural Policy and world agricultural market. He maintains that an efficient and productive agriculture is only possible with establishing big agricultural farms making a good use of technology and the economies of scale, while protecting the small family farming by creating alternative agricultural production activities.

The president of the Chamber of Agricultural Engineers, Turhan Tuncer, on the other hand, emphasizes that the recent reform efforts worked on the way of serving to the big capital in Turkish agriculture. He points out that Direct Income Support Regime was to the benefit of the landowner, rather than to the producer.

When discussing the issues of transparency and accountability of agricultural regime and agricultural subsidization, Tuncer criticized the lack of consultation to the farmers, their unions and other established political actors in the agricultural sector. He also resents that there is a serious lack in timely and accurate public information campaigns. According to Tuncer, this lack of information and misinformation alienates producers and agricultural chambers from the policy making-process, therefore, undermining democracy and accountability of the ruling governments.

CHAPTER FIVE:

CONCLUSION

The neoliberal market reforms in the Turkish agricultural sector dates back to 1980s as a part of a bigger neoliberalisation move in line with the ideas introduced with the Washington Consensus. However, even though greater trade liberalization was achieved in manufactured products, the agricultural sector was shielded with high protection levels in Turkey.

The vote-hunting populist agricultural subsidization regime dominating the policy-making arena gave birth to a rather confused policy outlook in Turkish agriculture in the second half of 1990. A discourse of determination to follow international commitments, such as the 1995 WTO Agreement on Agriculture and integration to European Union Common Agricultural Policy, conflicted with practical popular elections-based promises. As a result, until the country was hit by the 2001 economic shock, all the governments at office foot-dragged to implement neoliberal structural reforms in the agricultural sector.

The financial crisis of 2000-2001 brought about the broaching of a series of reforms in agriculture under the heading of the Agricultural Reform Implementation Project (ARIP). The basic policy objective of the Agricultural Reform Implementation Project was market orientation in the agricultural sector. In other words, by removing the trade-distorting interventions to the sector a full neoliberalisation and integration with the world agricultural markets was to be accomplished.

To this end, a series of reform objectives were introduced. The core component of the Project was the implementation of Direct Income Support Regime (DIS), abolition of state administered prices, and input and credit subsidies with the ultimate aim of phasing out all subsidies. Furthermore, restructuring of Agricultural Sales Cooperatives and their Unions (ASCs/ASCUs) and other state-led agricultural enterprises was crucial in minimizing the state intervention in the sector. “Farmer Transition” component of the Project, on the other hand, targeted to switching the farmers from producing the overly produced crops to alternative environmentally more suited crops of high market value. With this component, price supports to the excessively produced products were to be reduced giving way to the production of high quality crops and alternative activities. The Project also encompassed an unsuccessful “Project Support Services” component aimed to introduce a timely and accurate “Public Information Campaign” and projects to increase farmer awareness about the reforms with training and technical support.

However, the Agricultural Reform Implementation Project failed to achieve any of its main policy objectives. As of 2003, Direct Income Support Regime was started to be diluted with the introduction of additional support instruments. Support measures “coupled” to the production process conflicting with the main logic of DIS, i.e. introduction of “decoupled”- area based forms of support, became dominant in agricultural subsidization since 2008. Restructuring of ASCUs and Farmer Transition Component, on the other hand, were turned out to be stillborn achieving hardly any policy changes.

When analyzing this reform experience I utilized the “policy transfer” literature. I claim that Turkish experience of agricultural reform effort is a perfect example of the policy dynamics explained by the Dolowitz& Marshian sense of

policy transfer (2000). In the policy transfer continuum they designed, the post-crisis Agricultural Reform Implementation Project is well-suited to “obligated policy transfer”. This is a mode of policy transfer somewhere in between “coercive” and “voluntary” forms of policy transfers. The Turkish governments, at office at the time when the Project was being implemented, became “obligated” to transfer agricultural policies designed by the 1995 WTO Agreement of Agriculture with the policy logic dating back to the Washington Consensus. The main catalyst for this obligated policy transfer was obviously the 2001 economic breakdown.

Moreover, I claim that ARIP as an obligated policy transfer turned out to be a Dolowitz& Marshian sense of “policy failure” because of “uninformedness”, “incompleteness”, and “inappropriateness” of the Project. However, it is important to keep in mind that this policy failure in Turkish agricultural reform did not result in the agricultural subsidization’s going back to the previous support regime untainted. On the contrary, although ARIP failed to attain its initial aims it left behind a significant policy-making experience and policy tradition. As a result, a “hybrid” agricultural regime as a “strategic compromise between the old and new”, as described by Guven (2009), began to dominate Turkish agricultural policy arena. However, as I pointed out before in this study, this was a compromise between the old and new for the sake of the new. In other words, in order to survive the old agricultural support regime had to accommodate new internationally backed up overwhelming agricultural subsidization regime, with the most probable future prospects of becoming the dominant support regime.

Here it is important to point out that currently in abeyance Doha Round will most probably play an important role in implementing agricultural policies in the future. The imminent possibility that Round would resume and reach to

determinative conclusions for the future of agricultural trade liberalisation, hence agricultural subsidization, is one of the main threats to Turkish agriculture in its recent form incubating to make bleak scenarios come true. Therefore, erratic agricultural policy scheme and dallying with reforms are only policies to save the day, like what happened with ARIP. However, it is crucial to notice that this agricultural policy outlook bears with it the possibility that Turkish governments might be cornered again in the future with a 2001-financial -crisis-like socio-economic shock and be obligated to transfer more radical and more socially destructive agricultural policies. Thus, it is vital both for the agricultural producers and consumers in Turkey that the ruling government should adopt consistent, well-planned and more democratic agricultural strategies.

It is obvious that a more democratic and participatory agricultural policy regime is only possible with greater accountability and transparency in the agricultural policy-making process. Agricultural policy-making should stop being an esoteric field of experts and statesmen and start including producers and consumers alike to the decision-making process. Here timely, accurate and effective public information campaigns through every means of mass media and consultation and communication play a crucial role.

APPENDIX (A)

List of Questions Used During the Interviews:

First, I would like to talk about the recent changes in Turkish agriculture in general:

1) In your opinion, what did agricultural reforms in general try to achieve throughout the last decade? How have they affected the producers, the consumers, the national economy, the environment, and people's daily lives and etc?

2) What do you see as a future of agricultural subsidies?

3) In the formulation process of the reforms, what was the situation of consultation and transparency for farmers, farmer unions, producers and etc.?

Now, first I would like to focus on the transition from traditional farmer support regime to the Direct Income Support Regime:

4) Why did the government at the time decide to switch into the Direct Income Support regime, giving up traditional farmers' support regime? How did this affect Turkish agriculture at all levels (nationally, regionally, and locally)? How did it affect you (and your life)?

5) What do you think the outcome of the transition from agricultural subsidies to Direct Income Support regime in Turkish agriculture in general (in your region, your village, and your family)?

6) Now that the Direct Income Support regime has also removed, what is happening in the countryside in Turkey? Do you think it is possible to interpret the current policy change as a failure of Direct Income Support regime?

Now, I would like to focus on the Agricultural Reform Implementation Project and the core policy changes introduced by it:

7) Since the ARIP began what kind of responses are you getting from small and medium farmers?

8) How did the restructuring in the organization of Agricultural Sales Cooperative Unions affect credit supply to the farmers in general?

9) How effective was the “Alternative Crop Program”? In your opinion, how did this reform move address farmers’ needs in general?

10) How did the introduction of farmers’ registration database affect farmers’ lives?

11) How did the reforms of the last decade affect the daily lives of farmers of Turkey in general?

APPENDIX (B)

Extracts from Newspapers Used in Their Original Publishing Language

Chhibber: En önemli şey uygulamadır, 2001: “Dünya Bankası Türkiye Temsilcisi Ajay Chhibber, ‘şu aşamada en önemli şey uygulama ve uygulamanın sürekliliğidir. Olabilecek herhangi bir geç kalma Türkiye'ye pahalıya mal olacaktır’ dedi.”

Ecevit: IMF haksızlık yapıyor, 2001: “Türkiye, IMF ve Dünya Bankası ile ilişkilerinde son derece ayrıntılara özen gösteren bir tutum izlemiştir. Onun için Türkiye'ye yardımların aksatılması, bence çok büyük bir haksızlıktır. Bu haksızlığı, Sayın Derviş'in giderebileceğini umarım.”

Tarımda destekleme sistemi değişiyor, 2004: “Tarımda 2006-2010 dönemini kapsayan yeni strateji, YPK'nın [Yüksek Planlama Komisyonu] onayına sunuldu. Yeni dönemde tarımsal destekler için GSMH'nin en az yüzde 1'i kadar kaynak ayrılacak. DGD ödemelerinin payı ise azaltılacak.”

Bundan sonra ürüne destek vereceğiz, 2008: “Doğrudan Gelir Desteğini (DGD) kaldırıyoruz. Bundan sonra ürüne destek vereceğiz. Araziye değil. Bakıyorsunuz devasa bir arazi var. Bu arazinin metrekaresine kalkıyoruz destek veriyoruz. Bunu haklı bir adım olarak görmüyoruz. Diyoruz ki, ‘ürüne destek vereceğiz.’ Ne kadar ürün o kadar destek ve bu şekilde bunun adımını atmış oluyoruz. 2007'ye ait bütün borçlarımızı hemen süratle ödeyeceğiz. 2008'den itibaren şu anda açıkladığım bu uygulamaya da geçeceğiz. Bunun çalışmaları yapılıyor. Bu adım atılarak uygulama başlayacak.”

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