

# **ANATOLIAN CITIES AND THE NEW SPIRIT OF TURKISH CAPITALISM**

*Since the 1990s, Turkey has witnessed the emergence of both rapid industrialization and an opening up to the globe in the cities of the Anatolia region, also known as the “Anatolian Tigers”. There is another Turkey beyond Istanbul and Ankara, one that is not backward as is commonly assumed. It remains quite fragmented, and while there is poverty and regional inequality, there is also dynamism. The Europeanization process of Turkey has been instrumental in these cities’ growth, but today, due to conditions of the world economy, they are looking towards the Middle East and Africa to expand their businesses.*

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**T**urkish modernity has witnessed, since the 1990s, the surge of a new wave of industrialization spearheaded by a number of cities known as the “Anatolian Tigers”. These cities, as new and vibrant spaces, are now in the process of making/remaking the geographies of Turkish capitalism. Anatolia’s globalizing cities bring our attention to the need to focus on the ways through which different civil society organizations and urban actors relate themselves to the global and how “city scale” as a scale of mediation is (re)produced so as to confront the impacts of globalization, such as the recent globally destructive financial crisis.

New civil initiatives, of Chambers of Industry, Chambers of Trade, Local Businessmen Associations and urban leaders are leading to more intense collaboration between local governments and provincial leaders. From this intensified coordination, alternative strategies to deal with the global economic crisis are being developed. In the past while adapting to globalization involved a European orientation for these segments, it now increasingly is independent of Europe and more geared at the markets in the Middle East and Africa.

These dynamics in the Anatolian cities do not take place in a vacuum. The incentive/subsidy mechanism of the state is neither effective nor efficient. None of the 49 cities included in this mechanism are content with its situation. This article is an attempt to study these dynamics at the city-scale – though also taking into account regional, national, supra-national and global scales. Finally, this article aims to suggest implications of the disparities of development in Anatolia for public policy, which is particularly significant for politicians to consider in light of the forthcoming local elections on March 29th.

### ***Globalization and Cities***

Scholars who define global cities point to certain commonalities such as the existence of a sophisticated financial and service complex, serving globally through transnational operations; the emergence of a hub of international networks of capital, information and telecommunications; and lastly the presentation of a quality of life that is desirable to highly skilled international migrants, professionals, managers, and so forth.<sup>1</sup> These characteristics all indicate the prevalence and decisiveness of economic viability and show how global cities are defined as the nerve centers of global capitalism. Along with this decisiveness of economic concerns, cities also become the places where today’s major economic, social and political challenges most visibly intersect.

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<sup>1</sup> Roger Keil, “Globalization Makes States: Perspectives on Local Governance in the Age of the World City,” in (eds) Neil Brenner, Bob Jessop, Martin Jones and Gordon Macleod, *State/Space, A Reader* (Malden, MA: Blackwell Publishing, 2003).

As caricatured bluntly by Neil Bradford, there has been growing awareness of the importance of cities as strategic spaces and actors in the age of globalization.<sup>2</sup> Contrary to predictions of the “locationless” effects of virtual communications and the “death of distance” in a globalizing economy, urban centers have become more –not less– significant. Recent experience shows that cities can be both engines of national prosperity and locales where the impacts of globalization are most deeply observed.

When approached from this angle, it is critical to understand that there exists a hierarchy among cities already proven to be global. These cities include London, Milano, New York, Tokyo and Paris among others also in the rapid globalizing process. In this context, the cities of Anatolia comprise crucial examples of cities that quickly become the new spaces of global capitalism. While it would not be realistic to suggest that the cities of Anatolia are becoming strategic financial sites in the global economy, they have been in the process of becoming key nodes in the global capitalist system through their export potential and role as key actors in the region.

If some Anatolian cities such as Gaziantep, Denizli, Kayseri, and others are individually able to export to approximately 140 countries, host European Union local offices and project centers, be frequented by businessmen from all over the world and attract the attention of top-notch politicians and government officials, then “who” is global, “why” do they choose to be global and “how” at the city-scale is this choice materialized and institutionalized? The dynamism in Anatolia prompts recognition of these new spaces of Turkish capitalism, which help create a different, economically advanced Turkey, focused on “production” or the “real sector” of the economic sphere. It further necessitates that we take seriously the visions and the strategies of the economic actors whose activities are based on production, and who have brought dynamism and change to the Turkish economy.

It should, however, be noted that the role of the city scale in generating this dynamism does not directly correspond to a “global-local” dualism, but instead involves “multiplication and the dissemination of economic actors, and the pluralization of economic organizations in Turkish society” operating at multiple scales.<sup>3</sup> National scale still remains a relevant and, more importantly, a mediatory scale due to the growing expectations that globalizing cities have of the nation-states and governments. The strategies through which national initiatives intervene in cities vary considerably. These interventions, whether in the form of export subsidies or financial incentives, become more instrumental

<sup>2</sup> Neil Bradford, “Why Cities Matter: Policy Research Perspectives for Canada” *CPRN Discussion Paper*, No: F / 23, June 2002.

<sup>3</sup> E. Fuat Keyman, “Globalization, Alternative Modernities, and the Political Economy of Turkey”, *Review of International Political Economy*, Vol. 12 No.1, February, pp. 105-128.

when the city's linkage to global economic flows is adversely affected during times of crisis such as the current crisis we are facing. Hence, it will be fruitful to observe the responses of globalizing cities within crises contexts and economic downturns and the nature of the multi-scalar interrelations and interdependencies between cities, national domains, supra national actors and global processes.

### *Cities of Anatolia and Redefining the “Global”*

Understanding the emergence of the cities of Anatolia as the new spaces of Turkish modernity can be best contextualized by identifying two intermingled processes, namely globalization and Europeanization. The role of the European Union, as a long-time “national project” of Turkey has helped construct a long-lasting partnership between Anatolian cities and related institutions in the EU. The integration of Chambers of Industry and Trade in Anatolian cities (as pioneered by Gaziantep) into “EuroChambers” as the umbrella organization of the European Union Chambers of Commerce and Trade, and the increasing number of European Union Information Offices –and hence increasing opportunities to apply for funds to finance projects– could be seen as major driving forces behind the transformation of Anatolian cities, and not only in an economic sense. The Europeanization process encompasses many projects that involve social cohesion, urban transformation and gender equality.

The EKOSEP project could, in recent times, be highlighted as a successful case of EU influence. The EKOSEP project, which stands for “Economic and Social Integration Project in Major in-migrant destinations” operates in four cities: Gaziantep, Şanlıurfa, Erzurum and Diyarbakır. The aim of this project is to bring solutions to economic and social integration problems” specifically focused on regional development related disparity, social policy and capacity building topics. As EKOSEP’s lead coordinator in Şanlıurfa, Necmettin İlhan noted, EKOSEP and similar projects funded by the European Commission play a transformative role in Anatolian cities and help the cities attain necessary social, economical and physical infrastructure.<sup>4</sup> Likewise, the ongoing construction of the second Organized Industrial Zone in Şanlıurfa was made possible through an EU grant.<sup>5</sup> Not surprisingly, this is considered a “must” under current neoliberal circumstances, which force cities to be competitive by utilizing and fostering their local institutional and material assets. As many entrepreneurs and leaders of business associations have observed, Şanlıurfa through this process was able to become a critical city by increasing its agricultural potential with agro-industrial methods and products. Again, the vision of pertinent actors is constructed by taking the “global” as a reference point, since they believe that Şanlıurfa’s

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<sup>4</sup> Personal interview with Necmettin İlhan, conducted on 27 January 2009 in Şanlıurfa.

<sup>5</sup> Personal interview with İsmail Demirkol, the Chairman of the Chamber of Trade and Industry of Şanlıurfa, conducted on 27 January 2009 in Şanlıurfa.

capacity and potential to be known as Turkey's "grain storage" makes Şanlıurfa a prominent site for weathering the recent global food (rice) crises.

Historically, Europeanization, as a critical external anchor for Turkey's ongoing transformation, has always been important. In recent years, it was also the primary determinant of processes of globalization. Turkey's major trading partners, the volume of exports and imports from EU countries, trade arrangements, the impact of the Customs Union, and so forth all represent Turkey's strong reliance on the Europeanization process. Turkey's recent foreign policy initiatives,<sup>6</sup> and the dynamics of the Anatolian cities, to be explained in greater detail below, indicate that Turkey is now in a stage of redefining the meaning and scope of the "global".

Given that exporting to European Union countries has become more difficult due to their lagging economies and the crisis, Turkey is not experiencing a shift in export destinations. Anatolian producers are focusing on alternative markets including the Middle East, African countries and the Turkic Republics. The dominance of the EU's share of Turkish exports (approximately 50 percent) is on the decline. In contrast to excessive reliance on European markets, alternative markets for Anatolian producers are now on the top of the agenda.

In most cases while the "global" may play a key role in generating promising export potential the same flow also enables an economic structure that is vulnerable to the downswings of the global economy. Paradoxically, the "global" claims of these Anatolian cities have also helped them overcome the current crisis via their institutionalized search for new geographies of global capitalism.

Anatolian cities constitute vibrant examples of how this could be achieved and sustained. A recent event put on by the Gaziantep Young Businessmen Association's (GAGIAD) is an illuminating example of redefining the "global". This event exhibited an important facet of the Anatolian cities as the new spaces of Turkish capitalism: a clear rejection of fatalism and a shift from the past pattern of insistently asking for support from the state. The economic agents of these pioneering Anatolian cities (Gaziantep, Kayseri, Denizli, Kahramanmaraş and Eskişehir), through urban coalitions and civil organizations and initiatives like the Chamber of Industry, Chamber of Commerce, Businessmen Associations and MUSIAD branches chose to look for their own ways to successfully emerge from the crisis and even devised strategies to benefit from the current pessimistic outlook in the global economy. This collective effort is not sustained through the hegemony of a single actor; instead, civil economic actors have jointly become the architects of this local response. The meeting organized in Gaziantep on 26

<sup>6</sup> For a detailed analysis, please see, Ziya Öniş and Şuhnaz Yılmaz, "Between Europeanization and Euro-asianism: Foreign Policy Activism in Turkey During the AKP Era" Forthcoming in *Turkish Studies, Special Issue*, 2009.

January 2009, entitled “Global Crisis: Threats and Opportunities in the Export Sector”, could be taken as an example of implementing a city-based strategy to confront global crisis.

The participation of Mehmet Büyükekşî as the Chairman of the Turkish Exporters Assembly (TIM) signaled that the concerns of the entrepreneurs were being clearly conveyed to the relevant bodies at the national scale. The messages from the speeches of the Chairman of the Chamber of Trade, Mehmet Arslan and The Chairman of the Chamber of Industry, Nejat Koçer emphasized the willingness and enthusiasm of the entrepreneurs in Gaziantep to export more to alternative markets in the Middle East and Africa, since these markets have been less affected by the crisis due to their lack of integration in world markets.

A similar event was organized by the Young Businessmen and Industrialists Association in Kayseri (GESIAD) and was entitled “The Global Crisis and Strategies to Overcome”. Mirroring what was discussed in Gaziantep, it was emphasized at this meeting that Turkey’s overall exports since September 2008 to the United Arab Emirates, African countries (especially to Nigeria), India and China increased considerably.<sup>7</sup> Not surprisingly, this has had an effect on Turkey’s relation to the “global”, which is being actively shaped by the efforts of Anatolian entrepreneurs, business associations and other civil initiatives. There is another Turkey beyond Istanbul and Ankara, one that is not backward as is commonly assumed. It remains quite fragmented, and while there is poverty and regional inequality, there is also dynamism.

As nations now gain a competitive edge through their globalizing cities, can these cities play a role in devising strategies to support nation states in confronting the negative impacts of global integration? Turkey’s globalizing cities, especially some of the Anatolian cities, fuel optimism. By reinvigorating the export potential of the Anatolian centers and framing this dynamism as a city-based response to the global crisis we are led to question the viability of the role of the nation-state in mediating, as well as benefiting from the local potentials of these economically vibrant cities and their global influences.

Since the cities of Anatolia are still in the process of globalizing themselves, their connections with the state remain vital in order to open up to global markets and establish contacts with international/global institutions.

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<sup>7</sup> For precise export numbers, please see, [http://www.tim.org.tr/index.php?option=com\\_content&view=article&id=625&Itemid=135](http://www.tim.org.tr/index.php?option=com_content&view=article&id=625&Itemid=135)

### ***Policy Implications and Local Election of March 29th***

Given the current dynamics of the Anatolian cities, which have spearheaded much of the Turkish export boom, and the way these cities have responded to the current global crisis, we are encouraged to take into account the reflections of this dynamism on national domestic political structures, especially if we wish to understand the public policy implications. Re-thinking the Anatolian cities in a global-local nexus and the changing spatialities of Turkish capitalism urges us to consider three policy related issues for the Anatolian cities in relation to globalization, city-based responses to the crisis and the role of the nation-state in this context as a missing, but yet a potential mediatory actor.

First of all, the current incentive/subsidy system in Turkey, regulated by *Law 5084*, needs considerable revision. The current scheme supports 49 cities and provides tax incentives and energy subsidies. Rather than the technicalities of these practices, the impact of the national incentive/subsidy scheme on regional disparities and uneven economic development should be assessed. Subsidies to a city should not be provided at the expense of preventing the pace of dynamism in a city in the same region. As noted earlier, the national scale of intervention should work as a catalyst of economic dynamism in economically vibrant cities, instead of curtailing city-based collective efforts. In other words, regional economic development in Anatolia could be sought by perceiving this process as a “positive” rather than a “zero” sum game.

Secondly, the city-based responses also suggest that for the rapidly globalizing Anatolian cities, economic motives and variables play a decisive role. Hence, from the perspective of the political parties, success in the local elections on 29 March 2009 is more or less being determined by politicians’ ability to recognize the economically driven interests of these cities, instead of unconditional ideological and emotional attachments. In other words, political parties should display a versatile knowledge-base and approach by correctly interpreting the economically driven interests of the Anatolian cities.

Finally, as witnessed nowadays in a fairly harsh manner, the negative ramifications of the global crisis are felt deeply. Many interviews conducted with urban leaders and leaders of the Chambers of Trade and the Chambers of Industry across Anatolia emphasized that there is a need for a “reassuring-enabling state”. Therefore, in addition to the incentive/subsidy system, these leaders argued that state institutions such as Eximbank, Ziraatbank and Halkbank could provide emergency credit and help turn the crisis into opportunity in these tumultuous times.