

**TRACING THE ACCUMULATION BY DISPOSSESSION
MOMENTS OF TURKISH TOBACCO SECTOR WITHIN THE
NEOLIBERAL TRANSFORMATION**

ORKUN DOĐAN

BİLGİ UNIVERSITY

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NEOLIBERAL TRANSFORMATION**

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Orkun Doğan

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“Tracing the Accumulation by Dispossession Moments of Turkish Tobacco Sector within the Neoliberal Transformation,” a thesis prepared by Orkun Dođan in partial fulfillment of the Master of Art in Economics degree from Institute of Social Sciences at Istanbul Bilgi University.

This thesis has been approved on 3 September 2012 by:

Prof Dr. E. Ahmet Tonak

(Thesis Advisor)

Assoc. Prof. Dr. Durmuş Özdemir

Hakan Arslan

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An Abstract of the Thesis of Orkun Doğan, for the Degree of Master of Arts from the
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Turkish tobacco market has transformed largely in the last three decades. In line with the economic liberalization process, which started with the 24 January decisions, tobacco and cigarette sector went through a structural transformation. Starting with the legalization of non-local tobacco imports, the process was further accelerated with the ratification of the Tobacco Law shortly after the 2001 economic crisis, a law which put into practice the contract farming system. The process culminated in 2008, with the privatization of the national monopoly on tobacco production and trade.

This thesis aims to analyze the recent developments in Turkish tobacco sector by using David Harvey's notion of "primitive accumulation". According to Harvey, the neoliberal practices being implemented in various geographies around the world can be thought as the spatio-temporal reorganization of the capitalist accumulation regime after the over-accumulation crisis of capitalism in the 70s. The thesis reveals two major patterns. Primarily, it claims that primitive accumulation practices take place in any moment throughout the capitalist mode of production as Harvey emphasizes contrary to how Marx represents it as a historical moment during the rise of capitalism. Harvey approaches "accumulation by dispossession" in order to emphasize the continuous contextures of primitive accumulation in capitalist accumulation process. The thesis discusses the privatization of TEKEL, the domination of transnational cigarette companies, the restructuring of the tobacco market through the Tobacco Law, the decrease in the tobacco production throughout the years, and the detachment of tobacco cultivators from land and production as practices of accumulation by dispossession. Contrary to mainstream arguments stating that the dynamics in tobacco market are consequences of natural market processes, the thesis goes on to claim that the tobacco market is a field of struggle between market agents, composed by ceaseless interventions of the state and of international institutions. International agreements, laws, regulations, action plans, conditions of contracts, and tax policies are concrete forms in which this struggle takes place. The thesis, by referring to macro statistics and socio-economic indicators, aims to present a coherent picture of the recent dynamics restructuring the Turkish tobacco market, and to situate this restructuring within the broader historical and theoretical framework.

Türkiye'de tütün üretimi ve tütün piyasası son otuz yıllık süreç içerisinde büyük bir dönüşüm yaşamıştır. 24 Ocak Kararları ile başlayan ekonomideki liberalleşme sürecinin doğrultusunda tütün ve sigara sektörü yapısal dönüşümlerden geçmiştir. 80'lerde yabancı menşeli tütünlerin ithalinin serbest bırakılması ile başlayan bu süreç, 2001 ekonomik krizi sonrasında çıkartılan Tütün Yasası dahilinde tütün üretiminde sözleşmeli çiftçilik modelinin uygulamaya sokulmasıyla ve sonrasında 2008'de yıllardır tütün üretimini ve ticaretini düzenleyen devlet tekelinin özelleştirilmesi ile devam etmiştir.

Bu tez, Türkiye tütün sektöründe son dönemde yaşanan gelişmeleri David Harvey'in "mülksüzleşme yoluyla birikim" kavramı üzerinden değerlendirmektedir. Harvey, dünyanın farklı coğrafyalarında uygulamaya konan neoliberal pratiklerini, kapitalizmin 1970'lerde yaşadığı aşırı-birikim krizinin sonrasında kapitalist birikim rejiminin zamansal ve mekansal olarak tekrardan organize edilmesi olarak görmektedir. Tez iki ana eğilimi ortaya koymaktadır. Bunlardan ilki, Harvey'in de vurguladığı üzere, Marx'ın kapitalist üretim modeline geçişte tarihi bir aşama olarak kavramsallaştırdığı "ilksel birikimin" kapitalist üretim sistemi içerisinde de heran gerçekleştiğidir. David Harvey, "mülksüzleşme yoluyla birikim" kavramıyla bu heranlığa ve ilksel birikimin güncelliğine vurgu yapmaktadır. Tez, Tekel'in özelleştirilmesini, çok uluslu sigara şirketlerinin tütün ve sigara piyasalarını domine etmesini, Tütün yasası ile piyasanın tekrardan düzenlenmesini, tütün üretiminin yıllar içerisinde azalıp, tütün üreticilerinin tütün üretiminden kopmak durumunda kalmalarını mülksüzleşme yoluyla birikim kavramı üzerinden değerlendirmektedir. Tezde altı çizilmeye çalışılan bir diğer nokta da tütün piyasasının piyasa dinamikleri doğrultusunda kendinden işleyen bir yapı olduğu görüşünün aksine piyasa aktörlerinin ve devletin sürekli müdahale ettikleri bir mücadele alanı olduğu görüşüdür. Uluslararası antlaşmalar, yasa metinleri, yönetmelikler, eylem planları, sözleşme şartları, vergi politikaları her daim üreticiler, şirketler ve devletler arası bu mücadelenin somutlaştığı alanlardır. Bu anlamda bu tez çalışması farklı zamanlarda, farklı boyutlarda tütün piyasasını yeniden düzenlemeye yönelik bu gelişmeleri birarada kantitatif veriler üzerinden değerlendirerek, geniş tarihsel ve teorik çerçeve içerisinde bütünlüksel bir analiz oluşturmaya çalışmıştır.

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CHAPTER 1: INTRODUCTION

Tobacco is a distinct cash crop through which we can deduce some explanatory insights about the expansion and consolidation of capitalism. Tobacco is a commodity through which the particular production relations, labor processes and trade relations can be analyzed. From the beginnings of its commercial production and trade, it has always been exposed to high demand. The tobacco and cigarette industry have enjoyed a high profitability owing to low elasticity of demand because of its addictive nature. Thus, the production and the trade of tobacco have been always subjected power struggle. The power struggle defines the conditions how the tobacco production and trade being organized, how the surplus produced in production process being extracted and redistributed among the agents operating in the tobacco market.

The organization of tobacco production and trade reflects the dominant economic order of the era. In colonial ages, it was one of the main instruments that European colonial states guaranteed the wealth inflow by dominating the trade. The trade agreements and measures to regulate its international trade were important tools to discuss the economic structuring of

mercantilist era. The tobacco was produced in the colonies in Americas. The merchants conducted the trade and dominated over the trade routes were able to build up accumulation. As Marx pointed out, the accumulated wealth as merchant capital was crucial for the transition to the capitalist mode of production (Marx, 2010, p. 717-18). The tariffs and the taxes on tobacco were stable supplementary budget items for the states dominant in tobacco trade. When tobacco production spread all around the world and its consumption extremely increased, the state monopolies set in arrangement of the production and trade.

Tobacco can be produced in a range of different geographies. In each locality, it acquired different characteristics, and flavors. There have been three major types produced and consumed widely: Virginia, Burley, and Oriental. Oriental tobacco has been mostly cultivated in the regions around the Balkans. Climate of Turkey, the hot and dry one, is suitable for Oriental tobacco production. It is grown in poor and rocky soil. The combination of the climate and soil (dis)quality determines the leaf quality. On the contrary to Virginia type tobacco, Oriental tobacco is usually grown in small plots since its cultivation is very labor-intensive. For this reason machinery use is not so wide spread. The effective use of irrigation, pesticides and chemical fertilizers is mostly not appropriate for growing high quality Oriental tobacco. Turkey had been the leading country in Oriental tobacco production until the recent years when China and India have started to cultivate oriental tobacco and dominated the global Oriental tobacco production. Oriental tobacco had various areas of usage. Until the Second World War, it was mixed in all cigarette blends with 95 percent. However, the global demand of Oriental tobacco has decreased over the years. The consumption pattern had changed with the evolution of American blends, and the aggressive strategies of transnational cigarette producer companies to increase their market share globally.

The state monopoly, TEKEL played a vital role in every corner of tobacco affairs in Turkey since the early years of the Turkish Republic. There was an alliance between the cultivators and the monopoly. Producers were supported by minimum price policies, support buying, and production subsidies. The number of households earned their living on tobacco production was getting increased under state protectionist policies. The state monopoly also worked on developing the standards in tobacco production. Turkish tobacco became globally popular under the supervision of state monopoly.

Turkish tobacco market has passed through turmoil since the beginning of 2000s. Despite the fact that it is still in a state of flux, and taking account of the multifaceted structure of the problem; analyzing the transformation, or, further to that, forecasting the possible spawning conditions in near future for the market and the agents operating in the market would be a deficient pursuit. The thesis, instead of committing prognostication, attempts to understand the underlying dynamics of the vast changes happening in the market. At this juncture, I appeal to David Harvey's theoretical approaches on the historical geography of capitalist development.

According to Harvey's crisis theory, capitalism ontologically needs a surplus for coming into existence and growing. Capitalism has some inherent tendencies to fall into crises. If the accumulated surplus created inside of the capitalist system does not find an outlet in order to sustain the accumulation regime, capitalist system experiences an over-accumulation crises. There can be various constraints, trouble spots disrupt the accumulation process (e.g. market constraints, labor constraints, technology constraints or whatever). Capitalism needs a "spatial fix" to overcome the surplus absorption problem. The temporal and spatial displacements of the surpluses were piling up at some parts of the world through economic, diplomatic or brutal means

and this displacement and accumulation processes has been the main tool of capitalism as a remedy of over-accumulation crises. In his books *The New Imperialism* (2003)¹ and *A Brief History of Neoliberalism* (2007)², David Harvey treats the neoliberal restructuring of the Third World economies as an answer to the capital surplus absorption problem occurred in the beginnings of the 70s.

Neoliberalism in that sense can be considered as all practices which include the smashing down of all barriers and constraints that ‘hinder’ the capitalist accumulation process. The creation of world market, capital and commodity exports, foreign direct investments, resignation of social welfare policies, attacks on unionist movements, unregulated financialization, the wave of privatization of state-owned enterprises, and, more brutally, the widening of the neocolonial practices (like, say, bringing up “democracy” to the “backward” regions of the world) should be rethought in this perspective. In order to show the historical continuity of primitive accumulation practices, Harvey introduces the notion of “accumulation by dispossession” to theorize the spatial fix endeavors of capitalist accumulation regime in the last three decades which includes the extension of commodification of land and labor power, suppression of alternative forms of production and consumption, the expulsion of peasant populations, and the privatization of commonly owned assets and state-owned enterprises. Beyond these, the neoliberal ideology forms its basis on the ideal of individual liberty and freedom. The private property, personal initiative and entrepreneurialism, free market, and free trade are the values promoted by the proponents of the neoliberal ideology. The whole economic models, mechanism designs supported by neoliberal theoreticians, and the whole development programs, the structural

¹ Harvey, D. (2003). *The New Imperialism*. Oxford University Press. 137-183.

² Harvey, D. (2007). *A Brief History of Neoliberalism*. Oxford University Press. 87-120.

adjustment projects encouraged by the WB, the WTO, and the IMF have been seeking the ideal of liberal freedom. Marx deconstructs the liberal notion of freedom committed to laborers by the capitalism in *Capital* by presenting its double meanings. On the one hand, in capitalist mode of production the laborer is “free” to control over her labor power. But on the other hand, she is free from all means of production and subsistence to reproduce her labor power (Marx, 2010, p.171-72). The thesis also discusses critically the rhetoric of restructuring practices in Turkish tobacco sector which bestow freedom to all market agents.

The thesis following the Harvey’s approach discusses Oriental tobacco and Turkish tobacco sector as one of the moments which capitalist accumulation regime attempts to absorb in different times and through different mechanisms. Second chapter of the thesis gives the theoretical background followed in the next chapters. Marx’s notion of “primitive accumulation” presented in *Capital* will be examined in detail. Its importance in his theory of capitalism will be argued by giving reference to his words from the related chapters in *Capital*. Afterwards, I will refer to Harvey’s notion of “accumulation by dispossession” in order to emphasize the soundness of primitive accumulation in understanding the contemporary dynamics of capitalist relations and organization of capitalist discipline. In the third chapter, from a historical perspective, I will trace out the discovery of tobacco in the Americas and bringing to the Europe as a cash crop, a commodity. The thesis claims that tobacco is a special product through which we can read the history of economic thought. The efforts of the states to regulate its production and trade relations, the tax regime implemented on tobacco, the agents and the alliances of the agents who are producing, trading, and regulating these relations, and the international agreements defining the conditions of tobacco trade can give some insights about the dominant economic order at a given historical period. In order to illustrate the practice of primitive accumulation, the

developments in the tobacco market in the late of Ottoman Period will be put forward. The emergence of the Public Debt Administration for regulating the debts of the Empire to the foreign countries and merchants, and the foundation of Regie Company for controlling all affairs of tobacco production and trade are considered as spatiotemporal fix of accumulation regime which disrupted by the crisis of capitalism of 1873. It was the displacement of the surplus accumulated in European territory and turn into a profitable investment in the borders of Ottoman Empire. The intervention of Regie Company for the sake of regulating the tobacco market and the reactions of the cultivators will be discussed in the end of the chapter.

Next chapter mainly focuses on the recent developments in the Turkish tobacco sector. Parallel with Turkish Economy, tobacco sector has been experienced neoliberal transformation since 1980s. In order to serve a comprehensive analysis on the recent transition, the reorganization agricultural sector after post-war era in line with the current capitalist accumulation regime will be analyzed. Furthermore, I discuss the emergence of transnational companies in the agricultural sector and the role of them in the expansion of capitalist mode of production in third world agriculture. After I depict the conjectural framework, my point of sight turns to the developments in the Turkish tobacco sector. As I aforementioned above, the neoliberal transformation is considered as the attempts to eliminate all kinds of the barriers that constitute an impediment to the capacity of surplus absorption. From that account, I put together various points related to the transition in the tobacco market to evaluate the developments within a broader perspective.

The power of organized labor and effective union movements was considered by capitalists every corner of the world in 1970s as a primary thread in the surplus absorption. The coup of

1980 and the following brutal crushes of organized labor eliminated this thread. The January 24 decisions, the market reforms implemented by Özal Government, and the Custom Union Agreement with European Union in 1996 were the battering down of the closed doors to let the foreign capital move freely. It went hand in hand with the attacks on the protectionist and the regulatory implications of the states. “Globalization” has been sanctified as the emergence of worldwide commodity and financial markets, the creation of “world culture” and growth of cross-cultural contacts, and the achievement of free circulation of people of all around the world. Nevertheless, Harvey sees the globalization is nothing more than ‘a massive resort to geographical displacement and restructuring, the systemic breaking down of all spatial barriers’.³

The reflections of the liberalization in the economy on the tobacco sector after 80s were the elimination of the monopoly position of TEKEL in the tobacco market and the allowance to import Virginia and Burley tobacco. The new alliances between the transnational companies and local capitalists occurred. The governments with legal arrangements oiled the wheels of foreign cigarette companies to invest in Turkish tobacco sector. Furthermore, the structural adjustment reforms subsequent to the economic crisis of 2001 aimed to eradicate the remnants of the welfare state. The contract farming system in tobacco sector was put into the practice with the one of fast law amendments in 2001. It has been the method that the companies can establish control over the labor power of the cultivators and the land without possessing it. Last but not least, the privatization of TEKEL and the closure of the tobacco processing operations of TEKEL have opened up new terrains for surplus absorption. The purchase of the alcoholic beverages department of TEKEL was a striking example of surplus absorption. The purchase of the assets of the TEKEL, especially the lands in the centers of the cities, should be analyzed in this

³ Harvey, D. (2007). In What Ways Is ‘The New Imperialism’ Really New?. *Historical Materialism*. 15. 57-70

perspective. The change of the old production facility to a shopping mall, a private university or a big hotel can be considered as the manifestation of the accumulation by dispossession practices. However, this aspect of the accumulation by dispossession will not cover in the scope of the thesis.

In the very end of the Chapter IV, the effects of the vast transformation on the market will be analyzed. In brief, the interventions for the sake of creating a free market structure in Turkish tobacco market have gone hand in hand the downward trend in the global demand of Turkish tobacco. In consequence of TEKEL's withdrawal from the tobacco sector the cultivators have been left alone taking a stand against the big companies. The elimination of subsidiary policies and the decrease in the demand of Oriental tobacco together has led to exclusion of a vast number of tobacco cultivators and the workers employed in tobacco processing and cigarette production. The turmoil in the tobacco sector is still hot. Hence, it is difficult to interpret the developments related to this topic. Nevertheless, I believe that the framework I suggested in the thesis can be served as a fruitful starting point to discuss the recent turmoil in the tobacco sector and the reactions against it.

CHAPTER II: HISTORICAL CONTINUITY OF MARX'S NOTION OF "PRIMITIVE ACCUMULATION" IN HARVEY'S NOTION OF "ACCUMULATION BY DISPOSSESSION"

Primitive Accumulation in Marx

According to classical Marxist school, the concept of primitive accumulation analyzed in *Capital Vol. 1* suggests the historical process that gave birth to the conditions of a capitalist mode of production. Within the historical materialist perspective, the term can incorporate the whole practices of state and market processes, which lead a primary accumulation for the "evolution" in a transitional period from a pre-capitalist mode of production (mostly feudal order) to a capitalist mode of production. Alternatively, the same idea can be evaluated not as a static and particular concept but rather as a continuous phenomenon within the capitalist mode of production. Present thesis aims, on the one hand, to analyze the term as it is used originally in the *Capital*, in order to find an insight for its comprehension and validity to associate the textual evidence with some central tenets of Marx's theory of capitalism. On the other hand, I will discuss and elaborate on the notion "primitive accumulation" within contemporary debates, emphasizing that the notion is not only a historical epoch which already ended, but that it is a dynamic and ongoing process, which is crucial for understanding today's neoliberal orthodoxy.

In this regard, David Harvey's conceptualization of "accumulation by dispossession" provides an important vehicle for discussing the organic relationship between capitalist

accumulation and primitive accumulation today. Also, it makes an important contribution for debates on the new social movements and struggles: *an opposition force made up of the “dispossessed”* (Harvey, 2010, p. 313).

I think that this framework provides an integrated approach to review and discuss the main subject matters of this thesis; the process of expropriation of cultivators and workers in the tobacco sector in Turkey within and through the privatization of TEKEL, the relations between Turkey and International Monetary Fund (IMF), Turkey and World Bank (WB), Turkey and European Union (EU), the cancellation of the Tobacco Fund, taxation policies on tobacco and tobacco by-products, market strategies of Transnational Corporations (TNC’s) and the role of the governments in this scenario. The discussion below aims to argue that “accumulation by dispossession” can be regarded as a common ground, and an appropriate notion for understanding the above mentioned facts, and the transformation of the Tobacco Sector in Turkey in the last three decades. Hence, it would be a new perspective for an academic work in the discipline of economics in Turkey to analyze a case study within this theoretical perspective.

I argue that we can understand Marx’s theory of primitive accumulation both as a moment in history and also as an ongoing process, as a historical continuity; and by doing so, we can depart from traditional interpretations. In this chapter, I will first analyze the term directly in Marx’s writings especially in *Capital* Vol. 1, Part 8. Then, some classical approaches to primitive accumulation within traditional Marxist schools of thought will be mentioned. In the next section, Harvey’s term “accumulation by dispossession” will be discussed to demonstrate the ongoing nature of primitive accumulation, and that the notion is still relevant today to understand the contemporary dynamics of capitalist relations and organization of capitalist

discipline. With this theoretical assistance, I will discuss the contemporary conditions of tobacco producers, the period of the dissolution of tobacco sector in Turkey and the practices of TNCs like propagation, manipulation and capturing the market to perpetuate the accumulation or survive. This chapter argues that a reinterpretation of Marx's theory of primitive accumulation may provide some important insights, and shows us the *common* social character of different policies in different historical epochs in different geographies.

Marx gave the title "Primitive Accumulation" to the Part 8 of Volume One of *Capital* after the discussion of the conditions of simple reproduction and conversion of surplus value into capital, the part in which Marx put forward his most influential contribution to the general law of capitalist accumulation that he was utterly devoted to work on. He explicitly lays down the conditions of capitalist accumulation (which I will discuss later in comparison to primitive accumulation) and then goes back to discuss and analyze the preconditions of capitalist accumulation that are necessary for its realization. As Harvey implies in his lectures on Marx's *Capital*, this method of describing the capitalist mode of production gives some insights about Marx's dialectical method to constitute a totality of his theory. He discusses the trigger effect of primitive accumulation for any given time-process of accumulation. The "original" or "primitive" capital has to be analyzed as presupposition of capitalist accumulation.⁴

Marx refers to the primitive accumulation differently than Adam Smith, who uses the term "accumulation of stock" in the Chapter 8 of *Wealth of Nations*. According to Smith, accumulation of stock is a necessary condition for division of labor. He states that in the original state of society before the accumulation of stock and the appropriation of land, division of labor

⁴ Harvey, D. Capital Class One, Capital Class Thirteen. www.davidharvey.org

didn't exist and therefore market exchanges were seldom realized. In such a society, each laborer endeavors to supply the whole product, as the result of his own labor. Hence, the accumulation of stock and seizure of lands can be evaluated as putting an end to this state of society and this is a precondition for the establishment of division of labor and the emergence of wages which would increase with the improvements in productive power of labor. He theorizes the notion "accumulation of stock" to elaborate the classical explanation of factors of production and factors of payment. (Smith, 2003, Chp. 8) On the contrary, Marx refers to primitive accumulation from a different perspective, in the light of his categorization of capital. He builds up a class based approach from the beginning to discuss the notion of primitive accumulation. After he defines the term and discusses its importance for accumulation process, he indicates the connection between primitive accumulation and the formation of working class and the bourgeoisie in a class-based approach.

In the very beginning of the Chapter 26, Marx directly tells the reader why he has to discuss the primitive accumulation. At a first glance, it can be evaluated that his having recourse the notion of primitive accumulation is an attempt to provide a consistent explanation to render completing the missing historical foundations of his theoretical and analytical narration constituted from the beginning of the *Capital*. (Harvey: Capital Class 13) He tries to strengthen his assumptions (in this context; an accumulated money as a merchant capital and usury capital) on which he constitutes his theory of capitalist mode of production. In his words, without the primitive accumulation the whole movement from capitalistic production to capitalist accumulation through surplus value creation would turn into a vicious circle. (Marx, 2010, Chp 26)

Marx points out that the complete separation of the laborers from all property, the very property through which laborers find ways to realize their labor and satisfy their subsistence, is the preliminary condition for capitalist system. Moreover, he stresses the power of the capitalist system to increase the magnitudes of separation, through the perpetual expansion and accumulation of the system. As he mentioned:

“The capitalist system presupposes the complete separation of the laborers from all property in the means by which they can realize their labor. As soon as capitalist production is once on its own legs, it not only maintains this separation, but reproduces it on a continually extending scale.” (Marx 2007: 785-86)

Marx highlights the commodification and proletarianisation practices of the capitalist accumulation process. Accumulation regime in capitalist mode of production goes hand in hand with dispossession of laborers’ means of production; a transformation process, which includes the capitalization of the social means of subsistence and of production. The capitalization process transforms an increasing mass of population from being an employer, an unemployed, or self-employed into being wage laborers. He defines primitive accumulation as if it were the first spark of the historical process of transformation, which expands this separation.

Marx refers to the notion primitive accumulation not in pejorative connotations. Although Marx states clearly in Volume One of *Capital*, that the term “primitive” in primitive accumulation has to do with his emphasis on the necessary conditions prior to the rise of capitalist mode of production at a particular historical context (mostly England in *Capital*), the term primitive, in some interpretations, is taken to mean a universal stage of history, of primitiveness in a pejorative sense.

In historical materialist perspective, a mode of production in a given time and space is a combination of material forces of production and relations of production. The totality of these two constitutes the economic structure of the society.⁵ There should be a set of relations of production that correspond with given forces of production. But not every combination of these implies a strict and uniform mode of production. Mode of production can be understood as a dynamic concept and we can think about the coexistence of various sorts of modes of production, about the coexistence of capitalist relations with other forms of relations. Although every context can be regarded as a combination of not uniform relations, the general character of a particular historical context is determined according to the dominant set of relations (capitalist relations in capitalism) within that time and space. Historical materialist analysis requires us to understand the dynamic relations between different forces in society at the conjuncture in question. And in a (revolutionary) moment, a contradiction occurs between the development stage of material forces of production and the existing relations of production. According to Marx, this certain section of time can be the epitome of social revolution:

“...Then begins an era of social revolution. The changes in the economic foundation lead sooner or later to the transformation of the whole immense superstructure.” “...No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society.” (Marx, From the preface of A Contribution to the Critique of Political Economy)

⁵ As known, there has been a huge literature on the debate of economic determinism in Marx’s text: the determination of economic structure, in the last instance, on the super structure. The scope of this debate is not be discussed in this paper for abstain from rambling out. I just prefer to refer it in order to give classical Marxian way of analyzing the transition from a mode of production to another.

Marx, in the *Preface of A Contribution to the Critique of Political Economy*, also listed briefly the definite modes of production. The name of the combination between forces and relations of production depends on progress in the economic development of society: Asiatic, ancient, feudal and modern bourgeois modes of production. Hence, we can state that “primitive accumulation” is an essential intervention, through which capitalist relations of production replace prior ones (especially capitalism replacing feudal mode of production in the case of Europe, the central context for Marx’s *Capital*).

“Nature does not produce on the one hand owners of money or commodities, and on the other hand men possessing nothing but their own labor-power. This relation has no basis in natural history, nor does it have a social basis common to all periods of human history. It is clearly the result of a past historical development, the product of many economic revolutions, of the extinction of a whole series of older formations of social production.” (273)

One of the main preconditions of capitalism is the creation of surplus value, which depends on a commodity capable of producing more value than it had before the process of production. This commodity is no other thing than labor power. Then, the surplus value created by laborers is extracted in a given class relation and within the organization of capitalist relations. We can interpret that Marx points out the emergence of the free workers as “*the result of a past historical development, the product of many economic revolutions*”, which then creates the suitable conditions for transition to capitalist mode of production.

It is worth emphasizing that besides the displacement of an earlier mode of production, distinguishing between producers and means of production as separate value categories is mostly related with primitive accumulation as Marx elaborates (De Angelis, 1999). De Angelis points

out that *separation* in that sense is the fundamental condition for Marx, in both accumulation and primitive accumulation processes. He finds various insights about this separation in Marx's various texts, especially in *Grundrisse*. When historical process of separation between producers and means of production and subsistence – primitive accumulation – is “materialized”, the living labor and conditions of production from now on become distinct commodities and they stand in opposition with each other as independent values (Marx 1858: 460-62). Labor of the producers, therefore, is exposed to a transformation of subjects into objects, *reification*. At the same time, it can be seen as the emergence of labor force as a commodity; in that regard, Marx states that “it is merely a value of a particular use value alongside the conditions of its own realization as values of another use value” (Marx 1858:462, De Angelis 1999).

The divorce of means of production and subsistence from the producers as wage laborers, at the same time, is the source of the Marx's conceptualization of alienation of laborers from their labor and their products. He developed the concept of alienation out of his critical study on Hegel and elaborates it to constitute his analysis of estrangement of people from aspects of their 'human nature' in a society stratified into social classes with the hegemony of capitalist mode of production. With the separation mentioned above, producers become “free” laborers. This is the necessary condition for a capitalist to turn his money stock into capital: he has to find free laborers in the commodity market. Freedom has double meaning in this context. First, the laborer has power to dispose of his labor power as a commodity. There should not be any power to have control over his own labor power as in ancient or feudal mode of production. Furthermore, he has to be completely divorced from the means of production and from the means of subsistence so that he has to reproduce his labor power by buying commodities from the market (Marx 2010: 171-3). Nevertheless, the laborer as an economic entity is self-realized and autonomous; he

becomes an instrument, a thing not a person, a mere factor in production side. He loses the ability to control his life and his destiny.

Adam Smith, writing from a liberal point of view, almost sanctifies this separation and states that it leads to efficient division of labor. The division of labor and the intensification of market exchange directly increase productivity within the law of competition. Hence, he claims that the “hidden hand” of market is beneficial for all. When government intervenes into the economy, this leads to some frictions in the beneficial conditions. According to Smith’s classical political economy theory, extension of the separation and polarization in society within a competitive atmosphere are natural processes, which are associated by Smith with natural attitudes and sentiments of man-beings. The ideology constituted by freedom of exchange and liberty of contract legitimizes the moral superiority and “humanism”. With this sort of theoretical framework, Smith, although he experienced a number of cases not parallel with the utopian world he depicts, does not point out any class relation in this process, or he prefers to ignore the role of the state and the role of states’ violent interventions in setting up the necessary conditions for economic relations and transformations; instead, Smith emphasizes natural processes under the influence of Darwinist evolutionism. Marx, in the second chapter of *Capital*, elaborately analyzes the inner contradictions of the projections of classical political economists, ironically deconstructs them by constructing his narration against his contemporaries, and shows that competition in capitalism has a tendency towards monopoly and centralization of capital. From various angles, he states how centralization of capital in one pole of the society and immense misery and degradation in the other pole is intrinsic to the logic of capitalism. (Harvey 2010: 289-93)

Briefly, the part on primitive accumulation in *Capital* provide the theoretical basis to focus on the question of how such mechanisms like violence, thievery, usury helped free up labor-power and turned it into a commodity, and how a new mode of production “blossomed” within the earlier mode of production. This theoretical background serves as an explanatory convenient to grasp debates around the past thirty years of market-based neoliberal orthodoxy.

As Harvey points out in his book *A Companion to Marx's Capital*, Marx mostly focused his investigation on the “*classic form*” of primitive accumulation from the sixteenth century onward mostly in Britain, but he also emphasized that the concrete applications of primitive accumulation can take different forms in different geographies at different eras., He analyzes the legislations, various acts, juridical cases, and texts in different disciplines to strengthen his propositions. However, as he does in general in *Capital*, he intentionally interprets Britain as a pioneering model when he constitutes his account of long history capitalism through primitive accumulation.

Here, I try to list common insights between the classical primitive accumulation and today's examples in neoliberal orthodoxy. Marx explained in first chapters that money becomes the power of all powers; he explicitly emphasizes that the traditional community dissolves with the creation of money as a social power and it becomes community by itself. At the same time, he points out that the state which initially had tendency to preserve traditional economy of peasantry against raw money power allied with the emerging bourgeoisie class and leaves its active role in supporting peasantry. In classical form, the new alliances were formed among the new landed aristocracy, the new bankocracy and high finance (new form of usury capital) and the large manufacturers. The new alliances could bend the state apparatus to their collective will. (the cooperation between IMF, TNCs, big local firms and the government) The legislation itself

becomes the instrument of expropriation of peasants from their lands and means of production. (Harvey: 295)

Secondly, intense divorce of peasants from their land, as Marx states, led a huge immigration of mass of people to the cities and towns which were the centers of manufacturing in Britain. On the one hand he emphasizes that the existence of free wage laborer was a sufficient condition for capitalist accumulation. On the other hand, he points out, as another crucial fact, that there was no employment for all these freed labor in actual condition of capitalist development. Actually, he evaluates the lack of employment as another glorious intrinsic logic of capitalist mode of production. He defines this excess of people as reserve army of labor in chapter of *Capital* (Marx, 2010. 601-626) The reserve army of labor can be evaluated as the disciplinary mechanism over the emerging proletariat, by which the wages can be suppressed more and more as it is suitable for extraction of absolute surplus value. Marginalization of the excess population into the cities is another aspect of this disciplinary mechanism. In contrast to the classical political economy conceptualization which states that the existence of beggars, thieves and robbers stems from the preference/free choice of these people, Marx depicts this scene as the direct consequences of primitive accumulation and intentional ambitions of rising bourgeoisie to regulate wages and to set domination over workers. Capitalist constantly makes use of the disciplinary strategies over proletariat together with the power of the state with ad hoc measurement for enduring the extraction of surplus value. Coercive measures taken against so called “beggars, vagabonds, rogues”, the legislation about the regulation to decrease starting age of work or working hours, banning workers’ associations or assemblies can be cited as main means to seal the domination of the capitalist over worker.

On agriculture side, besides setting free a number of laborers through the practices of primitive accumulation, food supply were commoditized. While fewer people lived into forms of subsistence production, the result of dissolving small peasantry and increase in division of labor was an expansion of market exchange and increase in the size of goods and commodities of subsistence. Then, regulation over the market of subsistence goods has become another weapon of bourgeoisie to seal control over workers and extraction of relative surplus value.

In the chapter of “the Genesis of Industrial Capitalist”, Marx points out that the feudal order in countryside and guild system in cities together prevented the complete transformation of money capital originated by usury and merchandise to industrial capital. However, these entanglements partially faded away with dissolution of feudal society, the dispossession of rural population. At this stage, the momentum in transition from feudal mode of production to capitalist mode of production and the emergence of new manufacture sites in coastal towns are associated with other moments of primitive accumulation, colonial system, modern taxation system and public debts. Marx straightforwardly emphasizes that the state at this juncture resorts to the use of “legitimate force” to fasten the transition: (Marx 2010: 718-19)

“Force is the midwife of every old society which is pregnant with a new one. It is itself an economic power.” (Marx: 719)

The colonial system made a major contribution on development of trade and naval transportation. Colonies enabled to open a new market for developing manufacture. Market monopolies provided straight inflows from colonies, a proper atmosphere for accumulation. Marx again underlines the pillage, enslavement, slaying within colonial practices and shows how the resource and wealth were extracted from colonies and turned into capital in the country (718-22). Introduction of tobacco to Europe from the colonies in the New World, turning into a commodity

and spread all around the world from Europe can be a good example of the direct relation between colonial practices and capital accumulation.

The accumulated capital thereafter satisfied suitable condition for public credit system. It became leverage for primitive accumulation, *credo* of the capital. He deconstructs the modern doctrine that the more public gets into debt, the more it gets rich. Public borrowings led involvement of stock corporations, securities operations, speculation and stock gambling. He literary points out that the source of credit money as a capital is the extracted surplus labor of freed wage laborer.

“A great deal of capital, which appears today in the United States without any certificate of birth, was yesterday, in England, the capitalized blood of children.” (723)

Modern taxation system was also constituted as supplementary of public credit system. Increase in taxes goes hand in hand with growing public debt. Heavy taxation on the means of subsistence is not an exception, but a principle in modern accounting system. Marx remarks the disciplinary role of heavy taxes on workers. The protection system that includes tariffs, export subsidies plays a crucial role in production of manufacturers, dispossession of wage labor and capitalization of national means of production and subsistence.

Marx in last chapter of Part 8 briefly indicates the “tendency” of capitalist accumulation in his historical materialist perspective. He defines primitive accumulation as expropriation of direct producers and concentration of properties in the one pole of the society. The expropriation means at the same time the annihilation of Feudalism. Marx emphasizes the pre-historic feature of primitive accumulation in a political and polemical intention (Harvey 2010: 300-10). This is

his striking way of narration; he points out on the one hand the brutal aspects of expropriation process that implies the annihilation of previous mode of production, and on the other hand he signals how the capitalist mode of production would come to an end. As soon as the transformation process goes and penetrates deeper into the society, and proletarianisation of direct producers and capitalization of means of labor actualize, the deterioration process of capitalist mode of production inaugurates. For Marx, it is intrinsic in the capitalist logic. At some point the concentration of means of production and socialization of labor come to a conflict with material forces of capitalist production. Its turn to come; *the expropriators are expropriated*.

"New forces and new passions spring up in the bosom of society, forces and passions which feel themselves to be fettered by that society." (Marx: 728)

Harvey's Accumulation by Dispossession

Harvey, in his book *the New Imperialism* (2003), focuses on the dynamics of capital accumulation regime which has been established in the last three decades; during the era of neoliberalism. In order to give an inclusive explanation to his designations about neo-liberalism, he analyzes the practices of the *Project for the New American Century (PNAC⁶)* (within a particular spatial framework), and depicts the economic development of imperialism and its impacts on various geographies. Accordingly, he plots the new dynamics in capitalist accumulation regime after the economic crises in the beginning of 70s. But he also brings the

⁶ Harvey points out the threats for the US stability at the beginning of the 21st century: recession with rising unemployment, budget deficit, corporate scandals evaporating healthcare, shrinking pension funds and growing social inequality and gutted environment protections. The PNAC relied on the strategies, mostly rested on firepower, to preserve and extend the US advantageous position over the rest of the world. Harvey thinks that the events of 9/11 were a great opportunity to create the intense solidarity in the US for neocons and the legitimacy for its aggressive politics.

continuum of the accumulation regime into view by focusing on the similarities among the colonial, neocolonial and imperial practices in different place and time.

“The American bourgeoisie has, in short, rediscovered what the British bourgeoisie discovered in the last three decades of the nineteenth century, that, as Arendt has it, 'the original sin of simple robbery' which made possible the original accumulation of capital 'had eventually to be repeated lest the motor of accumulation suddenly die down. If this is so, then the 'new imperialism' appears as nothing more than the revisiting of the old, though in a different place and time.” (Harvey 2003: 182)

As we mentioned in the beginning of the chapter, Harvey opts for the term “accumulation by dispossession” to emphasize ongoing feature of primitive accumulation and to show the distinctive dimension of the “new” imperialism era (144). In *Accumulation by Dispossession* chapter of *New Imperialism*, Harvey reminds the explanation of Rosa Luxemburg on capitalist accumulation. She points to the organic relationship between the two aspects of capitalist accumulation; one concerns antagonistic relation between capitalist and wage laborers and the other concerns the interactions among capitalism and non-capitalist modes of production.⁷ Harvey states that Luxemburg focuses on the “under-consumption” tendency of capitalist accumulation crisis according to which effective demand, at some point of cyclical progress of capitalist accumulation, falls short to soak up the growth in output on the contrary to Say’s Law. And, she constitutes her theory of imperialism on this; “trade” with non-capitalist social formations can be the only systemic way to save and stabilize the accumulation regime. (Harvey, 2003: 136-38) The intensity of the trade actions depends on “eagerness” or “reluctance” of both

⁷ For a detailed argumentation on Luxemburg’s theory capital accumulation: R. Luxemburg, *The Accumulation of Capital*, trans. A Schwarzschild (New York: Monthly Review Press, 1968 edn.). and Tony Cliff, *Rosa Luxemburg, Accumulation of Capital*, <http://www.marxists.org/archive/cliff/works/1969/rosalux/8-acc-cap.htm>

parties (as happened with the East India Company in India, with opium wars in China or with tobacco trade in colonies of the New World...)

According to Harvey 'over accumulation', as another explanation of crisis in Marxist tradition, also provides a comprehensive feature to understand stabilization practices of capitalist accumulation regimes, in Harvey's terms the moments of accumulation by dispossession in recent history of capitalism. He reveals how the system can solve over-accumulation tendency as follows: the geographical expansion of capitalism through a various imperial activities can open up demand for both consumer goods and capital goods (mostly with regard to under-consumption analysis) and also through cheap land, raw materials, intermediate goods and labor power the stagnant demand can be revived. Another dimension of the process is that forced or voluntary trade is not the only intention, but it is also the penetration of over-accumulated capital into these geographies in various methods to invest in profitable ways. The credo of today's neoliberal orthodoxy is the free movement of capital: foreign direct investments, portfolio investments and privatizations share the same features with Harvey's analysis of the 'organic relation' between expanded reproduction and the violent processes of dispossession which has formed the historical geography of capitalism.

Development of capitalism's historical geography up until today has proved the validity of Marx's stance about primitive accumulation in many cases. To show this validity and its on-going aspect, Harvey refers to some crucial (f)acts in neoliberal era. As has been happening in Mexico and India through the effects of free trade agreements and the agricultural supporting policies of the USA and EU, displacement of peasant populations and their formation as landless proletariat has accelerated. The privatizations of common natural resources and nationalized industries have gone hand in hand with unregulated capital mobility. Family farming and

alternative modes of production have been suppressed globally. The strong wave of financialization that was put forward set as a solution to the crises of 70s has brought out a global financial crisis in 2008. The asset bubbles swelling with stock promotions, speculative asset operations, ponzi schemes, and credit and stock manipulations had burst and led to a huge wave of dispossession all around the world.

Harvey underlines two main pillars of accumulation by dispossession processes in neoliberal era. One is the upsurge in privatization of resources held in common and naturalized industries (electricity, water, communication, energy, agricultural cooperative, state owned enterprises and so forth.) Second are the structural adjustment programs that globally re-colonized the poor countries of the world with the pioneering of the IMF, the WB, and the WTO. Moreover, with ‘biopiracy’ he draws attention the practices of TNCs in patenting and licensing policies with the provision of the WTO. The suppression of alternative and small scale production regimes and encouragement of capital-intensive agribusiness have led to the depletion of global environmental commons and to the degradation of ecology. In various geographies the different combinations of all these attacks from unequal exchange practices, to legal procedures and together with natural restrictions have resulted in a wholesale dispossession by poor majority of the world.

I have analyzed the transformation of Turkish tobacco sector, mostly in the last thirty years in a critical perspective. Marx’s conceptualization of “primitive accumulation” serves as a theoretical framework to situate the global and local trends and the path of restructuring of the sector within a general class-based analysis of capital accumulation. I also aimed to incorporate David Harvey’s focus on the regimes of capital accumulation, which emphasizes continuing features of primitive accumulation. Therefore I tried to depict crucial moments of primitive

accumulation throughout the transformation processes in tobacco sector. The conceptualization of “accumulation by dispossession” shows the explanatory power of Marx’s conceptualization of primitive accumulation which enables us to understand some different mechanisms constituting similar process at work in the contemporary world of global capitalist domination.

CHAPTER III: MAKING A TOBACCO MARKET: THE REGIE PERIOD

Marxist interpretation of classical political economy was the first critique that economy as a science can be understood within the institutions, politics and class relations in contrast to approaches which discuss the economy as a natural entity.

The Marxist literature on primitive accumulation aims to depict in which historical contexts and political developments the capitalist mode of production rises and expands. In the thesis when I attempt to analyze the Turkish tobacco sector, I benefit from the Marxist literature on primitive accumulation to discuss the relation between the tobacco cultivators, the developments in the sector and the practices evaluated in the framework of primitive accumulation.

Karl Polanyi on the other hand constitutes his approach with the presumption that the economical process; markets, prices and supply demand relations do not come into existence in a natural order but they over-determined and are only understood within a historical context and the unsettled relations between the state, producers, consumers or in a class based approach; capitalists and workers.⁸ The Marxian theoretical perspective elaborated in the first chapter shapes the following chapters in which I aim to discuss the commodification of the tobacco as a crop and become the agent of the specific accumulation regime and the remaking of the tobacco market in a specific socioeconomic context. As I proposed, the primitive accumulation is not just a phase in the first instance for capitalist accumulation, but it can be read the whole set of relations that occur in different historical contexts and different economic relations. To develop a comprehensive discussion on the contemporary dynamics in the Turkish tobacco sector, we have

⁸ Rankin, Keith (1998) "Compulsory Freedom". *New Zealand Political Review* 7(4): 12-15

to explore the historical process of the relations and the forces of production around tobacco. In a Polanyian framework, the thesis do not prefer to approach the tobacco market as a natural entity, rather it attempt to analyze how the tobacco market is constituted by the controversies and alliances between state apparatus, capitalists, workers and cultivators.

History of Tobacco Production

Before going into the history of tobacco production and trade in the Ottoman Empire and in Turkey, it is necessary to briefly understand how the cultivation and consumption of tobacco, as well as tobacco trade became a global phenomenon. As will be explained below, the extended tobacco use, cultivation and trade throughout the world cannot be understood without reference to the global economic order, starting with colonial expansion of European states. As Wallerstein argues, tobacco was a typical agent of the world trade system in the New Age. It is also a good reference point for understanding how the mercantilist economic policies, the colonial order, and trade systems were constructed. (Wallerstein, 1980, p.164-172)

Contrary to today's general assumption concerning the bad effects of tobacco usage on health, there were many scientists and health specialist who had advocated for the beneficial effects of tobacco use, when tobacco was first transported to Europe from the New World. It had various usages in Indian traditions, for medical purposes or in religious ceremonies (Schmidt, 2007, p.488). On the other hand, tobacco use constituted one of the main religious controversies, with tobacco use being pervasive throughout all the layers of European societies. The massive expansion of the new world's products into Europe brought with it many moral and social side effects. In that sense, it would be helpful to analyze the economic conjuncture in which tobacco came to Europe.

The supply of tobacco in the 17th century was mainly provided from North America. Tobacco was produced in the colonies of Britain in North America and the colonies of Spain and Portugal in southern parts of the continent. Later on, it was transported to important ports of Europe, like Lisbon, Amsterdam, Seville, and Glasgow. Furthermore, some cities like Bordeaux, Marseille, Geneva, Bremen and Hamburg became trade centers, securing the distribution of tobacco throughout Europe (Schmidt, p. 499-501). An important element within the colonization process throughout the 17th and early 18th century was maintaining tobacco supply and trade. Holland and Britain were the main executives of these attempts.

In the first half of the 17th century, there was a wave of tobacco prohibition in European States, led by the Church.⁹ Despite the religiously motivated prohibitions policies, the demand for tobacco remained large, and significant amounts of money flowed abroad due to tobacco imports. This importation of tobacco put pressure on trade balances of European countries. Hence, it was not suitable to their mercantilist trade policies.

Tobacco Trade in Mercantilist Era

Adam Smith, in his magnum opus, *The Wealth of Nations*, uses an analogy between a man and a country, and states that “a rich country, in the same manner as a rich man, is supposed to be a country abounding in money; and to heap up gold and silver in any country is supposed to be the readiest way to enrich it.” (Smith, 342) Mercantilism, which was the operative economic

⁹ For the wide range argument about the tobacco prohibition in 17th century: Yılmaz, F. (2007). Tütün Üzerine Düşünceler: Batıda ve Bizde. In E. Naskali (Ed.) *Tütün Kitabı*. İstanbul: Kitabevi. p. 3-17; Uluer, C. (2007). Tütün Yasakları. In E. Naskali (Ed.) *Tütün Kitabı*. İstanbul: Kitabevi.

system of the biggest European countries, went hand in hand with bullionism¹⁰. Mercantilism equated wealth with power. As Smith implies, a mercantilist government attempts to import less than it exports, increasing its wealth and making balance of trade more favorable. Through the use of tariffs and subsidies, a government should promote exports and discourage imports. It emphasizes the protectionist role of the economy.

The Mercantile System represents a world of competition, a world of colonization and trade operations. At the time, Europe's greatest mercantilist states, England, France, Spain, and especially the Netherlands, competed harshly to expand their colonies, to get or keep gold and silver, in a world where the global supply of gold and silver is limited. Colonization, militarization, and protectionism were the key dynamics of the mercantilist era. Colonies were vital for maintaining raw materials for the colonizers: if not for colonialism, European countries would have to import these goods. Colonies also served as markets for exporting goods that are produced by the European colonizers, which helped accelerate manufacturing and increase employment.

The Navigation Act of 1651, Staple Act of 1663 and following The Restraining Acts of 1699 could be counted as England's real attempts at strictly enforcing mercantilist policy in the New World. (Wallenstein, 96-99) Navigation Act implied that all goods brought from the colonies had to be carried on English ships. And with the Staple Act, colonial ships had to unload their loads once they were docked in England so that each item could be taxed. Moreover, Restraining Acts prohibited the manufactures in colonies to export the good that they

¹⁰ Bullionism, the premise of the monetary policy of mercantilism based on the practices to increase to export and get trade surplus. To convert the surplus into the precious metal and to prevent other countries to drain money and precious metals were the main motive. The trade policy of England and Spain in 16th and 17th century is most closely associated with bullionism.

manufactured or processed, in an attempt to protect manufacturers in England (Murrin et al. 67-78).

Tobacco appeared at very heart of the mercantilist project. As Smith argues, sheep and oxen were the main instruments of commerce, signs for the measure of wealth among the Tartars, as well as among all other nations of shepherds, “*who are generally ignorant of the use of money*” (Smith, p.248). In mercantilist era, however, gold and silver became the main symbols of wealth, and consequently of power. As Marx explained in the *Capital Volume I*,

“Money of the world serves as the universal medium of payment, as the universal means of purchasing, and as the universally recognized embodiment of all wealth. Its function as a means of payment in the settling of international balances is its chief one. Hence the watchword of the mercantilists, balance of trade. Gold and silver serve as international means of purchasing chiefly and necessarily in those periods when the customary equilibrium in the interchange of products between different nations is suddenly disturbed. And lastly, it serves as the universally recognized embodiment of social wealth, whenever the question is not of buying or paying, but of transferring wealth from one country to another, and whenever this transference in the form of commodities is rendered impossible, either by special conjunctures in the markets or by the purpose itself that is intended.” (Marx, 2010. 145-46)

Tobacco was mentioned as a “golden leaf” at some parts of the world. It can be said that establishing control mechanisms over the production and the trade of tobacco became one of the effective ways to accumulate wealth. Tobacco played an essential role in the development of American colonies and became the first colony-produced commodity that was subjected to mercantilist restrictions. The leading countries in tobacco trade got huge revenues through duties and taxes on tobacco. Afterwards, almost all European states established state monopolies for tobacco production and trade, starting in early 17th century. Only Britain had continued to protect importers with protectionist policies without constituting any form of state monopoly. The Netherlands was also different from the majority, and retained a more relaxed free-market type policy on tobacco trade. The revenue from tobacco had increased and constituted a significant

part of the budgets of these countries. (Schmidt, p.494-501) These monopolies were the first examples of the ones being privatized in last three decades.

History of Tobacco Production and Trade in the Ottoman period¹¹

When I was investigating the recent conditions of tobacco cultivators and the tobacco sector in general, their conditions in relation to the neoliberal transformations of the Turkish economy, I witnessed in the annual reports of Tekgıda-İş, Tütün-Sen, the Association of Tobacco Experts, a discourse, which compares the current conditions and the *Regie* period, for various purposes. In other words, these reports showed the cultivators' perspective with regards to the history of tobacco sector in Turkey. *Regie* was the company, which was responsible for collecting duties on tobacco, alcoholic drinks, and salt, in the period from 1883 to 1925. I realized that *Regie* experience is still hot, referred to by the cultivators, people who earn their living by cultivating tobacco.

In this section, I briefly introduce the history of tobacco in rural Turkey, to demonstrate the importance of tobacco culture for Turkish economy. Then, I will discuss the developments of 19th century about tobacco based on Marxist concept of primitive accumulation, which I discussed in detail in the Chapter One. In this way, I investigate the continuity of the process of primitive accumulation, from the past to the present. In doing so, I follow Harvey's argument that the process of primitive accumulation continues through practices of accumulation by dispossession

¹¹ For a full discussion of the history of tobacco in Ottoman Empire: Doğruel, F & Doğruel, S. (2000) *Osmanlı'dan Günümüze: TEKEL*. İstanbul: TEKEL, p. 1-199; Zürcher, E. (1996) *Modernleşen Türkiye'nin Tarihi*, İstanbul: İletişim.; Quataert, D. (2008). *Anadolu'da Osmanlı Reformu ve Tarım, 1876-1908*. İstanbul: Türkiye İş Bankası Kültür Yayınları. p. 1- 170; Pamuk, Ş. (1988) *100 Soruda Osmanlı – Türkiye İktisat Tarihi, 1500-1914*, İstanbul: Gerçek Yayınevi. p. 5-234; Yılmaz, F. (2005). *Osmanlı İmparatorluğu'nda Tütün: Sosyal, Siyasi ve Ekonomik Tahli (1600-1883)*. Unpublished PhD thesis. Marmara University.

in the neoliberal era. Against the understanding of neoliberalism as a distinct historical period, Harvey's theoretical works help us understand the similar logics of accumulation, which persists throughout history. However, I will also try to emphasize the shifts and changes that come with neoliberal policies on tobacco sector in Turkey, in the last three decades. Actually, the economic history of Ottoman Empire provides number of details in support of my general analysis, a series of significant events that allow us to analyze the history of tobacco through the concept of primitive accumulation. Although primitive accumulation is in no way limited to the tobacco sector, and although accumulation in tobacco sector was influenced by the numerous other factors, such as diplomatic relations, wars, and wider economic reforms in the late Ottoman period, I prefer to narrow my focus to the events and developments that are concerned specifically on tobacco cultivation and trade.

After the exploration of Americas, tobacco spread fast all around the world. Tobacco first entered the Ottoman territory and had been cultivated as a cash-crop in the late sixteenth century. Through the activities of pioneering European merchants, tobacco production, consumption and trade expanded widely within the Empire. In 1609, tobacco was forbidden by the Sultan, a religiously grounded prohibition which lasted until the mid-century. Besides religious debates over tobacco consumption, the regulations and prohibition over tobacco was very common at that time. For example Ahmed I prohibited tobacco for economic reasons, because tobacco cultivators were using candle butter for curing diseases in tobacco plants, which caused a rise in candle butter prices, a commodity which was bought by the Imperial Palace to be used for lighting in the palace. In the era of Murat IV, the great fire in Istanbul was the main excuse of the prohibition, based on the assumption that smoking tobacco might cause fires in the cities (Uluer, 2007, p. 615- 617). On the other hand, as Ünal claims, the prohibition went hand in hand with closing of

kahvehanes (coffee shops), which were regarded as places for assembly, and which were the main places for smoking tobacco; according to Ünal, the prohibition had to do also with a pressure on oppositional political organizations (Ünal, 2007, p.15).

After the ban was removed, tobacco production accelerated especially in the Western regions of the Empire. In the late seventeenth century, there were about 50,000 cultivators and the total area of tobacco production was about 10,000 acres. Those numbers increased to about 150,000 and 192,000 acres respectively, the last quarter of the nineteenth century (Yılmaz, 2005, p.40-45). The number of merchants involved in tobacco trade increased together with the increase in producers. Tobacco trade and its cultivation were taxed for the first time in 1688. First, custom tax was applied for the merchants. Also, acre tax (*dönüm resmi*) was applied to the producers, which taxed the cultivators according to the total acre of land on which they produced tobacco. As a result, revenue from the whole of tobacco sector became significant for the empire's budget. It constituted 4% of the budget at the end of the 19th century. (Ünal: 22)

In the Ottoman Empire, the relatively free market economy for tobacco came into existence with the cooperation of the state, merchants, and producers. Despite the fact that the revenue from tobacco in the state budget increased as a result of various fiscal policies, tariffs and taxes, and that tobacco was increasingly taxed, the numbers of cultivators and merchants engaged in tobacco sector kept increasing over those years. This process led to the founding of a Guild Chamber (*Lonca Odası*) in Istanbul, for tobacco, and the Ottoman state appointed a chamberlain (*kethuda*) and chamberlain assistants (*yiğitbaşı*), in order to manage and regulate the tobacco trade and the relations among the merchants and producers. Tobacco leaves were processed into little warehouses in the towns and cities. Moreover, the expanding tobacco sector had a spillover

effect especially in cities. Many workhouses and shops were established to produce, trade, and supply rolling papers, pipe, *kese* (pouch), *enfiye* (snuff), and *tabla* (tobacco tray), in short, all kinds of side products related to tobacco use. Approximately 20.000 people were employed around Istanbul in the sector. As a result of all these developments, tobacco, with all the relations of production, trade practices, social and class relations incorporated with it, became a culture on its own.

The 19th century, for the Ottoman Empire, passed with the ambition of exhausted modernization process and long periods of war. The modernization practices were conducted, by pioneering officers educated in European countries (especially in France). With the modernization process, significant changes were made in fiscal policies, which meant that for the first time, modern taxation systems were applied to tobacco production and trade. Before, producers were taxed by acre tax. It was implemented for all cultivators whether they live in urban or rural. After the modernization reforms, tithes (*öşür* or *aşar*) came into force, replacing acre taxes. Tithes were a taxation that collected according to one tenth of total value cultivators produced in a harvest (Çağatay, 1947, p. 504). The rate varied year to year dependent on war spending and budget balances. Also, the permission to collect tithe was delegated to some local authorities, which was called *iltizam*. By this way, the surplus created by producers were extracted and shared between the state and local authorities, called *mültezim*. This rate also varied according to the power of the state to implement control mechanisms over local authorities, which changed due to numerous factors. As Boratav cites from Keyder, before it was repealed in 1925, the local authorities retained 20% more than the state. (Boratav, 2006, p. 53-54)

The reforms brought out a modern auditing and control system for measuring and forecasting the harvest, in order to prevent tax evasion. A “primitive” license system was implemented over the transportation and consumption of tobacco. All measures to guarantee tax revenue led to another crucial phenomenon: smuggling. As Ünal states, the effort to set an optimal rate of taxation on tobacco at that time constituted a historical ground for today’s tax rate negotiation between cigarette companies and the government. (Ünal. 21-23)

The source of legal statutes around tobacco today dates back to the regulations on statute of tobacco in the end of 19th century. The articles, which were enacted in 1874 concerning *tütün inhisari* (tobacco monopoly), were the first practices of monopoly. According to the regulation, it was free to produce tobacco, but a sort control mechanism was enforced to operate tobacco production, transportation and sale, tax rate, exportation, governance of manufacturing shops and plants, franchise agreements, sanctions and price fixing.

The following developments, regulations in the sector, and the foundation of the Régie company was at the back of the cultivators’ mind as I mentioned above the narrations about the Régie is often used in comparison between dynamics of its concession and today’s conditions in the sector.

Tobacco Market in Régie Period

International capitalist system experienced its first general crisis in the period 1873-1896. A secular downward fall took place in prices with the decline in demand. It led to a pessimist atmosphere for investment conditions. A set of measures were taken at this period, in order to remedy profitability problems. The main regulations were in the field of international trade,

through protective tariffs, creating cartels and trusts. The crises in the manufacturing sector affected the financial system negatively. (Kaymak, 2011, p.166-192) When the conditions for investment become less convenient as the result of economic crisis, capital flows, which were the main source for Ottoman public borrowing, were interrupted. Moreover, The Empire experienced a war period and the military expenses were a big burden for the budget. In the European markets, there were rumors circulating about the Ottoman Empire going bankrupt. The credibility of the Empire plunged to its lowest level because of its uncontrolled finance, and corruption in state administration. The empire teetered on the edge of insolvency, and it could not find any credit source neither from Europe nor from Galata bankers or merchants inside the Empire.

The period was marked by high levels of foreign and internal indebtedness. The empire hit the wall, when attempts to restructure the economy and generate income sources were unsuccessful. The Ottoman Bank (1856) and the Public Debt Administration (*Düyun-u Umumiye*, 1872) were the main actors behind modernization affairs and attempts to structure the economy. These institutions were founded with foreign capital, in order to collect payments for managing the Ottoman public debt. The bank functioned as a central bank, and became essentially independent from the central Ottoman bureaucracy, and was run by the representatives of foreign creditors. The Public Debt Administration (PDA) took over the responsibility to collect taxes, which included tobacco monopolies as well. Moreover, these institutions had a role as an intermediary between the Ottoman Empire and European investors seeking investment opportunities. At the end of the century, the PDA and The Bank were financing many infrastructure projects. They, for instance, supervised the construction of railways in various regions in the Empire (Birdal, 2010, p. 32- 92). The words of Birdal reflect the interests of European countries in these “supervision services”:

“There is no doubt that all these projects were in line with the interests of the foreign bondholders and the foreign powers represented in the council. Under the guarantee of the OPDA (The Public Debt Administration), the railway projects in the Empire had always been a profitable source of business for European capitalists. Moreover, they enabled European merchandise to reach the interior. The Konya project was originally proposed by the German Baghdad Railway Company, which expected to increase its tax revenues collected from the region.” (Birdal: 92)

This set of activities that were undertaken by European investors, can be interpreted in the framework that Marx gives us, which interprets colonial practices as moments of primitive accumulation. After the systemic economic crisis of capitalism in 1873, the international order of capital mobility was reorganized to overcome the over-accumulation problem¹². As a result of colonial brutal force in the course of wars, imperial diplomatic relations, and financial supervision, capital money circulated all around the world and got back with high returns, extracted surplus from the lands under the control of colonial empires.

Tobacco trade has been an important medium for this process, since it was first discovered in the New World and commoditized. The founding of the *Régie* Company (*Memalik-I Şahane Duhanları Müşterekü'l Menfaa Reji İdaresi*, hereafter Regie), should be understood in this economic context, as an attempt to remedy the profitability problem of the 1873 crisis. Founded in 1883, Regie became the main actor in tobacco sector until 1925. After many failed attempts to

¹² For a detailed analysis of the relation between remedies to the crisis of 1873 and the rise of imperialism: Clarke, S. (1989) *Keynesianism, Monetarism and the Crisis of the State*. Edward Elgar Pub. P.115-122. (PDF version of this document downloaded June 10, 2012 from http://www.revalvaatio.org/wp/wp-content/uploads/clarke-keynesianism_monetarism_and_the_crisis_of_the_state.pdf)

tax tobacco and fruitless trials to set up a national monopoly in tobacco sector (*İdare-i İnhisariyeyi Duhan*), The Regie was authorized to control all the aspects of production, manufacturing and exportation of tobacco according to the 1883 agreement between the PDA and the Ottoman Government. Tobacco sector was one of the richest sectors of the Empire. The revenue coming from tobacco monopolies included *Müruriyye* taxes (the tax from the cultivators), the banderole duty (for manufacturers with banderole to process tobacco), the license tax (for selling shops), and duties and tariffs form exportation and importation. In the year when Regie was founded, total tobacco revenues were around 35 percent of the total revenues of the PDA (Birdal: 131). There were approximately 140 thousands cultivators. Domestic consumption was 19 millions of tons, and the amount of exportation was around 8 millions of tons (Ünal: 27). As Birdal underlines, the Ottoman Tobacco Sector had growing domestic and international potential. Birdal highlights two major underlying reasons: The invention of the hand-rolled cigarettes, and the growing interest of European Importers for Turkish tobacco as a consequence of the American Civil War in 1860s; as we mentioned above, the American colonies had been the main source of production and importation for Europe until the end of 19th century. Hence, the Ottoman tobacco monopoly became the most attractive source of exploitation for foreign investors.

According to the agreement between the Regie and the Ottoman Government, the Regie was in charge of the monopoly for the processing of tobacco leaves and tobacco sale, in the whole Ottoman Empire, initially for 30 years according to the first concession. Then, it was extended until 1925, until the newly founded Republic terminated the contract. Quataert emphasizes that the length of the contract was indicative of the Regie's expectations of high returns from tobacco, with the growing potential of Turkish Tobacco and high rates of tobacco

consumption per capita (Quataert, 1983: 14). The agreement laid down a condition, stating that the Regie had to buy all of the cultivated tobacco; the only exception was that, tobacco cultivators were allowed to sell to other merchants if the merchant will export.

From then on, the cultivators had to apply to Regie in order to take licenses for growing tobacco. In exchange, the Regie guaranteed to pay 750.000 *lira* annually to cultivators, plus some share of net profit. The proposition was welcomed by both the PDA and the Government, since the payment was inconsiderable, when compared to the Regie's annual revenues. Also, there were no risk factors for the Regie, such as bad weathers, bad harvests, smuggling and so forth. Furthermore, the Regie committed to give interest free credits to the cultivators, to help cultivators and to extend the cultivation of high quality oriental tobacco. Regie was also obligated to build warehouses and factories close to cultivation sites (Karaca; 2007, p.56-62).¹³

Contrary to the good intentions in the agreement, the founding of the Regie brought about an unrest and dislocation for the people, who earn their lives from tobacco. The set-up of the tobacco sector in tandem with the Regie, led to a radical transformation in tobacco sector. The pre-existing production relations, credit and distribution system was suppressed with the establishment of the Regie. First, cultivators were required to take licenses for growing tobacco. More than 900 tobacco workshops were abolished, and the owners of the workshops, the workers and the merchants who bought tobacco to sell these shops for domestic consumption, lost their

¹³ For a detailed analysis for the contract between the Regie and the PDA: Tiğınçe, O. (2007). Osmanlı Devletinde Reji Şirketinin Kurulmasından Sonraki Gelişimler; Karaca, A. (2007). Osmanlı İmparatorluğunda Reji ve Tütün Kaçakçılığında Trabzon Örneği: Bir Yabancı Sermaye Serüveni. In E. Naskali (Ed.) *Tütün Kitabı*. İstanbul: Kitabevi. and Régie Concession' in Doğruel and Doğruel, 2000

jobs and many of them emigrated to Egypt to continue working in the tobacco sector.¹⁴ (Kayaalp, 2009: 230)

Before the establishment of the Regie, the cultivators were subordinated by usuries and merchants. They were dependent on them, for sell their products and getting credit to maintain production. The Regie claimed the responsibility for buying all products and securing the credit. The cooperation between the merchants, who bought the tobacco in a relatively low price, and the usuries, who lend money to cultivators with higher interest rates, was interrupted since Regie claimed monopoly on intermediary transactions, and thus became the sole actor for setting up the field-market connection. (Ünal: 27)

As we see in the Figure 1, in the first years of the Regie, there was an increase in production even though the number of the cultivators declined; the territories in which production took place were lost through wars, and also as a result of the banning of production in some regions. This implies an increase in productivity with the establishment of the Regie, and its control and audit mechanisms. Regie, the only regulatory institution in tobacco sector, actively carried out policies, which brought disappointed prices, and limited tobacco fields in some regions as a result of the difficulty of getting production licenses. Despite the fluctuation in the export price of tobacco as result of war periods and global economic crises of 1873, the Regie gained an unprecedented level of net profit throughout the period from its establishment until the First World War in 1914. (See Figure: 2-3)

¹⁴ Ali Bülent Erdem, the head of the Tütün-Sen, emphasized the point that the cultivator who lived all his or her life engaged with tobacco cannot break away from tobacco easily. When they were broken out in a way, it is difficult to attached again. (Interview, 3 May 2012)

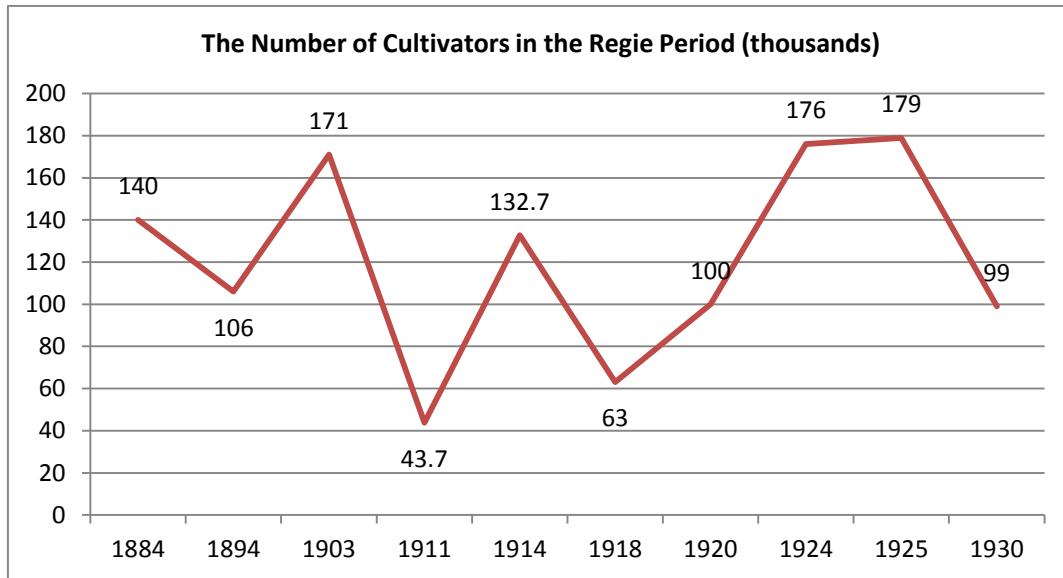


Figure 1: The number of cultivators in the Regie Period. Source: Ünal, M. (2007)

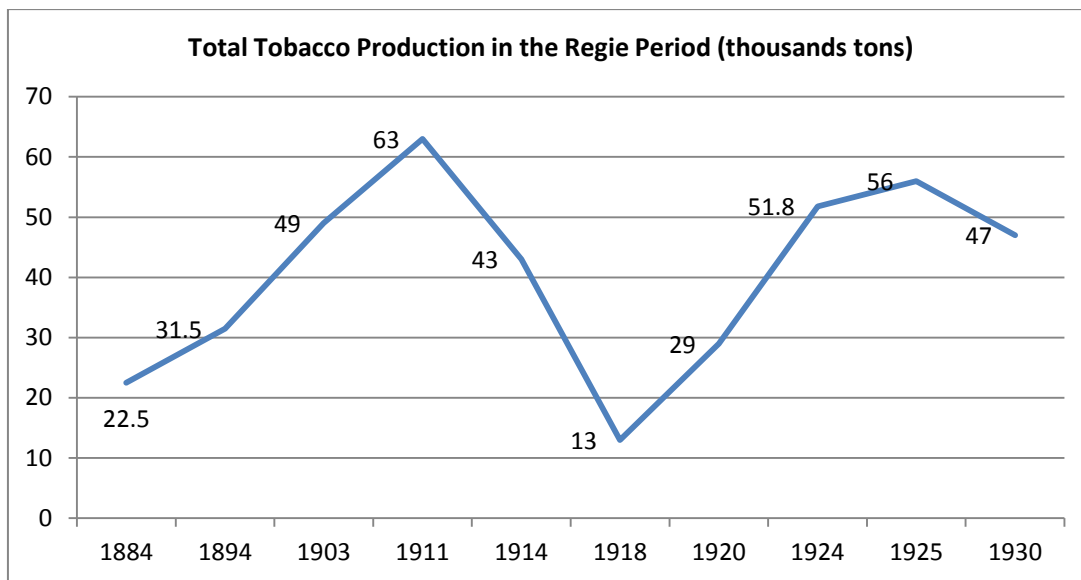


Figure 2: Total Tobacco Production in the Regie Period. Source: Ünal, M. (2007)

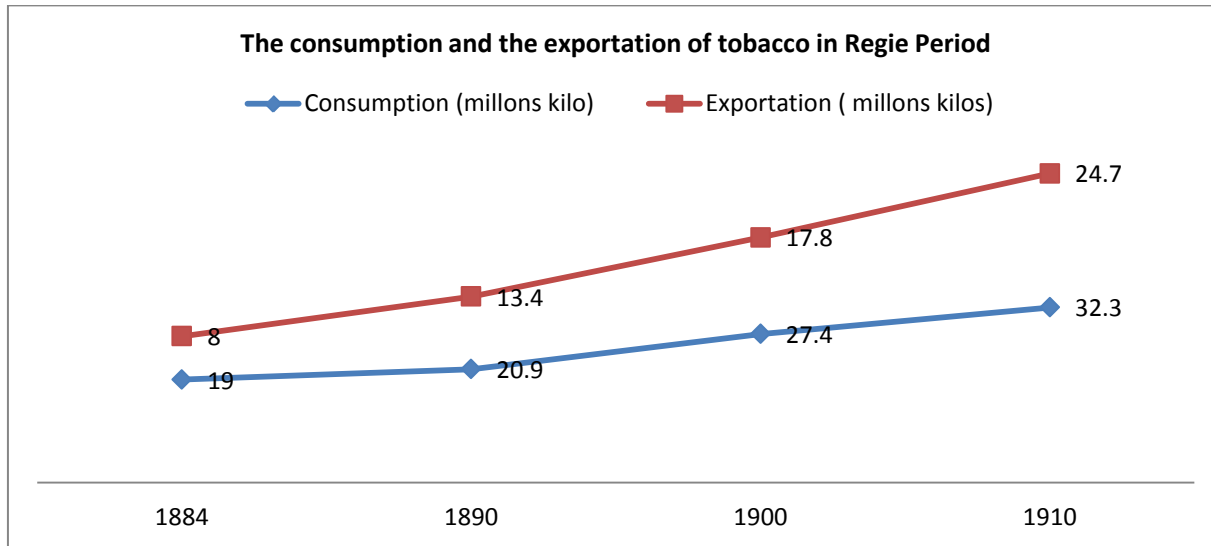


Figure 3: The consumption and the exportation of tobacco in Regie Period. Source: Ünal, M. (2007)

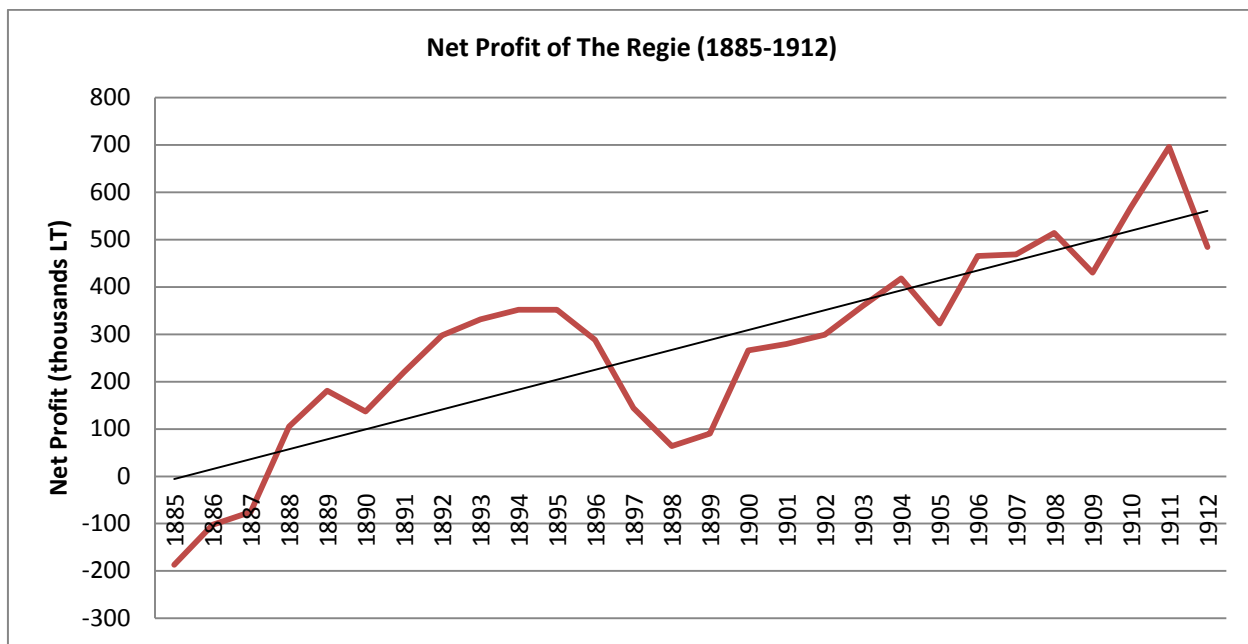


Figure 4: Net Profit of The Regie (1885-1912). Source: Birdal, M (2010): 143

As Eldem illustrates, the increase in the difference between the purchase prices at which cultivators sold their products to the Regie, and the sale prices determined by the Regie, was the main agent of the increase in the net profit of the company (See Figure 4) (Eldem, 1994, p.74). The Regie maintained its monopoly power, keeping purchase prices low throughout its operation. The transportation, maintenance and the processing cost of tobacco leaves had been decreased with the technological advancement of the Regie, and the payment in exchange for the Regie's monopolistic operation in the sector was fixed. Hence, the attempt to decrease the purchase price can be evaluated as an extraction of absolute surplus value of the Regie.

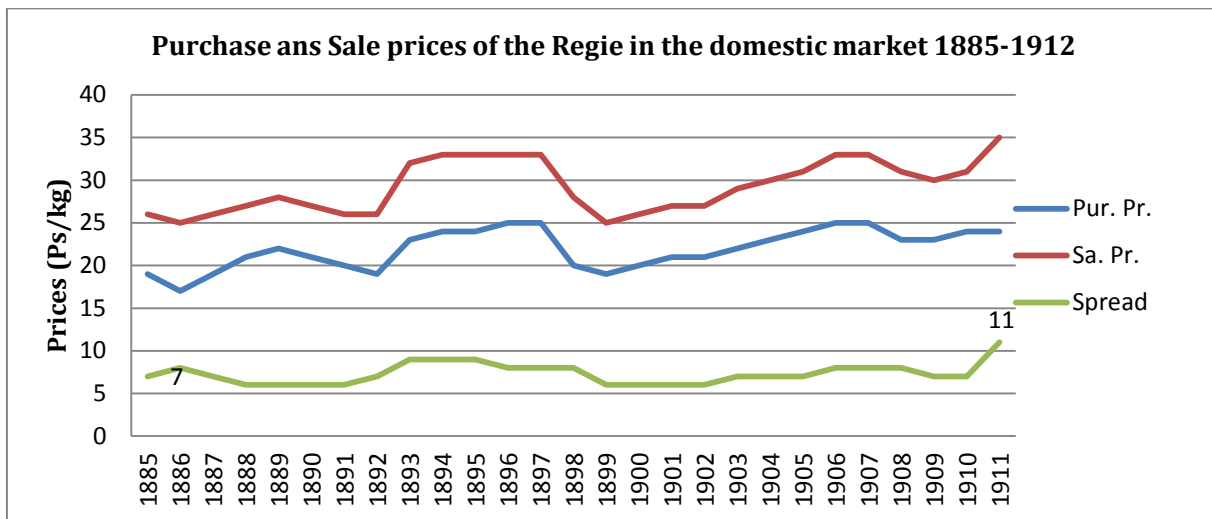


Figure 5: Purchase and Sale prices of the Regie in the domestic market 1885-1912. Source: Eldem, V. (1994): 74

The practices of the Regie led to dislocations of and unrest for the cultivators. Cultivators faced three major options in the relation to Regie's practices: they could either continue to produce in more difficult conditions, which meant that they would have to increase their labor intensity physically or mentally without any *quid pro quo*, or they would have to give up producing tobacco and find another ways of subsistence, which even meant that they would have to abandon their lands and emigrate, or finally, they would try to resist and stay in tobacco

business, and try to find alternative ways for not being exploited by the Regie. As mentioned above, there was a remarkable decline in the number of tobacco cultivators in the period right after the first concession of the Regie.

Moreover, we have to also mention the smuggling option for the cultivators, which was another way of resisting new developments. In this way, the producers could sell their product with higher prices and in unrestricted amounts. Hence, smuggling became a crucial phenomenon in that period. As Quataert shows with reference to a report by a civil servant, official tobacco sales to the Regie were about 6 million kilograms, almost half of the 12-13 million kilograms of tobacco sold in smuggling operations (Quataert, 1983, 21). The decrease in net profit of the company in the end of the century was mostly related with the political disorder in eastern regions of the Empire, and also with the increase in smuggling (Birdal, p.143; Kayaalp, p. 226-27). The Regie Company made efforts to control the production and consumption of processed tobacco in order to deal with the tobacco smuggling, and set up an army of *kolcu* (arms men) to struggle with the smugglers, and with tobacco farmers collaborating with the smugglers. Regie pressured the Ottoman Government to struggle smuggling by threatening not to pay the fixed annual payment. The fight between Regie guards and the smugglers was mentioned in many folk songs and stories.¹⁵ The company employed more than three thousands armed guards in the early years of its establishment. And, this number increased to 6500 in twenty years. As Quataert states, around 50 to 60 percent of the total salaries paid by the Regie went to surveillance personnel. Struggling with smugglers led to a secular increase in expenses of the company. As observed in the above figure, the dramatic decrease in the profit of the Regie in mid of 1890s was

¹⁵ For a detailed analysis: Aliş, Ş. Edebiyatımızda Tütün Ekicileri ve Tütün İşçileri, and Süleyman, Ş Ayıngacı Türküleri. *Tütün Kitabı*.

mostly related with these extra costs. Throughout its concession, more than 20.000 people were killed in the clashes between the guards, the gendarmes and the smugglers (Öztürk, 2007, p. 108).

The government was also uneasy about the armed forces of the Regie; it was a threat for the government. Despite the fact that the Regie was perceived by the government as a foreign power, using up the country's revenues, the government's hands were tied, and it did not find a better solution to control all the facets of domestic tobacco production and consumption. Hence, the Regie had carried on his hegemony in tobacco sector until 1924 with the emergence of nationalization attempts in key sectors of the newly emerging Republic of Turkey. As a result of harsh debates took place between the proponents of state monopoly and the record label system (a more liberal way) in the first years of the Republic. At the end, the government decided to take the administration of tobacco cultivation under a state monopoly.

To sum up, the Regie, throughout its concession period, pursued a continuous accumulation regime by using its political power over the government, to get many sorts of privileges, and used these privileges to maintain its monopoly power to determine relatively low purchase prices and higher sale prices. I tried to analyze the developments in the Turkish tobacco sector until the foundation of the Republic, by focusing on the activities of the Regie.

The Developments in the tobacco market in the Ottoman Era from Marxian perspective

Despite the historical peculiarities of the activities of the Regie, as a particular historical process within the history of the Ottoman Empire, Marx's notion of "primitive accumulation" is an explanatory theoretical toolbox, to grasp the law of motion of capital intrinsic to these peculiarities. Marx mostly focuses, in the volumes of *Capital*, on "the production level" of the

law of motion capital, and he focuses on the accumulation regime of capitalist mode of production, based primarily on production and extraction of surplus value. He constitutes his theory of capitalism within a high level of abstraction as he firstly puts the analysis of the commodity to develop his argumentation. According to his method of inquiry, he seldom mentions the conditions of distribution and exchange. In the part 4, *The Secret of Primitive Accumulation*, he points out the existence of an “original” accumulation required for evolution of capitalist accumulation, and he additionally gives some specific practices in Britain as the moments of the primitive accumulation to elaborate and support his theory. But he emphasized that the tragedy took place in Britain during the 19th century was just an ideal type of the moments of primitive accumulation. This aspect of the debate is also related with the subject of transition from feudal mode of production to capitalism.

Relevant configurations of Turkish tobacco sector in the Regie Era will be briefly listed below to draw an analogy with Marx’s primitive accumulation notion discussed in the Chapter 1 of this work.

- Public debt issue of Ottoman Empire.
- The credit mechanisms of European States.
- The colonial interests in the wars.
- The disciplinary power through market operations and “legitimate” force of the Regie
 - i) The cooperation with the government to struggle with smuggling.
 - ii) The sanctions on production in various regions.
 - iii) The dislocations of farmers and workers through closing factories.
 - iv) The emergence of strict control and auditing mechanism.

The aforementioned interventions bear a resemblance to the aspect that primitive accumulation is the basis of all further capitalist accumulation. The Regie maintained continuous regime of production of surplus and promoted some ways to ensure the extraction of the surplus value. The Regie with its capital, political and social formation can be evaluated as a primitive prototype of today's transnational companies of tobacco and cigarette sector.

However, there is another important pillar of the notion of primitive accumulation that, with Marx's words, "historical process of divorcing the producer from the means of production" (Marx, 1983, 711). In this regard, the second aspect is also related with the debate of transition from feudalism to capitalism. As we touched on in the chapter, numerous people had to leave behind their lands and emigrate in consequences of the banning of tobacco production in some parts of the empire and it led to a decline in the number of the cultivators in the first years of the establishment of the Regie. Nevertheless, there is no such a dramatic decrease as happened in Britain. Along the way of the developments, we do not witness intensified expropriation or huge concentration of the means of existence in a few hands. The property relations and the taxation system in the Empire were also influential in prevention a radical transformation of relations and mode of production.

CHAPTER IV: TRACING THE ACCUMULATION BY DISPOSSESSION MOMENTS OF TURKISH TOBACCO SECTOR WITHIN THE NEOLIBERAL TRANSFORMATION

In this chapter, I want to focus on the transformations, mostly related with tobacco sector, regarded as the implementation of neoliberal principles in Turkey after the late 1970s. The literature in this subject is very expansive and it has been broadened with new practices and their new spheres of influence.¹⁶ Tobacco sector is one of these spheres of influence. The interventions and (de)regulations in economic policies in the light of neoliberalism has led many direct and indirect changes and transformations not only on the economic indicators but also the whole structure of relations around a specific commodity or the daily lives of people.

In this thesis, reference to neoliberalism represents in a multifaceted and multidimensional framework. To develop a comprehensive approach to transformation process around a commodity, the thesis aims to explore mainly the changes in economic agenda in background of the transformation period and to investigate how market procedures, legal policies and technical issues have led a major fractionation in the tobacco market in Turkey.

In the beginning of the chapter, the restructuring of global economic order in the post-war period under the guidance of the U.S will be analyzed in order to show the dynamics of capitalist accumulation regime paving the way the economic reforms after 1970s. David Harvey in his book *New Imperialism* shows forth the developments in the capitalist accumulation regime

¹⁶ Bağımsız Sosyal Bilimciler 2006 Yılı Raporu “İMF Gözetiminde On Uzun Yıl, 1998-2008: Farklı Hükümetler Tek Siyaset.” Haziran 2006. Ankara; Erkan, A, Tuncer, İ, Aydın, M. (2010).“The Impact of Economic Crises on Agricultural Macroeconomics Variables in Turkey for the period of 1980-2008. Munich Personal RePec Archive.; Bağımsız Sosyal Bilimciler. “Güçlü Ekonomiye Geçiş Programı Üzerine Değerlendirmeler.” BSB website. 2001; Yalman, G. (2009). *Transition to Neoliberalism*. İstanbul: İstanbul Bilgi Üniversitesi,

underlying the overaccumulation crises of capitalism in 70s, and he shed lights to the reorganization of hegemonic capital accumulation regime in last three decades. In this chapter, in the light of Harvey's approach the neoliberal transformation of Turkish Economy and more specifically remaking of tobacco market through the "adjustment" motives will be scrutinized.

As aforementioned above, in the scope of the thesis, the term neoliberalism is discussed under the assumption that it is defined with the totality of specific economic policies. It comprises a global planning. However, this totality is formed with the distinctive singularities in each local implementation. The specialties of the scopes of application, and the reactions or the restructuring or the cooperation with the agencies can bring forth different experiences. With the intention to reflect this disposition, I first seek to interpret the developments in global agriculture sector. The tobacco market has been affected by the organization of agricultural sector and the international trade agreements which regulate trade of agricultural products among countries. Correspondingly, the evolution of global tobacco market is going to be depicted with some economic data. In this section, the emergence and developments of TNCs – who are dominating the global tobacco market today – will be discussed. In order to demonstrate how neoliberalism and global reorganization of tobacco market is linked to the Turkish case, I shortly discuss the Turkish tobacco market, especially the position of TEKEL in the market before the transformation period. In the end of the chapter, the main striking moments of the structural adjustment process of the Turkish tobacco market will be deeply and critically analyzed in order to underline the distinctive practices of neoliberal transformation in this singular example. On the other hand, the major changes within Turkish tobacco market will be discussed in conjunction with the Harvey's conceptualization of 'accumulation by dispossession'. The diminishing of governmental body, the tobacco law of 2001, the contract farming system, the privatization of

TEKEL and the foundation of the independent regulatory agency are evaluated in a framework of reorganization of capitalist accumulation regime in last three decades. As I elaborated in the first chapter, Harvey's conceptualization of "accumulation by dispossession" serves an eye-opening approach to evaluate the dynamics in global perspective. This point of view shows parallels with his theory of geographical embodiment of capitalist accumulation regime. Moreover, the consequences of the dismantling, the dislocation of millions of people in agriculture sector, and the different struggles and movements against the still unnamed mass transformation also demonstrate the dialectical structure of the accumulation regime as Harvey pointed out.

Background of Neoliberal Restructuring of Agriculture Sector

The late 1970s can be referred to as turmoil for Western Capitalism. After a long period of expansion, a period of economic growth remembered as the "golden age", capitalist accumulation experienced a global recession. The strategic background of this golden age was constituted at the Bretton Woods Conference in 1944, while the Second World War was still raging in Europe and the Pacific. The conference was an attempt to design a new global order, the pioneer designer of which would be the United States. Varoufakis points out that the Bretton Wood Conference played an important role in establishing the hegemony of the U.S in the post-war period (Varoufakis, 2011; p 303-343). The two important pillars of this political economic design were the establishment of a new monetary system and the reconstruction of the countries that lost the war. The new monetary framework had established that the American Dollar would be placed at the core of the capitalist world. Each currency would be locked to the dollar at a given fixed exchange rate, and the dollar was pegged to gold at the fixed exchange rate (Ounce of gold=35\$). Moreover, participants were aware of the danger that the fixed exchange rate regime could lead to tight fiscal spots and that it might drag the whole world down with the frightful memory of

Great Depression; therefore, the International Stabilization Fund, the prototype of the International Monetary Fund, was founded in order to prevent contingent systematic trade imbalances. On the other hand, International Bank for Reconstruction and Development, which later developed into what is today the World Bank, was established with the intention to run productive investments in the regions of the world devastated by the war. *Global Plan*, to use Varoufakis' term, designed by the New Dealers after the Great Depression and post-war period, refers to these strategic moves and the set of arrangements placing the dollar at the heart of the newly expanding world trade. It would also be supported as shock absorbers with the two currencies of the losers of the war (the Deutschmark and the Yen) and a new market would be created for the US export goods with implementations of World Bank. Hence, the US set its hegemonic power by relegating the periphery and the developing world to the role of suppliers of cheap raw materials, and as new markets promoting capital accumulation.¹⁷

Agriculture has been one of the main areas of the *Global Plan*. With the pioneering of the US, mechanization of and chemical usage in agriculture became widespread in the post-war era. Food security became a major concern for national governments in this period. State support to the agricultural sector was institutionalized. New Deal policies and Public Law 480 were used by United States to ensure a support price policy in specified crops, stipulating that farmers leave a specified portion of their land uncultivated. These policies not only secured excess production but they also increased land concentration. The excess production became an important characteristic

¹⁷ The US in company with the IMF and the WB had provided a huge volume of aids in various ways to the developing countries in the name of Marshall Plan. The main aim of the Plan was to internationalize the Third World agriculture, to increase productivity with increasing use of tractors and chemicals and to guarantee the continuous flow of cheap inputs from the Third World

of the U.S. hegemony over the developing world under the cold war conditions, since this excess production acted as an important reserve for United States' food aid policies. Food aid was mainly realized in the form of concessionary sales allowing U.S. to have economic power in addition to the political domination. At the same time, food aid policies constitute an important aspect for the creation of a mass diet, exporting cheap food produced in the U.S, which then cause import dependency in the developing countries seeking to secure cheap labor power in their development paths (Yenal and Yenal 1993: 93-101).

Developmentalism as a paradigm emerged after the Second World War, and was materialized in the regulations, policies and institutions in the underdeveloped countries. The discourse of modernization was a very crucial component of developmentalism. Development and growth were theorized as the consequences of modernization, which corresponded to the industrialization and the increase in capital accumulation. The theories of development economics which constituted the theoretical background of the development policies encouraged the industrialization while claiming agriculture as the traditional sector which needs to be more efficient by capital-intensive production methods and by shifting its unnecessary labor power to the industrial sector. Green Revolution shows clearly how this industrialization discourse operated in agriculture field. Starting from 1960s, it relied on the internationalization of the mechanized agricultural production techniques mainly in the US. Hybrid seeds were developed in 1930s in state sponsored research centers in the US, and the impact of this technological improvement was huge increases in productivity and thus cheap food production. Hybrid seeds also required industrialized inputs such as biotech package pesticides, herbicides, machinery, fertilizers etc. to bring the desired outcomes. This industrialized, capital-intensive agricultural production caused a cost-price squeeze for farmers as inputs became more costly and prices were

decreased. State intervention in the first world countries ensured the sustainability of this production system by dismissing the small family farmers and relying on large scale production and concentration. After the implementation of the green revolution in the developing world as a development strategy by the industrialization of agriculture, there happened an increase of dependency on American and European corporations, which controlled the supply of the technological inputs. Zülküf Aydın claims that with the internalization and commercialization of agriculture sector and commodification of crops in the Third World, the main function of agriculture has been perceived as not the production of final products for consumption but to provide inputs for corporations (Aydın, 2005, p. 150-58). This fact also has provided an environment for the emergence and reign of transnational corporations operating in agriculture sector and controlling each step in global commodity chains, all the way from the seed to the final product.

The Structural Adjustment Programs (the SAPs) applied in developing countries with the assistance of the World Bank and the United Nations of Development Programme have been important tools of the continuation of the reorganization of global agriculture system in line with the principles of western developmentalism and the capitalist accumulation regime after the crisis of capitalism of 70s. The SAPs, throughout some conditionalities, aim to make free market principles dominant over the economies of developing countries. The conditions for structural adjustment depend on which feature of the focus country being targeted to attune to the economic tenants of neoliberalism. They can include fighting corruption, cutting expenditures, economic austerity policies, removing price controls and state subsidies, and privatization.

The Structural Adjustment Programs have provided capitalism an opportunity to find new markets and new resources, thus, to globalize easily in 1980's. These policies were mainly based on the free market and the free movement of capital; as a result of such policies, privatizations led to considerable transformations in the agriculture sector. Import dependency in the developing countries was established through food aid policies, since major staples were produced cheaply in US and European countries thanks to the support policies. Thus, international division of labor evolved towards the production of low value products in the developed countries and high value products in developing world. Meanwhile, specified production in the periphery was realized in the 'niche' markets created mostly in core. Thus, together with the increased import dependency, export dependency emerged in this vulnerable situation of most developing countries which started competing for exporting coffee or cut flowers. With the international regulation realized by the World Bank, the IMF and the WTO, national boundaries ceased to be obstacles for capital. This was a crucial step for the establishment of TNCs as the major medium between producers and consumers. As Abdullah Aysu argues, agricultural production is under the influence of natural events and agricultural lands cannot be money convertible easily. That is the reason why the transnational companies did not prefer to buy land and cultivate it directly. The TNCs took charge after production process. They speculated in order to set prices low, bought the products in lower price and sold them after labeling with a trademark (Aysu, 2008, p. 11-14). TNCs' role as the intermediaries was consolidated in the core countries with the emergence agrifood industry under the Fordist regime of accumulation. The technological improvements as the refrigerators and the chemicals enable the production of durable foods by the companies. Abdullah Aysu states that neoliberal policies broke the circle between state, farmers and consumers in most of the developing countries. The

large companies have intervened into every phase of the process, and the state had to refrain from its prior duties, like supporting and providing expertise to farmers, and also to provide consumer insurance (Aysu, p.13-20). Companies have penetrated these spaces, with the ambition of profit-seeking, through buying formerly state owned enterprises during privatizations, through mergers with large national private companies, forming oligopolistic structures and various of forms of vertical integration, mainly contract farming.

TNCs constantly claim that the “modern agriculture” that they provide would be more efficient than “traditional agriculture”, and it could be the remedy of the famine in some parts of the world. However, it can be argued that the major reason of global hunger today is the fact that the main motive of agro-food corporations is profit maximization. The development of livestock complex with the increase in the production of feedstuff (mainly corn and soya for an efficient diet of animals in big animal farms to produce cheap meat and its frozen, durable varieties’ production) caused the increasing monoculture and use of lands for feedstuff instead of more healthy food. Similarly, the growing use of lands by TNCs for the production of bio-fuel constitutes a big contradiction with the sensitive discourse that the TNCs use. This increase is shown as an important reason for the food crisis caused by the increased prices due to the replacement of food supply by the bio-fuel production. Many activists also claim that the famine can be prevented by fair distribution of resources.

The production of genetically modified organisms is another strategy of transnational companies, which they use in order to legitimize their profit seeking activities and industrialized production techniques risky for human health. They claim that these technological improvements will eliminate hunger. However, this production system can cause serious health problems for

humanity as well as for nature. Moreover, it cannot be seen as a viable strategy since it is known that today although there are more and more people unable to reach sufficient food, there is still overproduction¹⁸.

The Global Tobacco and Cigarette Markets in Neoliberal Era and the Emergence of Transnational Companies

The commercialization of agriculture sector, the capital mobility and increasing scale of international trade with globalization affairs, intense financial operations went hand in hand the dissemination of the operations of TNCs all around the world. The tobacco processor and cigarette producer international companies of developed countries have increased their sphere of influence to developing and underdeveloped countries.

In developing world, the governments have fought the cigarette consumption for all stratum of society. The anti-smoking measures including anti-smoking campaigns, the banning of aggressive advertisements and increased taxation have created an increasing awareness of the damaging health and social effects of smoking. Hence the consumption of cigarette in developed world has had a sliding trend. Cigarette consumption in Western Europe has dropped by 26% since 1990. However, the consumption in the Middle East and Africa has increased dramatically during the same period, by 57%. Despite the all measures against smoking, the global cigarette consumption has increased dramatically with the increase in world population and decrease in the starting age of smoking. According to the report of FAO in 2003, the trend in consumption was projected, and dependently the report underlines the shift of tobacco leaves and products

¹⁸ Çalışkan, K. (26.05.2008). Çifçi-Sen. In *Birgün*. Retrieved May 24, 2012 from <http://www.karasaban.net>

production to developing countries.¹⁹ The FAO and the WHO attempt to draw attention, with their annual reports, to the global trends in tobacco agriculture, cigarette production and its effects on health and social life. The international companies in the tobacco sector have researched and conducted surveys about the tobacco market as well, but these research and surveys act as guides for their market investigation and developing strategies.

After 1980s, there have been consolidation and concentration processes in the tobacco market, with intense privatization and merging operations. As a result, only five major private tobacco companies is operating in cigarette production sector: Philip Morris International (the PM), Philip Morris USA / Altria, British American Tobacco (the BAT), Japan Tobacco International (the JTI), and Imperial Tobacco (the IT). In addition to these international private companies, there are 16 state-owned tobacco companies.²⁰ The China National Tobacco Corporation (the CNTC) is the biggest one in the sector. The CNTC manufactured about 36 % of all cigarettes produced worldwide in 2008, and it provided 7% of the Chinese government's total revenue through tobacco taxes and the profit share. The annual revenue of the global tobacco industry is estimated about 500 billion dollars (Eriksen et al. 2012).²¹ The figure 5 shows the dramatic increase in the number of cigarettes consumed annually after 1970s. The rate of increase has slowed down since 2000. The anti-smoking campaigns and high taxation policies on cigarettes are effective in the deceleration. With the consumption decrease in the developed

¹⁹ FAO. Higher world tobacco use expected by 2010 – growth rate slowing down. Rome, 2004. Accessed from <http://www.fao.org/english/newsroom/news/2003/26919-en.html>

²⁰ The state owned companies are leading tobacco market in some specific countries: China, Thailand, Vietnam, Democratic People of Korea, Algeria, Tunisia, Libya, Egypt, Yemen, Syria, Iraq, Iran, Bulgaria, Bosnia and Herzegovina, Moldova, and Cuba.

²¹ Tobacco Atlas. The PDF file downloaded in 03.05.2012 from <http://www.tobaccoatlas.org/>

countries of the Western World, and with increase in Third World, the production of cigarette has shifted from West to East parallel with trend of global manufacturing sector.

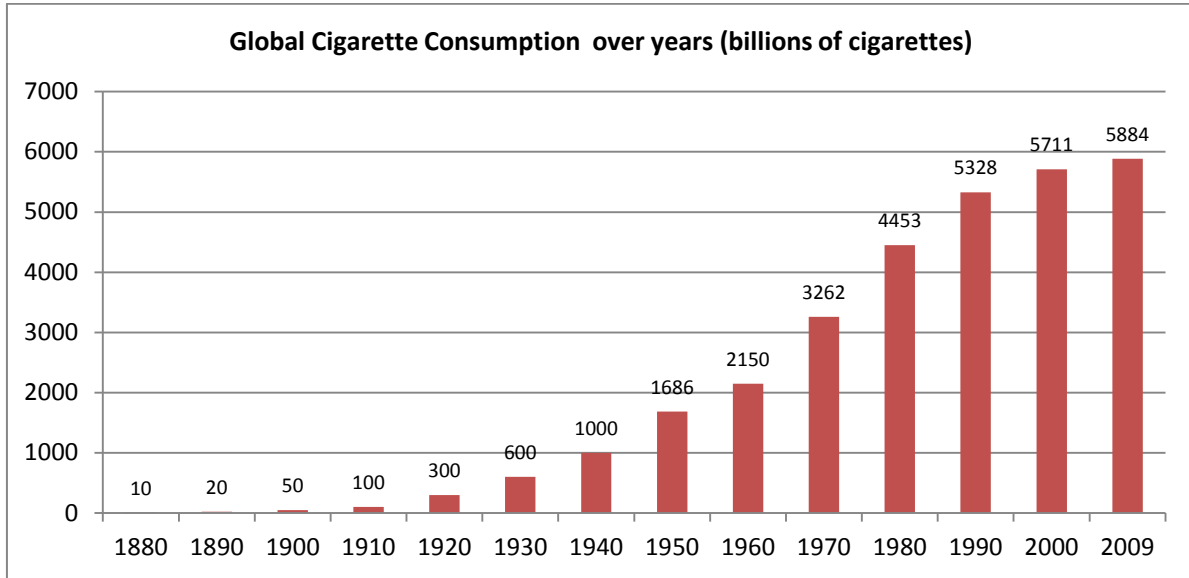


Figure 6: Global Cigarette Consumption over Years. Source: Tobacco Atlas (2012)

The International Tobacco Companies have competed to increase their market share. They have put in various strategies to penetrate local markets, to expand their domains and to increase their profitability. Ali Bülent Erdem²² states the TNCs' common strategy cornering the local tobacco market in different geographies as follows:

- The companies firstly intend to change the palatal delight of consumers of the targeted market. Smokers are loyal customers, are reluctant to change their brand. In other words,

²² Ali Bülent Erdem, "Türkiye'de Tütün Politikaları ve Tütün Üreticisinin Durumu." Tütün-Sen Raporu. Accessed in 10.04.2012 from http://www.sendika.org/yazi.php?yazi_no=6790

they are loyal to the blends of their brand. Big companies encourage smuggling activities to penetrate illegally into the market to promote their blend.²³

In Turkish case, we witnessed a similar scenario: One of the biggest cigarette producing companies established a cigarette factory in Bulgaria in 1970s, and then, there had started an inflow of smuggled cigarettes to Turkey from the West Blacksea coast until the import of American blend cigarettes were legally allowed to be sold in domestic markets.²⁴

- After the penetration to targeted market by smuggling, TNCs through the agency of international institutional such as the IMF, the WB and the WTO, started to exert pressure on the governments for opening markets to import cigarettes or to decrease the tariffs.
- They attempt to get into partnership with powerful local entrepreneurs, industrialists or with the national monopoly by lobbying.²⁵
- In order to expand their market share, they conduct aggressive advertising campaigns and sponsor various social responsibility projects.²⁶ They put pressure to prevent the attempts to impose a ban on tobacco advertisement or try to remove the existing bans.

²³ Ahmet Atalık (The Present of Agriculture Engineers Chamner) claims the aid packages distributed in Europe from the American planes during the II World War consist of American Blend cigarettes. And this was the first intervention to habituate Europeans to American Blends. (Accessed 10.06.2012 from http://www.uzumsen.org/index.php?option=com_content&task=view&id=209&Itemid=29)

²⁴ This reminds me of specific scenes from some Turkish Movies in which the characters lived off the trade of smuggled cigarettes. “*Kent var, Malborya var!*” Çöpçüler Kralı. 1977. Dir. Zeki Okten.(44’.30’’) Mavi Boncuk 1974. Dir. Ertem Egilmez. Banker Bilo.1980. Dir: Ertem Egilmez. (32’.01’’) Gora. 2004. Dir: Ömer Faruk Sorak

²⁵ Local partner of Philip Morris was Sabancı Holding. In 1991, Philip Morris and Sabancı conglomerated with 75% and % 25 shares respectively, and they established “Philsa Company”, they set a factory in Torbalı, İzmir to produce American Blend cigarette.

²⁶ In 2001, it was spark a debate that Philip Morris and Sabancı restored the historical building of first national assembly with 500.000 dollars aid. <http://www.milliyet.com.tr/2001/04/21/guncel/gun08.html>

The indirect advertisement was another tool the TNCs applied to maintain their visibility: “Parliament Cinema Club” was for instance the name of a film session broadcasted on the prime-time and sponsored by the Philip Morris International to promote its brand.

- They propagate about the cumbersomeness of the national monopoly. They commit to bring advanced technology, to provide huge employment opportunities and tax revenues to the government budget.
- After the national monopoly getting privatized, they solicited from the government a decrease in tax on sales.
- If the governments do not decrease taxes, the corporations can illegally start smuggling activity for purpose of tax evasion.

After the state monopolies have been eliminated all around the world, the TNCs have become effective in the global tobacco market. They have pursued an oligopolistic competition among themselves to dominate the global market. The golden rule of competition to make profit is to decrease costs and to develop production for increasing productivity. Other principles such as the quality of the product or public health can be easily faded into background of competition. Although the thesis will not focus on the relations between these titles, the global expansion of capitalist market relations and the enhancement of the competition between the big agents in the tobacco market require analyzing the payoffs between the quality and profitability or the payoffs between the public health and cost reduction.

The TNCs' investment in the technological advancement for utilizing the reconstituted tobacco in cigarette blend, illustrates the motivation of TNCs in cost reduction at the expense of public health. Oriental tobacco has been used in the blend of cigarette with Virginia and Burley tobacco in order to add an aromatic flavor and to make cigarettes easier to inhale. Oriental tobacco is usually grown on small sized lands. Its cultivation is very labor-intensive. For this reason, machinery use is not very wide spread. The effective use of irrigation, pesticides and

chemical fertilizers is, mostly, not appropriate for growing high quality Oriental tobacco. The yield is mostly dependent on climate conditions and on the dexterity of cultivators. These natural conditions for producing Oriental tobacco pose risks for the companies in market competition. Procuring the inputs in required amounts and on time is crucial for the companies, for the companies to keep up with the production plan and to survive within the capitalist competition laws. Hence, the TNCs have attempted to find a substitute product instead of Oriental tobacco; in this way, they would guarantee a smooth and planned input management.

Big cigarette manufacturing companies have recently invested in technologies to increase the percentage of additives in the blends, substituting oriental tobacco, since the supply of Oriental tobacco is not as favorable to business as Virginia or Burley. The additives in general are called RECON (Reconstituted Tobacco), which can be considered a chemical-additive delivery system in addition to the casing process of tobacco. As it is mentioned in the report of the World Health Organization²⁷, the companies can utilize the manufacturing waste of tobacco processing and enhance the economy of manufacture by this RECON system. On the one hand, the companies can strike out filling the cigarette cheaper. Providing the RECON system can be safer for the cigarette companies rather than regulating smoothly the Oriental tobacco trade. At the same time, they can apply another golden rule of management science: customer “loyalty.” As Ali Bülent Erdem claimed in the light of the report by the WHO, the chemicals referred as “sauces” are added into cigarette blend, which tend to increase the capacity of cigarettes to induce addictiveness. (Erdem, Ali Bülent [the head of Tütün-Sen]. Interview. 3 May 2012)

²⁷ Additives, Cigarette Design and Tobacco Product Regulation. A Report To: World Health Organization Tobacco Free Initiative Tobacco Product Regulation Group. Kobe, Japan. 2006. (PDF version of the document was downloaded in May 14,2012 from <http://www.jeffreywigand.com/WHOFinal.pdf>)

Turkish Tobacco Market after the Regie Period

Foundation of the Turkish Republic brought the nationalization of tobacco market, the control of tobacco production and trade passed into the new Government from the Regie. The whole authorization about tobacco was conducted by a state monopoly until 1980s. The foundation of the state monopoly took aim at developing the quality and production of tobacco. Answering this purpose, there were some legal and institutional arrangements in 1924, 1930 and 1938. In 1924, Tobacco Trade Association found the Tobacconist Bank (*Tütüncüler Bankası*) in Akhisar. Tobacco Institute was established in 1936 and a Tobacco congress was organized in 1943. The Tobacco and Tobacco Monopoly Law (1177), enacted in 1969, had stood until 2002.

In the 1950s, in line with the global commercialization of agriculture, Turkish tobacco was demanded greatly by global cigarette industry. The state monopoly gradually provided a progress for tobacco sector with its efforts in this scope. High prices of agricultural goods and good weather conditions in that period were the external factors in progress of Turkish tobacco sector. The state monopoly was also so effective in this manner to serve a protected environment to the whole agents in the sector. Parallel with the global economic order, the Turkish state actively played a regulatory role in the implementation of policies of central planning and import substitution in the period between 1960 and 1980. Total tobacco production and export increased concretely with the active role of TEKEL. The new machines were brought from foreign countries to develop tobacco industry. In Istanbul, a teaching program was established, to educate tobacco experts who determine the purchase price of tobacco leaves according to the quality, and these experts have been responsible to give expertise service to cultivators. With all these efforts, tobacco economy had progressed. There was an alliance among the cultivators, public workers, merchants and the state monopoly, TEKEL.

The meaning of TEKEL in the eyes of the producers

TEKEL took charge of support tobacco producers with various measures. There had been three main instruments of TEKEL to protect the cultivators from the negative features of market.

- Input Subsidies and Cheap Credit: TEKEL provided the cultivators oil, pesticides and fertilizers. In cooperation with the Agricultural Bank of Turkey (*Ziraat Bankası*), TEKEL also gave interest-free credits to the cultivators. Tobacco cultivators generally produce in small scale. Hence they have difficulty in affording input costs. Input subsidies and credit mechanism were supportive to cultivators getting inputs cheaper and not borrowing from usury.
- Support Prices: TEKEL as the main purchaser of the market was responsible for determining the minimum price for tobacco. Other merchants bought tobacco for export, could not buy tobacco from cultivators in lower price.
- Support Buying: TEKEL was responsible for buying the rest of the tobacco unsold to the merchants. In this way, the existence of TEKEL was a guarantee for the cultivators, whose crop was affected negatively by the contingencies in the production process. The risk was undertaken by the state monopoly. Support buying also prevented the price fluctuations and the speculative attacks from foreign merchants by guaranteeing purchase of tobacco in its real value (Gümüş 2009: 55).

TEKEL was an anchor for the cultivators, workers, experts; for almost all agents in the tobacco sector. However, there is another fact that supporting role of TEKEL was a direct intervention to tobacco market for the welfare of the cultivators. On the other hand, the welfare policy TEKEL followed had led to some drawbacks. The positive atmosphere conducive for

accumulation opportunities for the agents in the market resulted in excessive increase in the number of cultivators. The supply of tobacco exceeded the demand for domestic consumption and export. This excess was reserved in TEKEL's depots as stock. The transportation and reservation of this excess tobacco was costly for TEKEL. Turkish tobacco sector was one of the biggest in global Oriental tobacco market; hence TEKEL was effective in determining the world price of tobacco. In some years, TEKEL had to over decrease the export price in order to disinvest the tobacco in the depots. The decrease in the tobacco prices might affect negatively the private sector export revenue (Gümüő: 50).

Moreover, the tobacco sector was one of the main areas of populist politics. In the beginning of 2000s, the number of the tobacco cultivators reached about 600 thousands. As we mentioned before, family farming was dominant in tobacco production. Hence it can be considered that about 2,5 millions of people had earned their living in tobacco production. Taking into consideration the related employees such as agricultural engineers, tobacco experts, the workers employed by TEKEL, the merchants, the exporters, the number of people who made their livings on tobacco was very significant in the total population of the country. The increase in purchase prices determined by the governments in the election years reflect that the governments regarded the mass of people in tobacco sector as potential voters and the price determination as a strategy to set and preserve their hegemonies.²⁸

²⁸ Mehmet Bülent Özdemir states in his thesis that the tobacco purchase prices increased in the more than half of the election years and tobacco had been the only crop that support buying had been applied for populist intentions by the governments. The decrease in the support buying prices in wheat and sugar beet in the following years of the elections would be the compensation of the burden in the budget resulted from the increase in tobacco buying price. Mehmet Bülent Özdemir, 2007. Türkiye'de Seçim Ekonomisi ve Bütçesel Etkileri. Süleyman Demirel Üniversitesi Maliye Ana Bilim Dalı Yüksek Lisans Tezi (Accessed 10.06.2012, from <http://eprints.sdu.edu.tr/467/1/TS00619.pdf>)

The interventionist strategies of TEKEL in the name of state protectionist policies were criticized excessively. State's support buying and price mechanism was argued to encourage production above the equilibrium level. As a result, the cost of storing the excess supply of tobacco increased. In 1990s, the quota system was implemented for a couple of years to limit overproduction and to set a more effective price. The burning up of the tobacco was literally another tool to deplete the excess tobacco stock in the depots. According to Gümüş's calculations, the average amount of the tobacco disposed annually between 1987 and 2007 was around 8,3 million tons, and its market value was 13,2 million dollars. (Gümüş: 51)

Before its privatization in 2008, TEKEL had 8 cigarette factories, 1 tobacco processing factory, and 57 tobacco processing head offices, 28 alcoholic drinks factories and manufacturing plants, 80 sale and distribution offices of the general director, 20 Salt production units sprawled all around Turkey. As Ali Bulent Erdem states, TEKEL was one of the state institutions with most offices throughout Turkey, employing significant amount of workers, having business relations with all the tobacco cultivators in Turkey; in other words it was the second most pervasive state institution after the Agricultural Bank of Turkey (*Ziraat Bankası*). (interview, Ali Bulent Erdem) It came to symbolize the power and the presence of the Turkish state, even in those places where the state's presence was relatively weaker. In addition to TEKEL's operation in tobacco sector, it was also in charge of alcoholic drinks and salt monopoly. The mass picketing of TEKEL workers in 2010, the campaigns against the privatization of TEKEL, and public

support to these movements reflect the meanings and importance of TEKEL in the eye of cultivators, workers and even customers.²⁹

The Structural Adjustment Policies in Turkish Tobacco Market

In 1979, we witness the first manifestations of the transformation in Turkish tobacco sector. Süleyman Demirel, in the government program, points out the need of opening the tobacco market to the local or foreign entrepreneurs aiming to produce and trade cigarette. He thought that smuggling and the loss of foreign currency would be prevented only when opening the market.

The first cigarette factory outside of TEKEL (*Bitlis Entegre Sanayi A.Ş, BEST*) was established in 1983. It produced cigarettes to sell abroad until 1988 when TEKEL associated with BEST with 25% shares and allowing it to sell in domestic market. In the following years, the imported cigarettes were allowed to sell in domestic market. TEKEL launched “Tekel 2000” as a new brand on the market. To meet the demand created by palatal change, the cigarette of Tekel 2000 contained 85% Virginia and Burley tobacco, and only the remaining percentage was Oriental. TEKEL tried to cultivate Virginia and Burley tobacco mostly in Düzce, Gönen, and in some provinces in Thrace Region. However, the cultivated foreign origin tobacco was not enough to meet the demand of TEKEL using its mixed blended brands. After the allowance to import cigarettes, the import of foreign origin tobacco was also liberated.

²⁹ The protestors set up a tent city in one of the main thoroughfares of the capital city. Each tent symbolized a city in which there was a TEKEL facility. In the tent city, cities – the tents of cities- which are geographically and symbolically far away from each other can be in juxtaposition.

The first decision to abolish the monopoly position of TEKEL was found in the 5th five-year development plan (1985-1989). In the section of goals of manufacturing sector, the cigarette-tobacco monopoly (*TEKEL*) and tea monopoly (*CAYKUR*) was included in the scope of privatization, and it underlined the need of a strategy for the cultivation and development of new tobacco species apart from the Oriental ones. The plan also included forecasts for the near future of the sector and some interventions according to these projections, like stating that the tobacco cultivated in the East and Southeastern Region should be regulated for the need of new blending strategy widely determined by global dynamics with expand of the international trade operations. (DPT, 1984: 67-77)³⁰ In 1986, Özal government with regard to the principles aforementioned in the development plan amended the related clauses³¹ of actual law 1177³² to regulate tobacco affairs. The change in the law brought an end to the monopoly of TEKEL in to production of tobacco products and it enabled the foreign capital to invest in Turkish tobacco sector with the condition that they form partnerships with TEKEL. Nevertheless, this was amended with the provision about tobacco production without the participation of TEKEL. In this way, *Philsa* started cigarette production in Torbalı in 1992.

For Turkish tobacco market, the 20 years from 1980 to 2000 can be summarized in two pillars. The vast market reforms of Özal Government under the scope of 24th January Decisions,

³⁰ “*Sigara – tütün ve çay tekeli kaldırılacak, iyi kaliteli tütüncülüğümüzü ekonomik ölçüler içinde korunması yanında yeni tip tütünlerin üretimi hazırlanacak bir program çerçevesinde ele alınacaktır.*” The 5th Five-Year Development Plan. Prime Ministry State Planning. Accessed 10.06.2012, from <http://ekutup.dpt.gov.tr/plan/plan5.pdf>

³¹ The articles 20, 21, 38, 41 and 43 of Law 1177 was amended with Law (Package) 3291.

The amending article 38: *Ülke içinde tüketim amacıyla tütün ve tütün mamulleri üretimi devlet tekeli altındadır.* Accessed 01.06.2012 from http://www.zmo.org.tr/mevzuat/mevzuat_detay.php?kod=56

³² The Tobacco and Tobacco Monopoly Law of 1177. Accessed 01.06.2012. from http://www.zmo.org.tr/mevzuat/mevzuat_detay.php?kod=19

which broadly aimed to open the market to foreign capital and to restructure the market in favor of export-oriented economic planning. The other pillar was the populist policies of the coalition governments in 1990s. With the markets opened to foreign tobacco species and permission to import cigarettes, the tobacco need of TEKEL for cigarette production was decreased. However, total oriental tobacco production slightly increased, as well as the number of cultivators. The quota implications yielded no result in decreasing the total production to meet the equilibrium level. In brief, the market reforms of 1990s were thought as the starting point of deterioration in oriental tobacco production. Nevertheless, the populist policies invited inefficient production level, and together with the rooted production relations, prevented the dissolution of tobacco production and the cultivators. In early 2000s, we witnessed the major interventions to tobacco sector to remake the market with the intention of validating the free market principles. The restructuring of the market can be thought as a direct intervention aiming to articulate Turkish tobacco sector with the global capitalist accumulation regime.

The Tobacco Law of 2001

The year 2001 echoes back to turmoil for the crisis in both senses, political and economic. As Yeldan points out, the crisis brought that the IMF involvement dated back to 50s increased in the macro management of the Turkish economy. The management services primarily aims to secure the debt obligations of the Turkish arbiters, to ameliorate the banking and financial system throughout a wave of structural reforms. The IMF also provided financial assistance of 20.6 billion dollars conditional to the commitments implementing the adjustments. Yeldan claims that the structural reforms targeted to improve the stability and credibility of Turkish Economy actually led a major transformation in all traditional economic and social infrastructural facilities of public sector. By this way, making an “autonomous” financial management and restriction of

the objective of fiscal policies to maintaining “the budget with a primary surplus” serves leaving the role and facilities of the public sector to the strategic interest are of private sector and especially foreign capital.³³

The frame Yeldan depicts above³⁴ was an illustrative example to understand the interest of capital and international financial institutions to restructure the economy of a developing country or semi-peripheral country, Turkey. And, another striking point in these works is that the economic or political crises have been a *coup de grace* to economies not “succeed” to articulate with the global organization of capital accumulation. For Turkish case, the economic liberalization and the contraction of welfare state policies process started with the military *coup d'état* and the 24 January 1980 gained acceleration by a major shock in 2001 and fast legal arrangements what is popularly called '15 laws in 15 days'.³⁵ Despite the fact that the actors in the 57th Government hoisted with their own petards with this shock treatment, their successors, the AKP (the Justice and Development Party) has excelled with carrying on these attempts on neoliberal restructuring.

The agriculture sector was the one the main grounds of the shock treatment. After long-termed supportive and protectionist policies, a fast deregulation process has been experienced for

³³ Yeldan, Erinç. 2002. Behind The 2000/2001 Turkish Crisis: Stability, Credibility, and Governance, for Whom? Accessed 12.06.2012 from http://www.bilkent.edu.tr/~yeldane/Chennai_Yeldan2002.pdf

³⁴ The researches existed in Turkish Independent Social Scientists Association Economics Group web site serve as excellent references in this subject of the crises and the restructuring of Turkish Economy with different angles. See e.g BSB, 2006; Boratav, 2001; Voyvoda and Yeldan, 2002; Yentürk 2001; Yeldan, 2001a, 2001b. From the Turkish Independent Social Scientists Association-Economics Group web site (<http://www.bagimsizsosyalbilimciler.org/iktisatg.htm>).

³⁵ *15 günde 15 yasa* was the attempt to fast structural adjustment of Ecevit Government pioneering Kemal Dervis and assistance of IMF in the last days of 57th Government (The Coalition of DSP-MHP-ANAP) In defiance of the intense oppositions, The national assembly worked overtime and enacted 15 laws in 15 days in order to become entitled to get the financial aid from the IMF. One of the 15 Laws was the Tobacco Law no:4733 aim to restructure from top to bottom the tobacco affairs as well. http://articles.cnn.com/2001-05-13/world/turkey.economy_1_turk-telekom-turkey-loan-package?_s=PM:WORLD

the last three decades. The agreements signed with the IMF and the WB for debt scheduling were the leading instruments of dismantling of the earlier regulatory regime in agriculture. The dismantling has been actualized with the conditional articles of the stand-by agreements with the IMF and the credit agreements with the WB. The conditional articles included a general restructuring for overall liberalization of the economy (economic austerity policies, export orientation policies, debt rescheduling...) and also concretely commitments to the requirements of the World Trade Organization membership and the TRIPs³⁶ treaty (Tahsin, 2001). Neoliberal restructuring of the Turkish Agriculture Sector under the auspices of the IMF and the WB has mainly targeted liberalizing the agricultural goods market, reducing public spending, dismantling the state's protectionist policies and restructuring the agricultural sector in the harmony with international division of labor³⁷ (Yenal and Yenal 1993, Aydın 2010). In parallel with these principles the ARIP (The Agricultural Reform Implementation Project) as part of the World Bank's agricultural reform and development program was brought into force in 2001. In addition to the aims mentioned in the letters of intent to IMF between 1999 and 2001 and the main objectives of the ARIP, withdrawal the burden of price and input subsidies in the budget and introduction of direct income supports³⁸, the elimination of subsidized agricultural credit and

³⁶ TRIPs (Trade Related Intellectual Rights) is an international agreement that specifies the international procedures on intellectual rights and defines the requirements that member countries must reform for copyrights, patents, industrial designs and geographical indications. It has been criticized that it has led a money transfer from developing countries to developed countries owning copyrights and patents mostly. In Turkish Tobacco case, the attempts of tobacco processing companies taking out the patents of some specific Turkish Tobacco species can be evaluated in this framework.

³⁷ According the international division of labor, the agriculture sector of developing countries have focused on agro-export production; high value cash crops. The production has been organized to meet the demands of the TNCs for inputs and manufacturing. For developing countries, there has been the replacement of traditional primary commodity production and self-sufficiency in agriculture. Thus, the development strategy in this sense has led to increase the developing countries in dependency on the developed world.

³⁸ The direct income support has been given according to land ownership. Thus the Peasant Registry System was developed in order to record and to control the cultivation areas, the total amounts of the products and the active population in agriculture system. The implementation of direct subsidization fell short of its goal since the patterns of

privatization of the Turkish Agricultural Bank. Moreover, the privatization of state economic enterprises in agricultural industry and autotomizing and the restructuring of sales co-operatives have been target area of interest. Keyder and Yenel indicates the effects of the on-going changes, with their words: “The implementation of this project had the impact of shifting power and responsibility in marketing and quality management of agricultural products from public bodies to private institutions” (Keyder & Yenel, 2011, p. 64-65). The frame depicts by Keyder and Yenel shows parallelism with Harvey’s approach that the role of the international institutions in opening capital markets, reorganizing the internal social relations of production to favor the penetration of external capitals and keeping accumulation going smoothly by expanded reproduction (Harvey, 2003, p. 66-67).

The reflection of the fundamental reorganization of agriculture directly on tobacco sector was the promulgation of Tobacco Law in 2001 and later on the privatization of the tobacco affairs of TEKEL in 2008 and the withdrawal of Tobacco Fund in 2010.

The enactment of Tobacco Law has rocked the tobacco sector to its foundations. It was a direct intervention of co-operation of the government and the IMF to shift the existing relations of production and replacement of a new deal harmonious with the neoliberal restructuring of agriculture and the interests of TNCs in tobacco market³⁹. The Law has brought three major changes: One is the introduction of contract farming system in tobacco production, the second is

ownership has been complicated. Another drawback of the new system is that the amount of support is proportionate to the farm size. The small scale producers are entitled to get less compared to the old system. (Olhan, 2006, p. 43)

³⁹ The IMF had released a loan of 16 billion dollars conditionally the ratification of the tobacco law in the assembly. (Kayaalp, 2010, p:25)

elimination of support buying mechanism, and the third is the establishment of Tobacco Regulatory Agency (TAPDK)⁴⁰

Despite the complicated structure of neoliberal transformation, some interventions in this regard easily reveal true colors of the restructuring. The old law of 1177 that regulates the tobacco affairs utterly has numerous articles aiming to regulate tobacco production and exchange. However the Tobacco Law of 4733 is very prudent in this sense.⁴¹ In the only one single article about the production and marketing of tobacco, it is stated that tobacco production would be regulated under the system of contract farming anymore. TEKEL would not purchase the tobacco unsold as support buying. The rest of the tobacco not bought from TEKEL and private firms would be sold in auction sale system.

Contract Farming

In this section, the contract system which has been brought into force with the Tobacco Law in 2001 will be analyzed critically in a framework of reorganization of agriculture in general in line with the capitalist accumulation regime in the last three decades. Contrary to neoclassical economics approaches that affirm the contract system and evaluate it with the notions of “mutual advantage”, “win-win”, “efficiency”; the contract system will be scrutinized from a critical perspective. First, the emergence of the contract system will be evaluated as one of the main tools for remaking the tobacco market. Moreover the gradual dissemination of the contract system

⁴⁰ *Tütün ve Alkol Piyasası Düzenleme Kurumu*. <http://www.tapdk.gov.tr/>

⁴¹ Kayaalp states the new law consists 12 articles compared to its predecessor consisting 120. In order to underline the role of the IMF and the WB in enactment of the Tobacco Law she emphasized the new law’s different format from the conventional Turkish laws regarding not providing an explanatory legal procedures.(Kayaalp: 73)

from developed world to developing countries will be considered as the integration of the agricultural sector into global capitalist accumulation regime.

Contract farming system dated back to beginning of the 20th century. We can find some precedents of the contract system in sugar production in Japan in 1885 or in fruit and canned vegetable production of the U.S and European countries in 1930s (Ulukan, 2009, p. 70). It has become widespread all around the world for last three decades. This can be thought in line with the neoliberal transformation of global agriculture sector. The spread of contract farming among diverse agricultural products goes hand in hand with commercialization and industrialization of agriculture (Rehber, 1998, p. 5-6). For Turkish case, the contract farming firstly appeared in the headlines of structural adjustment projects of agriculture in the 7th and 8th five-year development plans in the late 90s. Tobacco Law was the synchronous step with this general attempt. In the 8th five-year development plan (1999) the expectations about the contract farming was declared clearly: “the contract farming devoting to agricultural industry will be encouraged with the intentions of developing the integration of agriculture and industry, of increasing the competitiveness of processing industry and of providing smoothly inputs of good quality.”⁴² This intention has persisted in various subsequent formal documents (Ulukan p. 131-144). Rural development goal has been added to the intentions aforementioned above with the shift in the discourse of the World Bank and with the recommendations of United Nations Development Programme. The belief of “mutual advantage” by guaranteeing a regular income for farmers and by providing a smooth input flow for the firms lies at the heart of these intentions.

⁴² 8th Five-year Development Plan, Article No: 1290. “*Tarım-sanayi entegrasyonunun geliştirilmesi, işleme sanayiinin rekabet edebilirliğini artırıcı nitelikte uygun ve kaliteli hammaddenin temini ile tarımsal sanayiye dönük sözleşmeli üretimin yaygınlaştırılması sağlanacaktır.*” Accessed in 20.06.2012 from <http://ekutup.dpt.gov.tr/plan/viii/plan8.pdf>

This new regulation of contract farming is one of the key reforms which designed the relation of the tobacco production in line with the capitalist relations of production: it can be evaluated as the mixture of the EU tobacco contract farming and the U.S. auction sale system. (Kayaalp 74) As Gumus states the contract farming system in tobacco production has been put in practice simultaneously in Turkey (2001), the U.S (1999), Malawi (2002) and Zimbabwe (2003). And, he also remarks the timing of the restructuring concurrently with the declaration of one of leading TNCs in the cigarette sector expressing the intention of buying tobacco through contract with farmers.⁴³ It shows the power of the TNCs in the shaping of agricultural policy-making processes and in manipulation of global order in favor of the accumulation strategies of the big companies. It can be also interpreted as a direct intervention in remaking of the tobacco market in opposition to the approaches which interpret the changes in the relations of production and exchange as natural order of evolution of markets.

According to the Tobacco Law, tobacco cultivators can sell their product before planting season through signing a contract with the buyers, namely tobacco leaves processor companies. The purchase price of tobacco is determined in the course of the negotiation. The contracts are signed for once in a planting season. They include four main headings: the predetermined price, quality, amount of the product that will be purchased or the size of the cultivation land, and the purchase date. The details of the contract mention about production process, the responsibilities of both sides, transportation, marketing.

There are different types of the contract signed between the firms and the cultivators as it depends on the conditions of any sector. In the tobacco sector, the firms prefer generally the

⁴³ Gumus et all. 'Türkiye'de Tütün Politikası Uygulamaları ve Tütün Üretimine Geleceği'. Accessed in 18.06.2012 from http://www.zmo.org.tr/resimler/ekler/78688fb6a550741_ek.pdf

“production-management contract.”⁴⁴ With the whole details included in the contract, Contract farming can be evaluated as an intervention and regulation to social and economic relations between cultivators, processors, cigarette producers and the market. Hence, it is a form of production by itself which directly aims at the production in order to reorganize labor process. Kayaalp points out that the text itself is the tool for reshaping the entire tobacco market (Kayaalp, p.75). Recognition as a tobacco cultivator is related to sign a contract with a company. Also the firms have to acquire the “Tobacco Trade Authorization” certificate from TAPDK in order to buy tobacco for processing and trading. Establishing a cigarette factory is conditioned to some criteria which cannot be easily fulfilled by small scale producers.⁴⁵ Hence, all these legal amendments have brought a major transformation of the conditions of production; new actors, new alliances, and new regulatory institutions emerged.

As aforementioned, the promotion of contract farming can be considered as the integration of agricultural production which was mostly considered as “outside” capitalist mode of production into the global capitalist system. Konings compares the standpoints of modernization and dependency perspective to elaborate on the position of the contract farming in the capitalist accumulation regime. The contract farming efficiently combines the agro-business’ management devices, financial resources, modern technology, and trading and marketing facilities with peasants’ labor power and control over land in terms of property rights. In this manner, it is a significant trajectory of the capitalist accumulation regime in agriculture sector especially for the

⁴⁴ Minot categorizes the contract applied in agriculture as ‘production-management’, ‘resource-providing’ and ‘market-specification’ contracts. With production management contracts, growers are informed about what to produce and how to produce. It captures the input orders (species of the seeds, fertilizers, chemicals), the operational orders (the time of sowing, irrigation, harvest), and marketing orders (the quality, the price, the parties and their liabilities). (Minot 1986: 12-17, Ulukan 2009, 68-69)

⁴⁵ Some of the conditions mentioned in the Tobacco law for entrepreneurs getting trade license like “a minimum production capacity (2 billion cigarettes a year)” “using ‘modern’ technology for production facilities” “a nationwide distribution web”

“third” world in neoliberal era. Nevertheless, the dependency perspective interprets contract farming as increasing the dependency of Third World to the capitalist “core” and thus contributing to the deterioration of exploitation and immiseration conditions (Konings, 1993, p. 218-19). Clapp underlines subordination of peasantry to the capital with the unequal structure of the contracts that bind the farmers to the terms of contract but the company is always free to abrogate it. The contracts include some standards about the quality of the product. The specification of these by the company’s inspectors is another method providing the dominance of the company (Clapp, 1994, p. 80-81). Ali Bülent Erdem emphasizes the “tagging” mechanism as an important tool of the companies to discipline the cultivators. If a cultivator does not meet the requirements in the contract or makes trouble (for instance complaining about the price), the company has right to abrogate the contract and the cultivator can be declared as “troublemaker” which means that other companies do not prefer to sign a contract with him ever after (Interview. 3 May 2012). The contract system shows expansion of capitalist mode of production to non-capitalist modes of production, more precisely pre-capitalist form of petty commodity production in agriculture. Clapp establishes a connection of Marx’s notion of “labor contract” between wage earner and capitalist with the contract farming. Despite the fact that the contract is signed with the agreement of both “free” peasants and companies, mostly this is not matter of free will of small-scale farmers but it is an obligatory condition since they have difficulty in accessing the credit opportunities, technology, and secure market. As it is the case in Turkey, legislative efforts leave no alternative other than contract system for the cultivators who continue cultivating tobacco. As Gumus points out, the alternative crop projects⁴⁶ promoted by The WB have not yielded any

⁴⁶ The Alternative Crop Project for tobacco sector in has been firstly applied in 2002. It had aimed to support the cultivators changing their production portfolio from tobacco to another crop. According to the Project, the cultivators who change producing tobacco to another crop get 80 dollars per decare of their cultivation land to cover their expenses. The project aims to support alternative crops which would replace unmarketable types of tobacco

result.⁴⁷ Tobacco cultivation is generally conducted in unfertile sloping land, so that the cultivators were reluctant to invest any alternative crop for fear of getting less return.⁴⁸

Furthermore, the auction sale system has not been conducted successfully. The cultivators who prefer to sell their products under auction system have to meet numerous procedural works⁴⁹.

Also the starting price of the auction was determined by TAPDK as the 50% of the average of the exported tobacco price of selected three years of the last five years. The farmers have to wait for a serious amount of time while the price and the place where the auction takes place, are

determined.⁵⁰ The table shows the lack of interest of the tobacco cultivators to auction sale (See Table 1). On the other side, tobacco companies have not preferred the auction system that would increase competition. And contract farming would be more suitable for a smooth input-output flow and it would prevent the price fluctuations. Gumus compares the gap between the average purchase price applied in contract system and the starting price in the auction system. The gap between them has been more than 100% since both systems were introduced. The companies in

especially from Eastern and Southeastern Region. Nevertheless, the project has not been in demand for the tobacco cultivator. Gül and his colleagues make a comparison in terms of profitability between the tobacco and the crops mentioned in the scope of the Project, they conclude that only canola in these crop would be more profitable than tobacco. The soil and climate requirements for Oriental Tobacco in good quality are not suitable for the production of any alternative crop with the same rate of profitability. (Gül et al, 2009)

⁴⁷ Gümüş et al. 'Türkiye'de Tütün Politikası Uygulamaları ve Tütün Üretimine Geleceği' (Accessed 17.04.2012 from http://www.zmo.org.tr/resimler/ekler/78688fb6a550741_ek.pdf)

⁴⁸ Abdullah Aysu also remarks ecological degradation dimension of alternative crop project: The tobacco lands (especially in the Eastern and Southeastern regions) are not much fertile to produce profitable crops, hence if the tobacco cultivators abandon the tobacco production in their lands, the lands would have a risk of desertification. (Aysu, Abdullah. 'Tütün Yasası Ne Getiriyor Ne Götürüyor !' (Accessed in 12.06.2012 from http://www.inadina.com/inadeski/say13/a.aysu_tutun.htm)

⁴⁹ In Appendix 1. The auction system is illustrated in detail as it is explained in the Tobacco Law. The cultivators, if they follow all the steps, they can receive the money from the purchase of their product after 17-20 months they plant tobacco in the beginning of the season.

⁵⁰ In the first year of the contract system, 2002, many farmers did not sign any contract with the companies since they believed that they could sell the whole tobacco they produced as they did in the time of TEKEL. However, they could not sell for months the tobacco they produced without the contract and the surplus of the tobacco they had committed in the contract. Later on, the government was forced into add a provisional article to the Law of 4733 that TEKEL, just for once, could but the rest of the tobacco unsold with the half of starting price in the auction system of this year. (Gumus :59)

cooperation keep the starting price low intentionally. The unsuccessful price setting in auction sale system and the cultivators' being unable to sell their products cause that the cultivators reluctantly prefer to sign contract with a company in order to guarantee marketing their tobacco if they manage to keep tobacco cultivation.

Prod. Year	Number of cultivators			The amount of tobacco sold (ton)		
	Total	Auction Sale	%	Total	Auction Sale	%
2002	405.882	1.993	0,49	159.521	1.003	0,63
2003	318.504	1.920	0,60	112.158	400	0,36
2004	282.874	6.396	2,26	133.913	1.869	1,40
2005	252.312	465	0,18	135.247	183	0,14
2006	215.307	586	0,27	98.137	298	0,30
2007	179.633	0	0,00	74.559	0	0,00

Table 1: The percentage of the tobacco sold under auction in total production. Source: Gümüş, 2009: 94

Beyond all questions and arguments, fast introduction of the regulations about the tobacco market has provoked disturbance for the cultivators. Here, the role of Turkish state bears a resemblance to the accelerator effect of the state which Marx depicts in his concept of primitive accumulation in proletarianisation of small scale farmers, penetration of capitalist relations of production to agriculture. From this point of view, contract farming is thought as spitting image of the moments of accumulation by dispossession.

Through contract farming farmers are restrained with the control mechanism: technical supervision of the companies. They have to make a contract with a company in order to sustain their reproduction for a harvest season. Despite the representation of the contract as a free and independent bargain between two equal parties, there is no alternative for “free” smallholder farmers to access market and sell their products for a fair price. Thus, it is, as Clapp points out, a

social relation of domination which legitimizes and reproduces the contract farmer's subordination (Clapp, 1994: 93).

There is an indirect but effective control of the company over the land and labor of the farmers. The legality of the contract makes the control more invisible. However, the contract designates in advance the constraints and boundaries of the farmer. She as a free farmer has first call on her labor power and she as a landlord owns the title of her land but she does not have potency to control them. As Davis refers she is a 'propertied laborer' in that sense (Davis, 1980). Marx underlines that the separation of producers from their means of production and subsistence leads to the increase in the division of labor and to the deskilling of the free laborers. The process of deskilling works hand in glove with the alienation of the workers to their products and their labor. Contract farming in similar vein limits the control of the weak side of the contract, farmer. She has to follow the prescribed processes of sowing, tilling, planting, and harvesting.

While contract farming accommodates the capitalist mindset in agriculture by promoting technological advance, productivity, and profitability as primary objectives, it also increases indebtedness of small scale farmers, provokes ecological degradation, proletarianisation of agricultural producers and intensification of the clash between farmers-capitalist. In this sense, the contract farming, on the one hand forms an important part of the efforts of agro-business companies to create new conditions of accumulation within a changing international division of labor, on the other hand it supports the attempts of the international institutions together with the local governments to accelerate the transformation of agricultural sector.

Moreover, there is one more pillar that must be stressed in this frame: the struggle of the weak sides of the contract all over the world. Although the literature about the contract farming

generally tends to treat peasants as passive victims of the global project or as the beneficiaries of the actions of the capital and the state, there has been an uneven struggle between the agents. The farmers attempt to organize; they fall back upon informal and collective actions to shape their own destiny, to protest against their subordination, proletarianisation, and dispossession.

Privatization of TEKEL

In addition to tobacco law, letters of intent to IMF in the scope of economic restructuring and adjustment program also feature the reforms undertaken in the state owned enterprise of tobacco affairs, TEKEL⁵¹. Although first rumors about the privatization of TEKEL date back to 1990s, the privatization procedures properly began after the law of 4733 was brought into force. In order to make the privatization convenient, TEKEL has split into 4 companies on product line basis (tobacco, alcohol, salt and packaging), and they were registered commercially one by one. Alcohol section was privatized and sold to the consortium of Nural-Limak-Özaltın-Tutsab for 292 million dollars. The name was changed to Mey Company. The sale came in for harsh criticism. The consortium sold the 90% of shares of the company to an American company, Texas Pacific Group for 810 million dollars. Hence in two years, the consortium earned 518 million dollars as arbitrage revenue. The thesis do not intend to focus much on alcoholic beverages market, however we can just state that grape and aniseed cultivators and the workers worked in TEKEL's alcohol factories have suffered similar fate with cultivators and workers in tobacco sector.

⁵¹ In the light of the developments in the tobacco market in 1980s, Ozal government allowed private enterprises to import, produce, and trade tobacco, and then the state of monopoly of TEKEL was abrogated in 1986. The government took TEKEL into the scope of the state owned enterprises. In 1987 the company took the name of "Tobacco, Tobacco Products, Salt and Alcohol Enterprises Incorporation (*Tütün, Tütün Mamülleri, Tuz ve Alkol İşletmeleri Anonim Şirketi*)"

The first attempt to privatize the TEKEL failed in 2004. In course of first tender process, Japan Tobacco International circumvented all of its rivals with the offer of 1.15 billion dollars, but the offer was found insufficient and canceled. Following this, tobacco section was exposed to reorganization, and downsizing. In this scope, recruitment of workers was halted, and the workers who already got the retirement age were forced to superannuate. In order to increase efficiency and potential price, TEKEL was reformed in accordance with private sector mindset. These attempts show that the privatization had been the only remedy in the eye of state administrators. First, its monopoly position was eliminated with the allowance private enterprises to produce cigarette and tobacco trade. With the tobacco law, its administrative role of monitoring surveillance of sales and production, and price setting were transferred to the “autonomous” regulatory agency.⁵² In his research Gumus conducted survey about the problems in the tobacco sector after the deregulations. He points out that the cultivators and the small-scale firms in tobacco market complain that the regulatory agency is incapable of organizing the relations between the agents in the sector. According to the participants of the survey, TAPDK is not able to operate the auction system straightly, and fall short of protecting the cultivators and small firms against the TNCs. The participants justify it by stating the board of agency comprises all technicians who are well educated and corporative, but there are no farmers in the board and no people directly inside of the production side. The complains correspond to the general mindset of the neoliberal deregulation that regulatory roles of the state in some critical sector are transferred

⁵² The State Supervisory Council published a report about the Regulatory Agency and Board for the Tobacco, Tobacco Products and Alcoholic Beverages (TAPDK) in 2010. The report ascertained the agency shirk its duty of governance of the tobacco market. In brief, the agency went through management weakness that prejudiced its autonomy. (Accessed in 16.05.2012 from <http://www.tccb.gov.tr/ddk/ddk39.pdf>) Ali Bulent Yılmaz emphasized that the regulatory agency acts upon companies' favor, there have been always representatives of companies in the executive boards of TAPDK, but the cultivators has not been represented in the board. (Interview, May 3, 2012)

to autonomous agencies, and hereby technicization of the sector is rendered possible and entrepreneurship is encouraged in accordance with the principles of free market.

Despite the fact that there have been numerous reports and pronouncements against the privatization of TEKEL conducted by the cultivator's organization, agricultural engineers chamber, the trade union of Turkish Tobacco, Beverages, Food and Coworkers (*Türkiye Tütün Müskirat Gıda ve Yardımcı İşçileri Sendikası, TEKGIDA-İŞ*); the privatization was one of the main priorities of the AKP government. Many academicians -especially from economics- and mass media played supportive role in this regard. Beside the global wave of privatization attempts, and liberalization and transnationalization of tobacco markets in line with lobbying of the TNCs, the burden of TEKEL on the state budget through support buying, protectionist policies and employing excessive public workers had appeared as a legitimizing rhetoric in the debates of the privatization of TEKEL. The relatively decrease in profitability of TEKEL after 90s does not have to be necessarily associated with the cumbersome structure of the state enterprise, but it can also be associated with the changing world conjuncture and global market structure through the interventions which encouraged liberalization and also includes the mismanagement by governments comprising populist policies.

After the reorganization of the TEKEL in the light of increase in efficiency and removal of its protectionist role, the government finally could find a vendee for TEKEL. In 2008, British American Tobacco bought the cigarette production section of TEKEL with a 1.72 billion dollars bid. The privatization was in the form of an asset sale. In the scope of the privatization, five TEKEL factories and the right of use of TEKEL brands passed into BAT. The State Company

continued to operate as an entity, encompassing the former Leaf Tobacco Division of TEKEL, which was called “T.T.A.”⁵³

BAT, to start with, put into effect the fundamental principles of capitalist competition. The company shut down four of the five factories. Only the factory in Samsun gets on the production. For the first measure, the company dismissed the workers who have labored for TEKEL for a long time since their salaries were considerably higher than the ones who were hired recently. Hence, many TEKEL workers lost their jobs⁵⁴. BAT has invested in high-tech machines in order to increase productivity. The increase in machinery in cigarette production resulted in similar conditions as Marx theorized in *development of machinery* in Volume One of *Capital*. Within the capitalist mode of production, in order to sustain extraction of surplus value in competition, the capitalist has to increase the organic composition of capital, thus she invests in the fixed capital, machinery. When he discusses the development of the machinery, he points out that the intensification of the machinery in the labor process brings the increase in the number of people exposing the capitalist exploitation by confiscation of workman’s disposable time. The machinery allows of secular increase of production in shorter time that leads to intensification of labor process. (Marx 2010, 371-400) The capitalist use of machinery drives the laborers out of the workshop and throws into the labor-market, and this increases the number of workmen at disposal of the capitalist, i.e. the number of “reserve army of labor.” On the other hand, by intensification of labor and prolongation of work day, the machinery increases the volume of

⁵³ In 2010, the last section of TEKEL, the tobacco processing workshops was closed. TTA just had real estates of TEKEL in the various parts of Turkey. Then, the trade name of the TTA (General Directorate of Tobacco, Tobacco Products, Salt and Alcoholic Beverages Corporation) was changed to “Real Estate Corporation” by the directorate of privatization administration.

⁵⁴ A related report from a national new portal, “Kaçak Sigara Arttı, BAT işçi çıkardı.” Accessed in 12.06.2012 form <http://www.skyturk.net/kacak-sigara-artti-bat-isci-cikardi/>

production, hence increases the demand of raw materials and means of production. That's why the number of laborers driven out of the production with the use of machinery would be compensated the increase labor demand in the other sectors.

What's more, in Turkish tobacco market case, the liberalization of tobacco market and the state's leaving the cigarette market to TNCs bring the increase in total organic composition of capital in the production side: the number of productive workers decreases with the use of high-tech machinery, and the closing of the factories. The cigarette consumption has increased with the population increase and the strategies of TNCs. However, the intensification of machinery usage in cigarette production has led to neither increase in tobacco production, nor increase in tobacco cultivators domestically as Marx forecasts. The increase in the supply side of the tobacco market was realized by the increasing amount of import foreign tobacco (See. Figure-6). Also the figure emphasizes the decrease the rate of export over import of tobacco. The table 2 shows the decrease in the total domestic production of Oriental tobacco and decrease in the number of cultivators.

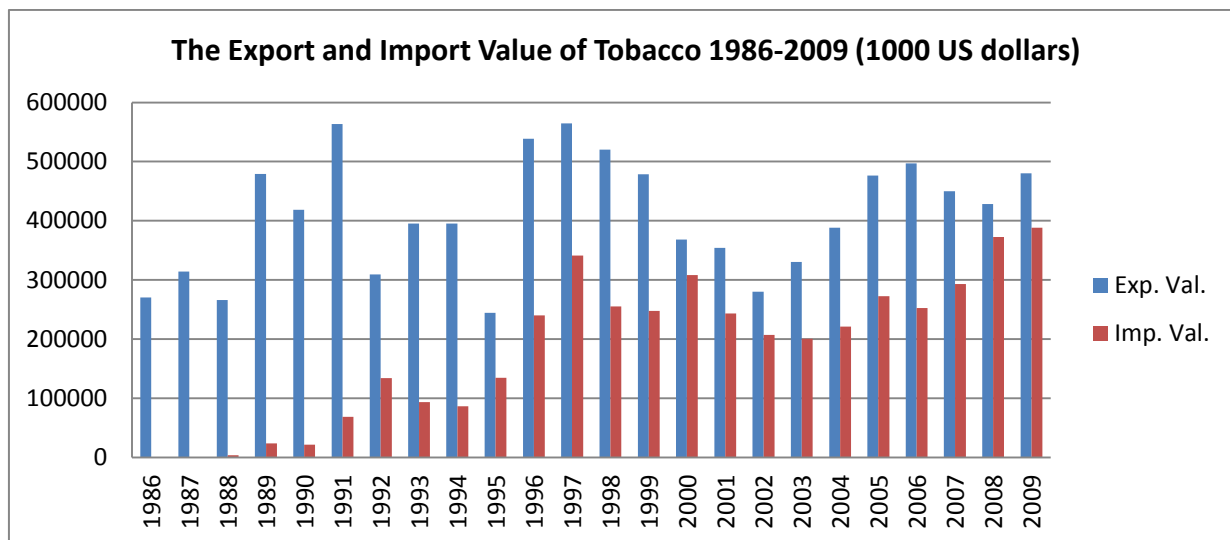


Figure 6: The Export and Import Value of Tobacco 1986-2009 Source FAO Statistics: <http://www.fao.org/corp/statistics/en/>

Years	Production(tonnes)	Nuber of Cultivators
1989	269888	524.839
1990	296008	521.952
1991	240881	468.361
1992	334321	526.385
1993	338800	543.923
1994	187733	494.298
1995	204440	550.016
1996	230949	546.671
1997	302008	560.380
1998	258811	622.063
1999	251070	568.121
2000	208002	583.474
2001	152570	478.022
2002	163583	410.558
2003	112219	334.723
2004	133914	287.444
2005	135247	255.753
2006	117634	222.414
2007	117883	207.051
2008	118872	194.282
2009	92615	80.766
2010	81053	77.441
2011	53018	64.191

Table 2: The tobacco production and the number of the cultivators between 1986 and 2011. TAPDK Statistics.

The figure 7 is also beneficial to visualize the decline in the number of cultivators with the deregulation of the market. Approximately 500.000 cultivators have to quit tobacco production in the last decade. Distinct from other species, Oriental tobacco cultivation is specifically labor-intensive. In Turkey, tobacco cultivation has been conducted by family farming in relatively small-scale lands without much mechanization. Each members of family occupies some positions in different phases of production.⁵⁵ If we assume that a household comprised of 4 people on average, the number of the people quit tobacco production would be almost 2 million.

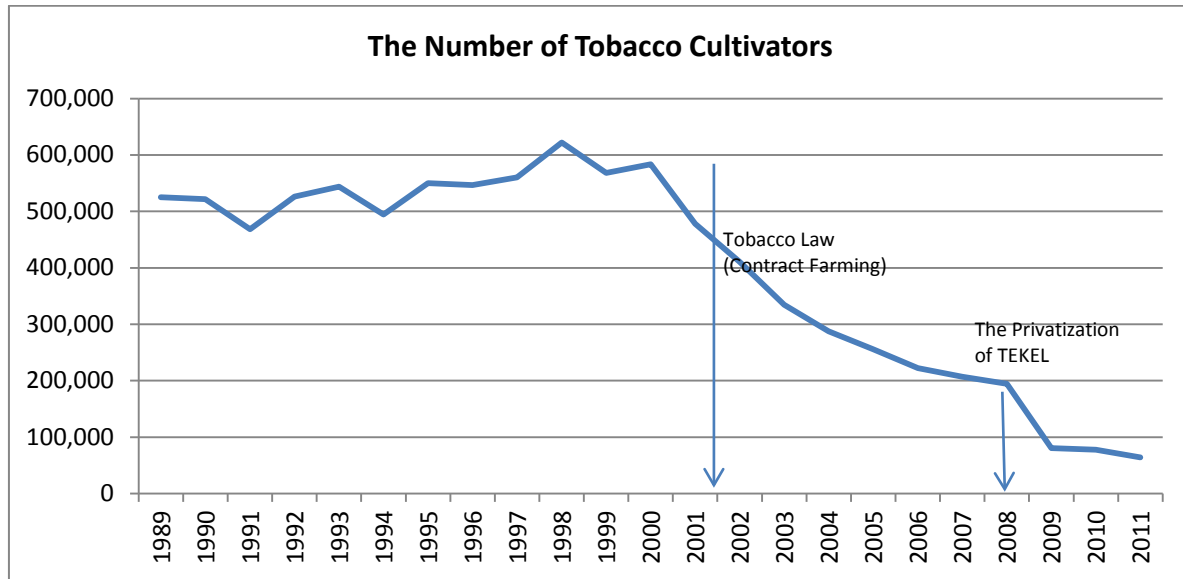


Figure 7: The Number of Cultivators in Restructuring Period. Source: TAPDK statistics. <http://www.tapdk.gov.tr/>

Together with the decrease in the number of the tobacco cultivators, the number of workers employed in the tobacco sector in general has also been decreasing since the beginning of the 2000s. According to the ILO report (and the data set), the employment trend of Turkish Tobacco Sector bears a resemblance to the trend in developed countries. The total employment in

⁵⁵ "...Tütünçülük bir aile tarımı olduğundan bütün bu çalışmalara ailedeki 7 yaşındaki çocuktan, 70 yaşında ihtiyara kadar herkes katılır. Büyük sabırla uğraşarak gerçekleştirilen tütün üretimi; aynı zamanda özel bir itinaya ve özel bir uzmanlığa ihtiyaç duymaktadır. Tütün üreticiliği başka hiçbir tarımsal üründe görülmeyen bir biçimde neredeyse özel bir zanaat dalıdır." From a brochure of TÜTÜN-SEN, 'TEKEL'in özelleştirilmesi kimin yararına?' Ed. Ali Bülent Erdem

tobacco manufacturing has declined from around 35.000 to 10.000 since the tobacco law in 2001.⁵⁶ The interventions in line with the liberalization of the economy in the last three decades caused a vast turmoil and dislocation for many agents in the sector.

Tobacco Market after Privatization

The IMF and The World Bank advices on deregulation of tobacco market and privatization of TEKEL intend to integrate Turkish tobacco sector into the global market dynamics and to set up free market principles. For this purpose, the protectionist policies of the state were gradually abolished and the contract farming system was introduced in order to encourage entrepreneurialism. The mentality behind the interventions is predicated on the principles of the neoclassical economics which advocate the inexpediency of the state interventions to the markets. The invisible hand of the market maintains the optimal allocations and price sets that benefit each individual actor in the market. In this regard, the state intervention must be exclusively ensuring the operation of free market and obviating the whole imperatives over the free will of the individuals. The motives of the IMF and the WB, and the cooperation of the governments can be interpreted in this framework. This thesis aimed to analyze deeply the (re)making of such ‘free’ market from a class based perspective by shedding light on the economic and social positions of the agents and the power relations among them.

By opening the market up to the foreign capital, allowing to import Virginia and Burley tobacco and to produce domestically the American blend cigarettes caused the change in the habits of smokers and the strategies of tobacco companies. The market share of TEKEL

⁵⁶ ILO, 2003. ‘Employment Trends in the tobacco sector: Challenges and prospects,’ Geneva. Accessed in 13.07.2012 from http://s3.amazonaws.com/zanran_storage/www.ilo.org/ContentPages/4123269.pdf and the data of employment in the tobacco manufacturing sector. Accessed in 13.07.2012 from http://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---sector/documents/publication/wcms_161969.pdf

decreased measuredly from the enactment of Tobacco Law till it was privatized in 2008. Its share decreased from 70% to 29% in these years. (Kayaalp, p. 77) There are four TNCs operating globally in cigarette manufacturing sector: Philip Morris, British American Tobacco, Japan Tobacco and Imperial Tobacco. If we set aside the China National Tobacco that operates only in China, (and its one third share of the world market), the biggest three, PMI, BAT, JTI, are in control of almost the rest of the world market. The figure 4 below illustrates the market shares of the companies in Turkish cigarette industry after the privatization of TEKEL. The interventions for the sake of bringing free market principles into force paved the way for the integration of Turkish tobacco market to the global capital accumulation regime.

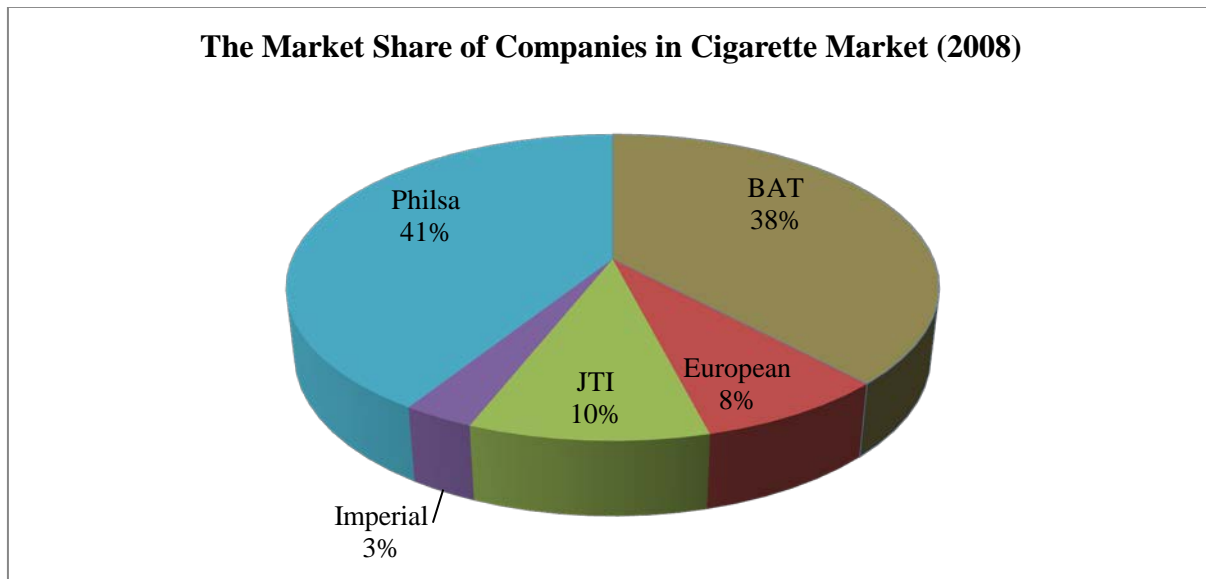


Figure 8: The Market Share of Companies in Cigarette Market (2008). Source: Yürekli, A. et al. (2010)

The developments in the tobacco purchasing firms render visible the ineffectiveness of promoting free market principles and encouraging competition. The number of the companies that purchase tobacco for exporting has decreased from 59 to 25 in the last three decades. There are also a few big international tobacco merchants in tobacco leaf processing industry. The TNCs

in cigarette sector do not directly enter into relations with farmers, they delegates this process to the international tobacco processing companies (such as Socotab and Alliance One). There are mutual benefit relations between the cigarette and tobacco processing companies: The TNCs, in this way, avoid the risk in the process of contract with the farmers. The processing companies can guarantee a smooth order cycle owing to this cooperation. The local companies have to compete with these international merchant companies. Their survival depends on their capabilities of finding international buyers; for instance monopolies or local cigarette companies in other countries (Kayaalp, p.129). They have difficulty to compete because of their small scale in setting the price and their lack of financial austerity.

On the other hand, the requirements enacted with the Tobacco Law for obtaining trade and production license from TAPDK can be evaluated as another obstacle in entering to the market for small scale companies. In this manner, the TNCs can secure their domination throughout the market. They have sustainable competitive advantage against the small scale local companies. Their dominant position is guaranteed thanks to the government regulations under the guidance of the IMF and the WB. In this structuring, the cigarette companies benefit from securing smooth and cheap input flows, and they do not have to deal with the potential problems stirring in the course of contract. The risks stemming from the natural conditions in the production side (such as bad weather conditions, drought and infestation) are also transferred to the cultivators due to the contract farming system.

The regulatory agency has not played any intermediary or guarantor role to interfere the disagreements between the companies and the cultivators. The cultivators have been left alone against the companies in the course of signing contracts. Ali Bülent Erdem stated that they, the

members of TÛTÛN-SEN⁵⁷, organize and try to bargain with companies collectively at the time of determining the quantity and the price of tobacco in the contract. However, the government has not acknowledged the unions operating in agriculture sector on the basis of particular crop, and Izmir governorate filed a legal action for the closing down of the union.⁵⁸ Despite the fact that the constitution does not include any legislation against the association of the farmers under the name of union, and even the State Supervisory Council underlines the necessity of encouraging cultivators to organize in order to balance the unequal relationship between the companies and the cultivators, the government did not take a step for acknowledge TÛTÛN-SEN as the representative of the cultivators, and make any regulation for collective bargaining agreements (Erdem, Ali Bülent. Interview).

The narratives about tobacco production before the transformation era that I analyzed, besides the instrumental existence of TEKEL, have always been consisted of tragic stories about the domination of usurers and the fraud of merchants. Necati Cumalı for example often narrates the livings of tobacco producers in hard conditions in his books.⁵⁹ In that sense, the interventions for the sake of capitalist integration of tobacco sector and legal regulations pulled the usurers and

⁵⁷ TÛTÛN-SEN (The Union of Tobacco Producers) was established in 2004. Its central office is in İzmir. In the beginning of its establishment, they had 450 members. All the members of the union are small-scale tobacco cultivators. The primary objects of the union are to organize cultivators to act collective against the transnational companies and to struggle against the transformation of tobacco sector that threads their self-sustaining way of living.

⁵⁸ The supreme court of appeals reversed the judgment about the closing. The court justifies the reversal by stating that the constitution and the law of unions do not restrain the cultivators get organized under the name union, and underlines the importance of the right of association.

http://www.birgun.net/economics_index.php?news_code=1335430493&year=2012&month=04&day=26
For the details of the reversal: see Appendix 2: the copy of the reversal judgment

⁵⁹ Mostly, the livings of the characters depend on the price of tobacco and the quality of the harvest. Their fighting tooth and nail with grueling tobacco cultivation in their land symbolizes the struggle for life. The value of their labor power always is under the heel of tobacco experts and merchants. For a detailed analysis of the place of tobacco and the tobacco cultivators in Turkish Literature, see Aliş,Ş. “Edebiyatımızda Tütün Ekicileri ve Tütün İşçileri.” *Tütün Kitabı*. Kitabevi İstanbul 2007. 249-277.

fraudulent merchants' teeth, and relieved the cultivators of the pressure of the usurers and the merchants. Through the new tobacco law, the cultivators are "free" to choose which company they contract with. They can now easily access the various sorts of credit from commercial banks with various interest rate and maturity. Their return from the sale does not depend on the state of affairs of the merchants. The companies undertake their contractual obligations. Through the contract they accept to buy the tobacco of the contracting other party in the predetermined time, price, and the amount. For the very reason, the contract farming system has legalized the pressure of the TNCs in setting the purchase price and imposition of the disciplining methods in labor process. In that sense, the contract between the company and the cultivator partakes of the labor contract between the capitalists and the workers. The cultivators on the one hand are free to sign the contract, but they are forced to sign the contract in order to reproduce their labor power and themselves. The emancipation from the social relations of the forced acquisition brings out the legal mancipation of capitalist exploitation.

The control of the companies over the tobacco producers has been established with the restructuring of the production, exchange and reproduction relations throughout the sector. The restructuring have brought that TNCs in agriculture sector can have a corner on the market in price determination, in return the producers become voiceless to have say on their labor. The Abdullah Aysu states that the farmers have lost their control over the each phases of commodity chain from the production to exchange. Agro-food companies have increased their domination in inputs market, and that calls forth the increase in input prices. The market price of a crop can be 3-4 times of its purchase prices.⁶⁰ The report of the union of Turkish Agricultural Chambers

⁶⁰ Abdullah Aysu, The Head of The ÇİFTÇİ-SEN. '*Seçim Bildirgelerinde Tarım: Adalet ve Kalkınma Partisi.*' 2011. Retrieved in 14.06.2012 from http://www.sendika.org/yazi.php?yazi_no=37644

(ZMO) draws attention to the deterioration in the purchasing power of the tobacco producers since the beginning of the 2000s. As it is shown at the table, the increase in the purchase price of the tobacco has been lower than the increase in the price of inputs and the inflation.

Table: The change in the product and input prices and the inflation (2000-2010)

	Prices		Inflation		Input	
	% Change	Index	% Change	Index	% Change	Index
2000	-	100	-	100	-	100
2001	36,4	136	68,53	169	122,0	222
2002	43,2	195	29,75	219	13,0	251
2003	11,8	218	18,36	259	24,5	312
2004	12,6	245	9,32	283	20,0	374
2005	6,5	261	7,72	305	5,4	394
2006	0	261	9,65	334	14,0	449
2007	0	261	8,39	362	34,0	601
2008	36,0	355	10,06	399	61,7	973
2009	0	355	6,53	425	-39,7	583
2010	11,0	395	6,40	452	18,0	688

Table 3: The change in the product and input prices and the inflation (2000-2010) Source: ZMO (2010): 183

Table: The change in the Purchasing Power of Tobacco Producers (2000-2010)

The parity of Tobacco and Inputs						
	The prices of the tobacco and inputs (kr/kg)			Parity (*)		Purchasing Power
	2000	2010	% Increase	2000	2010	% Change
Tobacco	220	875	297,7			
Inputs						
Diesel (Kr/Lt)	44,89	319	610,6	4,90	2,74	-44,0
DAP	16,1	101	527,3	13,66	8,66	-36,6
A.Nit.%26	8,95	55	514,5	24,58	15,91	-35,3
The amount of the Inputs that can be purchased by selling 1 kg of tobacco.						

Table 4: The change in the Purchasing Power of Tobacco Producers (2000-2010) Source: ZMO (2010): 183

Tobacco cultivators could buy 4,9 liters of diesel in 2000 in exchange for 1 kilogram of tobacco. Nevertheless, in 2010 the price of 1 kilogram of tobacco equals with 2,74 liters of diesel.

The purchasing power decreases in diesel 44%, in DAP fertilizer 36,6% ,and in aluminium nitrate 35,3%. ⁶¹ Ozkul also makes point that the average annual revenue of a tobacco cultivator in 2006 was 2309 Turkish Liras. (It was monthly 192,4 TL) At the same year, the net minimum wage was 403 TL. He also states that the Turkish cultivators have had over a barrel against the Oriental tobacco cultivators in Europe in consequences of agricultural subsidy polices of European Union. A tobacco cultivator in İzmir earned 5.500 TL by producing 1 ton of tobacco, while the cultivator from the other coast of the Aegean Sea, Greece earned 14 TL in return for 1 ton of tobacco. (Özkul and Sarı, 2008: 6-8)

In brief, the interventions for the sake of creating a free market structure in Turkish tobacco market have gone hand in hand the downward trend in the global demand of Turkish tobacco. The number of farmers who make his living from tobacco cultivation and the number of workers in tobacco processing industry and the cigarette production has decreased dramatically. Furthermore, with the domination of TNCs in Oriental tobacco market and with the emergence of contract farming, the increase in the purchase price of tobacco leaves has been lower than the increase in the input prices. The cultivators who continue to tobacco production get poorer in comparison the foreign cultivators who are benefiting from the subsidiary policies of European Union.

⁶¹ The Agricultural and Economic Report of ZMO, Ankara, 2010.

CHAPTER V: CONCLUSION

Turkish tobacco market has gone through turmoil starting from 1980: The state monopoly that regulated tobacco production and trade year after year, TEKEL, was privatized. Contract farming system was brought into practice. Big transnational companies began to dominate the local cigarette market in the absence of TEKEL. Structural Adjustment Programs promoted by the IMF and The World Bank were put into effect to establish “free” market order in Turkish agriculture. Furthermore, demand of Oriental tobacco, both domestic and global, decreased significantly. Domestic cigarette market became dominated with brands in which the composition of Virginia and Burley types of tobacco were higher and higher. Simultaneously, numerous tobacco cultivators have suffered from the disruption of tobacco livelihoods with the overhaul that the sector went through. Correspondingly, there has been a vast ongoing dissolution of rural population.

The thesis briefly followed the steps of discussing the Marx’s notion of “primitive accumulation” and Harvey’s reformulation of “accumulation by dispossession” to understand the restructuring the tobacco market in Turkey, and the disruption of tobacco livelihoods within the neoliberal transformation of Turkish agriculture sector after 1980s. The research aims to analyze the recent, complex, and multi-faced processes in the integration of Turkish tobacco market into the global capitalist market.

Marx, in line with his theory of historical materialism, proposes the notion of “primitive accumulation” to incorporate the whole practices of state and market processes, which lead a primary accumulation for the “evolution” in a transitional period from a pre-capitalist mode of production (mostly feudal order) to a capitalist mode of production. Harvey approaches to the

primitive accumulation as a historical epoch, but he reformulates the notion by emphasizing that the moments of primitive accumulation are dynamic and ongoing processes within the capitalist mode of production. He proposes the notion of “accumulation by dispossession” to theorize the developments of the capitalist accumulation regime in the last three decades.

The thesis benefits from the capitalist crisis theory of Harvey. Capitalism needs a smooth accumulation regime to survive. At the same time, capitalism has some inherent tendencies to fall into crises. As Luxemburg theorizes that capitalism always need an “outside”; the accumulated surplus created inside of the capitalist system has to find an outlet to sustain the accumulation. The primitive accumulation practices can be also considered as capitalism’s attempt to overcome the surplus absorption problem. According to the Harvey, neoliberalism is not anything but the spatio-temporal fix of capitalist accumulation regime that disrupted by the over-accumulation crises in the beginnings of the 70s.

The goal of the thesis was to analyze the transformation in the tobacco sector in the last three decades by incorporating the theoretical framework of Harvey on accumulation by dispossession. For this purpose, I refer different historical moments to illustrate the developments in the tobacco sector as the precedent of accumulation process in neoliberal era. In this regard, I turn to Harvey’s word to link his theoretical framework he inherits from Marx and the political economy of the transformation in the tobacco sector.

“By [accumulation by dispossession] I mean the continuation and proliferation of accumulation practices which Marx had treated of as ‘primitive’ or ‘original’ during the rise of capitalism. These include the commodification and privatization of land and the forceful expulsion of peasant populations...; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights (most spectacularly represented by China); suppression of rights to the commons;

commodification of labor power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial, and imperial processes of appropriation of assets (including natural resources); monetization of exchange and taxation, particularly of land; the slave trade (which continues particularly in the sex industry); and usury, the national debt and, most devastating of all the use of the credit system as a radical means of accumulation by dispossession. (Harvey, 2003: p. 159)

The thesis compares the recent developments in the tobacco sector –remaking of the tobacco market- with the establishment of the tobacco market at the historical epoch of the Regie in the late Ottoman Era. The common insights of both periods are depicted in the sense that the absorption of “outside” to capitalist accumulation regime as a remedy to the inertia of accumulation process in the time of crisis. This effort can be interpreted as the attempt to clarify the complex and mystic structure of neoliberal discourse and to establish a dynamic narration that exemplifies the continuous contextures of primitive accumulation in capitalist accumulation process.

It is important to reiterate that this thesis evaluates the neoliberal transformation in a critical way. The framework put forward in the thesis serves a different approach from the mainstream interpretation neoliberalism standing on rhetoric of individual freedom, free will, entrepreneurship, and equality, and its promise of growth and prosperity for everyone. On the contrary, the thesis aims to depict the neoliberalism as a set of practices, techniques, market actors, and the institutions that continue the process of capitalist accumulation by dispossessing people of what they own, or to what they have had rights. The contract farming system was a good example to deconstruct the freedom notion of neoliberal ideology. The farmers become free to choose sign a contract with a company or not, and they are free to choose selling their product

within the auction system. But, the proponents of the contract farming system cannot realized that the system because of the unequal structure of the parties legalize the control of the powerful party over the weak side. The farmers do not have any opportunity to reproduce their labor-power and subsist their family unless they do not contract with the company.

The neoliberal discourse claims that free market is a natural entity running smoothly with international supply and demand laws. Hence, any state intervention on markets breaks the spell of international self-regulating market order. The analysis on the deregulation and privatization attempts and the frequent legal interventions specifically in Turkish tobacco market, shows that the bureaucrats and technocrats always have recourse to state regulations to establish a market mechanism and to maintain the “smooth” order of market. The establishment and development process of market societies cannot be analyzed without observing the relation between economic structure and superstructure: law arrangements, political agenda and international regulations.

The thesis also attempts to explain that the laws and the international agreements on trade regulations are regarded as power domains. At the same time, they are rendered as dynamic struggle arenas for shaping the global markets, relations of production and exchange. It has a dynamic characteristic that the new alliances and cooperation can be established. The new alliances define the new set of relations of production, exchange, and reproduction conditions. The neoliberal transformation of tobacco market in this regard, leads to exclusion of some agents like producers, workers from the political arena and to establishment and empowerment some new market agents (civil societies, transnational merchants). The new market order is constituted with the expansion of neoliberal hegemony consists of the privatization of state apparatus, release of distributionist and protectionist role of central authority, exclusion of some market agents from the policy arena.

The IMF and the WB has been effective in the transformation of tobacco market as we underline in last chapter. They have played a key role in the expansion of neoliberal mentality and establishment of the new institutions coherent with this mentality. As aforementioned above, the law reforms proposed by the WB and the conditional agreements between the IMF and the Third World countries had the aims of regulation of legal and executive practices in line with the requirements of free market operations.

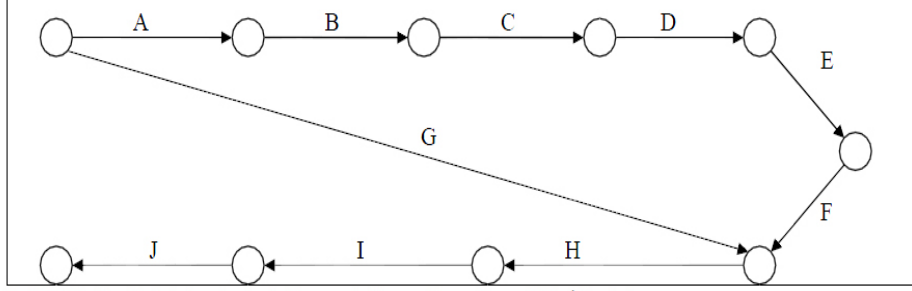
The tobacco law can be considered as the example of the reforms aiming to bring the tobacco market in lines with the international standards of capitalist market. The main goal is to create “free” market economy conditions in the tobacco market. The thesis is an attempt to read the neoliberal transformation period of Turkish tobacco market to analyze how can contemporary capitalist knowledge being recognized, adapted and transformed into practices in developing country and how the international capitalist accumulation regime being circulated and expanded all around the Third World. One of the main points traced throughout the thesis how the reforms promoted by the international institutions remake the markets, reconstruct the rules of the market, and reformats the production, exchange and reproduction relations within the market. On the other hand, the thesis does not approach the transformation process one-sided, it is a dynamic issue that the governments, the local firms, the cultivators, the workers have different interests, different standpoints against the remaking process. Although I did not focus on the organization of workers and the tobacco cultivators against the disturbance in their livelihood, they are not told as passive victims of the vast transformation process.

In 2010, TEKEL workers organized a path-breaking protest in Ankara against the privatization of TEKEL and the closing of the tobacco processing facilities of TEKEL. They encamped at very close the Grand National Assembly of Turkey to publicize the legitimacy of

their campaign. They staked out the claim on state owned TEKEL and their employee personal rights. Their struggle was supported by the people from different class, different positions. Their struggle serves as a model for the new social movements. As Harvey claims, the reactions to the all full range of dispossession carries a possibility of the spawn of the new kinds of social movements; the common struggle of the dispossessed. The collective struggle of the cultivators and workers against the tobacco law and the privatization of TEKEL is though as the example of this resurgence of mass movements voicing egalitarian political demands and seeking economic justice, fair trade, and greater economic security.

The thesis leaves the discussion at this point. The new practices of “accumulation by dispossession” need to be elaborated on in order to serve a comprehensive analysis on the integration of Turkish agricultural sector into the global capitalist accumulation regime. The new patterns of migration, the change in the owning structure –property relations of the land, the indebtedness of the peasants, and the new development strategies and populist policies of the governments should be followed to trace the intensification of the integration and the concentration of the capitalist mentality. To sum up, it is important to state that the analysis of the capitalist accumulation regime through a commodity –tobacco- includes some deductions to constitute a narration, but it is an attempt to reification of the multifaceted and complex features of the a social problem, an attempt to reveal the underlying developments, conflicts, and the struggles of the dislocation of the tobacco livelihoods in Turkey.

APPENDIX



Şekil 3.2: Kataloğa Dayalı Açık Artırmalı Tütün Satış Sisteminin İşleyişi

- A- Katalog alımları ile ilgili Kurul Kararının Resmi Gazetede yayımlanması.
- B- Üreticilerin açık artırmada satılacak tütünler için Kurumca adres gösterilen yerlere (Tekel'e) başvurması.
- C- Tekel'in üreticilerden aldığı başvuruları Kuruma bildirmesi.
- D- Açık artırma başlangıç fiyatının hesaplanmasında temel alınan nevi fiyatlarının Resmi Gazetede ilanı.
- E- Başvuruda bulunan üreticilere ait tütünlerin ekspertiz işlemlerinin yapılması ve katalogların hazırlanması.
- F- Katalogların Tütün İhracatçılar Birliği aracılığı ile potansiyel alıcı firmalara teslimi.
- G- Alıcı firma elemanlarının açık artırma ile satışa hazır tütünlerin ekspertizini yapması.
- H- Açık artırmanın yapılması, satış yapılan tütünlerin TAPDK tarafından tescil edilmesi.
- I- Satılan tütünlerin alıcı tarafından teslimü ve depolanması.
- J- Alıcının tütün bedelini üreticiye ödemesi.

Source: Gümüş, A. 2009. Türkiye'de Tütün Politikaları, Pazarlama ve Çözüm Önerileri. TÜTEV. Sayfa: 105

D) TARAFLAR

A) Alıcı: ATATÜRK ORGANİZE SANAYİ BÖLGESİ 10000 SOKAK NO:3 ÇİĞLİ İZMİR-ALLIANCE ONE TÜTÜN ANONİM ŞİRKETİ adresindeki urvanlı 29.10.2005 gün 19. sayılı Tütün Ticareti Yetki Belgesi sahibi firma bundan böyle ALICI olarak belirtilecektir.

ALICI iletişim bilgileri: Telefon: 232 376 77 00 Faks: 232 328 21 28 E-posta: mesayati@aini.com

B) Üretici: 60853403762 T.C. kimlik no.lu adresinde ikamet eden SÜKRÜ oğlu/kızı 05/08/1963 doğumlu

..... Ziraat Odasından/ziraat odası bulunmadığından Tarım İl/ilçe

ahip. SULTANYILDIZ gün 69020 sayılı tütün üreticisi olduğunun gösteren belgeye

JRETİCİ iletişim bilgileri: Telefon: Faks: E-posta:

araffar bu sözleşmedeki adreslerini "Yasal Tebliğat Adresi" olarak kabul etmişlerdir.

bu sözleşmenin KONUSU

retlişip ALICI'ya satılacaktır.

ALICI VE ÜRETİCİNİN YÜKÜMLÜLÜKLERİ

RETİCİ EVLİYE

zalı, çoğalı 5.000 kg mevkiindeki/mevkilerindeki 65 dekar parselinde %10

LICI da bu miktar limitinde ÜRETİCİ'ni getirildiği tütünü aynı şartlarla satın almayı beyan ve taahhüt eder.

ÜRETİCİ, tütün dikilen parselde kesinlikle başka bir ürünü üretmeyeceği gibi, aynı parselde ALICI dışında

üçüncü şahıslar için tütün de üretmez.

Ekimden ürünün teslim alınmasına kadar olan dönemde üretimin her safhası için gerekli tohum, fide, ilaç, makine,

aç, malzeme, nakliye masrafları ile bunların temininin sorumluluğu ÜRETİCİ'ye aittir. Ancak yukarıda sayılanların

kısmı veya tamamı, mutabakat halinde özel hükümler bölümünde belirtilerek, ALICI tarafından ÜRETİCİ'ye

nitin edildiği günkü bedeli karşılığında avans olarak veya bedelsiz verilebilir. ALICI tarafından sözleşme konusu

ürün faaliyetleri ile ilgili olarak verilen her türlü girdi, malzeme ve makine sözleşmede belirtilen üretim faaliyeti

nda kullanılamaz.

Hürsüzlük, terör ve halk hareketleri gibi olaylar ile yangın, hasere istisla, sel, su baskını, kasırga, deprem, don,

aklık ve benzeri afetler sonucu oluşabilecek ürün kaybı ve zararların belgelenmesi ve karşı tarafa bildirilmesi

inde ALICI ÜRETİCİ' den tazminat talebinde bulunamaz.

Üretim ve alım-satımı konu teşkil eden tütünlerin, tam mahsul alınması ve %10 azalır, çoğalı 5500 kg'ı

meyecek şekilde izni/irazı denk haline getirilmesi şarttır.

Tütün denklemlerinde, tütünlerin dizildikleri ipler dahil olmak üzere pamuk ve kendir ip kullanılacak, hiçbir şekilde

fon kullanılmayacak, sakal ve bağcek ipleri denk içerisinde bırakılmayacaktır.

Tütünlerin denklemlenmesi sırasında denk başına bir adet kanavıçe (çul)/karton kutu/..... adet denk ağacı

anılacaktır.

ÜRETİCİ, ürünü sözleşmede belirtilen parsel dışında bir yerde ürettiği tütünlerle karıştıramaz.

Üretilen tütünlere aynı zamanda olgunlaşan ve aynı neviyat grubuna girecek yapraklar el el mutlaka ayrı kullanılacak

ıyı denklenecektir. Aksi takdirde ALICI, o denk içerisinde bulunan uygunsuzluğu gidermek için ÜRETİCİ' nin

den denkleme yapmasını ve tütünün tamamını en geç bir hafta içerisinde teslim etmeyi isteyebilir. Aynı denkle

en fazla el olmasının zorunlu olduğu hallerde, bu eller mutlaka denk dışındaki tütünler konulmayacak, karton

kleme esnasında denk ortasına veya çul altlarına dolgu tabir edilen düşük esvafaki tütünler konulmayacak.

ve balyaların içinde herhangi bir yabancı madde bulunmayacaktır. Teslim anında tütünler ağır tavlı olmayacaktır.

İtünün fidelek aşamasından başlayarak üretimin her devresinde, Gıda, Tarım ve Hayvancılık Bakanlığı tarafından

ide kullanılmasına izin verilen tarım ilaçları dışında kesinlikle başka herhangi bir ilaç kullanılmayacaktır. Bu

ı kullanılırken doz miktarı, kullanım zamanı, ilaçlama ile kurum arasında geçmesi gereken süre gibi konularda

ı etiketi üzerinde yazılı kullanma talimatlarına kesinlikle riayet edilecektir. Amaç dışı tarımsal ilaç kesinlikle

ılmayacaktır. ALICI, çeşitli aşamalarda yaptıracağı kontroller meyanında, farklı zamanlarda alınmış tütün

melerinde yapılan analiz sonucunda, en az iki kez 30 ppm karbondioksit (CS₂) ve üzerinde ilaç kalıntısı

ıması, tütünde kullanım ruhsatı olmayan herhangi bir ilaç kalıntısı saptanması ve bu durumun Gıda, Tarım ve

ancılık Bakanlığı Ziraat Mücadele Araştırma İstasyonu Müdürüğüne ya da talep halinde Kurum tarafından

ı görülecek bir başka kuruluşta yapılacak laboratuvar analizleri sonucunda belirlenmesi halinde bu sözleşme,

İCİ'ye bildirilerek şartıyla tazminatsız olarak iptal etmeye yetkilidir. ALICI, bu kapsamda sözleşmesini iptal

üreticileri analiz raporları ile birlikte iki gün içinde Kuruma ve Ege Tütün İhracatçıları Birliğine bildirir.

aktleme esnasında tav suyunu hiçbir hal ve şekilde tarım ilacı, boya ve benzeri maddeler karıştırılmayacaktır.

K) Üretim aşamasında menşesine has tohumlar kullanılacaktır.

L) ÜRETİCİ, üretim ve alım-satım konusu tütünlerin fidelek evresinden denkleme kadar (denkleme dahil) her zaman ALICI'nın teknik personeli tarafından kontrol edilmesine müsaade eder, yapılan önerileri dikkate alır ve analiz maksadı ile en fazla 4 kez ve her defasında 200 gramı geçmemek üzere numune alınmasına izin verir. ÜRETİCİ'nin numune vermekten kaçınması ve bu durumun ÜRETİCİ'nin ikametgahının bulunduğu mahallin muhtarı ve ihitayar heyetinden iki üyenin imzalayacakları bir tutanakla veya noter kanalı ile belgelenmesi halinde, ALICI bu sözleşmeyi tazminatsız olarak fesh edebilir.

4) TÜTÜN KALİTESİNİN TESPİTİ VE FİYATLANDIRMA

ÜRETİCİ tarafından üretilen ve denk haline getirilen tütünlerin, ALICI'nın tütün eksperlerince, bu sözleşmenin 8 inci maddesinde yer alan nevi tanımlarına uygun olarak yapılacak ekspertiz muayeneleri sonucu belirlenecek nevi kiloları ve neviler için bu sözleşmede yazılı fiyatlar, ürün fiyatının belirlenmesine esas teşkil eder. Nevi kilolarının nevi fiyattan ilçe çarpımı ve çarpım sonuçlarının toplanmasıyla bulunacak bedel ödemeye esas tutar olup, birim fiyat bu tutarı toplam kiloya bölünmesiyle bulunur.

NEVİ FİYATLARI

2012 mahsulü neviyat fiyatları aşağıda gösterilmiştir.

12 NİVİ IV 981L VII 360L
11 NİVİ IV 751L
10 NİVİ VI 575L

Not: Bu neviyat için herhangi bir ödeme yapılmaz.

5) TESLİM

A) ÜRETİCİ, üretim ve alım-satımı konu tütünleri ALICI'ya, ÜRETİCİ'nin ikamet ettiği ilçe sınırları içinde ALICI'nın gösterdiği ekspertiz muayenesine uygun tesellim yerinde teslim etmek zorundadır. ÜRETİCİ'nin ikametgahı ile ALICI'nın ilçe sınırları dışında gösterdiği tütünlerin teslim yeri arasındaki mesafenin 50 km'yi geçmemesi esastır. ALICI'nın daha uzak mesafede bir yeri tesellim merkezi olarak belirlemesi halinde, 50 km'yi aşan kısımlar için ALICI tarafından nakliye ücreti ödenir.

B) Tütünler ALICI tarafından hazırlanacak program çerçevesinde en geç üretimi izleyen yılın mart ayı sonuna kadar teslim alınır. Taraflardan birinin gerekçeli olarak başvurusu halinde Tütün ve Alkol Piyasası Düzenleme Kurumu bu süreyi uzatmaya yetkilidir.

C) Tesellim yerinde tütünler ÜRETİCİ tarafından ekspertiz muayenesi yapılabilecek şekilde hazırlanır. Ancak tütünlerin tesellim yerine indirilmesi, tartılması, depoya taşınması veya nakliye aracına yüklenmesi amacıyla ALICI tarafından gerçekleştirilecek işlemlerle ilgili olarak ÜRETİCİ' den herhangi bir ücret talep edilemez.

D) Tütünlerin tamamı ALICI'nın tütün eksperleri tarafından muayene edilerek neviyatlandırılır.

E) Neviyatlandırma ve teslim alma işlemi bittikten sonra her bir dengin tartım işlemi yapılır. Tartım neticesinde gram küsuratları 100 gram ve katlarına tamamlanır. Beher denk başına kg darası düşülmür. Bu tartım ödemeye esas teşkil eder. Tartım işleminin yapılacağı kantarın ilgili mevzuat çerçevesinde gerekli ölçüm ve kontrollerinin yapılması ALICI'nın sorumluluğundadır. Tartımla ilgili bir anlaşmazlık ortaya çıkması halinde sorun ilgili yerel idarelere intikal ettirilir.

F) ALICI'nın, tütün neviyat ve fiyatı ÜRETİCİ'ye yazılı olarak bildirmesi, ÜRETİCİ'nin önerilen fiyatı kabulü ve "Yaprak Tütün Tari ve Fiyat Pusulası"nın taraflarca imzalanarak bir örneğinin ÜRETİCİ'ye teslim edilmesi ile tütünlerin alım-satımı tamamlanır.

G) ALICI ve ÜRETİCİ'nin mutabık kalması ve bu durumun sözleşmenin özel hükümler bölümünde belirtilmesi, ayrıca bu sözleşmenin diğer hükümlerine uyulması koşuluyla 3 üncü maddenin (D) fıkrasına göre üretilecek tütünlerin alım-satımı el el yapılabilir. Bu durumda, ÜRETİCİ'nin ikametgahının veya üretimin yapıldığı parselin bulunduğu yerden, mahsulün tamamı ALICI tarafından en fazla dört defada teslim alınır. Alım-satımın el el yapılması durumunda satın alacağı tütünlerin tam mahsul olmadığını iddia eden ALICI bunu ispat etmek zorundadır.

6) ÖDEME

4 üncü maddede göre fiyat belirlenen ve 5 inci maddede göre teslim alınan tütünlerin bedelleri teslim tarihinden itibaren 10 işgünü içerisinde ödenir. ALICI, bu süre içerisinde bedelini ödemediği tütünler için teslim tarihinden ödemeye başlama hakkına sahiptir. ÜRETİCİ'ye Türkiye Cumhuriyeti Merkez Bankası avans işlemlerinde uygulanan faiz oranı kadar faiz ödemeyi, ürün bedeli ödemesinin teslim tarihinden itibaren 30 takvim gününü geçmesi halinde ise, geçen süreler için ödenecek faiz dışında ayrıca ürün bedelinin %25'i tutarında ceza şartı ödemeyi kabul ve taahhüt eder.

T.C.
İZMİR
9. ASLİYE HUKUK MAHKEMESİ

DURUŞMA TUTANAĞI

SAYI : 2012/58 Esas

CELSE NO : 1
CELSE TARİHİ : 16/04/2012

HAKİM : SAMİ UÇAR 23069
KATİP : ÜMRAN ERKEÇ 141045

Belirli gün ve saatte celse açıldı.
Davacı Vekili . Davalı Vekili . duruşmaya katılmadı. Açık yargılamaya devam
olundu.

Yargıtay 4. Hukuk dairesinin 2011/14186 Esas. 14131 karar sayılı 26/12/2011 tarihli
bozma ilamı okundu.

Davacı vekili bozmaya uyulsun dedi,
Davalı vekili önceki karara uyulsun dedi,

G.D.

Yargıtay 4. Hukuk dairesinin 2011/14186 Esas. 14131 karar sayılı 26/12/2011 tarihli
bozma ilamına uyulmasına karar verildi. açıklanmış devam olundu,

Davacı vekili önceki beyanlarımızı tekrar ederiz. İş mahkemesinde dehlillerimiz
toplannmıştır davamızın kabulüne karar verilmiş dedi,

Davalı vekili önceki beyanlarımızı tekrar ederiz. öncelikle görevsizlik kararı verilerek
dosyanın iş mahkemesine gönderilmesini talep ederiz. davanın reddine karar verilmiş dedi.

Dosya tetkik edildi. yapılacak işlem kalmadığından duruşmaya son verildi.

G.D.

Gerekçeli kararında açıklandığı gibi anayasada ve sendikalar yasasında tüm üreticilerin
bir araya gelerek sendika kurmalarına esaslı bir engel olmadığı. tüm üretim işi yapan
kişilerin bir araya gelerek istediği kuruluşa kurmak ve kurduğu bu topluluğa sendika adını
vermek Türk ve uluslararası sözleşmelere aykırılık teşkil etmediğinden davanın REDDİNE.

Davacı vekillerinin yazısına karşı kararın tebliğ tarihinden itibaren 15 gün içinde
Yargıtay ilgili dairesine temyizî kabli olmak üzere verilen karar açıkça okunup, usulen
anlatıldı. 16/04/2012 10.27.20

Katip 141045

Hakim 23069

NOT İzmir 9. Asliye Hukuk Mahkemesi TSTSA-SÖN'ün
KAPATILMASI DAVASINI REDDETTİ. GEREKÇESİ
"TUTANAKTA NOT GİZLİ. KOLAY GELSİN"

AU MAIL TURSUN

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