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REPRODUCTION AND SURVIVAL STRATEGIES OF SMALL  
TRADESMEN IN TURKEY: THE CASE OF PERŞEMBE PAZARI

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Reproduction and Survival Strategies of Small Tradesmen in Turkey: The Case of Perşembe Pazarı

Türkiye’de Esnafın Yeniden Üretim Ve Hayatta Kalma Stratejileri: Perşembe Pazarı Örneği

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## LIST OF ABBREVIATIONS

AKP	Justice and Development Party
ANAP	Mother Land Party
AP	Justice Party
CHP	Republican People's Party
DISK	Revolutionary Workers' Unions
DP	Democrat Party
DPT	State Planning Institution
DTP	Democrat Turkey Party
DYP	True Path Party
ESKKKs	Tradesmen and Craftsmen Credit and Guarantee Credits
EU	European Union
GBT	Ministry of Trade
HISIAD	Hardware Manufacturers and Businessmen Association
IMF	International Monetary Fund
ISO	Istanbul Industrial Chamber
ISTESOB	Union of Chambers of Tradesmen and Craftsmen in Istanbul
ITC	Committee of Union and Progress
ITO	Istanbul Chamber of Commerce
KGF	Credit Guarantee Fund
KOSKEB	Small and Medium Enterprises Development Organization
MHP	National Salvation Party
MÜSIAD	Independent Industrialists and Businessmen's Association
PERPA	Cooperative of Perşembe Pazarı
RP	Welfare Party
SGK	Social Security Institution
SMEs	Small Medium Enterprises
TAV	Value Added Tax
TCMB	Central Bank of Turkish Republic
TESK	Turkish Confederation of Tradesmen and Craftsmen
TESKOMB	Tradesmen and Craftsmen Credit and Guarantee Cooperatives
TMMOB	Union of Chambers of Turkish Engineers and Architects
TOBB	Union of Turkish Chambers and Stock Exchanges
TSE	Turkish Standards Institution
TŞOF	Turkish Federation of Commercial Drivers and Vehicle Owners
TTB	Turkish Medical Association
TÜİK	The Turkish Statistical Institute
TÜSIAD	Turkish Industry and Business Association
WFO	World Trade Organization

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## ABSTRACT

Although orthodox Marxist scholars have assumed the disappearance of the traditional petty bourgeoisie at the advanced stage of capitalism, changing labor relations, in spite of increasing proletarianization conditions, have oriented many scholars since the 1970s towards debates on the contemporary class boundaries and the role of the petty bourgeoisie. However, the existing literature underestimates the class boundaries and reproduction conditions of various fractions of the traditional petty bourgeoisie, having also capitalist nature also, despite the non-productive labor relations. Esnaf, as a specific category which refers to small tradesmen and shopkeepers, have also been an undervalued research subject within the class analysis. This study aims to deal with the contemporary boundaries of esnaf and to understand how esnaf, as an intermediate category within the relations of production, thought that its boundaries have been eroded under advanced capitalism have reproduced itself today. In addition to a literature analysis held in the first place, by abstracting esnaf within the production process and labor relations, esnaf's class boundaries are argued in the second place by reference to the critical literature on the petty bourgeoisie. The specific historical conditions of its formation and transformation are analyzed in the third instance. The theoretical and historical discussions are linked to the field research carried out in Perşembe Pazarı. In addition to the presentation of the quantitative data, the Perşembe Pazarı is presented by considering its spatial transformation during the Ottoman-Turkish capitalist development. The conjunctural conditions where esnaf in Perşembe Pazarı has reproduced itself since the 1980s will be further analyzed by focusing on esnaf's specific experiences in the free market, changing interests, strategies, perceptions on the role of the state, shifting alliances and representation patterns in specific conjunctural conditions. A conclusion is drawn that the class position and location of esnaf and its reproduction should be discussed through not only the structural/objective conditions, but also specific conjunctural political and ideological conditions and changing balance of powers.

**Keywords:** small tradesmen, class theory, contradictory class locations, Perşembe Pazarı, reproduction conditions

## ÖZET

Günümüzde artan proleterleşme koşullarına rağmen değişen çalışma ilişkileri, 1970'lerden bu yana pek çok akademisyeni Ortodoks Marksizme göre kapitalizmin ileri aşamasında kaybolacağı varsayılan küçük burjuvazinin sınıf ilişkilerindeki yerini ve rolünü tartışmaya yöneltmiştir. Bununla birlikte, mevcut literatürde, üretken olmayan emek ilişkilerine rağmen kapitalist bir yapıya sahip olan küçük burjuvazinin birçok geleneksel fraksiyonunun sınıf yapısı ve yeniden üretim koşulları yeterince ele alınmamaktadır. Esnaf hem tüccara hem de dükkân sahibine atıfta bulunan özgün bir kategori olarak, sınıf analizi içinde göz ardı edilen bir araştırma konusu olagelmıştır. Bu çalışma, esnafın sınıfsal konumunu tartışmayı ve üretim ilişkileri içinde bir ara kategori olan esnafın, günümüz özgün koşullarında kendini nasıl yeniden ürettiğini anlamayı amaçlamaktadır. İlk başta yapılan literatür araştırmasına ek olarak, ikinci planda esnafın üretim ilişkilerinde sınıfsal konumu, üretim süreci ve emek ilişkileri içerisinde soyutlanarak tartışılmaktadır. Üçüncü olarak, esnafın sınıf oluşum süreci, esnafın sınıfsal oluşumunun ve dönüşümünün özgül tarihsel koşulları bağlamında analiz edilmektedir. Teorik ve tarihsel tartışmalar, Perşembe Pazarı'nda yapılan saha araştırmasına dayanan analizlerle somutlaştırılmaya çalışılmıştır. Bu amaçla, çeşitli nicel verilere ek olarak, Perşembe Pazarı'nın tarihsel ve kentsel dönüşümü dikkate alınarak ampirik bulgular sunulmaktadır. Bu bağlamda, Perşembe Pazarı esnafının 1980'lerden bu yana kendini yeniden ürettiği konjonktürel koşullar, esnafın değişen serbest piyasada ekonomisindeki özgül deneyimleri, değişen çıkarları, stratejileri ve devletin rolüne ilişkin algıları, değişen güç ilişkileri karşısında değişen ittifakları ve belirli konjonktürel koşullarda temsiliyet örüntüleri göz önüne alınarak analiz edilmiştir. Esnafın üretim ilişkileri içerisindeki yeri ve konumunun yeniden üretiminin yalnızca yapısal / nesnel koşullara değil, aynı zamanda özgün konjonktürel politik ve ideolojik koşullara ve değişen güç ilişkilerine bağlı olarak da tartışılması gerektiği sonucuna varılmaktadır.

**Anahtar Kelimeler:** esnaf, sınıf teorisi, çelişkili sınıf mevkileri, Perşembe Pazarı, yeniden üretim koşulları

## INTRODUCTION

In our country, tradesmen and craftsmen (*esnaf ve zanaatkâr*) do not merely mean selling and buying people occupied with trade. In our civilization, in our national spirit, tradesmen and craftsmen are soldiers, fighters when necessary, or martyrs defending its homeland on the military front, or veterans, or heroes. Esnaf may be a policeman, a judge, a referee, or a compassionate brother when necessary.<sup>1</sup>

During the *Gezi Protest* that broke out in May 2013 as a hopeful rebellion against the rising authoritarianism in Turkey, events were escalating and police violence against protestors was increasing. Esnaf physically intervened, sometimes brutally against the young protestors, playing the role of a national guardian by virtue of seeing the protests as a source of disrupting social peace and economic order. The *Gezi Protests* were the longings of Turkish youth and disappointment at the same time, unfortunately ending with multiple loss of life. At that point, the study of esnaf came to mind. I was an M.A. student in EHESS Paris in 2013 and wishing to be in Istanbul while the protests were mounting there, and in other Turkish cities. In November 2014, Recep Tayyip Erdoğan, former prime minister and current president, gathered esnaf in the Council of Small Tradesmen and Craftsmen (Esnaf ve Sanatkârlar Şurası) and said the abovementioned words to encourage esnaf to consolidate its hegemonic power, attributing esnaf a military and judicial role in the invention of the state coherency. All these political discourses, in addition to my readings on Turkish politics triggered my personal curiosity towards esnaf, which is mostly thought of as a reactionary class in Turkey, especially by left-wing politics and scholars. I asked myself “*why right-wing and center-right politicians cared so much about these small property owners that they were always assigning them the*

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<sup>1</sup> Discourse of the President Recep Tayyip Erdoğan. “Esnaf Gerektiğinde Askerdir, Alperendir”, *Birgün*, 26 November 2014. Available at: <http://bianet.org/cocuk/siyaset/160261-erdogan-esnaf-gerektiginde-askerdir-alperendir>. (My own translation)

*role of national guardian?*”. The discussions during my PhD tutorials, allowed me to identify the inadequacy of esnaf studies in the Turkish social sciences literature, which inspired me to study esnaf in my PhD thesis. After a brief look at the literature, I discovered that in addition to studies elaborating esnaf in a historical context, there has been very little research done in Turkey on esnaf, in class terms and through a political economic perspective. In fact, esnaf has always been one of the numerous groups among the labor forces in Turkey, it contributes importantly to the labor market when considering the input of its familial bonds. It also participates in the reproduction of the existing economic order by ensuring the continuity of supply channels and more. Furthermore, esnaf’s role in social life makes them an essential part of the capitalist relations of production and capitalist formation of the society. Then I decided to elaborate esnaf within the social relations of production and to study its reproduction conditions during the process of concentration of capital in order to make sense of its significant economic, political and ideological position, since thinking them apart from the relations of production reduces the capitalist social formation of this category to a simple entity. As a result of PhD tutorial debates, I concluded that esnaf seems to lie outside capitalist relations of production, as predicted by the two-class based imagination, yet they also have their own struggle to maintain control over their own economic order, shaped by the capitalist relations of production. In this respect, considering esnaf within the relations of production and discussing its reproduction conditions and survival strategies, and finally empirically grounding the related theoretical and historical debates would be the main contribution of this study.

There has been a large social narrative revolving around esnaf, not only in Turkey, but in other countries as well. There have been literal, political, cultural and economic meanings of the small-scale capital owners. For instance, as part of the economic dialogue of the eighteenth century, there was an interesting quotation in *nation of shopkeepers* criticizing England for being a nation with little ambition, as Adam Smith argued in the “Wealth of Nations”. In the Turkish literature, in the novels of Yaşar Kemal for instance, where the living and working conditions of

peasantry, rising agricultural and commercial bourgeoisie during the development of agricultural capitalism in the 1950s have been mostly treated, esnaf has always occupied an important place within the changing dynamics of the social relations, being figured as a self-interested manipulative character, or a brother to the neighborhood. Indeed, people living in Turkey know well that esnaf has had a significant position and role within the social relations and has been a big part of our daily lives. It occupied also an important part of political discourses and policies in Turkey since the configuration of the relationship between the state and esnaf is also highly different from other social classes, where the governments have historically treated them as an organic part of hegemonic power relations shaped by conjunctural forms of class struggles and practices. Therefore, despite its dispossession and proletarianization during the process of capital concentration, it is still valuable to ask *how esnaf has still continued to reproduce itself within the relations of production?* In this case, what is the most appropriate way to elaborate it in an analytical and critical manner, to understand its notable, but fragile position, not only in material terms, but in political and ideological terms as well?

After this introduction, in order to reveal the most appropriate theoretical and conceptual framework, a critical analysis of the literature on esnaf and shopkeepers in Turkey and other countries will be discussed from different theoretical stances, mainly from within class theory. In this respect, the first aim of this chapter is to understand the existing methodological and theoretical orientations of studies elaborating different parts of the petty bourgeoisie from different perspectives. The second aim is to reveal the empirical gap in the literature of social sciences where esnaf has been an undervalued research topic within class analysis.

In chapter three, theoretical discussions will be mounted to revisit esnaf within the social relations of production, and to search for the most appropriate concepts to locate esnaf within the class relations. The structural determination of the class position of esnaf is necessary to explore the class literature specific to the petty bourgeoisie to marshal the most appropriate concepts to define esnaf within the social relations of production. In this perspective, a general theoretical framework

for the petty bourgeoisie analysis will be initially given in this chapter. In this study, the concern for the elaboration of esnaf in class terms is inspired mostly by works of the Neo-Marxist scholars. Furthermore, the concepts of production and labor will be revised in order to expand the boundaries of class locations and to make sense of its continuing existence during advanced capitalism. With these aims, the term “contradictory class location” suggested by Erik Olin Wright (1985) will be discussed, together with Marx’s specific elaboration of shopkeepers and Wright’s category of self-employment. By offering a critical perspective to Wright’s theoretical and conceptual approach on “contradictory class location”, it will be also argued that the position of a particular social class in today's capitalist social class structure should be understood by considering a different set of relations, not only economic relations. In the light of the theoretical discussions, it will ultimately be contended that esnaf’s role in production relations, not directly through productive labor makes it an integral part of the class relations of production, specifically fitting into a contradictory class location through economic political and ideological relations.

In the fourth chapter, since the main concern is about analyzing the conditions of reproduction of esnaf, and since it is believed the class location and position of esnaf has meaning only in a given specific conjuncture, the historical conditions of esnaf’s formation and transformation will be addressed. The historical conditions of formation and transformation of esnaf will be revealed under three main moments, involving ruptures and continuities, mainly from a chronological perspective in line with the historical trajectory of Ottoman-Turkish political economy.

The first moment refers to the late eighteenth century when the Ottoman economy started to be articulated within the world economy. During this period, esnaf has gradually shifted from productive labor towards unproductive labor, determined mostly by small-scale buying-selling relations. By emphasizing the increasing commercialization reshaping the traditional commercial patterns during the incorporation process, it will be argued that the gradual adaptation of esnaf to the

capitalist mode of production has been possible through its articulation of the circulation and distribution process of commercial capital. Several modernizing reforms as a result of transformation of the modern capitalist state itself will also be argued in order to reveal the historical conditions of the reproduction of esnaf's role in the changing balance of powers

The second moment refers to the Republican period until 1980, where the implementation of different accumulation strategies transformed the class position and location of esnaf. In this part, it will be claimed that during this period, esnaf has been mainly transformed by adapting itself to the changing dynamics of the capitalist market and the changing balance of powers in each specific conjuncture, as a vital part of economic policies promoting the national bourgeoisie, and as an "organic" social base reproducing the necessary consent to maintain and consolidate hegemonic relations. The changing associational patterns of esnaf and the transformation of their interests will be also analyzed by considering institutional and legal restructuring aspects necessitated by different accumulation strategies during the pre-1980 period.

The third moment refers to the neoliberal period since the 1980s, which is of crucial importance in understanding the transformation of esnaf's class location and position. With this aim, in this part, economic and political developments from 1980 to 2020 will be analyzed by tracking the transformation conditions of esnaf in line with the inherent contradictions of the neoliberal accumulation regime. It will be posited that although their class position, determined by the objective relations that were threatened by unplanned liberalization of the import regime since the 1980s and financialization since the 1990s, their class location has remained more dependent on the changing balance of powers, where different forms of intervention have become more determinant in the regulation and distribution of the market resources. The period since the 2000s will follow with a discussion to examine how the proletarianization risks of esnaf has increased more than ever as a result of the increasing foreign dependency of the Turkish economy, although new investment and business opportunities also contributed to its reproduction, together with

different state regulations compatible with each accumulation strategy. In this respect, the changing market conditions, especially since the 2008 global crisis, together with the change in the capitalist state under the rule of *the Justice and Development Party (AKP)*, will be discussed by considering the transformation of the esnaf-state relation.

In chapter five, the articulation of the theoretical debate and historical overview on esnaf will be carried to the empirical level. The fieldwork chapter of the study works on multiple levels. Firstly, the quantitative data, including small tradesmen and merchants will be presented to map the whole universe of esnaf. This mapping is necessary in the light of the discussions put forward on the historical conditions of the transformation of esnaf, in order to accurately elaborate esnaf at the empirical level. In this part, empirical boundaries between small-scale merchants and tradesmen, both defined as esnaf, will be discussed by assessing the material transformation of the class position of esnaf, as a result of the transformation of the retail and wholesale sector in respect of the macro-economic indicators of the 2000s. The mapping will also be useful to quantitatively understand the continuities and breaks, while defining the transformation conditions of esnaf while the process of capital concentration has been accelerating. Aside from tradesmen and merchants, the institutions playing their roles in the regulation and control of this universe will also be briefly examined to reveal the complex relationship of esnaf with economic and political structures and agents.

Secondly, the research methodology of this study will be explained. Additionally, the field of the research, namely the Perşembe Pazarı will be offered in detail by considering its historical spatial transformation during the capitalist development since the late eighteenth century and its role during the Ottoman-Turkish modernization process. This part based mainly on the narratives of the interviewees, will shed light on the transformation of the capitalist market and its urban function during the neoliberal era. It will also provide insights into the transformation of the relations of productions, where the urban transformation has become a structural constraint effecting the reproduction conditions of esnaf.

Thirdly, based on the field research, the findings from the Perşembe Pazarı will be analyzed in light of the theoretical and historical discussions. The reproduction conditions of the esnaf in Perşembe Pazarı will be discussed under four main themes empirically determined by the field research carried out in a specific conjuncture characterized by the post-2018 currency crisis. By focusing mainly on the current changing economic and political conditions, the reproduction conditions of esnaf will be investigated by reviewing their experiences in the free market economy, their relation to the state, their policy advices on specific economic policies and their interest representation.

In the first place, the experiences of esnaf in the free market economy since the 1980s will be reckoned by fathoming the changing competition conditions so as to reveal on what basis their interests have been persisting or changing. The transformation of the competition dynamics, their business patterns, business and financial strategies and political visions will also be discussed in this part, to understand how they have been coping with the changing economic parameters. The sectoral transformations, together with the changing macro-economic developments, will also be debated in this part to reveal the structural constraints affecting the class position and location of esnaf by considering the strategic capacities of esnaf and its complex relation with the state power.

In the second place, esnaf's perception on the role of the state in the economy and their demands for transparency will be aired to understand the articulation of different relations determining their capacity to pursue their specific interests in a specific conjuncture. Their role in the reproduction and maintenance of the hegemonic relations will be invoked by also viewing the political visions legitimizing their vulnerable class position and demanding more state regulation in face of their increasing proletarianization. In this part, not only the reproduction of esnaf's class position, but also its class location within the changing balance of powers will be addressed to reveal the material basis of their shifting alliances and crystalizing interests.

In the third instance, development policies where esnaf in Perşembe Pazarı has formulated their interests will be analyzed to understand their strategic capacities defining their changing interests. Based on the spatial and sectoral outcomes of the neoliberal economic policies, their interest formulations on specific policies, such as foreign trade policies, domestic production policies, tax policies and interest rate policies will be represented. The policy advice voiced by esnaf will be argued as non-institutionalized responses where they have suggested them to enhance the market conditions and more specifically their private interest.

Finally, the patterns of interest representation of esnaf in Perşembe Pazarı will be proposed as part of portraying esnaf's *subjective* class formation. The cultural and material grounds of their associability will also be discussed in this part to understand their role in shaping or affecting the capital accumulation regime. Esnaf's strategic capacity to define and represent their interests in the face of the changing balance of powers and against the different interests of the capitalist classes will be argued further. Not only esnaf's strategic capacity, but also the strategic capacity of the business organization and political forces to mobilize the support of esnaf will be presented in a historical perspective in order to reveal the grounds of interest compromises and conflicts between esnaf and different fractions of the capitalist class.

## 2. CRITICAL SURVEY OF THE LITERATURE ON ESNAF

The subject matter of this thesis, namely small tradesmen, shopkeepers or *esnaf*, has been investigated by scholars from different disciplines. Although the related literature survey has also involved several studies in various disciplines, the primary intention in this part is to explore the studies especially giving importance to analyze shopkeepers and *esnaf* within class analysis. The critical survey is designed in two parts; the studies on *esnaf* from the international literature and from Turkey will be presented. For the international literature, one should briefly mention that the studies where shopkeepers have been subject to various empirical and non-empirical studies and research, the common aim has been to explore the sociological problems of changing middle classes in advanced capitalist societies. In these studies, shopkeepers have also been examined as important components of the labor force which has still maintained its role in contemporary capitalism. However, throughout the literature survey specific to Turkey, it is not always easy to facilitate the studies separating attentively *esnaf* and *zanaatkâr*, since the related literature defines the concept of *esnaf* sometimes as both small tradesmen and artisan, or sometimes only as artisan. Thus, in the second part of the literature survey, the studies carried out on shopkeepers, small tradesmen and craftsmen in the Ottoman period and Republican period will be categorized and discussed under the label of “*esnaf* studies” not only because of the authenticity of the term “*esnaf*” and its usage in daily language, but also because of its construction as a political term in the specific conjunctural conditions. In addition to research in different disciplines, the studies situating *esnaf* in class terms will also be mentioned.

It is worthwhile noting that during the literature survey, our study encountered one of the difficulties concerning the research topic. The term *esnaf* in everyday language refers to small tradesmen and craftsmen, but while the exact meaning of craftsman or artisan is *zanaatkâr* in Turkish, *esnaf* refers mostly to small tradesmen and shopkeepers who have a small shop and small amount of capital. According to the historian Suraiya Faroqhi, the same conceptual difficulty in separating tradesmen and artisans is also valid for archival documents. In the historical

documents, the two categories are enmeshed: in some cases, some artisans may also be involved in trade since regional differences in purchasing power may lead artisans to sell their products in big commercial cities such as Istanbul, Bursa or Edirne (Faroqhi, 1962; 2009). The same ambiguity lies in the legal domain. The legal definition of craftsmen and small tradesmen includes the essential features of the occupation in the sectorial sense, not in terms of labor relations. These definitions generally involve the business scale and turnover rates as criteria and legal occupational obligations as well, yet the distinction between small tradesmen and craftsmen is still not very clear in the mentioned legal definition. In fact, since the 1980s, drawing boundaries between small tradesmen and merchants has been a long-lasting state policy where there a specific council has been established bureaucratically, yet the very conceptual distinction between craftsmen and small tradesmen has always remained an unsolved issue. However, although small tradesmen and craftsmen perform their occupations in a shop with a small amount of capital having hard conditions of work in the market conditions in face of the risk of proletarianization, the conceptual separation is vital when considering the theoretical and historical accounts, because there has been important differentiation between two categories in terms of labor relations. The same conceptual problem exists in the studies carried out abroad; since shopkeeper may refer to small tradesmen or craftsmen, and sometimes to both, yet one should not give the studies their due in separating “artisans” from “small tradesmen”, because the term “shopkeeper” is mostly used to refer to the small tradesmen in these studies that we shall be discussing above. Thus, it may be claimed the use of the term “shopkeeper” may address the conceptual gap and separates artisans from small tradesmen by considering the differentiation of labor relations. Although the literature survey implies the studies carried out on shopkeepers, small tradesmen and *esnaf*, in the following parts of the study, the concept of *esnaf* will always be limited to small tradesmen without ruining its conceptual integrity, since it is believed that craftsmen and small tradesmen fall in two different definitional, theoretical and historical accounts. In this study the term *esnaf* is limited only to the category of

small tradesmen, because it is believed that the labor relations defining these categories cannot be overestimated, as will be discussed in the theoretical part.

To start with the category of shopkeepers in class analysis, one has to keep in mind that in the early 1970s, shopkeepers had started to be understood within the class theories where Orthodox Marxism started its self-critique that traditional Marxist concepts could no longer explain the contemporary class structure. The two-class model proposed by Orthodox Marxist theory faced with the unresolved issue of “middle class” has been criticized and developed by Neo-Marxist and Weberian theorists. The two theoretical traditions have either gotten closer in order to make sense of the boundaries of contemporary class structure in advanced capitalism or fallen into division within the struggle of theoretical concepts. In the literature that has positioned shopkeepers within a class analysis, one has to admit the Weberian pole has always been dominant, because it has generally been believed that traditional Marxist concepts have not provided a solid basis to explain the class position of shopkeepers being representative of the lower middle class. Among the prominent Weberian theorists who have involved the shopkeepers in a class analysis, one might recall Frank Bechhofer and Brian Elliot, who in the 1970s have contributed to the literature of class analysis with their studies on shopkeepers in Edinburgh and London. They carried out several research on small tradesmen and shopkeepers (by not differentiating the two concepts) under the influences of Neo-Marxist and Weberian conceptualization of social class. The pair investigated the class and market situation of small tradesmen or shopkeepers by focusing not only on economic persistence of the occupation, but also survival strategies, political preferences and power of the actors. By analyzing the shopkeepers particularly in Edinburgh, they revealed based on their empirical research that the petty bourgeois is not homogenous. They argued that the shopkeeper’s class structure is determined by the following aspects: the relative isolated position of small tradesmen, personalized relationship in the shop, their selective associational patterns and their concern for job security. Bechhofer and Elliot (1968) also suggested a methodological approach to study shopkeepers by focusing on their market and

work situation, status and political power of shopkeepers in order to show how shopkeepers do not fit with the classical conceptions in middle class debates. Their additional intention was to surpass the “monophonic” studies focusing solely on the working class and to demonstrate the problems of shopkeepers as lower-middle class, because they believed shopkeepers have been among the groups directly influenced by major effects of the changes in the industrial and social structure. Although they did not ignore the Marxist theoretical account, according to Elliot and Bechhofer, apart from the debates of proletarianization of the petty bourgeoisie and embourgeoisement of the working class, one should also pay attention to class positions of other fractions of the petty bourgeoisie (1968, p.181). Instead of analyzing the groups of lower middle strata as laying close to the margins of the middle class, although “*even today this notion does not seem entirely silly*”, authors propose to understand shopkeepers by considering their composition and political significance in capitalist society (1981). Elliot and Bechhofer also elaborated on the issue of shopkeepers in further studies (1974, 1978). They conducted surveys with small-scale retailers and gathered data from July 1969 to August 1970. The empirical contribution of the authors has been multidimensional. First of all, their study was one of the first empirical studies done on small shopkeepers. Secondly, their research involved voting intentions, market and work situation of small businessmen, more particularly of small shopkeepers in Edinburgh. According to them, the lower middle strata has been so underestimated that one should be aware of the fact that:

Studies of the petite bourgeoisie are in their infancy. For too long it was accepted that this stratum would disappear or that it was politically impotent and economically trivial and outmoded, but recent studies are beginning to cast doubt on all these assumptions. ... Above all, the new interest in the self-employed, the small businessmen, the petty capitalists, points up the capacity for survival demonstrated by this 'traditional' sector in modern economies and some of the mechanisms whereby a stratum which is obviously manipulable - both politically and economically - is kept alive, continuously reproduced in slightly different forms over long periods of time (1981, p.184).

With this aim, they emphasized the importance of exploring the economic and political situation of small tradesmen, accordingly the fragile market situation and

poor working conditions allow them to develop a moral economy and make them more vulnerable to political alliances. According to the scholars, small tradesmen or shopkeepers are politically so individualistic, which has been so determinant in their economic visions that their political choices may be changed according to which government allows them to pursue their own economic goals. The contribution of the authors has been so prominent that their research inspired further research in different countries by various scholars. For instance, following the methodological contribution of Bechhofer and Elliot, Howard Aldrich, Catherine Zimmer and Trevor Jones (1986) have replicated Bechhofer and Elliott's study of Edinburgh shopkeepers. By collecting their data in 1978 from cities in England, they found that, although having similar patterns with the shopkeepers in Edinburgh, there have also been differences, depending on the economic structures between two countries. Furthermore, Shaila Srinivasan (2010), also following the methodological contribution of Bechhofer and Elliot has analyzed the market, work and status situation of Indian, Pakistan and Bangladeshi shopkeepers in order to determine their class position, and to see if the petty bourgeoisie implies social mobility, or merely a shift from the Lumpen Proletariat into the "lumpen bourgeoisie".

In addition to the positioning of shopkeepers in class analysis, there is abundant literature on shopkeepers abroad, critiquing the role and transformation of shopkeepers within a historical context through a perspective of class analysis. For example, Michael J. Winstanley (1983) examined the changing world of retailing between 1830 and 1914, where the economic pressure and responses of shopkeepers were reflected in their daily work lives. Philippe G. Nord (1988), as well, examined the changing patterns of shopkeepers' protests within the context of Parisian politics between 1880s and early 1990s. Christopher Hosgood (1991) also explored the business relations between, on the one hand, shopkeepers, and on the other, merchants and manufacturers in order to reconstruct a small part of Victorian middle class. The 5th volume of the journal of *Contemporary European History*, published in 1996, has been a special issue on the petty bourgeoisie in

Europe. In this edition, there are prominent articles from various perspectives; more specifically the article of Tom Ericsson, who contributed to the understanding of the relation between state and shopkeepers during the interwar period, by analyzing two legislations involving the shopkeepers. Likewise, Z. Lawson (1997) who has claimed that shopkeepers referred to a neglected category by the historians of 19th century, carried out in-depth interviews in Pleston, an old market town before 19th century, yet transformed it into a manufacturing town through the industrialization process. The research of Lawson has confirmed that small shopkeepers were an integral part of the working class, as their orientation to retailing business did not always end in failure. Tanya Lee Gogan (2001) has examined the perceptions and realities of late nineteenth-century retailing (1891-1901) in Halifax, Nova Scotia. The study aimed to explore the social, cultural, economic and political circumstances of retailing in order to understand the recruitment of urban shopkeepers, the multiple meanings of legitimacy and the process of professionalization. John Benson and Laura Ugolini (2002) examined the complex relationship between retailing development and consuming environment, by focusing on different periods and retailing forms. Jonathan Moris (2002), by constructing an occupational identity amongst Milanese shopkeepers and revealing the history of the shopkeepers' movement, has suggested considering the shopkeepers in their various identities and interests. The research of Robert Boyd (2010) has also been another important contribution, analyzing to what extent petty traders and shopkeepers are different, and which region of the country offered the best opportunities for retail entrepreneurs to become shopkeepers after migration. The study found that immigrant groups were more likely to be petty traders than shopkeepers, and the opportunities for these entrepreneurs to become shopkeepers were higher in the South, a peripheral region with immigrant communities.

There are also several anthropological and sociological research that explored the changing patterns of shopkeepers in terms of self-identification, recruitment patterns or survival strategies, not necessarily as a class perspective. Abroad, where shopkeeping has been considered an indispensable activity for the maintenance of

national and local economic order in the advanced capitalist societies, like France or the United Kingdom, the literature on shopkeepers has mainly focused on the fragile position of shopkeepers under the weight of changing economic conditions and their political alliances resulting from economic uncertainties. Karen Wells and Sophie Watson (2005) for example, have analyzed the “talk” of shopkeepers in a multicultural London neighborhood in order to show how shopkeepers resent the loss of economic prosperity and sense of community, being related to their position of economic and social vulnerability in a globalizing world. Furthermore, there has been much anthropological research. Annika Rabo (2005), for instance, by carrying out fieldwork among the traders of Aleppo, has analyzed how tradesmen and shopkeepers view themselves and others in the atmosphere of economic liberalization and political reform following the death of Syrian President Hafez al-Asad of Syria. Caroline Mazaud (2013) has analyzed the modifications that occurred in the craftwork organization and in the access to the craftsman status since the 1980s by carrying out a large field study in Nantes. Antti Leppänen (2007), by contributing to the study of a segment of South Korean capitalist economy, has centered on the keepers of small business in an urban neighborhood in Seoul, South Korea by analyzing different categories and conceptualizations of South Korean capitalism at the levels of households, neighborhoods and Korean society.

One should pay the international literature its due that the existing studies have allowed us to understand how shopkeepers have become a research subject in various disciplines, despite particular country experiences at the global level during the process of concentration and centralization of capital. A similar concern is also valid for the studies carried out in Turkey. There has been a huge volume of literature elaborating on *esnaf* in the Ottoman period to the sixteenth century, where the Ottoman economy became integrated with the world economy. The studies have mostly analyzed the adaptation and transformation of *esnaf* to the changing economic conditions when the Ottoman economy was incorporated in the world economy. In the archival studies carried out on *esnaf*, the conceptual ambiguity

between craftsmen and small tradesmen has been more visible, since it has implied the idea, that of transformation in mode of production due to the integration with the capitalist world economy. In the historical studies, what has been generally intended by the term *esnaf* is craftsman, since the productive labor of the *esnaf*, namely its craft has been historically conflated with the trade, rather than the merchants. Thus, the development of commercial networks as a result of incorporation with the world capitalist economy and with the increasing importance of the commercial capital that *esnaf* has gradually become circulation agents within the relations of production. One has to admit that *esnaf* in a historical sense has been one of the issues receiving its share from the declining paradigm of Ottoman-Turkish historiography, since it has generally been considered as a craftsman referring to the pre-capitalist form of production where continuing military defeats and economic crisis made the Ottoman Empire satellite of Europe and deeply transformed the industrial and agricultural production of the Empire<sup>2</sup>. It is a predictable outcome throughout this process of structural transformation of very traditional institutions of the Ottoman production, that the guild system was dissolved. In this respect it is mentioned that the studies carried out on *esnaf* in the Ottoman context have been under the influence of a declining paradigm where *esnaf* has passed through several structural mutations. Apart from the research on the relation between *esnaf*, *akhi* system and economic mentality in the Ottoman Empire was rooted in the early fourteenth century<sup>3</sup>, the transformation of the guild system, relation between *esnaf* and Ottoman State, and between Ottoman *esnaf* and janissary corps have been the central themes in the mainstream literature<sup>4</sup>. According to historian Ahmet Kal'a, analyses of Ottoman *esnaf* have been concentrated on the relation between *akhi*-order and *esnaf*, and on *esnaf* unions and

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<sup>2</sup> On general discussions about the *decline paradigm* in Ottoman context, see Darling 1996; Grant 1999.

<sup>3</sup> The first research on *esnaf* were concentrated on ideological and inherent factors as obstacle for the development of capitalism in Ottoman Empire. Since the 1960s, Ottoman historians turned their faces to external factors under the influence of Wallerstein's world-system theory (Faroqhi, 2009:42). For detailed information on the relation between *esnaf* and *akhi* order. İnalçık, 1999; Ocak, 1996; Ülgener, 1991.

<sup>4</sup> For detailed information, see Akarlı, 1988; Baer, 1970; Kafadar, 1981; Yi, 2004; Demirel, 1989; Quarter, 1993; Turna, 2012; Faroqhi, 2009; Genç, 2000; Kal'a, 1997 and 1998.

associations of *gedik*. Historical documents and narratives, especially until the seventeenth century have allowed scholars to understand the influence of ahi-order on the Ottoman esnaf. (Kal'a, 2003, p.245). However, with the emergence of the guild system in the Ottoman Empire from the seventeenth century, the issue of whether ahi-order had any influence on the Ottoman esnaf became questionable and constituted a concern for later historical studies<sup>5</sup>. There have surely been further historical studies on Ottoman economic structure by which one may learn more information about the Ottoman esnaf, but it may take too long to list them. The most indispensable evaluation about historical studies on esnaf is that - whether thinking in terms of paradigm change or not - research have focused more on everyday lives of Ottoman subjects. One should recall Suraiya Faroqhi (2009; 2015) who contributed to the field of Ottoman history with her analyses and research on trade and commerce in the Ottoman Empire through archival documents. Although her analyses focus generally on craftsmen, her profound knowledge about the economic structure and employment in the Ottoman Empire may allow us to understand how production and reproduction was organized in the Ottoman Empire. However, the historical studies are merely important for our study in so far as one is interested in the changing structure of Ottoman production system and class relations, as will be discussed in the following chapters. Apart from Faroqhi's contributions, one should also mention the studies carried out on the traditional mindset of esnaf during the Ottoman-Turkish capitalist development, generally inspired by Weberian analysis. Accordingly, the very reason of the late development of capitalism lies in the traditional mindset of esnaf which excluded the corporate business ethics. Ülgener (2006) by considering esnaf as a very part of the pre-capitalist relations, has concluded that the moral, cultural and religious mindset of esnaf could not eventually adopt capitalist ethics as in the West, rather a mindset that he named as *medieval*. Likewise, Şerif Mardin (2014) based on a conceptual and theoretical distinction between center and periphery, has characterized esnaf as part of a *lower culture* where esnaf could not have a transformative role to adapt itself to the high

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<sup>5</sup> For a detailed bibliography on Ottoman *esnaf*, see; Kal'a, 2003.

culture during the Ottoman-Turkish modernization process since the late eighteenth century.

When considering the studies elaborating esnaf in the Republican period, the academic literature of social sciences has been hosting the studies negotiating the issue of esnaf, which exists mainly in four areas: (1) financial problems of esnaf<sup>6</sup> (the rise of the SMEs, credit problems), (2) esnaf in urban studies, (3) esnaf in media studies and (4) esnaf in gender studies. In most these studies done in Turkey, esnaf has been defined as in the legal definition, which means that only sectoral and occupational differences have been taken into account where the conceptual distinction between small tradesmen and craftsmen have never been so clear. In these studies, economic problems and coping strategies of esnaf at local and national levels were investigated. In the academic literature, esnaf has also been studied within the perspective of urban studies, aiming to understand their role in the construction of the memory of neighborhood. In this respect, Gül Özsan's contribution (2011) on rethinking on the role of esnaf in the urban identity is worth noting. There has also been research conducted within the gender perspective. Since esnaf has referred mostly to male-dominated occupations, in her article, Özsan (2016) has explored the role of esnaf in the construction and reproduction of gendered narratives by carrying out fieldwork, focusing on the hairdressers' shops in Moda. The research is important in order to understand the social role of the esnaf in urban space from gendered and class perspectives. With this aim, Özsan conducted several surveys from April to July 2015 with female esnaf in order to explore their own relation with their shops and with their neighborhood. According to the results, location of the shop, education and the family situation of female esnaf are determinants on how female esnaf perceive their own class situation by referring to the expressions such as "köklü esnaf" (in the meaning of rooted or old-established shopkeepers) or "köklü semt". Özsan's contribution to the literature is to empirically demonstrate the social embeddedness of esnaf in the urban space.

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<sup>6</sup> Baykul, 2009; Çelebi, A. et al. 2009; Özüdüru, 2012; Koçhan, 2015; Özbilgili, 2014; Yıldız, A. et al., 2013.

One has to also refer to the book edited by Tanıl Bora and Adem Erkoçak (2015) which can be a reference point for a social history of barbers from various perspectives, but more so from a gendered perspective through narratives of masculinity. Additionally, there are further studies tackling the issue of esnaf in the communication field. Mesut Yücebaşı (2016) has explored esnaf images in the media, particularly in advertisements, to try and demonstrate how esnaf and esnaf related issues, in its ideology and its locality have been socially constructed. According to Yücebaşı, the roles and the values attributed to esnaf either in daily or political discourse have been so manifest that it has turned to a *fetishism of esnaf* shaping our daily life. In further research, Yücebaşı has analyzed the local newspapers in Gaziantep in order to explore the perception of esnaf about the Syrian refugees and has revealed the fact that local esnaf has threatened the Syrian refugees as *guests outside of social norms* because according to local esnaf, neither their physical appearance nor their social behaviors do not fit the general rules of living together. Yücebaşı has concluded that the social role attributed to esnaf as being protector of conservative values is the major reason of why esnaf has been so concerned about the Syrian refugees. The research carried out by Kurtuluş Gemici (2003) is an additional and important contribution to the literature of social movements in Turkey. He has investigated the Turkish shopkeepers' protests following the economic crisis of 2001. In the article, Gemici demonstrated that contrary to expectations, the social reaction to economic crisis came from a social group being relatively less organized and having relatively less associational patterns. He argued that at the very heart of the protest, there is a concern about the moral economy of shopkeepers. The study of Gemici is an empirical contribution to understand how capitalist production relations and market economy threatened the moral economy of shopkeepers and paved the way to resentment among shopkeepers. The research is a relevant reference point for our study because it sheds light partially on the continual importance of structural factors in understanding esnaf in class terms.

In addition to several studies and research carried out through sociological and economic perceptions, it should be emphasized that in the academic literature in Turkey, esnaf has been an undervalued category within the class analysis. This may have originated for two reasons: either from the corporatist idealism attributing esnaf to be the carrier of solidarist community, or from its historical bonds to conservative values. However, reducing esnaf merely to its historical role as a nostalgia is one of the impasses in neglecting esnaf within the class analysis. Although the secondary literature on the Turkish Politics<sup>7</sup> also involves esnaf partially, the so-called studies never consider it as a part of labor relations, rather more as a very part of the hegemonic relations. Intellectuals in Turkey have been reluctant to consider esnaf as a part of the capitalist relations (Karaömerlioğlu&Balıkçı, 2013, p.184), which resulted mostly in neglect of esnaf by the Marxist tradition in Turkey. However, one should recall three important contribution made on our understanding of esnaf in class terms. The first one is Ahmet Makal's article (2016) on esnaf associations and their relations with *the Republican People's Party* (CHP) during the 1946-1950 period. In this article, Makal has discussed how CHP became aware of the social classes and developed class-based policies after the transition to multiparty politics yet could not integrate with the esnaf associations. Makal's article has generally focused on the relation between esnaf organizations and the CHP, by providing the transformation in the legal regulations specific to esnaf, which is highly insightful in order to reveal the historical roots of esnaf's interest representation. Another important contribution is the research carried out by Karaömerlioğlu and Balıkçı (2013) where they also considered esnaf in class terms and focused on the integration of esnaf to the liberal economy by considering its transformation due to the political and economic changes related to transition to multiparty period where the DP addressed the esnaf's interests very well. In the article, they argue that the Turkish artisans during 1950s, were not a rigid, conservative, backward-looking social class, but longed for their own transformation along modern capitalist lines and embraced the values of

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<sup>7</sup> For instance, Savran, 2016; Atılğan, et all. 2015.

the post-second world war period such as democracy and market economy. Further contribution belongs to Robert Bianchi (1984) where he has elaborated on the transformation of the interest representation of esnaf since the Ottoman period to 1980. His analysis is insightful, not only in understanding how different political forces accounted for esnaf from the early republican period to the 1980s, but also in considering esnaf's historical transformation during the capitalist development in Turkey until the 1980s.

In fact, the studies carried out by Karaömerlioğlu and Balıkçı (2013), Balıkçı (2015), Makal (2016) and Bianchi (1984) have been essential departure points for this study, since these particularly, have shed light on the transformation of esnaf by considering it as a very part of the relations of production, by taking account of its position toward the State and big capital. In addition to these studies on esnaf especially, there is vast literature on the small-scale capital in Turkey. One should also recall Ayhan Aktar (1990) and Sencer Ayata (2000) for their contributions in empirically analyzing the small-scale capital relations. These studies have led academics to ponder the transformation of the labor relations by considering the dynamics of changing traditional labor relations in Bursa and Kayseri throughout the industrialization process in Turkey. Moreover, Emre Balıkçı, in his article (2015), has contributed to the early history of small-scale capital in Turkey by critiquing the role of small industry played in national industrial policy as a significant economic and political actor, especially paving the way to the economic policies promoting the SMEs towards the 1990s.

The mentioned studies in Turkey are important contributions for understanding esnaf in various accounts. However, it can be argued there is still a gap in the literature requiring a specific understanding of esnaf in class terms since the 1980s, despite its economic role in the market economy and its political and ideological role in the process of capital accumulation. Esnaf, having small-scale capital and means of production, is a self-employed category. Obviously, its smallness causes to its fragility and its existence is highly dependent on political and economic conjunctures. It is a fact that through a general shift in the global economy, it may

be expected they will disappear. However, somehow, they have reproduced themselves. The idea may be too ordinary, yet it has to be empirically disentangled, because esnaf could still exist through changing forms and by adapting to even more advanced capitalist conditions. Esnaf is also a very part of class struggle. Its shaky position within the market relations, its experiences in the free market economy, business practices, relationship with the state, livelihood concerns, indebtedness, political worldview, interest representation, collectivity, individuality, contractual bond business and employment capacity; all these factors make esnaf a very part of class relations. By stressing the theoretical gap in the literature, the aim is to bring a new methodological perspective to study esnaf in class terms, by taking its position within the political, ideological and economic relations. There is also a need to clarify the theoretical and conceptual account of esnaf. Being a very large part of the national population and labor force, esnaf cannot be thought apart from the relation of production and reproduction relations. Even its historical transformation must be re-read in this context, in the changing class relations under the specific conditions of the incorporation process within the capitalist world economy. This methodological orientation is important in so far it is aimed to problematize its reproduction conditions throughout the history and today, because it is believed that its class position determined by economic conditions, has always been bound up with its class location determined by conjunctural political and ideological conditions.

### 3. REVISITING ESNAF IN CLASS THEORY

The purpose of this chapter is to offer an appropriate theoretical ground to understand esnaf in class terms, in order to link it with a concrete analysis. It is believed that esnaf has a specific place in economic, political and ideological relations. Here, the connection between economy, politics and ideology is taken for granted<sup>8</sup>. Having full respect towards the idea of the centrality of class struggle, which is believed is the backbone of Marx's theoretical journey, the study will also take into account the changes occurring after the 1970s in Marxist theoretical debates and critiques<sup>9</sup>. The concern about characterizing esnaf in class terms is born from the cumulative paradigm changing within the Marxist tradition, since there has always been a continuing attempt to make sense of "social class" in every historical period. In that sense, what has illuminated our attempt at locating esnaf within the class relations may be mentioned as; the fragmented nature of the middle class in advanced capitalist societies and increasing debates on the class boundaries after the 1970s, the expansion of service-related sectors after the 1980s, particularly with the implementation of neoliberal policies. At first glance, there is concern about how to locate esnaf within the class relations, due to its unproductive nature. However, it is initially discussed in this chapter that class analysis is not only about

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<sup>8</sup> The viewpoint on the relationship between economics and politics has to be considered as part of Marxist historical materialist doctrine, insisting on historical and dynamic relation between productive forces and relations of production, and between superstructure and economic life. Differentiation of the economic sphere from the political one has historically served the bourgeois ideology itself, since separating those fields from each other has caused merely to exclude human agency or reduce it solely to *homoeconomicus*, as if capitalism is only about economic matters. However, social relations in this sense, are not external to the economic sphere. In a simpler sense, even allocation of resources or appropriation of surplus values belong to the political sphere itself. Ellen Meiksins Wood (1981) reminds us that "*the secret of capitalist accumulation is a political one*", because all legal and political relations, decisions and forms are in one way or another related to the economic sphere, either for legitimizing or facilitating it. The importance of socializing and historicizing the relations of production lies on this interconnection between politics and economics.

<sup>9</sup> The debate is expanded by Ellen Meiksins Wood (1995). The biography of the Western left, which may also be considered as a history of Marxist thought, has experienced important generational shifts according to paradigm changing. The dominance of cultural politics at the end of the triumph of the capitalism and the separation politics and economics, especially after the Second World War, led to the loss of the centrality of class struggle and the divorce between theory and practice. This whole debate is useful not only to understand the changing nature of the Marxist theory throughout the history, but also to fulfil the need to understand other social agents at the very interaction of economic, ideological and political relations. For further information about the evolution of Marxist debate, see also Wood, 1981 and 1986.

the qualitative and quantitative nature of the labor, hence cannot be singularly reduced to economic terms. Furthermore, the production process is not just about the economic relations, nor technical class-neutral process (Jessop, 1985, p.161), but it also involves different sets of relations, because the process of production is at the same time the process of reproduction of existing relations of class determination (Poulantzas, 1978, p.16-21).

The analysis of class structures and struggles is important in developing an understanding of the nature and functioning of capitalism, and capitalism is not just about the production process, but also about the circulation and distribution processes. In order to develop a *method of articulation* to understand esnaf in its complex character of social formations<sup>10</sup>, it is believed that “the structural determination of classes is not restricted to production but extends to all levels the division of labor” (1978, p.29). In this respect, the term “extended reproduction” proposed by Poulantzas is highly relevant to our purpose. That is why, while thinking esnaf in class terms, its class location and position should also be taken into account. From a more general stance, while location refers to a particular place, position refers to a place where someone or something is located. In our study, since it is believed that understanding *esnaf* in class terms necessities a concentration on both objective/structural relations and subjective/political/ideological relations. The terminology proposed by Poulantzas provides us with an important grounding

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<sup>10</sup> One should acknowledge Stuart Hall for his contribution in developing the concept “articulation” as an analytical tool to analyze the social formation of esnaf. According to Hall, articulation works in several different and interrelated ways. It is developed in opposition to reductionism and rejects the super/base structure distinction. This analytical tool allows one to see the social formation in a combination of multiple levels (ideological, political, economic, cultural, so on.) since the social formation has to be considered as a complex character that cannot be reduced merely to mode of production. The central aim for using this analytical tool is to understand how a person or group becomes a class. The idea is that a group forms a class in so far as they get together in spite of their existence that separates their modes of life, interests and cultural forms from those of other classes. Thus, economic factors are not mere determinants of one’s class location. This evokes the central idea in Poulantzas’ theory; *the structural determination of class location* and *the extended reproduction* which may be understood only in the combination of several levels of social formation and the linkage of several practices. To clarify for our study, the practice of articulation may be seen as a method for the structural determination of class location. The idea here is to reveal the levels of social formation of *esnaf* in order to understand its determinants of class location and position (Clarke, 2015)

for our own conceptualization of class<sup>11</sup>. The class position of esnaf being generally considered as a part of simple commodity production where the surplus value is appropriated by the petty bourgeois producer has been remained ambiguous since it has been generally depicted as apart from the capitalist mode of production. However, the concept “mode of production” is also an abstraction, and the meaning may change according to its contextual usage, but always shaped by different sets of relations as determinants of the class location. As mentioned by Poulantzas:

In speaking of a mode of production, an abstract and formal object, one is still keeping to a general and abstract level, even though the concept mode of production itself already embraces relations of production, political relations and ideological relations (1978, p.22).

One should keep in mind that the class position and class location of esnaf cannot be understood outside capitalism, or outside the capitalist mode of production. The theoretical debates since the 1970s on social classes have provided us with a conceptual tool to understand esnaf in class terms: on the one hand, these debates constitute a critical re-reading of Orthodox Marxist theory by forcing the boundaries of existing theories on petty bourgeoisie and Marxist concepts such as “social class”, “mode of production” or “exploitation”, and on the other hand, have

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<sup>11</sup>It does not mean that the distinction is simply between an economic determination and a political/ideological position since structural class determination, according to Poulantzas, “*involves objective political and ideological places just as much as class position involves conjunctures of economic struggle*” (1975, p. 207-208). According to Poulantzas, the determination of social classes (“class location”) must be distinguished from ideological and political “class positions,” because although class places may imply class positions, class positions cannot always imply class places. In Poulantzas’s expression, “*a social class, or a fraction or stratum of a class, may take up a class position that does not correspond to its interests, which are defined by the class determination that fixes the horizon of the class's struggle*” (1975, p.15) which led to what Poulantzas indicates as the class polarization. Accordingly, the class polarization is more manifest in petty bourgeoisie, either old or new. The class polarization emerged either in the structural determination of social class or in class position. In other words, it does not mean that the petty-bourgeois grouping has already their own determinations and only their class position may converge either with those of the bourgeoisie or with those of the working class. The distinction between class location and class position refers in simple terms to the distinction between objective and subjective class. Within the Marxist tradition, it refers generally to the distinction between “class in itself” - being objectively existing which is “already a class in opposition to capital” (Marx, 1955, p.195) -, and “class for itself”. This distinction is the same with the distinction between class membership and class awareness, or between structural “class determination” and politico- ideological, subjective class position. In this study, it is preferred to refer to the distinction between structural class determination and class position.

led the way to a dialogue between Marxist and Weberian class analysis. The related literature, although having made more effort to re-examine the boundaries between the working and middle classes, and less effort to understand other middle-class locations and positions between middle classes and the bourgeoisie, is an important step to progress and develop a method of articulation to understand how esnaf may be reconstrued in class terms.

In this respect, in the first chapter of this study, a general framework for a class analysis will be briefly mentioned in order to reinforce the conceptual ground of the study. Secondly, classical and recent theoretical approaches to class, and more particularly to petty bourgeoisie will be presented to reinforce our theoretical ground. Then, the Neo-Marxist perspective of petty bourgeoisie, and especially the concept of contradictory class locations and self-employment will be discussed to make sense of the class location of esnaf. The Marxist account of shopkeepers within the relations of production will be presented last to understand the labor of shopkeepers within the circulation relation as part of the production process. Finally, the theoretical boundaries of esnaf in class terms will be discussed as the purpose of the study.

### **3.1. General Framework for Class Analysis**

Since the boundaries of the concept of “class” are never given, the use of class in social theory may refer to different usages. Class generally refers to social and economic groupings based on various standards (Ollman, 1968, p.573). It may be used to mean positions determined accordingly by the relations of the mode of production, such as proletariat, bourgeoisie or petty bourgeoisie, or it may also point to social groups determined by another basis<sup>12</sup> other than their relation to the

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<sup>12</sup> Other “basis” is closely related to the social division of labor and related to the effort of surpassing the economic division of society. The division especially between mental and manual or physical labor under the capitalist mode of production or the implementation of the role of ideology in the class relations in that sense, are merely analytical distinctions and elaborations in order to extend or limit the boundaries of the (never and ever ontologically given) concept of class. For more information, see Poulantzas, 1974; 1978; Ollman, 1968.

mode of production, such as ruling class or intelligentsia (p.575). However, as Ollman emphasizes, class as both word and concept belong to a particular philosophy (p.580) and its usage is determined by how it is abstracted, or how its boundaries are established (Ollman, 2003, p.161). Likewise, Erik Olin Wright (2003) mentions other usages of class in social theory. According to him, as a contentious concept, class has been used variously, either as an objective position within the distribution of material inequality, or as a subjective location<sup>13</sup> in the social structure of inequality, or as a relational explanation of economic life chances, or as a foundation of economic oppression, or as a dimension of historical variation in inequality. The alternative meanings of class - being products of different processes of abstractions - naturally require the usage of proper questions and related conceptual tools. The relevant question to ask, to find the most appropriate usage of class is: “which is the appropriate abstraction for dealing with a particular set of problems?” (Ollman, 2003, p.91) For example, if one is asking “how do people, individually and collectively, locate themselves and others within a social structure of inequality - depending on income and wealth indicators?” (Wright, 2003), the concept of class has to be posited as a subjective location. In a similar way, if one is wondering about “how are people objectively located in distributions of material inequality”, the concept of class has to be elaborated as class as an objective position.<sup>14</sup> Although there have been various usages of class in prominent class theories of different theorists, one has to remember there may also be various usages even in the works of the same theorist. Ollman, in his article *Marx's Use of Class* (1968) reveals that Marx varies his use of class depending on his purpose and changes his usage without warning (p.576). Accordingly, Marx has

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<sup>13</sup> Keeping in mind that the difference - that it has been already mentioned - between class location and class position, especially by referring to Poulantzas, one may consider Erik Olin Wright's use of “position” and “location” as confusing, because he uses the terms in exactly the opposite way to what is suggested in this study (2000, p.19).

<sup>14</sup> The use of “class” is about the orientation of the study. The problem of the study determines this orientation which further determines the method of the study. In this study, since it is interested in how one may understand *esnaf* in class terms, elaborating *esnaf* in multiple levels is preferred as an orientation, by adopting the method of articulation, as explained above. The combination of multiple levels is important for understanding which determinants have to be taken into account, in order to understand where *esnaf* is located and locates itself in class relations.

no systematic treatment of class, while he has a structural approach in the *Communist Manifesto*, where he has a more historical approach to class analysis in *the Eighteenth Brumaire of Louis Bonaparte*. In addition, different uses of class may be seen to some extent paradoxical, but one should be mindful it is always the purpose that changes the orientation of the usage. What is essential is to decide how one establishes the boundaries of “class” in the direction of his/her purpose.

Here, the different conceptual usages of “class” will be limited only to Marxist and Weberian approaches, in a brief way so that main distinctions and similarities may be captured in their ways of use. As is mentioned above, different questions may be asked about the direction of the purpose. According to Wright, although having different answers and conceptual choices, both Weberian and Marxist traditions have tried to answer the same question: “how should we characterize and explain the variations across history in the social organization of inequalities?” While Marxist tradition found the answer primarily in the production process and appropriation of economic surplus and in the mechanism of exploitation, Weberian tradition found the answer especially in the market-determined life-chances of individuals. Although material interests and economic resources have decisive places in both traditions, and both traditions have a relational perspective of class, rather than gradational one - because each individual’s position in the social structure of inequalities is determined by other people’s position in the social structure -, there are also distinctions between two class approaches in conceptual and methodological terms. While Marxist tradition elaborates class as an objective structure of social positions (Wright, 1979, p.17), Weberian tradition espouses class, not as the effect of objective structure, such as the mode of production, but as an outcome of the motivated behavior of knowledgeable human action (Burris, 1987, p.69-70) and as constructed in the form of a theory of social action, since human agency has a causal importance in understanding their subjective strategies and motives for maximizing their return in the market place. So, being different from Marxist- inspired class analysis seeing the unequal distribution of rights and powers as a way of structuring patterns of domination and exploitation, Weberian-

inspired class analysis takes unequal distribution of rights and power as a way of shaping life-chances (Wright, 2005, p.29). Relations of ownership are not mere determining factors in forming class according to Weberian tradition, because in capitalism it is the market that determines the life chances of gaining access to resources. The market constitutes an arena for the struggle of man against man in which money is the main weapon and the prices are the products of conflicts on interests and compromises (Weber, 1978, p.108). Nevertheless, although the Weberian-inspired analysis seems to be less explanatory, but more descriptive in explaining social differences (Hodges, 1961, p.23), the distinction between these two traditions is not always clear. What is essential is to consider what Marx and Weber understand about “class” is different to each other, where depending on their own purpose, they establish the boundaries of the concept differently. Furthermore, the two different ontological positions lead to different conceptualizations. For instance, while for Marx, class is the main category of social structure, since he prioritizes the collectivity, for Weber, it is only one of the conceptual tools in order to understand the social distinctions, since Weber prioritizes the social action as the basis of explanation for social outcomes (Öngen, 2014, p.42-43).

The emphasis on two prominent class traditions has importance for our study. While thinking *esnaf* in class terms, our theoretical questions have found the answers, not in the sharp distinctions but in the theoretical and conceptual rapprochement of two traditions of class analysis, called Neo-Marxist synthesis of class theory. In order to understand the social classes in advanced capitalist societies, the Neo-Marxist tradition offers alternatives in order to reconceptualize social classes, besides the middle classes particularly. While the Weberian inspired side of Neo-Marxist tradition allows us to take into consideration the style of life, family background and social connections, the Marxist-inspired side allows us to take into consideration the economic function and position within the social relations of production (Hodge, 1961, p.23). The question of social differentiation in advanced societies necessitates thought about the composition of the petty bourgeoisie, a highly debated issue in social sciences. Although studies since the

1970s have mostly discussed “to what extent the new petty bourgeoisie is differentiated from the working class” or “which criteria explains the class structure of the new petty bourgeoisie”, they have also shed light to give an understanding of the class structure of the old petty bourgeoisie. The importance of recent theoretical discussions inspired by Weberian and Marxist class analysis since the 1970s, lies in the fact that they reveal different usages of class, more particularly of the composition of the petty bourgeoisie. Interrogation of class boundaries allows us to re-conceptualize intermediate classes by bringing both descriptive and explanatory analysis, to set Marxist and Weberian-inspired class analyses for understanding the social differentiations.

### **3.2. The Petty Bourgeoisie in Class Structure**

The petty bourgeoisie refers to an “intermediate” class which fits neither with bourgeoisie nor proletariat, hence does not fall into schematic descriptions of capitalist class relations. The term “intermediate class” does not refer to a single class and has been described in various ways in the literature of class analysis. In this part, different positioning between two prominent traditions of class analysis will be briefly explained, to consolidate the class debate on the petty bourgeoisie. While Marx and Marxist inspired theories and debates<sup>15</sup> will be the central strategic focus, but a limited scope on Weberian inspired analysis will be offered. There are several reasons behind this choice: on the one hand, Weber’s concept of class is insufficiently elaborated. On the other hand, Weberian-inspired analysis, although giving deep inspiration to the levels of stratification (not only in terms of class, but also status and party) and contributing to the understanding of unequal distribution of rights and power, it lacks thought of class formation in its conflictual character. Herewith, the validity or utility of Marxist conceptions of class is not argued.

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<sup>15</sup> Since it is mostly interest in *esnaf* within a perspective of historical change, by taking account of its formation and transformation throughout history, the Marxist toolbox and its suggested analytical thinking manner allow us act freely between the concepts and elaborate the class formation in a more relational way.

Rather, a brief outline of the theories of petty bourgeoisie by discussing the concepts proposed by the latter<sup>16</sup> shall be discussed.

### **3.2.1. Marxist Elaborations of Petty Bourgeoisie**

To begin with, Marx defined petty bourgeoisie “as owner of the means of production he is a capitalist; as a laborer he is his own wage laborer” (*Theories of Surplus Value*, 1863). Three important works of Marx addressed the issue of the petty bourgeoisie: *The Communist Manifesto* (1848), *Eighteenth Brumaire of Louis Bonaparte* (1852) and *Theories of Surplus Value* (1863) which is the incomplete fourth volume of *Capital*. As already mentioned, Marx has various uses of class and petty bourgeoisie. Before dealing with the boundaries of petty bourgeoisie, the conceptual varieties of petty bourgeoisie in Marx will be elaborated. In the first place, it will depart from the *Communist Manifesto* and the *Eighteenth Brumaire of Louis Bonaparte* in a comparative manner. Then, the Marxist, Weberian and Neo-Marxist uses of petty bourgeoisie will be discussed. The general framework of the *Theories of Surplus Value* will be looked at in a more detailed way by considering the situation of shopkeepers in class terms.

In the *Communist Manifesto* (1848), Marx develops his idea that there are two major classes in capitalist society - bourgeoisie and proletariat - and that history is propelled by class struggle and led to the proletarian revolution. He defines the bourgeoisie as owners of the means of social production and employers of wage-labor. According to Marx, the bourgeoisie has simplified the class antagonism as a result of a significant transformation in industrial societies and dissolved all old established values. He defines the proletariat as class of laborers having no means of production of their own, who are reduced to wage laborers selling their labor-power and are alienated by their "individual character" (1948, p.9-21). Although Marx's elaboration of class in this political manifesto reduces class structure to a two-pole structure, he discusses a number of other classes (and class segments/or

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<sup>16</sup> For further information on Marxist critique on Weber and Weberian inspired analysis, see Wright, 2002; Gubbay, 1977.

strata) such as landlords, petty bourgeoisie, lumpenproletariat, peasants and farmers. However, since they do not lie within the capitalist mode of production, they are not considered primary in terms of the dynamics of capitalism, in parallel with Marx's practical aim. The essential question is not here about whether there are two or more classes in capitalist society, but as Ollman argues, it is about how Marx suggests a classification based on the group's relation to the mode of production. In the *Communist Manifesto*, since the prevailing mode of production in capitalism is fictionalized as that of bourgeoisie and proletariat (Ollman, 1968, p.573) Marx emphasizes that the lower strata of the middle class - the small tradespeople, shopkeepers and rentiers, the handicrafts and peasants –all sink gradually and eventually into the proletariat (1948, p.17). According to Marx, there are two causal processes of their “end”; firstly, it has already been an inherent character of capitalism that pre-capitalist forms of economic relations would disappear, secondly, the rise of concentration and centralization of capital would prevent the survival of the petty bourgeoisie (Marx, 1897/1997, p.776-81). From this perspective and context, it makes sense why it seems inevitable to Marx that the petty bourgeoisie would eventually sink into the proletariat in fully developed capitalism, because in his own day, he witnessed this trend first hand.

As it has been mentioned, Marx has different conceptualizations and elaborations of classes. In the *Communist Manifesto* focusing on the practical political purposes and predictions on the role of class struggle in history, he uses “class” at a high level of abstraction. He prefers the “two class model” because this usage meets the requirements of his practical purpose, while explaining the development of capitalism. However, in the *Eighteenth Brumaire of Louis Bonaparte*, he prefers class as a historical product, in a more contextual way. Contrary to former, in the latter, Marx insists on an unending process of making and unmaking of classes and class alliances among different classes in understanding why the 1848 revolution failed and what led to the coup d'état of Louis Bonaparte. Consequently, economic factors are not sufficient in affecting the class struggle, but non-class relations and social factors have to be taken into consideration to understand the shifting alliances

among different classes (Suwarsono, 1990). While in the *Communist Manifesto*, there is a unity of political struggle and economic interest in class formation, which means that Marx does not elaborate the issues separately<sup>17</sup>, in the *Eighteenth Brumaire of Louis Napoleon*, there is a tentative separation of economic conditions from political struggle, which means Marx elaborates the issues separately, politics as politics and economic interest as economic interest, having distinct impacts on class formation. Jessop argues that in Marx's later work, Marx expounds economic interests of classes in specific conjunctures and not as abstract interests identified at the level of a mode of production, being far from economic reductionism. To Jessop, "the social content of politics" which is highly attached economic interests, is important in positioning intermediate classes such as the petty bourgeoisie, because the fact that economic structural conditions have a great impact on the transformation of positions of these classes has meaning only in certain political conjunctures (2002:6). While referring to Marx's analysis about the role of peasants in French politics, Jessop argues that:

Whereas it had been a major beneficiary of land redistribution under Napoleon parcelization and debt had undermined the viability of many smallholdings and prompted a growing division between a revolutionary and a conservative peasantry. It was the latter whose proprietorial identity and traditional aspirations Bonaparte claimed to represent (whilst doing little to help them in practice) and whom he also mobilized as a crucial supporting class in his political manoeuvres against other social forces (2002, p.6).

Situating the petty bourgeoisie, whether only in structural terms like Marx did in the *Communist Manifesto*, or within the combination of economic and political relations as in the *Eighteenth Brumaire of Louis Bonaparte*, is indeed a conceptual and theoretical preference depending on the vantage point of the author. In a more general sense, from the Marxist perspective, the petty bourgeois are the "independent men of small property, the owners of their own means of production" (Wiener, 1976) and refer to a "transitional class in which the interests of two classes

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<sup>17</sup>In *Communist Manifesto*, Marx does not use political and economic separately, but other structural conditions such as having better motivation or communication compared to peasantry or struggles within the bourgeoisie are seen as important factors in class formation (Cottrell, 1984).

are simultaneously mutually blunted” (Marx, 1863, p.28). However, one should keep in mind that “transition class” is a subjective concept and cannot be limited only to social classes apart from the working class and bourgeoisie - because any class may be transitional depending on time and space (Ollman, 1968, p.576). As Hodges mentions, the intermediate classes are transitional classes in the Marxian terms, in the sense they are either “rising” or “declining”, but the problem arises when one determines the limits of rise and decline (1961, p.27-28)<sup>18</sup>. In addition, the problem of whether to consider the intermediate class as an independent one under capitalism, or as a dependent force of bourgeoisie, raises further ambiguities. While in *Communist Manifesto*, Marx considered intermediate classes a supplementary part of bourgeois society, in *Germany: Revolution and Counter Revolution* (1933) and also in *Eighteenth Brumaire of Napoleon*, he elaborated the intermediate class as a separate class. Accordingly, in *Germany: Revolution and Counter Revolution*, he notes that:

This class, a most important one in every modern body politic, and in all modern revolutions, is still more important in Germany, where, during the recent struggles, it generally played the decisive part. Its intermediate position between the class of larger capitalists, traders, and manufacturers, the bourgeoisie properly so-called, and the proletarian or industrial class, determines its character (1933, p. 45-46).

The elaboration of the petty bourgeoisie as an intermediate and transitional class may raise several questions about the class location and class formation of petty bourgeoisie. Since the process of development of capitalism has increased the ambiguities in class structures and blurred the boundaries between social classes, Marxists (not Marx himself) have handled this ambiguity about the position of the petty bourgeoisie either by treating them as irrelevant to the main class struggle (Lukacs, 1983) or by developing new conceptual tools in order to make sense of the petty bourgeoisie within the framework of Marxist theory, by forcing the limits of the Marxist two-class model which neglects the capitalistic characteristics of the

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<sup>18</sup> Very interestingly, Hodges states that the bourgeoisie once constituted a middle class, as an oppressed class of serfs, but as soon as it conquered political power, it ceased to be an intermediate class (1961, p. 28).

petty bourgeoisie (Weil, 1995, p.3). However, as stated by Hodges, “the dynamic tendencies of capitalist production to the disappearance of such “independent strata” and hence all production tends to acquire capitalist characters. Intermediate classes find themselves pushed into one or another of the two basic camps of class struggle and thereby their own nature as classes is determined” (1961, p.33-34).

Within the Marxist tradition of class analysis, class divisions are defined in terms of the appropriation of the means of production and surplus value of production. Although it is a common concern among Marxist scholars that the petty bourgeoisie does not fall within the capitalist class relations, there have been further conceptualizations of petty bourgeoisie, especially to understand the capitalist relations of the newer middle strata of salaried professionals and managers. Among the definitions of the petty bourgeoisie, some of the definitions will be emphasized to understand by which concepts the petty bourgeoisie have been discussed in the Marxist literature of class analysis.

It is important to mention that in the literature on class debates, there has never been a consensus on whether petty bourgeoisie refers to a single class, being one of the intermediate classes in its narrower sense, or includes other intermediate classes, being the roof class in its more general sense (Hodges, 1961, p.35). For instance, Lenin (1944) defines the petty bourgeoisie in its more general sense, as a class which owns or rents small means of production it operates largely without employing wage labor. The definition proposed by Lenin includes peasants, handicraftsmen, small tradesmen and shopkeepers (Hodges, 1961, p.34). Crompton and Gubbay (1977) also define petty bourgeoisie in its general sense; as those who neither appropriate surplus value as bourgeoisie, nor experience the selling of their own labor power as employees. Likewise, Carchedi (1975) believed the petty bourgeoisie promotes accumulation, but does not own the means of production, and supplies surplus value by participating in the division of labor. Poulantzas (1982) by forcing the boundaries of petty bourgeoisie in contemporary capitalism, brings out a new perspective by narrowing the boundaries of petty bourgeoisie and extending the scope of its structural determination. He argues that not only the

economic sphere determines class relations, but also the political and ideological spheres have a decisive influence in the determination of class relations. The efforts to surpass the materialist essentialism made him situate the petty bourgeoisie outside the theoretical concept of the capitalist mode of production, but he rethought the concept of petty bourgeoisie in its interaction with capitalist relations. Although his main interest is the white-collar workers, which he terms the new petty bourgeoisie, he puts forward a new conceptual framework to understand such intermediate strata. He acknowledges that the primary criterion for distinguishing between the working class and the new petty bourgeoisie is the distinction between productive and unproductive labor. Additionally, position in the division between mental and manual labor and in relations of power and authority are further important factors, as well as economic relations (1975, p.207). It is worth noting that the theoretical framework drawn by Poulantzas also corresponds to the theoretical orientation of this study. The main contribution of Poulantzas is that he draws attention to the fact that classes cannot be defined outside of class struggle and classes are structurally determined at the economic, political and ideological levels. This idea allows us to think of each social formation as a part of capitalist relations, and while always being decisive in determination of the class struggle, the production of surplus value cannot be the major reason for excluding the petty bourgeoisie from capitalist class relations.

### **3.2.2. Weberian Elaborations of Petty Bourgeoisie**

It is worth mentioning the Weberian approaches on the petty bourgeoisie briefly, in order to understand to what extent these two prominent theories differ from each other. As aforementioned above, the Weberian perspective rests on the schema based on the major dimensions of positional differentiation in the labor market and distribution of life chances. The Weberian perspective also attributes a plurality to middle class conceptualization. Common themes among Weberian approaches are that middle classes are distinct and separate from bourgeoisie and working class, thus they are heterogeneous, multiple, diverse and fragmented. The Weberian

tradition has treated petty bourgeoisie as an occupational social group. The main characteristic of Weberian analysis of the petty bourgeoisie is that they are defined from the perspective of absence of employment relations, ownership of property and possession of skills. The market and work situation of the petty bourgeoisie are the determinants of class structure of the petty bourgeoisie. For example, the market situation of the petty bourgeoisie has also been analyzed by Goldthorpe and his colleagues (1980) within the framework of a mobility study. They conceptualize the petty bourgeoisie as an “intermediate class” composed of small proprietors, self-employed artisans and other non-professional own-account workers who share similar market and work situations. The petty bourgeoisie have a market situation, which is characterized by insecurity and market constraint. Additionally, the consumption patterns, political roles, educational and technical qualifications (Giddens, 1973) determine the class structure of the petty bourgeoisie. As Bechhofer and Elliot suggest (1981):

On one thing we can surely agree: these are neither bourgeois nor proletarians. At the same time, it is clear that they are unlike the routine white-collar workers in industry, commerce or public administration and they are different too from the bureaucratized professionals or salaried intelligentsia. The one thing they all have - the crucial thing - is petty productive property, and it is property with which they work themselves. It is their labor and very frequently that of their families and kin, that they mix with this property and though a good many also become the employers of hired labor, the scale of that exploitation is typically very small and is an extension of, rather than a substitute for, their own labor (Bechhofer and Elliot, 1981, p.182-183).

According to the Weberian reading, in terms of work situation, the petty bourgeoisie has some autonomy and some protection from the labor market, because they run their own business, although they lack the market advantages that can be gained through collective action. This makes them vulnerable to economic and political changes. Additionally, individualism is one of the main characteristics of the petty bourgeoisie. The work situation of the petty bourgeoisie has an influence on the political alliances of actors depending on the conjunctural changes. The Weberian approach to the petty bourgeoisie includes both material and social lives, and the political sentiments of this middle strata that fall uneasily between the major classes of advanced capitalist societies (Bechhofer and Elliot, 1981, p.183).

As one should distinguish the elaboration of petty bourgeoisie from Marxist and Weberian tradition, although having similarities in the intention of explaining the position of the petty bourgeoisie in the capitalist society, they still have different conceptual preferences. It is accurate that the Orthodox Marxist view of petty bourgeoisie, which excludes this middle stratum outside the capitalist mode of production, is not adequate for understanding the class position of petty bourgeoisie in advanced capitalist societies. The reason, firstly, is the production-centered approach to class formation has its ambiguities where there is no production, but rather exchange or reproduction of commodities. Secondly, it cannot be claimed the capitalist mode of production has totally replaced other modes of production and relations of production, the capitalist mode of production also involves some elements of the simple commodity production. As Wright suggests:

First, no concrete capitalist society is characterized only by the pure capitalist mode of production. In particular, simple commodity production - production for market by self-employed producer who employ no workers - continues to be a reality in all capitalist societies. Such producers define the petty bourgeoisie (1980, p. 181).

Although this definition is still production-centered, it merits our attention as it understands the petty bourgeoisie at a certain stage of capitalist relations and makes the petty bourgeoisie worth debating without falling into “pre-capitalist anachronism” (Weil, 1995, p.9). As Wright mentions, definitions of petty bourgeoisie either as an intermediate class or as middle strata which refers mostly to a non-class position whose long-term existence is threatened by dynamic forces of capitalism, or as a new class in terms of education and expertise, all these alternatives share a common point that the petty bourgeoisie falls into one, and only one particular class location and share a homogenous class character. However, Wright correctly notes some positions may have multiple characters (1985, p.43). It has been a general concern that the petty bourgeoisie or middle class or middle strata have drawn less interest in academic circles in Marxist and non-Marxist traditions because of the intricate nature of the social class (Mayer, 1975, p. 409). The conceptual differences are arguably about the definitional preferences: “in each case there is an agreed-upon theoretical object, but it's appropriate definition is a

matter of contention” (Wright, 1985, p.22). Referred to as the petty bourgeoisie, middle class or middle strata, all concepts have one major common point, for these intermediate classes fall into neither bourgeoisie nor proletariat. As already expressed, on the one hand there is debate among Marxists on the relationship of the petty bourgeoisie to contemporary class structures. On the other is the Weberian perspective engaging in more empirical analysis of the petty bourgeoisie as a distinct stratum within the social structure. Accordingly, it cannot be claimed the petty bourgeoisie was totally neglected from class analyses, but it is a fact that recent class analyses attach more importance to the petty bourgeoisie since the 1970s where there have been efforts to make a connection between Marxist and Weberian perspectives of class analysis to overcome the ambivalent position of middle classes in class structure and force its boundaries.

### **3.3. Wright’s Theory of Contradictory Class Locations**

One alternative way of dealing with the boundaries of middle classes/petty bourgeoisie has been suggested by Marxist sociologist Erik Olin Wright who proposes the concept of “contradictory class locations” in order to analyze the newer middle segments in the advanced capitalist societies. According to him, the concept of contradictory class locations as a product or reconstruction of logical and structured process of making concepts, could offer an alternative framework to solve the problem of middle class (1985, p.19). His departure point is Poulantzas’s theory of the petty bourgeoisie. According to Poulantzas, although classes are the results of structures and are constituted by social agents defined primarily by their objective place, class relations cannot be reduced merely to economic relations and cannot be determined solely by the “matrix of capitalist mode production (Jessop, 1985, p.153). Poulantzas (1982) argued that the petty bourgeoisie also has a class nature. While traditional petty bourgeoisie refers to small-scale production and is not involved in relations of exploitation, the new petty bourgeoisie consists of non-productive salaried employees and is involved in reproducing conditions of surplus value. According to Poulantzas, although they are both excluded from bourgeoisie

and proletariat, their different economic structural conditions have similar effects at the political and ideological levels. The old and new petty bourgeoisie have common ideological and political characteristics. To start with, their anti-capitalism is nothing more than the defense of status quo. Their attitude towards the state is more Hegelian, which means they believe in the rightful and neutral State above classes (1975, p.292). Their belief in social promotion is also a common characteristic, which means they both believe in changing their own conditions, but not in a revolutionary way (1975, p.291). The common ideological factors allow for consideration that the old and new petty bourgeoisie can be seen as a single class. This does not mean of course that all groupings within the petty bourgeoisie have heterogeneous characteristics. Poulantzas, being aware of this fact, argues that “the traditional petty bourgeoisie (small shopkeepers, artisans) is not related of course to the new petty bourgeoisie in the same way as of banking capital and industrial capital in the case of the bourgeoisie” (1975, p.294). He accepts that there is a heterogeneity in the economic relations of the petty-bourgeois groupings. However, according to him, the traditional and new petty bourgeoisies can be considered as a single class, because social classes are only determined in the class struggle, and both old petty bourgeoisie and new petty bourgeoisie groupings are polarized in relation to the bourgeoisie and the proletariat. However, Wright (1978) criticizes Poulantzas for considering old and new middle class as single class because he argues that some positions in the social structure should be seen as occupying objectively contradictory locations within class relations because contrary to the latter’s claim, political and ideological criteria have no primacy in determining the class positions.

Departing from the single petty bourgeoisie model of Poulantzas, Wright develops the concept of “contradictory class locations”, resting on the idea that people can occupy different locations at the same time in the class structure that fall between the two “pure” classes defined by Marx and developed in *the Communist Manifesto*. While Wright defines the middle class as “people who do not own their own means of production, who sell their labor power on labor market and yet do not seem part

of the working class” (1997, p.15), he develops the theory of “contradictory class location” as a strategy for analyzing intermediate classes in capitalist society. In order to fulfil the gap between the simple class model of capitalism (by referring to the “polarized two class model”) and the empirical realities, Wright aims to clarify the concept of “middle class” in order to transform it into a scientific concept (1985, p.26). According to Wright, middle classes can be understood as different locations that are both exploited in terms of capitalist mechanisms of exploitation, and exploiter in terms of one or more of these secondary mechanisms of exploitation. His main concern is to understand the location of managers and professionals. He asks to what extent and by which criterion managers and professionals are different from the working class. In the literature of class analysis, the difference has been explained either by cultural capital or consumption patterns, or in terms of relations of exploitation. Wright proposes to discuss the location of managers, not within a homogenous class character, but rather within multiple characters.

He first develops the concept in *Class, Crisis and the State* (1978) by replacing the domination as a core element in class determination, then in *Classes* (1985) where he returns to the concept of exploitation by rejecting the theory of value and replacing it with the possession of skills and credentials. He rejects his first theoretical elaboration because he is aware that domination weakness is the link between objective interests and determination of class locations (Meiksins, 1989, p.173). In *Class, Crisis and the State*, he insists on three interconnected structural changes that have emerged in contradictory class locations: the loss of control over the labor process, the differentiation of capital and the development of complex hierarchies. Accordingly, at the advanced stage of capitalism, control over the work process is taken away from workers and gives rise to the separation of manual and mental labor and reshapes the division of labor, which necessitates the diversification of jobs based on skills and expertise. The economic ownership, which refers to control of the flow of investments, is separated from possession, which refers to control of the production process and leads to development of complex hierarchies within the division of labor, which makes the relation between

capital and labor more ambiguous. The situation enables three kinds of control of the decision-making process; one is over the labor of others, the second is control of finance and investment, and the third one is over physical capital, i.e., the means of production. According to Wright, the bourgeoisie have all three forms of control and the proletariat has none of them. The petty bourgeoisie controls investment related decisions and means of production but has no control over the labor power of others. There are also some social groups whose positions do not fill just one criterion, such as self-employed, managers and supervisors, semi-autonomous employees. In fact, the contradictions in class formation result from the unequal incorporation within the capitalist world economy. One of the most important contradictions is about pre-capitalist segments of society because of the assumption of the gradual disappearance of the petty bourgeoisie with the development of capitalism, but their decisive influence over the pattern of capitalist economic development sheds light on the importance of small capital in the reproduction of capital itself. The traditional economic vision predicting the development of national economy by promoting big capital paved the way to small capital owned businesses because of their contribution to economic growth and stability. Thus, the capitalist hegemony did not work over all socio-economic structures as predicted in Marx's assumption. The second is about the salaried intermediaries (managers and supervisors and semi-autonomous employees) who are at the very center of struggles resulting from the deepening and widening of capitalist work discipline. All these groups occupy a contradictory class location, either between the bourgeoisie and petty bourgeoisie, or between proletariat and bourgeoisie. Wright defines these contradictory class locations such as:

Three clusters of positions within the social division of labor can be characterized as occupying contradictory locations within class relations... (1) managers and supervisors occupy a contradictory location between the bourgeoisie and the proletariat; (2) certain categories of semi-autonomous employees who retain relatively high levels of control over their immediate labor process occupy a contradictory location between the working class and the petty bourgeoisie; (3) self-employed occupy a contradictory location between the bourgeoisie and the petty bourgeoisie (1978, p.62-63).

Apart from the basic class forces, namely, the bourgeoisie, proletariat and petty bourgeoisie, there have been three main contradictory class locations, located between these three main social classes. These contradictory class locations refer to real objective class positions within real processes of class relations. The determination of contradictory class locations within the class relations depends on the degree of control over the labor process, which means a degree of exclusion from the control of what other people produce and how they produce it (1985, p.47). Accordingly, while foremen and supervisors constitute a contradictory location at the boundaries of the working class, managers have been understood as a contradictory location at the boundaries of the bourgeoisie (p.77-78). While foremen and supervisors have no control over the labor process, managers have relative power over the labor process, but they are also subordinated to the hierarchy. The self-employed, for example, correspond to a contradictory location between the petty bourgeoisie and bourgeoisie, since as petty bourgeoisie, they have ownership and possession of the means of production, and as bourgeois, they are employers of wage-labor (up to 10 wage-laborers, since the dividing line between capitalist and self-employed and the petty bourgeoisie is determined by the number of hired employees, because it directly changes the relations of production). For the class locations between the petty bourgeoisie and bourgeois, the essential point is the incorporation of simple commodity production in the capitalist mode of production. This incorporation allows the self-employed to be close to the capitalist class; even if the amount of surplus appropriated is limited, there is still a relation of exploitation in the case of hiring more than one worker.

This first elaboration of contradictory class locations was unsatisfactory for Wright because defining the concept of contradictory class locations with a domination/control-centered approach created several problems. First of all, the domination-centered approach is not enough to explain all class locations, neither self-employed being self-employed and employers simultaneously, nor semi-autonomous employers whose class location is determined by self-direction of the labor process, rather than domination relations. The domination-centered approach

does not explain the independent producers as well, such as artisans, shopkeepers or farmers, because although having autonomy in their work situations, their long-term existence depends on market conditions. The weakness of the domination-centered approach lies in the fact that it does not account for all contradictory class locations. Wright acknowledged that all capitalist class relations are themselves contradictory but insists that one can still use the term “contradictory” in order to define the class locations not fitting the classical Marxist schema. In the earliest discussion, Wright discusses the location of managers, and convinced that the first theoretical and conceptual construction is unsatisfactory because of multiple characteristics of managers, he shifts from domination/control to exploitation in order to understand the complexities of the middle classes.

The main reason for the conceptual shift is that the domination-centered approach tends to become one of the oppression approaches. However, according to Wright, domination itself does not explain the antagonistic nature of social relations and does not provide a sufficient basis for the concept of class (p. 56-65). With this aim, Wright returned to the reformulation of the Marxist concept of exploitation. Although this reformulation has been considered a departure from the traditional Marxist concept of exploitation (p.175), it has explanatory power for the contradiction of class locations, as, according to Wright, it is the mechanisms of exploitation that render some class locations contradictory. By dealing with John Roemer’s conceptualization of exploitation based on the “rational choice model”<sup>19</sup>

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<sup>19</sup> It is worth nothing briefly the essential ideas of John Roemer, an analytical Marxist economist, known through his claims on the Marxist concept of exploitation. It is well known that exploitation is central to Marx's critique of capitalism. Since the 1970s where the ideas of Marx and classical Marxist school have been criticized in several points, it was John Roemer who attacked the central Marxist idea and argued that Marxists should be interested in inequality rather than exploitation, in distribution rather than production. John Roemer (1982a, 1982b, 1985, 1988) has claimed that exploitation and class are not primary concepts within Marxian theory because neither exploitation nor class derive directly from the ownership of means of production. Yet, according to Roemer, Marx’s theory of exploitation does not explain “the persistent accumulation of wealth by one class and the persistent impoverishment of another, in an economic system characterized by voluntary trade” (Roemer, 1982, p.6), by referring to socialist countries in the 1970s. According to Roemer, one should replace the labor-value theory by property relations (1985, p.33), since exploitation can be only measured by unequal proper relations. Roemer takes the concept of exploitation not in terms of the transfer of surplus value, but rather in terms of unequal distribution within the property

and at the end of the empirical investigations, he concludes that exploitation must be thought in plurality (Wright, 1985, p.283). He replaces the classic Marxist conceptualization of exploitation with three types of exploitation in contemporary capitalist societies. According to Wright, not only domination, but the double movement of exploitation and domination explains the contemporary structure of class relations. The traditional capitalist exploitation refers to control of the means of production or capitalist assets; skill exploitation, refers to distribution of skills and credentials; and organization exploitation refers to unequal control over the process of production (p.283). Each type of exploitation co-exists which is why class structure in advanced capitalist societies becomes so complex. To Wright, the key issue to understand the contradictory class locations lies in the co-existence of multiple forms of exploitation. Indeed, the main reason for elaborating the complex forms of exploitation is to provide the necessary conceptual tools to analyze the contradictory class locations within class relations. According to Wright, in the contemporary class structure, there are two non-polarized class locations, defined as; (1) both exploiting and exploited and (2) neither exploited nor exploiting positions (p. 86-87). For example, managers and supervisors are each exploited by capitalists, since they lack control over the means of production, and in a position of exploiting since they benefit from their control of skills and/or organization

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relations. While developing his theory of exploitation, Roemer used rational choice and game theory in order to explain how exploitation and class relations may emerge. The basic question to answer is “to what extent does my condition change when I withdraw from the game?” If my situation goes better in the case of withdrawal, then the answer is that I was exploited when I was in the game. If my situation goes worse, then I was the exploiter (Roemer, *General Theory*, 1982, p.194-95). Roemer concluded that exploitation may arise, not in the production of surplus value, but in the unequal distribution of labor and of several assets in order to produce the means of subsistence. To Roemer, the mechanism of exploitation may also be explained without a theory of surplus value, since under capitalism, everything is exploited. The unequal distribution of wealth is not just about capitalists and workers, but rather it is about everyone and everything. In this respect, Roemer defines four types of exploitations: feudal, capitalist and socialist exploitation. In capitalist exploitation, ownership of the means of production is determinant. In feudal exploitation, the personal assets are determinant, while in the socialist exploitation, skill exploitation is determinant, and status exploitation is the exercise of exploitation by bureaucrats. In each case, the absence or existence of each related asset constitute the pattern of the exploitation. Exploitation in that sense is not reduced to production of surplus value, but instead thought within the distribution of different assets (Wright, 1985, p. 64-73). Although this conceptualization of exploitation has been criticized by several authors like Peter Meiksins (1981), because of its non-Marxist character, it has had some influence on other theorists, like Erik Olin Wright.

assets. self-employed producers are neither in exploiting nor exploited positions, since they have their own means of production and own control of their labor process.

Wright's typology of class locations (1985) implies various patterns of exploitation. Firstly, the typology is divided into two main parts, according to whether having ownership means production or not. Wright defines who owns the means of productions with various degrees of capitalist, bourgeoisie, self-employed and petty bourgeoisie. Wright then defines non-owners, which, to him constitute the contradictory dimension of class locations because of different patterns of exploitation. Accordingly, Roemer's conceptualization of exploitation is not reduced to appropriation of surplus value, but it is conceptualized as co-existence of both organizational and skill exploitation with various degrees. The importance of typology is to consider the middle class in plural, as middle classes, which are characterized by different assets and patterns of exploitation. The implication of exploitation-based conceptualization of class relations provides not only a theoretical understanding of some "anomalous situations" where for example, some skilled wage earners are more proletarianized than unskilled workers (1985, p.91), but also a conceptual tool to explore the relations of exploitation throughout history, within the modes of production.

It should be noted that the efforts of Wright, in that sense, is a profound departure from the classical Marxist theory, because unlike Marx, Wright argues that each mode of production implies a contradictory class location, apart from the basic social classes. The bourgeoisie in the feudal mode of production, the managers and supervisors in the capitalist mode of production and experts in the socialist mode of production have constituted the basic contradictory class locations, as locations outside the linked relation of exploitation in each mode of production (p.89). However, although Wright's main aim is to specifically make sense of the contradictory class location within the capitalist mode of production and especially the position of "new petty bourgeoisie" or non-proletarian employees, it does not mean the old petty bourgeoisie do not imply contradictory class locations.

Accordingly, the traditional petty bourgeoisie have been considered as pre-capitalists who “do not belong to the capitalist mode of production, but to the simple commodity form which was historically the form of transition from the feudal to capitalist mode” (1978, p.10). In this respect, one should recall Robert Weil (1995) who develops a very prominent critique of Wright’s theory. According to Weil, Wright has not developed a conceptual toolbox in order to analyze the old petty bourgeoisie and fails to recognize its capitalist nature, although he develops some ideas (not empirically justified, but still heuristic) on the self-employed as a contradictory class location between the bourgeoisie and petty bourgeoisie.

### **3.3.1. Rethinking the Boundaries of Self-Employed Class Location**

In *Classes* (1985), Wright mentions two types of non-polarized class locations; location either exploiting or exploited, or locations neither exploited nor exploiting. In order to concretize the second case, he locates self-employed between the petty bourgeoisie and bourgeoisie, where the owner of the means of production is a self-employed direct producer and an employer of wage-labor (p. 47). He defines self-employed as:

(...) People who own enough means of production to hire workers, but not enough that they really have the option of not working at all. This is the self-employed—employer artisans, small farmers, shopkeepers, etc.—who work alongside their employees, frequently doing much the same kind of work as the people they hire (p.51).

The difference between the petty bourgeoisie and self-employed lies in the power of the recruitment of workers in limited numbers. Like the petty bourgeoisie, the self-employed have their own means of production and must work, but unlike the petty bourgeoisie but similar to the bourgeoisie, they hire labor power/wage laborers. According to Wright, although managers and supervisors constitute the main contradictory class location within the capitalist mode of production, being located between the boundaries of proletariat and bourgeoisie, self-employed also carries an important dimension of the contradiction. He acknowledges that the old and traditional petty bourgeoisie belong to the pre-capitalist form of production,

namely to the simple commodity production. However, he cannot reach a full understanding of continuing existence and importance of the self-employed in advanced societies. In his article "*The Fall and Rise of the Petty Bourgeoisie: Changing Patterns of Self-Employment in the post-war United States*" (1989) written with George Steinmetz, they intend to overcome the theoretical lack concerning small employers. According to Wright and Steinmetz:

The category "self-employment" describes the intersection of two dimensions of economic relations: first, whether one's income depends on selling one's capacity to work and, second, whether in order to work one has to enter the labor market. A self-employed person is someone who earns an income at least in part through his or her own labor but not by selling his or her labor power to an employer for a wage. In these terms, a self-employed person may hire workers or may employ no one but would be distinguished from a passive, coupon-clipping rentier (a "rentier capitalist") receiving income strictly from investments (p.979).

The main distinguishing point of the self-employed is that he earns partly (if he hires a wage-laborer) or fully (if he hires no workers) through his own labor by not selling his labor to an employer. Wright claims the category of self-employed implies characteristics of both entrepreneurial capitalist and petty bourgeoisie, and this definition demands to what extent the category of self-employed is different from other categories of employment. However, according to Wright, the mentioned theoretical criteria (not selling his labor to an employer, so no relation of exploitation and hiring/not hiring any worker) does not provide a solid account of the category of self-employed, because this is also typical to the petty bourgeoisie and capitalist class. In this respect, he suggests taking into consideration the contrast between simple commodity production and capitalist commodity production. Accordingly, while in simple commodity production the direct producers are those who own the means of production and the simple commodity production refers to exchange of products of labor on the market, in the capitalist production the direct producer is not the one who own the means of production, rather the direct producer sells his labor to the owner of the means of production. It is an orthodox Marxist presupposition that the direct producers in simple commodity production refer to the petty bourgeoisie, and the proletariat in the capitalist mode of production.

However, Wright says that contemporary capitalist societies are never composed of a pure and unique mode of production and the class positions should be considered within the class relations in the specific combinations of different modes of production (1985, p.11). From this point of view, one should consider the category of self-employed in the combination of pure petty bourgeoisie and the capitalist class, of two distinct forms of class relations. This is the base logic why one has to name the category of self-employed as “contradictory class location within class relations”.

Wright acknowledges the Marxist account of the petty bourgeoisie has been restricted to the form of pre-capitalist production which existed in feudal society. According to the Marxist perspective, social categories like peasants, artisans and small shopkeepers rooted in simple commodity production would be eroded in the capitalist mode of production. However, as Wright (1985) argues, the self-employed category between the capitalist class and the petty bourgeoisie, although not fall in simple commodity production, it has not been neglected by Marxist theories. This is why it is generally assumed in some theories that small business would also be dissolved throughout the development of capitalism like the traditional petty bourgeoisie. At this point, Wright refers to Karl Kautsky who states that “the complete disappearance of the small business sector is the last act of the tragedy” (Kautsky, 1916, p.21-25). Although one has to give the Marxist prediction its due, Wright insists on the continual existence of self-employment despite the decline in numbers. From the related data containing the information from 1880 to 1970 (1989, p. 984), the percentage of self-employment in the United States, France and Germany, has been in decline from around 40% to 10%-15% of the total labor force today. However, although the decline seems to prove the Marxist prediction, the percentage of self-employment in advanced capitalist societies still merits attention. Self-employment within the contemporary class relation does not fit with a mere class location. This is why Wright suggests the category of self-employed as a contradictory class location between the petty bourgeoisie and capitalist class.

Self-employment is unquestionably the opposite of paid employment and there have been different self-employed occupations in various sectors within the society. The scale of the business is determinant when considering which pole of class relations - whether petty bourgeoisie or capitalist class - that self-employed shift from. Theoretically, self-employment may be involved in large and small business. If a self-employed person has a large business, his class location shifts towards the capitalist class, but if a person has a small-scale business, his class location shifts towards the petty bourgeoisie. However, this reduced categorization as in Orthodox Marxism, underestimates the eclectic situation of self-employment in which class locations are not unique, not rather contradictory and various. In that case there are several factors, such as the scale of business and number of workers that determines the class location of the self-employed. Considering it as “marginal of the 19th century” (Goss, 1991, p. 14) that almost became extinct during the development of capitalism - as in the Orthodox Marxism, despite its relative rightfulness - is to underestimate its importance in advanced capitalist societies. The research on self-employment, especially in small business (Scase and Goffee, 1981; Curran, 1987) although not occupying a large part of the literature, have demonstrated that self-employment has been at the heart of the social relations and has to be located within the general structural framework of capitalist relations of production.

Weberian analysis also covers the issue of self-employment. One can recall Frank Bechhofer (1974) and his sociological contribution to understand the work and market situation of small shopkeepers, as a case of self-employment in small business. Other sociological contributions have had considerable importance in understanding meanings, motives and actions of self-employed persons (Curran and Stanworth, 1982) and of structural determinants of self-employment (Scase and Goffee, 1980) in the business world. The common point in this study is that they have aimed to understand the world of small businessmen and give a meaning to their very existence at the heart of social relations. Although the research on self-employed has been influenced more particularly from the Weberian type of class analysis and Weberian sociology of action and although in some of them, the

inadequacy of Marxist framework in understanding the class situation of self-employed has been emphasized<sup>20</sup>, one has to bear in mind that in contemporary capitalist societies, small-scale self-employed must be located within the general structural framework of capitalist relations of production, by not reducing this category merely to economic conditions. In this study, the aim is to follow the method of articulation in order to understand the self-employed, since the importance of locating the self-employed in capitalist relations of production and understanding how they locate themselves in the class structure, is understandable only by the combination of multiple practices by considering the matrix of economic, ideological and political relations.

### **3.3.2. Shopkeepers in Class Relations as “Circulation Agents”**

The aim of this study is to objectively and subjectively locate esnaf within class relations. The goal is to explore varieties of class locations within class relations, to extend the boundaries of petty bourgeoisie and bring out a new perspective on esnaf in order to locate this specific category within class relations. From the onset of the theoretical part, debates concerning the petty bourgeoisie are elaborated step by step. While pursuing a deductive method (from a more general theoretical concept of petty bourgeoisie) the concept of self-employed is reached. By analyzing the concept of “contradictory class locations within class relations”, the reason why the class location of self-employed is argued is that shopkeepers are also included in the category of self-employed. The definition of shopkeeper may be a departure point in locating esnaf within the class relations. The dictionary definition of shopkeeper refers to “a person who owns and manages a small shop”. Shopkeepers may own an independent shop or franchise a store on behalf of a related retail chain. In the shop, the main (not the mere) relation between both shopkeepers and clients, and between shopkeepers and dealers is the relation of buying and selling. In this

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<sup>20</sup> Accordingly, Marxist analysis of the petty bourgeoisie in general is not irrelevant to understand the petty bourgeoisie but it lacks empirical concepts which may be concretized within the lived experiences of the small business owner (Baker, 1986).

case, buying and selling are two dimensions of the social relations of production, even though shopkeepers are not involved in the direct process of production, since there is no activity of production of commodity. In this respect, one has to consider this group of self-employed people within the process of circulation, as a part of the total process of reproduction. With this aim, emphasizing the distinction between unproductive and productive labor under the capitalist mode of production seems necessary, because it is in that distinction that the logic of circulation lies. Marx, in *Theories of Surplus Value*, mentions that “only labor which is directly transformed into capital is productive” (Capital, IV/1, p.393) and continues:

Productive labor, in its significance for capitalist production, is wage labor which, exchanged against the variable part of capital, not only reproduces this part of the capital (or the value of its own labor power), but in addition produces surplus value for the capitalist. (Marx, IV/I, p. 152).

The distinction between “productive” and “unproductive”<sup>21</sup> comes from whether or not workers produce surplus value, regardless of the usefulness or material characteristics of the things they produce. Therefore, productive capital implies a particular social form. If there is a consensus on the fact that the labor of shopkeepers is not productive, since the labor of the shopkeeper does not produce surplus value, a new value for a capitalist, even though the shopkeeper is at the same time wage laborer in addition to his ownership of the means of production, defines it as:

It is labor which is not exchanged against capital, but directly against revenue, that is, against wages or profit, including of course the various categories of those who share in the profit of the capitalist, as interest and rent (Marx, IV/1, p. 157).

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<sup>21</sup> In his prominent article called “Productive and Unproductive Labor and Marx’s Theory of Class”, Peter Meiksins emphasizes the fact that there is no consensus on the usage of productive and unproductive labor. According to Meiksins, the distinction is not fundamental to Marxist class analysis, although it is of extreme importance in classical political economy, because the definition of these terms is abstracted from any particular mode of production (1981, p.32-33).

Unproductive labor is a purchase of labor service with money. It is not exchanged with capital, but rather with revenue and profit<sup>22</sup>. The nature of the work activity or the material characteristics of commodity have nothing to do with the nature of the labor. Let us clarify the distinction with an example; if one cooks in a capitalist's house, one's labor is unproductive, because in this case, one produces a service in return for the consumption of what he produces in the exchange of the revenue. If one cooks for a big business being employed by a capitalist, one's labor is then productive, because one produces money and surplus value for the capitalist. If one cooks only for himself, the labor in this case is neither productive nor unproductive<sup>23</sup>. Productive and unproductive labor is mediated through the

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<sup>22</sup> While analyzing the work of Adam Smith and David Ricardo, Marx developed a critical approach to the theory of labor value in *Theories of Surplus Value*. Smith, Ricardo and Marx each used the labor theory of value in his own way and to his own purposes. According to Marx, Smith had two different uses of surplus value. Although the former was very similar to Marx's concept, the latter is a mere conceptual confusion. According to Smith, the difference between productive and unproductive labor was based on the *material characteristics of the product*, if it concerns services, the labor is unproductive, if it concerns saleable commodities, the labor is productive. However, according to Marx, the material characteristic of a product cannot determine the productivity of labor; rather it is the social relations of production which determine the labor (Capital, IV/1, p.401). Marx insisted on the distinction between productive labor which creates surplus value under capitalism, whether or not it produces material products, and unproductive labor as producing only use-value in exchange for the consumption of revenue. To Marx, productive labor is useful labor and necessary for human existence, (Capital I, p. 42–43; 181). However, under the capitalist mode of production, it has been transformed to production of surplus value in favor of the capitalist class (Capital I, p. 509). In this respect, Marx attentively separated surplus value from profit. Accordingly, Smith was not right about the fact that the capitalist makes workers work in order to gain more profit, because it is not profit, rather surplus value. To Marx, while the surplus value of the capitalist originates from the fact that he buys his labor power from the worker before the commodities are sold, profit originates directly from the commodity itself, from the sale of that commodity (Capital IV, p.103)

<sup>23</sup> One may claim the exchange value is the value created in the market and not in a direct link with whether the labor is productive or not, because the productiveness of labor is only about the production process, not about the exchange process. To be clear about the distinction between productive and unproductive labor, one has to remember that Marx is not interested in analysing the use value of the commodity, but rather the source of the exchange value of the commodity, since it is the basis of his theory of surplus value theory, with the productive labor. In the first volume of Capital, he gives his basic understanding of use value and exchange value. Accordingly, the use value is about the utility of a thing and this utility is limited to the commodity. The value thus is limited to the consumption of the commodity and its use. The use value has nothing to do with the amount of labor required to produce this commodity. The essential point in the use value is the commodity which is generally expressed by definite quantities or qualities. In the use-value, human labor has been materialized in the commodity. However, the exchange of commodity has nothing to do with the use-value of this commodity. The exchange value is determined by its exchange with another commodity in the market. In that case, it is the market which determines the exchange value of a commodity. Contrary to use value, exchange value is about the amount of labor and labor time

capitalist production relations. It is the capitalist who determines how to spend his money; either productively by investing to produce surplus value or unproductively in exchange of the consumption of the revenue. Marx illustrates the so-called distinction as:

In the one case the labor is transformed into capital and produces a profit for the capitalist; in the other case it is an expenditure, one of the articles in which revenue is consumed. For example, the worker employed by a piano maker is a productive worker. His labor replaces not only the wage which he consumes; but in the product, the piano, the commodity which the piano maker sells, is contained a surplus value over and above the value of the wage. If on the other hand I buy all the materials required for a piano (or for all it matters the worker himself may possess them) and, instead of buying the piano in a shop, have it made in my home—then the worker who makes the piano is an unproductive worker, because his labor is exchanged directly against my revenue (*Capital*, IV/ I, p.157).

Marx's insistence on the difference between unproductive and productive labor is relevant to the labor of all self-employed people in capitalist societies, although he considers in this analysis only those producing a material commodity for sale, not a service. While considering the case of independent handicraftsmen and peasants, he emphasizes that independent handicraftsmen and peasants are not neither productive laborers nor unproductive whose labor is exchanged directly for revenue. As he states:

They confront me as sellers of commodities, not as sellers of labor, and this relation therefore has nothing to do with the exchange of capital for labor, therefore also has nothing to do with the distinction between productive and unproductive labor, which depends entirely on whether the labor is exchanged for money as money or for money as capital. They therefore belong neither to the category of productive or unproductive laborers, although they are producers of commodities. But their production does not fall under the capitalist mode of production (IV/1, p.407).

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required for the production of the commodity. The value of a commodity would therefore change, if the labor-time required for the production changes with the variation in the productiveness of labor, such as physical conditions and capacity of the means of production or skills of worker (*Capital* I, p. 9-11)

The cited passage is a departure point in order to understand where to locate shopkeepers within the class relations<sup>24</sup>. By being both owners and laborers, handicraftsmen and peasants are again neither productive nor unproductive laborers, since they do not produce services in exchange of revenue or profit. They are only sellers of commodities. They sell commodities and exchange their labor with the commodity. In this respect, one may think of shopkeepers as being neither unproductive nor productive laborers. However, as has been mentioned, the shopkeepers' labor is unproductive because they are not directly involved in the production process, but rather in the circulation process, so they do not produce any kind of surplus value. Their labor is unproductive, because their labor is exchanged directly with revenue or wages or profit because their economic activity is only devoted to buying and selling, which determines the nature of their capital. The source of the profit comes from neither the surplus value of the production nor from its over-attributed price but comes from buying goods from the producer at a price below their actual price at production (Meiksins, 1981, p.38). According to Marx:

Merchant's capital is simply capital functioning in the sphere of circulation. The process of circulation is a phase of the total process of reproduction. But no value is produced in the process of circulation, and, therefore, no surplus-value. Only changes of form of the same mass of value takes place. In fact, nothing occurs there outside the metamorphosis of commodities, and this has nothing to do as such either with the creation or change of values (Capital, III/16, p.279).

In the process of circulation, the merchant's capital creates no surplus value. It refers to unproductive capital. The functions related to buying and selling, such as storing, expressing, transporting, distributing, retailing does not serve to the

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<sup>24</sup> However, one has to recall that, as Meiksins underlines, it is a mistake to equate the distinction between productive and unproductive labor with a class distinction. Positioning shopkeepers with the class relations do not necessarily require making a distinction between productive and unproductive labor. The debate on whether unproductive labor constitutes a class or not, as discussed by Meiksins, is also not clear in Marx's related passages, but what is essential to the distinction is that it is far from the distinction between material and immaterial production. The unproductiveness of labor may change according to different causes. That is why, while dealing with the wage-laborer of the commercial labor, Marx insists on the fact that commercial wage workers are productive in so far as their labor allows the commercial capitalist to appropriate surplus value (in terms of receiving the average rate of profit on them). Thus, the productive labor does not directly refer to material production. It may also involve immaterial production (Meiksins, 1981).

production of surplus value (Capital III/17, p.281-282). At the very end of the first part of *Theories of Surplus Value*, Marx mentions that:

Here we have been dealing only with productive capital, that is, capital employed in the direct process of production. We come later to capital in the process of circulation. And only after that, in considering the special form assumed by capital as merchant's capital, can the question be answered as to how far the laborers employed by it are productive or unproductive (Capital, IV/I, p. 413).

In the direct process of production, labor which produces surplus value is surely productive labor. Productive labor may only occur under the direct process of production. By contrast, in the process of circulation, there is no production of surplus value and all labor is unproductive. The labor of the "circulation agent" whether he/she employs wage-laborer or not, is unproductive, so as the labor of the wage-laborer, because for the case of "circulation workers", although having a similar pattern of being exploited (through having to supply unpaid labor) with workers in the process of production, they do not produce a surplus value for a capitalist. (Capital, III, 17, p. 281). Nevertheless, it is accurate to say there is a unit between the process of production and circulation under capitalism. While there are activities necessary to production in general, there are complementary activities peculiar to commodity production. Thus, the process of circulation is a phase of the process of production in general. As Marx states:

Commercial capital and money-dealing capital as forms arising necessarily from the process of production as such, whereas they are due to the specific form of the capitalist mode of production, which above all presupposes the circulation of commodities, and hence of money, as its basis.' (III/20, p. 324).

In this respect, the shopkeepers in the distribution sector play an essential role in selling the commodities - produced in factories - in their shops. In the first step, those in the distribution sector buy the commodities - that are produced in the factory - from industrial capitalists for less than their value. They buy the commodities with their embodied surplus value and in the second step they also sell them with their embodied surplus value by adding some profit. Marx, in the second volume of *Capital*, describes the process such as "the transformations of the forms

of capital from commodities into money and from money into commodities are at the same time transactions of the capitalist, acts of purchase and sale” (Capital, II/6). Within the sphere of circulation, there are two processes: transformation from the commodity-form into that of money, namely the sale, and from the money-form into that of commodities, namely. Both transformations do not alter the fact that these processes are processes of the “simple metamorphosis of commodities” (Capital II/5). According to Marx, although the process of production and circulation support each other, they also mutually exclude each other to the extent where capital does not function as productive capital during the process of circulation<sup>25</sup> because in the sphere of circulation, the agents of circulation, according to Marx, and as it has been already mentioned in our discussion, create neither values nor products.

The appropriate question is to ask whether the labor of shopkeepers is productive or not? How can one analyze shopkeepers in class terms? Which concepts fit better to analyze shopkeepers in class terms? Throughout the theoretical chapter, the conceptual preferences of the study will be revealed, from which a theoretical perspective that aims to explore the objective class locations of shopkeepers within class relations. One has to bear in mind that shopkeepers, although not fitting a mere class location and position within class relations, shopkeepers regardless of the scale of the business and turnover rates, are included in the category of self-employed, which refers to one of the contradictory class locations between bourgeoisie and petty bourgeoisie. They are neither exploited nor an exploiter, although as Roemer states, many of them are even exploited by the capitalist through uneven exchanges on the market (Roemer, 1982). Likewise, one may claim they are also exploiters of the consumers through uneven exchanges on the market, but this kind of conceptualization of exploitation is not a Marxist type, since this

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<sup>25</sup> The transformation from commodity into money and from money to commodity, according to Marx, may occur in different spaces because of spatial differences of buying and selling. Likewise, buyer and seller may be or not be the same person. Marx attentively emphasized that “*in the production of commodities, circulation is as necessary as production itself*”, but one must not confuse the agents of circulation with the agents of production. The former has productive capital, while the latter has unproductive capital (Capital, II/6)

use of “exploitation” excludes the theory of surplus value, which is against the fundamental Marxist assumption. One may also claim that Wright has also been criticized for adapting his theory of contradictory class locations on the non-Marxist conceptualization, yet one has to remember that Wright’s theoretical efforts has already aimed to surpass the orthodoxy in Marxism by forcing the boundaries of concepts<sup>26</sup>.

In the light of the theoretical account, shopkeepers refer to a contradictory class location between the bourgeoisie and petty bourgeoisie because all social classes in contemporary capitalism imply, in the least, a contradictory location considering the economic conditions of its class making. They are neither the exploited nor the exploiters. Although they may hire workers, they are both wage-laborers and owners of the means of production. They own, either as proprietor or not, a shop (mobile or fixed). They may hire workers, but the limit of recruitment may vary according to contextual differences. Their labor is unproductive, since they do not contribute to the production of surplus value. The labor of the owner of the shop and the workers hired in that shop refer to unproductive labor. They are both the agents of circulation and they are not directly involved in the process of production. Their capital is not productive, rather commercial as part of capital circulation found generally in the market. Thinking of shopkeepers in these terms allows us to locate this category within the class relations. During the conceptualization of “contradictory class locations within class relations”, Wright has never considered it with the concepts of productive and unproductive labor. At the very beginning of the theoretical part, Wright’s production-centered approach to class relations has already been discussed and criticized. It may not be fully accurate to mention that Wright directly intended a production-centered approach, but there are still ambiguities in his theoretical preferences. The very authenticity of this study of shopkeepers is to locate them theoretically as a contradictory class location within

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<sup>26</sup> In this study, the aim is also expanding the conceptual boundaries in order to make sense of *esnaf* in class terms. The same effort may also be developed for other class segments, even for most basic ones in the Marxist schema, and all established concepts may be re-discussed and reconstructed in so far as the theoretical concern lies on the conceptual consistency.

class relations operating in the process of circulation.<sup>27</sup> The Orthodox Marxist prediction of the gradual disappearance of the petty bourgeoisie under the development of capitalism, although preserving its legitimacy, must not prevent us from exploring the very authentic location of shopkeepers within class relations. In fact, there have not been too many Marxist scholars or thinkers that have tried to re-define shopkeepers within class relations. One may claim that this proposed theoretical part might lead us to reconsider the shopkeepers as agents of circulation throughout the development of capitalism. If the functioning of capitalism is not just limited to the process of production defined only by economic technical process, and if the structural determination of class embraces both economic ideological and political relations, then shopkeepers also merit particular attention within the changing structure of class relations.

### **3.4. Concluding Remarks**

The essential concern for the theoretical part may be to explore the most appropriate concepts and theories and expand their boundaries for understanding how esnaf live and act in social relations and how this can be understood in class terms. It seems necessary to recall Ollman's question; "what is the appropriate abstraction for dealing with a particular set of problems?" (2000, p.91). The fundamental problem here is to deal in class terms with the concept of esnaf by asking the proper question and gathering the most appropriate conceptual tools. Agreeing with Wright that some locations within the class relations fall neither in bourgeoisie, proletariat nor in petty bourgeoisie, and these class locations have contradictory characteristics since they fall either between proletariat petty bourgeoisie, or between petty bourgeoisie and bourgeoisie, or between proletariat and bourgeoisie, it will also be claimed that esnaf has a contradictory class location within class relations as well. However, it is suggested initially reconstructing the understanding of contradictory class location. It has already been mentioned that Wright constructs the concept

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<sup>27</sup>The act of buying and selling is the essence of the process of circulation which is an abstract process in which the seller acquires money, and the buyer obtains commodities, although the social relation is never limited only to act of selling and buying.

firstly by giving priority to domination in class determination. Then he returns to the concept of exploitation. He abstracts the concept of exploitation in its multiplicity, as unequal distributions of various credentials or skills, because he believed that unequal structure of property relations only is not enough to explain the contradictory class locations in advanced capitalist societies. However, according to Roemer, under capitalism, everything is exploited. It may be claimed that esnaf, in which organizational skills or credentials have nothing to do with the determination of its class location, may be involved somehow in a relation of exploitation. For instance, it may be claimed that esnaf is both exploited by its dealer and exploit its customer during the purchasing process. However, the term exploitation here does not refer to any Marxist understanding, which is why it may not be accurate to call it “exploitation”. This kind of relation is so embedded in the market mechanism determined by non-perfect competition conditions. In this respect, as a critic of Wright, it may also be claimed that the exploitation does not seem a necessary condition for neither determining the class location nor revealing the contradictory nature of class locations. As Jessop states, structural determination (referring to class location and class position) of classes involves itself in contradiction (1985, p.163). It means the class location (the structural determination embracing both economic, ideological and political relations) and the class position (having a subjective and conjunctural meaning) of esnaf are also not heterogeneous, and even may not overlap with each other and create class polarization. In this respect, it is obvious that esnaf cannot be reduced to a mere social grouping. It consists of several class positions, and even class locations determined by different sets of relations. That is why in this study, reconsidering the class nature of esnaf by focusing on its place in economic, ideological and political relations, is suggested.

In the first place, in order to prevent confusion, a conceptual clarification has to be made. One of the important conceptual limitations of this study is about not including artisans in the concept of esnaf. It is a fact that in Turkey, esnaf is a term used to refer to artisans, shopkeepers and petty traders. However, in the study, esnaf

is conceptualized as heterogeneous groupings of social agents that emerged as a result of the development of the capitalist mode of societalisation, characterized essentially by the capitalist market pattern exchange. Thus, the main purpose is to deal with commercial agents standing where commodity is exchanged for money. One of the main reasons for not including artisans in our conceptualization is the theoretical requirements. Although artisans and shopkeepers have been considered as traditional petty bourgeoisie involving in simple commodity production (pre-capitalist mode of production), while artisans are involved in the production process, shopkeepers are not. While artisans are neither productive nor unproductive laborers - because from Marx's account, they are both laborers and producers, they do not sell their labor in the exchange of money, and more importantly they are not involved in the capitalist mode of production as proletariat, and, they are not directly involved in the production process, but rather the circulation process where their labor is exchanged directly for profit. The discussion on the mode of production has also to be clarified, because contrary to Marx, it is believed in this study that under capitalism, everything and everyone is a part of the capitalist mode of production. The limitation of the capitalist mode of production to only industrial big-scale production is of course a conceptual preference for Marx and some Marxist scholars. However, as it has been already mentioned, the capitalist mode of production is not just about economic structures or processes but must be thought of as a combination of political, ideological and economic structures. Thus, discussing whether esnaf are involved in the capitalist mode of production or not is a mistaken question. Maybe not by its role in production, but in circulation and indeed in reproduction, they constitute - maybe not fundamental but *sine qua non* - parts within the capitalist mode of production. If this abstraction of the capitalist mode of production does not seem satisfactory, one may elaborate on the capitalist mode of production as following; the capitalist mode of production coexists with non-capitalist or pre-capitalist modes of production. Otherwise, how can one explain the persistent existence of esnaf in the advanced capitalist societies? It has been already acknowledged that esnaf, by trying to adapt itself to the

circumstances of capitalist development, either survive or die. However, the story is not that simple.

In this part, the aim is to essentially extend the boundaries of thinking esnaf in class terms, because it is believed that in referring to a massive social category comprising several varieties, esnaf has a class nature. According to the existing literature, esnaf refers to an old petty bourgeoisie that is not involved in the capitalist mode of production. However, in this study, the capitalist mode of production, as an abstract concept, is not limited to economic structure. The qualification for constituting esnaf as class is not restricted to economic relations of production, because as Poulantzas suggests, “the production is at the same time the process of reproduction of relations of political and ideological domination and subordination” (Jessop, 1982, p.21). In this respect, the methodological procedure proposed by Poulantzas allows us to reconsider the reproduction conditions of esnaf’s class location. In order to understand esnaf in class terms, there is no need for any manifest relation to the capitalist mode of production as the bourgeoisie or the proletariat have. Since political, economic and ideological relations are themselves present in each mode of production and the process of production is at the same time a process of reproduction of these relations, it means that the structural determination of social classes extends to all levels of the division of labor (1982, p.21-29). That is why, in order to define the class location and class position of esnaf, one should also deal with the role of the ideological state apparatus, economic apparatus and branches of the repressive state apparatus in order to understand the class location and position of esnaf, because no one can deny its role within the social division of labor. Since the aim is to understand the class nature of esnaf within the social relations of production and to understand how esnaf live and act within social relations, it is highly essential to the study to consider all social relations enveloped esnaf, because all social classes have their meaning within the interaction of other social classes, in order to make sense of their class location and position. The distinction between location and position also has importance to us because the class position of esnaf, being highly dependent on the change and

transformation in macro processes, may be different from its class location, depending on its relations with the ideological, political or economic apparatus. Bear in mind that there is no singularity in a social phenomenon. Likewise, *esnaf* does not refer to a singularity (like the middle class itself) being neither homogenous nor coherent. It is generally and more basically the self-employed, non-productive laborer, who has a role in circulation production. It refers to a contradictory class location between the petty bourgeoisie and bourgeoisie, being involved in the process of neither production nor appropriation of surplus value. They have an essential role in the process of selling and buying. They take the position where the commodity transforms into money, in exchange for profit. The social agents in this social grouping may also be considered as “small businessmen”, “small tradesmen” or “middle bourgeoisie”. Whatever the correct expression is, understanding *esnaf* in class terms merits total attention because by referring to Poulantzas, what is suggested for understanding the class location and position of the petty bourgeoisie, has reached a new ground for application, with *esnaf*.

Under capitalist conditions, everything is about money, everything takes a money or commodity form, and every relation is determined by the commodity form. Although the act of exchange, barter or truck, also characterized by the act of buying and selling, has always been a market pattern, as old as the trade itself, even though there have not been obligatory relations between the two (Polanyi, 1971), with the development of capitalism, the market has been transformed and gained a capitalist character based on price value. The capitalist market, in this sense, differs from the pre-capitalist market form because it has no longer involved simple commodity exchange. Instead, the capitalist market pattern is dominated by the exchange value of commodities. Capitalism has not only changed the nature and value of commodities, but also the social relations embedded in it. Thus, the capitalist market pattern became a mode of societalisation as a complementary part of the dominant accumulation regime, since with the development of the capitalist market, as Polanyi suggests, market societies have emerged, in contrast to societies

with markets. The historical trajectory of esnaf's class formation in this respect is also dependent on the gradual development and transformation of the capitalist market since the nineteenth century. Although the Ottoman pre-capitalist market pattern being more communal and referring to more local needs, was determined by the concern of simple livelihoods without any concern for profit, during the incorporation process, the market pattern has gradually been transformed and led the way to the emergence of profit-oriented and competitive motivations. The historical transformation of the capitalist market has not been separated from the transformation of the social relations embedded in it. Esnaf's relation founded with the state, with the commercial bourgeoisie, with the interest organizations have also been gradually transformed in parallel with the transformation of the capitalist market. Especially, since the 1980s, with the implementation of neoliberal policies, the process of incorporation into the global system has accelerated and several macro and micro factors, such as the emergence of chain stores or shopping centers and innovations in e-commerce or unjust redistribution mechanisms within the market requiring a high degree of competition have certainly transformed esnaf, being solely dependent on his small-scale shop. However, even today if there have been a high number of esnaf, and the statistical data demonstrates that, although many shops have closed, new ones have opened (Table IV and Table V). Therefore, this social grouping still has an important role within the social relations of production under the current capitalist conditions, as a very part of the capitalist mode of production.

The small tradesmen constitute a very part of the petty bourgeoisie. The petty bourgeoisie refers to an "intermediate" class which fits neither with bourgeoisie nor proletariat, hence does not fall into schematic descriptions of capitalist class relations. The term "intermediate class" does not refer to a single class and has been described in various ways in the literature of class analysis.

#### 4. HISTORICAL FORMATION AND TRANSFORMATION OF ESNAF

The reproduction of esnaf within the class relations refers to a historical and present becoming process. The process involves several moments of struggle, conflict and leaps when esnaf's class position and location are made and remade. In the previous chapter, it is demonstrated that discussing esnaf in class terms requires placing it into an abstract field, which allows us to gather the most appropriate concepts to locate esnaf within class relations. Accordingly, relying on the theoretical discussion, esnaf is unsurprisingly located between the bourgeoisie and proletariat, since this intermediate category has neither the means of production and appropriate the surplus value like bourgeoisie, nor contributes to the production of surplus value like proletarians. Yet, this small-employed category, having a small-scale and limited capital and mostly limited wage-laborers, is located within the distribution relations and indirect relations of production, rather than direct relations of production. While the class position of esnaf refers to its objective, structural, and material conditions of formation, its class location refers to a more dynamic social formation that may be changed according to the specific conjunctural conditions. That is why, the debates in the previous chapter provide us with a theoretical ground to discuss the class position of esnaf in this chapter, because the class location of esnaf may only be discussed in given specific conjunctural conditions. By keeping in mind that the structural determination of class formation during the concentration and centralization of capital depends on political, ideological and economic conditions, this chapter aims to reveal the significant instances of esnaf's historical formation and transformation. Throughout the chapter, the work proposes to elaborate esnaf as a process of becoming<sup>28</sup> because to make sense of what it has changed into, one has to answer the following question; how and why has the transformation process occurred and how has esnaf transformed, depending on which moments? The answer to these questions has to

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<sup>28</sup> According to Ollman (2003), things are always in a process of becoming. The historical development of a thing also includes its future development, which means that the future and past of a thing are included in the history. In order to understand and study the present of a thing, then one should take into consideration the becoming process, paying regard to both its past and future.

begin from the late eighteenth century, where the Ottoman integration process into the world economy caused structural changes in the social division of labor, hence in the late Ottoman class structure. The mentioned question is also important in understanding how esnaf has formed and reproduced itself throughout history. It is also important in understanding its class formation and its position within the class relations since the reproduction of esnaf lies in its transformation process where esnaf has reproduced its specific place in economic, ideological and political relations in the context of class struggle. In this chapter, the aim is to reinforce our theoretical abstraction and move the abstraction level to the socio-economic ground from a historical perspective. The relations of production and the relations compromising them (such as the relations related to the distribution field) are formed within and through the articulations of different relations. While focusing not only on the economic identification of esnaf, but also on the political, ideological, economic and legal instances, the aim is to determine the class location of esnaf. The whole historical narration will be analyzed from a social change perspective, in which political and economic changes, as well as the change in the state power itself, will be analyzed. Indeed, the process of social change is not autonomous from the capitalist accumulation process where the state, social classes and their inter and intra relations have continuously altered. Esnaf, within class relations, has occupied a key role not only in representing, but also reproducing the hegemonic ideology of the state capitalism which has also been shaped and transformed by the accumulation process within the specific conjunctural conditions.

In this chapter, esnaf's historical class formation shall be analyzed at three levels<sup>29</sup> decisive in its structural determination. At the first level, the Ottoman incorporation

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<sup>29</sup> The approach to periodization that followed in this chapter should be clarified, because although it is acknowledged that the periodization and chronology refer to different processes, in this chapter the periodization evolves intentionally in a chronological course. The chapter has no claim to fully identify the contingent and overdetermined interaction of actions and of events, since it is recounting a temporal succession of events which seems to be the simple way to follow the class formation and transformation of esnaf. However, during the chronological narrative, the possibilities to identify the change in the class formation process of esnaf are mostly discussed.

process into capitalist development by the late eighteenth century will be discussed by taking account of its great impact on restructuring traditional class relations. By summarizing the Ottoman incorporation process within the world capitalist economy and its impact on the social division of labor, the actors of Ottoman commercial life shall be presented as familiar with the existing class positions in the Ottoman economic structure. The brief explanation of Ottoman economic life seems important because this will allow us to draw boundaries between artisans, craftsmen and merchants, and to provide us with a base for understanding esnaf's changing location during the incorporation process. Following this, still within the framework of the Ottoman capitalist development, the process of dissolution of traditional relations of production will be mentioned to relocate esnaf within the relations of social production. The nineteenth century will also be analyzed through the commercialization process which gradually became more determinant in Ottoman foreign dependency and Ottoman class structure. By the late eighteenth century throughout the Ottoman peripheralization process within the world economy, market conditions became relatively decisive in positioning esnaf within the class relations. The trade continued to be the main link between the Ottoman Empire and the capitalist world economy and with the dissolution of the old guild system (*lonca sistemi*) replaced by the new capitalist industrial system, even though the industrial production was in small-scale and the agricultural production was in the primary place. Meanwhile, it is also worth mentioning that during the process of peripheral articulation, the role of the state has always been decisive in the reproduction of class relations. The Ottoman peripheralization period was accompanied by several modernizing reforms of Ottoman bureaucracy, to make the state more compatible with the new mode of production, which spawned new

antagonisms and new alliances among social classes<sup>30</sup>. Since the state power<sup>31</sup> has an important strategic capacity, in terms of Jessop (2018), in the creation and maintenance of necessary conditions of the accumulation process (Offe, 1975, p.125), from the second half of the nineteenth century and during the early Republican period, the social formation of the new Turkish capitalist state was always accompanied by the creation of a national economic organization and legitimization by its juridical framework. In this respect, esnaf has always been treated as an important component of the national economy since the late nineteenth century. With the foundation of the Republic, the newly established regime, although it supported the foundation of the national bourgeoisie, never excluded esnaf and reproduced this social group by attributing it a legal and corporate identity. Hence, this was the first step of the formation of state/esnaf relations, since the newly established regime needed to be inclusive towards certain segments of society to reproduce its legitimacy.

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<sup>30</sup> The changing in both economic and political organization as a result of the incorporation process refers to a dual process; dissolution and resistance, which means that the incorporation process has not been unique and involves several contradictions (Quataert, 1987, p.235). On the one hand, the incorporation process was accompanied by a dissolution process because especially with penetration of Western revolution in transportation into the Ottoman Empire deeply affected the traditional division of labor. Quataert mentions that the corporatization in four main fields; railways, harbors, mines and tobacco, accelerated the dissolution process of the Ottoman traditional economic system. While all infrastructural foreign investments were increasing Ottoman foreign dependency, the incorporation process met also by resistance from Muslim society, because the foreign investments and incorporation consolidated the ethically exclusionary policies of foreign corporates against the Muslim society. However, the new economic organization offered more opportunity of capital accumulation to new flourishing bourgeoisie dominated by minorities (Quataert, 1987.).

<sup>31</sup> It is important to mention how the capitalist state is defined in the study, in order to be clear about its role and its relations throughout the capitalistic developments since the late eighteenth century. In this study, the state is defined neither in a functional way, nor instrumentally but in a relational way where the state is explained as a strategic relation (Jessop,2018). By acknowledging that the state cannot merely be thought as an instrument of the bourgeoisie and the state has an autonomous character having an objective relation with the bourgeoisie, this does not mean that the state does not have a capitalist character. On the contrary, throughout history, depending on the process of concentration and centralization of capital, the state itself has gained a capitalist character because its ontological existence has always been dependent on its capacity to create and maintain the conditions of accumulation. Here, the state power, the balance of powers, its interests and its strategies depend always on the accumulation processes, but by not being merely an instrument of the capitalist class, for the state always involves different articulations within various sets of relations and has several compromises and struggles with them as a result of the implication of different state projects to maintain the conditions of capitalist accumulation.

Our second level comes into prominence when *esnaf* is recognized as a social base<sup>32</sup> for the new political regime<sup>33</sup> where different accumulation strategies were adopted until the 1980s. The foundation of the new political regime and power has never been separated from the accumulation process<sup>34</sup>. By supporting institutional and legal, the state's role in the accumulation process has also shaped its relations with *esnaf*. The continuous inclusion of *esnaf* in the political regime has truly capitalistic character. Based on the Gramscian term of social base, this inclusion will be thought of with the transition to multiparty politics where *esnaf* has gained its institutional and legal character. By bearing in mind the fact that during the Republican period, *esnaf* has always remained an important electoral potential, especially for right-

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<sup>32</sup> By social base, referring to Marx, it means all class relations which are determined by their various powers of control over the means of production, distribution, and exchange and by ideological and political relations. As it is discussed in the theoretical part, the determinants of class relations are merely economic in Marx. While the infrastructure of the society is defined in economic terms, the superstructure - which is highly important in consolidation of the relations of economic power - refers to all socializing mechanisms, such as language, religion, education, law, ideology, mass media, trade unions, the army and the security apparatus. Since in Marx, the abstraction of class relations is limited to the economic relations, he did not see the complex and concealed modes of class domination. Marx did not develop any theory of superstructure, but several Marxist thinkers contributed to this theoretical debate. In this respect, Gramsci argued (1971) that the power of the ruling class is not just limited to the economic base but manifests itself as hegemony exercised through the superstructure. The superstructure here encompasses the spiritual, ideological and cultural spheres which generate the myth that allows us to reproduce the consent necessary for the legitimation of the regime. In that sense, considering *esnaf* as a social base means that throughout history, it has played an important role in the maintenance or reproduction of the hegemony in a given conjuncture. The moment of being a social base particularly refers to the period where multiparty politics has begun, although *esnaf* was one of the obedient social groups, because not only the homogenizing politics of the single party period, but also the solidarist-corporatist tendencies that involve this social group.

<sup>33</sup> However, it does not mean that *esnaf* did not refer to a social base in the Ottoman Empire. By being totally against the understanding of state/society relations in a unidimensional way, by attributing the social actors a passive and dependent character, I suggest elaborating *esnaf* also as an important social base for the Ottoman politics. As it is explained during the period of Ottoman capitalist state, *esnaf* had developed several relations with the Ottoman state in specific conditions. Its relations with the Janissary corps starting from the sixteenth century until the dissolution of the corps, its relations with the during the early twentieth century, their several mobilizations since the seventeenth century either to protect the Ottoman cities against the brigands or to revolt against the Palace in order to seek their interests, are the important archival issues to take into consideration when considering the history of *esnaf*/state relation.

<sup>34</sup> As Offe and Ronge mention, there is a dual determination of political power; while its institutional form implies the rules of democratic and representative government supported by related institutions and policies, its material content implies the accumulation process upon which it depends (1975, p.140). These two determinants are interrelated in the sense that the accumulation process having an important role of capitalist state formation has always been supported by its institutional form, because it is the latter which gives the legitimation to the political power.

wing politics, because when taking into account its familial bonds and its impact in the domestic market, esnaf is both qualitatively and quantitatively important for ideologically reproducing the political consent. That is why esnaf has always been at the top of the agenda of political parties for its power in reproducing the hegemonic ideology because it is believed that the process of reproduction itself provides the sanction and legitimation of class powers. Esnaf, by its contradictory class location, has always been capable of exhibiting the ideological characteristics of the bourgeoisie, yet its ideological position has always been conjunctural. Although they maintain the ideological and political relations of subordination within the division of social labor, their subordination may be dependent on the conjunctural changing of the country, mostly shaped by the economic crisis. In this respect, esnaf's relationship with the state power and the political parties necessitates it being briefly mentioned, by taking account of the political, legal, and economic developments during the multi-party period since 1946, to understand esnaf's reproduction through political, ideological and economic relations. The role of the state power in the reproduction process, but not in terms of its institutional features, will also be analyzed throughout the chapter because on the one hand, the conditions of generation of ideological, political and economic relations have always been related to the moments of concentration of capital, where the state power and state capacities have also been transformed in a relational way. On the other hand, beyond its juridico-political apparatus, the state power has always had an important role in determining the boundaries of political representation of esnaf through different projects to identify, invent, articulate and balance of esnaf's interest in conjunctural hegemonic projects (Jessop, 2018).

The period starting from the 1980s will be elaborated as the third level since it is believed that with the neoliberal transition, the impact of macroeconomic policies has altered the class location and position of esnaf within the relations of distribution within the dependent and peripheral economy. The change in the balance of power in the 1980s necessitated a restructuring of the state power itself and created a new coalition of power bloc (Yalman, 2009) in which esnaf has played

an important role in the reproduction of the hegemonic relations. The legal amendments related to esnaf field will also be mentioned to demonstrate not only how political agents have reshaped the esnaf related legal field as a policy-making area, but also how the esnaf-state relation has been restructured in favor of capital. During the neoliberal era, the class location of esnaf has been altered and shifted to the proletarian pole, increasing the risk of esnaf's proletarianization by excluding this group from its small-scale means of production. The very reason is that the market-oriented policies and financial liberalization have made the domestic market more fragile than ever. Its class position has also been altered, since, during the neoliberal era, the state-capital relation has strongly changed in favor of capital, the resources of capital accumulation have altered and the capitalist mode of socialisation has been implemented in all social domains. This transformation has led to an alteration within the social division of labor in which the state has played the main role contrary to the neoliberal assumption, which predicts the separation of politics and economics. Since the 1980s, esnaf, to secure its class location to counteract proletarianization tendencies, has continued in its conventional role within the conjunctural changing balance of powers. Not only the micro and macro-economic policies themselves, but their influence over the structural determination of class relations has altered both the class location and class position of esnaf.

The historical formation and transformation of esnaf will be analyzed from the framework of the assumed connection between class formation and social change<sup>35</sup>,

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<sup>35</sup> There is a deterministic relation between social change and class formation. Social classes are interrelated with social change, either as oppressors generating social change or as oppressed by social change. The historic formation and role of bourgeoisie, for instance, is one of the discussions among scholars (Wallerstein, 1989; Brinkmann; 1968; Pilbeam, 1990) for understanding the Western modernization process. In order to understand the social change and its relation to class formation in non-Western context, please further see Skocpol, 1979; Moore, 1967. In fact, this phenomenon of the twentieth century also captures the attention of most scholars in Turkey. A survey of the existing literature on social and economic transformation of the Ottoman Empire in the nineteenth century shows how the bourgeoisie became a problematic issue and main concern in the analysis. This changing paradigm implying writing the history based on class formation and class/state relations since the 1970s, paved the way for several research carried out from different perspectives (Keyder, 1988; Buğra, 1995; Ozan, 2012; Göçek, 1996) and some by of the scholars analyzing the role of the bourgeoisie in generating or orienting social change. The analysis linking the class formation to social change is not indeed limited to the historical formation and role of the

because contrary to the *decline paradigm* which has often applied to artisanal production to explain its end, this perspective provides a more dynamic approach to change. It is believed that by the end of the sixteenth century, the incorporation into the world economy which accelerated in the nineteenth century and is still continuing have had a great impact on structuring relations of production and capital formation. Likewise, the historical formation and transformation of esnaf cannot be thought apart from the transformation of commercial activities and of capital accumulation starting by the end of the sixteenth century when the process of incorporation into the world economy begins. The process of incorporation into the world economy and structural transformation that occurred in the economic system, but not all of a sudden, especially in commerce and trade since the nineteenth century, largely determined the class position and location of esnaf today. In other words, while esnaf referred to petty commodity producers until the nineteenth century, with the incorporation into capitalism and increasing weight of industrialization and commercialization, it has lost its main role in production and become to a large extent an agent within the circulation process.

#### **4.1. Articulation of the Ottoman Economy with the World Economy**

The analytical framework of analysis based on Marx's analysis of non-Western context is decisive in understanding the social change in the Ottoman context. Immanuel Wallerstein suggests analyzing non-Western cases by introducing the variable of the world economic system<sup>36</sup>. Accordingly, as a result of the expansion

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bourgeoisie. The state-centered approach to class/state relations has led the way to more critical approaches taking into consideration the role, experience and culture of peasants, workers and artisans in the Ottoman context (Quataert and Zürcher, 1998; Faroqhi, 2009; İslamoğlu-İnan, 1994). Although these analyses carried out on working people in general have a historical perspective, they still provide a perspective to link social change to class formation.

<sup>36</sup> Although the literature on the transition of capitalism in the Ottoman Empire, which is inspired by the world system theory, has been criticized by many scholars, due to the fact that the theory overestimates the internal dynamics of the social change, it may still present a framework to understand the change within the production relations, by keeping in mind the interaction of precapitalist and capitalist relations. However, the narrative in this part is inevitably under the influence of Wallerstein, hence the "causal" relation between the development of commerce and the transformation of the world division of labor (Brenner, 1977).

of the European economy, the incorporation process of the Ottoman Empire to the world economy is the motor of Ottoman social change (Göçek, 1996, p.17-18). The research agenda proposed by Wallerstein aimed to answer when and by what process did the Ottoman Empire become incorporated into the capitalist world-economy (Wallerstein, 1979). By looking at the Ottoman production processes and trade patterns between 1550 and 1850, he stated that between 1750 and 1839, the process of incorporation into the capitalist world-economy was complete<sup>37</sup> and the Ottoman Empire had become a peripheral economy within the world economy (Wallerstein; Kasaba, 1983). What were the conditions leading the incorporation process of the Ottoman Empire?

As the European capitalist world-economy began to develop its boundaries in the sixteenth century, it incorporated the world-empires into a singular world system (p.88). There have been several interrelated factors signaling the Ottoman incorporation into the world economy. First of all, the European economy entered a revival period, increased the reading population and production (Pamuk, 2007, p.108) The expansion of the capitalist world economy accelerated with the shift of the European trade from the Mediterranean to the Atlantic. The changing trade routes entailed integration into a new international division of labor. As a result of the expansion of trade activities, the flow of cheap American silver into the Near Eastern markets, rising prices in the West and transmission of European price increases through trade led to an inflationary period in the empire (Kasaba, 1988, p.12). In addition to military and diplomatic contacts with European countries, trade played an important role during the incorporation process, that started especially in the Balkans and Western Anatolia (Kasaba, 1988, p.14) which means that different Ottoman regions had incorporated into the capitalist world economy at different points in time. However, even these developments are sufficient to maintain the Ottoman integration into the world economy. During the incorporation process, the

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<sup>37</sup> There has been a debate between scholars about the historical period of Ottoman incorporation. While Faroqhi and İslamoğlu prefer to date sixteenth century as the beginning of the incorporation process, Wallerstein argues that the Ottoman Empire was outside the world economy in the sixteenth century (Wallerstein;Kasaba 1983, p. 95-96).

agricultural relations of production were to a large extent transformed, and new inter-and intra-class contradictions emerged within Ottoman society. Since there have been several patterns of articulation within the world economy, in this study - for the sake of our subject matter - the understanding of Ottoman incorporation is limited to the transformation in the production sphere and its effects in the commercial sphere. The Ottoman social change was a wholesome one that had broad implications in economic, political and ideological relations. The domination of the market and industrialization altered not only the structure of the social division of labor and the parameters of the labor force, but also the working place relations, gender roles and consumption patterns. During this total transformation period by the nineteenth century, the state played a central role by implementing several manufacturing facilities, industrial plans and educational reforms to adapt the labor force to the new capitalist mode of production. However, due to the structural weakness of the Ottoman economy and lack of capital and a qualitative labor force, the adaptation to the capitalist mode of production produced contradictions and inter/intra-class conflicts during the incorporation process.

The discovery of the new world and Western colonial expansion led to an economic revival in Europe in the sixteenth century and led the path to develop new commercial relations with the Ottoman Empire. Quataert (1994b) signals the changing paradigm in the historical research and states that although the common idea among historians has been that the commercial activities within the Ottoman Empire were run first, mostly by foreign traders and the religious minorities by the eighteenth century, the discovery of local commercial activities of Ottoman peasants selling their products in the market in the sixteenth century shows the misinterpretation of the Ottoman trade character. Contrary to the general assumptions, the dynamism of commercial activities in Ankara and Bursa in the seventeenth century and the Balkans in the eighteenth-century revealed the fact that regional, international and internal commerce pioneered capital accumulation and differentiation in the social division of labor in the Ottoman Empire. Although there was relative capital accumulation, it was limited and insufficient for competing

within the international market. However, despite limitations, the fact that the Ottoman merchants were integrated into trade networks in the seventeenth century cannot be ignored. The Ottoman market was not passive, and trade was one of the parts of the Ottoman economic system. During the Ottoman incorporation process into the world-economy by the sixteenth century, trade had a mediating role in structuring class relations and economic activities. In addition to foreign trade and the role of foreign merchants during the incorporation process (Pamuk, 1987; Quataert, 1994b), internal trade had its own dynamics changing the social relations of production during the process. The actors of internal trade; merchants, craftsmen and artisans all had important functions within the economic activities. The differences between artisans, shopkeepers and merchants were that merchants did not belong to the guild system, yet craftsmen/shopkeepers and artisans were subject to the guild system because production and distribution depended on the guild system (İnalçık, 1969, p.104) being under strict control of the Ottoman state.

The historical configuration of the *esnaf* field was based on religious and social principles rather than laws, called *Ahi* fraternities, but were replaced by the guild system in the sixteenth century, being connected with the state apparatus (Bianchi; 1984, p.81) in the early phases of the capitalist development. The guild system, as an economic organization of the *esnaf*, was mostly based on the protection of the common interests of *esnaf* where the private interest of capital accumulation was forbidden, against the rising importance of the merchants and merchant capital. The guild system was politically included within the state (and strictly controlled by the Sultan) where the state considered *esnaf* as a non-legal and non-political imagination. The guild system functioned as an administrative link between the urban population and the Ottoman ruling class (p.81). However, there are different opinions on the interest mechanisms of the guild system, whether it was relatedly autonomous, or not. Although for instance, S.M. Stern (1970) concluded that the guild system never functioned as an autonomous interest representation channel for *esnaf*, but rather as an administrative apparatus of the state, Gabriel Baer (1970), stated that that the guilds in the Ottoman provinces were more autonomous in

exercising the juridical power and even genuinely representing the esnaf's interest. (Bianchi, 1984, p.79). Furthermore, as Barkan (2011) stated, although there were esnaf associations in the Ottoman Empire, they did not function as an interest representation channel, but rather as solidarity mechanisms based on moral and religious unity excluding the market competition.

In the Ottoman market, craftsmen/shopkeepers and artisans on the one hand, and merchants on the other had different regulations and different relations with the state<sup>38</sup>. Craftsmen/shopkeepers were engaged in trade activities, like merchants. However, while merchants enjoyed the conditions allowing them to accumulate, artisans and craftsmen were not allowed to accumulate and were controlled in selling and buying activities where prices were determined by the state (İnalçık, 1969, p.98). However, the boundaries between artisans, craftsmen and merchants were not so sharp and it did not exclude cooperation in the market. According to research carried out by Eunjrong Yi, in the seventeenth century, "*some people in the market may not have been easy to classify as either merchants or craftsmen/shopkeepers*" (Yi, 2015, p.210). Yi mentions that the records of seventeenth-century Istanbul demonstrate the merchants were accused on several occasions by artisans and craftsmen/shopkeepers of intruding into their field of work, of stocking raw materials necessary for the craftsmen's trade (p.208). This finding sets the boundaries between merchants and artisans, both engaging in the trade activities in question.

By the eighteenth century, patterns of trade were starting to change. With the increasing commercial activities and penetration of Western products in the Ottoman market, the indigenous guild system with its own traditional methods of production and distribution had remained powerless. In that period, most of the

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<sup>38</sup> From a different perspective, one might recall Şerif Mardin (2013). While analyzing the social stratification in the Ottoman Empire, Şerif Mardin is likely to have elaborated esnaf and merchants as a single social category, in addition to the peasantry (p.95). Although this kind of social stratification model is not accurate to understand the social relations of production in the Ottoman Empire when considering the dynamics of the development of the commercial capitalism since the eighteenth century, Mardin's insightful contributions on the organizational patterns and relation with the state should not be underestimated.

goods produced by guild members were sold by guild members themselves. On the one hand, the strict state control over prices and quality of products was the main obstacle to capital accumulation within the Ottoman guilds. The state also engaged in developing policies compatible with the capitalist mode of production, such as implementing manufacturing facilities or industrial plans. It must also be borne in mind that the Ottoman peripheralization period was accompanied by the modernizing reforms of Ottoman bureaucracy. This deepening transformation has to be argued within the concept of formal adequacy<sup>39</sup> of the capitalist state starting from the late eighteenth century. This process of integration into the world economy exhibits transformations at all levels and alters the existing social division of labor, with the emergence of new balances among the surplus receiving groups. As also mentioned by Keyder, during the phase of integration into the world capitalist economy, “*merchant capital, to penetrate the pre-capitalist economy requires a superstructural framework*” (1988, p.181). In this respect, the reforms such as the abolition of confiscation and the implementation of a modern tax system made the Ottoman economy more compatible with the capitalist mode of production. Furthermore, the proclamation of constitutional monarchy allowed the bourgeoisie to follow private interests, and the institutions and practices which were believed to represent the old pre-capitalist order were seen against the development of the capitalist mode of production.

On the other hand, the introduction of mercantilist activities deeply affected the self-sufficiency of the Ottoman guilds and paved way to a social differentiation

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<sup>39</sup> The concept “formal adequacy” refers to the idea that all forms that comprise a social formation are mutually compatible and complementary. For instance, the modern bourgeois state based on rational bureaucracy and universal suffrage is a formally adequate state for a capitalist social formation, because bourgeois democracy as a political organization is complementary with the capitalist mode of production. Jessop states that “*for an economic order based on private property, the wage relation, and profit-oriented, market-mediated exchange seems naturally fit with a political order based on the rule of law, equality before the law, and a unified sovereign state*” (2016, p. 101). This has been already highlighted by Karl Marx who emphasizes that all economic organization corresponds to a political organization (1967, p.791). Likewise, starting from the late 18th century, the Ottoman modernizing reforms aimed to restructure the socio-economic and administrative order by legitimizing it with the implementation of ideological policies by protecting the private interests of national bourgeoisie. The concept of formal adequacy (Jessop, 2016), in this respect, refers here to the perfect harmony between economic domination and political domination.

between merchants and artisans/craftsmen. While merchants enjoyed the conditions allowing them to accumulate capital, guild members fell outside the category of merchants whose methods of production and distribution were under state control (İnalçık, 1969, p.98). Accordingly, capitalist tendencies lead to some corruption of the guild system and provoke popular hostility toward merchants<sup>40</sup>. The extending market in some Ottoman regions like Bursa, Edirne and Cairo, led also several differentiations within the guild members, and tendencies to ignore the guild regulations led to the emergence of a division within the guild members and increased capitalist tendencies among guild members. The lack of ownership of artisans facilitated arbitrary practices in collecting taxes or estimating rent costs for the workplaces. In that sense, *gedik* emerged in the eighteenth-century when the guild regulations were violated. The aim was to protect the guild members from independent entrepreneurs occupied either with trade or craft. Furthermore, according to Faroqhi, another reason for *gedik* is that since the old masters wanted to protect their established position within the guild system, *gedik* was the legal way of determining by who, where and how a craft is performed (Faroqhi, 2015, p.230). However, the “bundle of rights” (Akarlı, 2004) attached to *gedik*, although aiming to protect monopolies within the guilds (Faroqhi, p.218), did not prevent the dissolution of the guilds. An increase in mercantilist activities and mentality transformed *gedik* into merchandise, which means that the license obtained by the *gedik* application to occupy with a craft was turned into a commodity that can be sold and bought because of the limited number of *gedik*. The *gedik* practice influenced the traditional hierarchical structure of the guild system that was a succession-based organization. The artisans/craftsmen borrowing money from the merchants (Faroqhi, 2015, p.210), paid their debt by selling their license to people

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<sup>40</sup> Halil İnalçık (1969) draws attention to the fact that the hostility of guild members towards merchants finds its expression in religious discourse and moral behavior of guild members. Inspired by Weberian analysis, he points out that the difference between mercantilist mentality and guild mentality was the main reason of the popular hostility towards the merchant class by the early seventeenth century. The competitive spirit and profit motive inherent in mercantilist activities were, on the one hand led the corruption of guilds system, on the other hand, led guild members to ignore guild regulations preventing any capital accumulation and to engage in internal market, especially in the regions where industrial production started to flourish and engage to external markets, like Bursa.

outside the guilds, which accelerated the dissolution of the traditional Ottoman guild system.

Another reason for the corruption in the guild system lies in the intricate relation between the Janissary corps and Ottoman artisans. The penetration of the Janissary corps into the guild system by the sixteenth century, and their consolidated relation with the artisans wishing to benefit from the tax exemption the Janissary corps enjoyed, also transformed the indigenous character of the Ottoman guild system. According to guild regulations, the opening of a new shop was subject to the permission of the guild, and as already mentioned, the product prices were not determined under the market conditions. However, the unification of artisans with the Janissary corps led to several violations. (Turna, 2012, p.22). In the seventeenth and eighteenth centuries, the economic and social boundaries between artisans and Janissary corps were so obscure the guild system lost its control over commerce and the security of the urban economy. However, the coalescence of artisans and Janissary corps did not end in a strong coalition. On the contrary, since the ownership of capital was limited only to the guild of the artisans, and since the artisans were not free to accumulate outside the guild, they remained powerless to challenge the Ottoman state which was trying to control the commercial activities at that time. The artisans were unable to accumulate economic resources outside the sultan's control (Göçek, 1996, p.91-92). That is why the economic, social and political networks, apart from their relations with the state, were important in the accumulation process of esnaf. The relatively independent statute of the Janissary corps allowed esnaf to be reproduced through the Janissary Corps that led to the transformation of the guild system after the Janissary corps was removed in 1826. The removal of the Janissary corps was considered a step for economic liberalization in a pre-liberal period before the Tanzimat era (Quataert,1993). With the removal of the Janissary corps, "esnaf lost its guardian" (Quataert&Keyder:1992, p.1-6) and its relationship with the urban economy had broken as a result of the exile of Janissary-artisans. Another important result is that the small-scale capital and property had passed into other hands (Turna,2012, p.36).

The removal of the Janissary corps led to direct taxation of esnaf, which created the reconfiguration of its relationship with the state. It is a common consideration that with the removal of the Janissary corps, the Muslim artisans had a more disadvantageous position compared to non-Muslim artisans, because the industrial field was left to non-Muslims, accelerating the Western integration into Ottoman Empire (Göçek,1996). The relation between artisans and Janissary corps was not equally constituted in each Ottoman region. Although the penetration of the Janissary corps into the guild system allowed some social groups to acquired economic privileges, it had deeply transformed the traditional structure of the guild system<sup>41</sup>.

According to Şevket Pamuk, one has to describe the period starting from the end of the sixteenth century until the beginning of the eighteenth century as one of economic depression (Pamuk, 2007, p.153). The seventeenth century was marked by a decrease in population, agriculture and artisanal production. As in all pre-industrial societies, in the Ottoman Empire where agricultural production was primary, production in other spheres was directed at household needs and consumption. When production for the market became widespread, the division of labor within the urban and rural was developed and created new markets for the

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<sup>41</sup> The dissolution of the traditional mode of production did not occur all of a sudden, nor end in a day. The process involves several contradictions, accompanied not merely by economic transformations, but also political ones, which facilitated its dissolution. The dissolution of traditional relations of production in the guild system was one of the steps taken during the Empire's integration with the world economy. The process was accompanied also by several modernizing and centralizing reforms and it was met with popular resistances. Esnaf neither welcomes the economic and political transformations. However, although there had been several esnaf revolts against the economic policies of the Ottoman Empire during this period, contrary to workers and peasants, esnaf had never rebelled against the political regime. The reason is that the state had never attributed it with a political character and its control was always in the monopoly of the state. For instance, in 1807, Sultan II. Mahmut had forbidden talk about politics in any public sphere, including barbers and coffee houses. The configuration of the esnaf field as non-political also resulted from the fact that its formation was based on religious and social principles, rather than laws. The non-legal and non-political imagination of esnaf did not allow, even in the eyes of esnaf, revolts against the State; rather their revolts were about the economic issues. In this respect, the economic organization of esnaf was based on the protection of common economic interests. Since the imagination of the State for esnaf and the guild system is not political, it cannot be denied that the very existence of their organization is unconscious. It was conscious within the boundaries determined by the monopoly of the state, so did not include any political opposition towards the state.

producers (p.160). In this respect, it may be estimated that shopkeeping increased during that time. It is not known to what extent there were autonomous shops (outside of guild) in the sixteenth and seventeenth century, but with the dissolution of the guild system due to the changing structure and function of the guilds and increasing commercialization within the empire, may have led to autonomisation of trade activities outside the guild system by the eighteenth century (p.161).

It has been said that trade had a mediating process in the Ottoman incorporation into the world economy. With the incorporation of the world economy, the trade privileges gained by Western countries, with France during the eighteenth century and England during the nineteenth, were determinant in the sense of their power to restructure the Ottoman economy. Liberal trade increased during the Tanzimat era. According to Toprak, "*Tanzimat period should have seemed like a phase which proved to be indispensable for the transition of the Ottoman economic structure from its pre-capitalist stagnation to a dynamic growth*" (1992, p.58). In that sense, during this period, the implementation of financial institutions and a credit apparatus in the Ottoman Empire was supported. However, it is worth noting that finance in the Ottoman Empire was limited to foreign debt payments. The Anglo-Ottoman Commercial Treaty signed in 1838, assigning several privileges to foreign merchants and investors, dislocated the self-sufficient economy with a limited market as a part of the world economy. As Toprak mentions, the reports of the 1830's demonstrated that the Ottoman market in the pre-Tanzimat period was characterized by irregularities in market mechanisms. However, after 1838, the dual character of the Ottoman economy gained a permanent character, and the expansion of foreign trade had its impacts on internal trade by which the old guild system adapted to the market circumstances by changing its dependent (when considering its relationship with the state) but self-sufficient structure. The liberal transition encouraged the transition to manufacture and introduced profit motive in economic activities (p.60-62).

The research carried out about the commercialization during the nineteenth century shed light on what changed in the social organization of economic life. It may be

expected that as a result of the changing structure of expenditures and consumption patterns, the artisan/craftsmen of the old guild system adapted itself to market conditions, gained a profit motive as a result of commercialization, and a new division of labor occurred as a result of the diversification of goods and services. The old bazaars of the old guild system were replaced by territorial markets where the use of money became widespread (p.64 63). The intrusion of European finance capital into the Ottoman Empire made the Ottoman economy a peripheral economy and changed the production relations. One of the reasons for peripheralization occurred during the period when Western demand for Ottoman raw material was increased. Although this led to some sort of specialization in agricultural production, it destroyed the non-agricultural production because of the cheapness of Western industrial materials (Pamuk, 2007, p.160). By the nineteenth century, while some branches of artisanal production disappeared, some of them could survive an expansion of imported manufactured goods. Although at the very beginning of the nineteenth century, the proportion of importation was low, from the 1820's until the First World War, the proportion of imported goods increased. The main tendency of this period was to support foreign trade and export-oriented agricultural production because since the 1820's, as a result of diffusion of capitalist logic, artisanal production remained unprotected from the European industrial production. Meanwhile, as Pamuk suggests, the nineteenth century witnessed economic growth and increasing dependency (2007, p.240). Within an unstable monetary system and high rate of inflation, through foreign investment and political reforms, the empire achieved some relative growth, which led to the emergence of new sources of accumulation and new relations of production.

As Quataert (1992) mentions, during the Tanzimat era, the main economic problem was about the distribution of resources and the sustainability of production. Although the guild system was corrupted and de facto abandoned, the Tanzimat administration pursued an egalitarian principle towards the guilds against the increased market competition and supported the conditions of artisans/craftsmen: while liberal policies in the Second Constitutional period opened the way to non-

Muslims and foreigners in commercial and political life, it produced unfavorable conditions for Muslim entrepreneurs. During this period, despite unfavorable conditions in the economic sphere, the artisans/craftsmen were the main agents of social change (Kutlu, 2012, p.144). There was a close relationship between craftsmen/artisans and the ITC (Committee of Union and Progress) which occurred initially during the economic boycott held in 1908, organized against the foreign capital within the Empire. Increasing imported products and foreign capitulations were evaluated by artisan/craftsmen as a threat to their existence. The craftsmen/artisans played an important role in the implementation of ITC policies, especially national economy policies (2012 p.151). ITC organized members of eşraf, esnaf, landlords and peasants to join the local branches of ITC (Ahmad 1999, p.49-50; Toprak 1982, p.21). In return, the ITC reinforced craftsmen/artisans by transferring money to their associations to protect their business against non-Muslims. Meanwhile, to inhibit foreign investments and the existence of foreign traders during this period, the ITC founded several companies to which craftsmen/artisans, having no capital, were made shareholders. During the implementation of national economic policies<sup>42</sup>, many artisanal and commercial branches passed into other hands, from non-Muslims to Muslims, as a result of promoting shopkeeping solely from Muslim craftsmen/artisans. The national economic policies aiming to create a national bourgeoisie<sup>43</sup> created steps to the corporatization of craftsmen/artisans, which led to the total abandonment of the guild system. The context of the World War also allowed more patriotic propaganda, where Muslim capital made more profit through speculation during the food shortage in İstanbul due to the war. Thus, during the dissolution process

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<sup>42</sup> During this period, several companies were established by domestic capital (Akşin 2001, p.362-5) with 'national' in their titles (such as *Milli Mahsulat Şirketi*, *Milli Kantariye Şirketi* etc) (Ahmad 1999, p.50-52). Another important development of the period was the establishment of a bank called *İtibari-Milli Bankası* to protect these national investments from the control of non-Muslim banking capital. In order to reinforce the national investments, Turkish was implemented as the compulsory language in commercial activities in 1916, patriotism was propagated through print media where the names of non-Muslim shops-owners and their goods were published, in order to prevent their consumption (Toprak 1995, p.4-5).

<sup>43</sup> The national bourgeoisie did not refer here simply to domestic Ottoman bourgeoisie; rather it excluded the non-Muslim elements. Therefore, the term has definite political and ideological connotations.

of the Ottoman Empire, the national economic policies bowed to reproductions of class relations in favor of the Muslim/Turkish bourgeoisie. Furthermore, since at the very beginning of the twentieth century, the small-capital owners, being highly disorganized, were vulnerable to economic fluctuations and dependent on big capital owners, and the disorganized nature of small-capital owners required to legally frame these agents, the “Regulations on Esnaf Association”<sup>44</sup> was implemented in 1909 (Toprak, 199, p:212-216) as a part of inclusion politics of the ITC to encourage the establishment of the national bourgeoisie. The political actors, being aware of the important role of small capital in the development of the national economy and the reproduction of the national economy discourse, encouraged the small capital owners to be organized and during the periods of the First World War (1914-1918) and war of independence (1918-1922), the number of esnaf associations increased. As a final step in 1912, the guild system was officially removed. It may be said that during the early twentieth century, esnaf was more organized despite the dissolution of its traditional relation, or this absence emerged from the dissolution of its traditional bonds and was replaced by a new legal framework. The legal framework in the early twentieth century allowed, in that sense, the integration of esnaf in the new economic and political order. However, with the proclamation of the Republic, all Ottoman heritage was ignored by the Republicans, and esnaf was included by the new political regime with a new legal and political framework.

Nationalist economic policies did not last with the establishment of the Republic. The National Economic perspective that Unionists wanted to create but could not in the Ottoman Empire, was re-adopted during the early republican period. The

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<sup>44</sup> During the incorporation process into world economy, occupations were diversified as a result of development of urban working relations because integration with the world economy without industrialization caused labor accumulation in the service sector. The historical formation of working class in that sense, referred also to the same period where *esnaf* had an associational identification, which is why workers subject to the Esnaf Regulations and the development of syndicalist movements did not exclude the artisanal type of organization. This development may be considered an extension of traditional economic structure which was based on the distinction between master/assistant master/apprentice (*usta/kalfa/çırak*) not on employer/employee (Toprak, 1982, p.76).

period between 1908 and 1922, as Boratav (2015) claims, was characterized by an economic order as an exporter of raw materials and importer of industrial products, as an Ottoman inheritance. The period has to be understood by considering the emerging national bourgeoisie. However, the weakness of the national bourgeoisie having the main role in foreign commerce, not in the industry, was the main obstacle before the development of industrial capitalism. The early Republican period, in that sense, although having several continuities with the late Ottoman period, referred to a new process where new legitimizing grounds for newly founded nation-state were established. Esnaf, during this period, was included not only as an important component of the national economic policies, but also as a legally and politically designed as the *approved citizen*<sup>45</sup> of the nation-state (Üstel, 2016).

#### **4.2. Esnaf during the pre-1980 period**

If one of the moments of the historical formation of esnaf lies in the incorporation period into the world economy, where the transition to the capitalist mode of production broke traditional class relations, the second one lies in the Republican period (especially since the multi-party period) where esnaf has been recognized as a social base in the Gramscian sense. Indeed, throughout the late Ottoman and Republican periods, political agents have always sought political strategies to consolidate their social base and to reproduce and maintain their hegemony through several state projects and capacities. However, it is the Republican period where esnaf, as citizens and components of the process of capital accumulation, have been included in the process of nation-state formation and capital accumulation. In order to consolidate the hegemony of the newly established regime, the political agents have developed mostly inclusionary politics and discourse towards esnaf to

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<sup>45</sup> The *approved citizen*, translated from *makbul vatandaş*, in reference to the Füsün Üstel's prominent contribution (2016) on the construction of the national identity and citizenship in the late Ottoman and during the Republican period. Üstel, through an examination of schoolbooks from the Tanzimat period to the late Republican period, mentioned that in the new society project of nation-building, it had been intended to create a modern subject, both as a political, and as a militant subject.

legitimize the new economic order. With the proclamation of the Republic, the Republican People's Party (CHP) was the one that developed a close relationship with the esnaf associations (in addition to labor associations, but not in a similar matter because contrary to working-class, esnaf was never considered a social threat (Makal, 2016, p.59). With the Republican period, the implementation of esnaf-related laws seemed to be one of the important moments in the reproduction of this social group where law operates to maintain class domination in the political and ideological sense, since they reaffirm the existing economic order. The legal developments have always been a part of conjunctural politics and have not necessarily represented one-sided concessions (led by political parties). However, being an achievement also in some cases, it has also reproduced esnaf's relation to the state by drawing its boundaries. The first legal development, in that sense, was provided by the Law on Chambers of Commerce and Industry dated 1925 (p.54). With this law, the membership of esnaf associations became compulsory for esnaf and the esnaf associations were attached to the Ministry of Trade. This law was the first attempt to consolidate the social base. The importance of the law was that it introduced a conceptual distinction between artisans and shopkeepers. The law dated 1925, while recognizing esnaf as a corporate legal entity, it subjected esnaf to the Ministry of Trade. During the early Republican period, the statist policies mostly absorbed the esnaf's interest through the establishment of public associations to organize esnaf in 1925 (Bianchi, 1984, p.134). Likewise, Ahmet Makal states that the law dated 1925 had to be expressed within the framework of administrative tutelage of party-state unification (2016, p.56). In 1943, Law on Trade and Industry Chambers, Tradesmen Chambers and Trade Stocks was implemented, and as a result of authoritarian characteristics of the single-party period, the law communicated the penetration to the Ministry of Trade to esnaf chambers to control them. The law, dated 1943, implemented a further conceptual distinction by reinforcing the previous regulation and separated esnaf from both tradesmen and industrialists (2016, p. 58). The permanent changes in the legal framework continued during the multi-party period. In 1949, by the implementation of the Law on Tradesmen Associations and Tradesmen Associations, esnaf reached

an independent legal framework apart from tradesmen and industrialists. The very aim of this law was to take esnaf under the hegemony of the CHP (Timur, 1994, p.99) and use this social group as an equilibrant, particularly against the working-class (Karpat, 2010, p.395)

The legal dimension of inclusive politics toward esnaf originated from the fact that esnaf had started to be recognized as an important social base, especially because of its potential support to hegemonic politics fed by a populist discourse<sup>46</sup> of right-wing politics, especially. The legalized monopoly position of the state on the esnaf field has always been seen as an opportunity for all political parties during the Republican period. For the early Republican period, the CHP also gave relative importance to esnaf related issues (invitation of esnaf delegates to İzmir Economic Congress<sup>47</sup>, implementation of esnaf related laws, the foundation of the Halk Bankası<sup>48</sup>) and made esnaf a part of the party's political discourses to integrate them into the party and/or gain their electoral support. Although during the 1930s, the esnaf associations proclaimed their loyalty to the CHP - as a result of the authoritarian character of the single-party period -, with the transition to the multi-party period in 1946, the latent discontent of esnaf became visible (Makal, 2016, p.

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<sup>46</sup> The term populism has several definitions, and its meaning may change according to specific conjunctures. In this study, by the term, it means all political agents, in order to maintain their hegemony, may grant economic concessions and symbolic rewards to masses, privileges particular to economic-corporate interests compatible with their program and perhaps sacrifice their short-term interest. Rather than elaborating the term populism as a mere manipulative relationship, an ideology or as a periodization tool to analyze the capitalist dependency, the term is used to refer to the complex relationship between popular masses and political agents, including concessions and disagreements for all depending on the specific conjuncture (Yalman, 1985).

<sup>47</sup> According to official reports of the congress, there were several esnaf representatives invited to the congress, in addition to tradesmen, farmers and laborers. Several esnaf organizations contributed to the congress and it is remarkable that the esnaf issue was not elaborated as a distinct title in the Economic Pact (*Misak-ı İktisadi*) accepted at the end of the congress, but rather together with the traders, although farmers, tradesmen and laborers were elaborated under distinct titles. another remarkable point is that the statist economic policies of the period led to reproduction of the discourse about the non-class nature of esnaf, as a corporatist echo. Another remarkable point is; among the esnaf delegates, the idea that "if the state supported esnaf, they could also become tradesmen", was highly widespread. In addition to their demands related to taxes, income and associational life, it is worth noting that the expression of "becoming a tradesman" has a class nature, implying "upward" social mobility elements, but not as a private initiative, rather a state-sponsored initiative (Afet, 1989).

<sup>48</sup> The People's Bank in English. *Halk Bankası* is a public bank founded in 1933 and charged with lending cheap credits to tradesmen and artisans.

65). The elitist approaches of the 1920s and 1930s gave way to inclusive politics promoted by multi-party politics starting from 1946.

The interest representation of esnaf was much more ambiguous and irregular compared to that of large-scale merchants and industrialists (Bianchi, 1984, p.131). The legal status of esnaf associations continued to be ambiguous in the early Republican period. Until 1947, esnaf was never considered a distinct category, rather a category considered part of the Chambers of Trade, Industry and Exchanges, where esnaf's interests were subordinated to large-scale capital interests during the early phases of the development of the private sector. However, its consideration as a distinct economic category did not lead to a clear definition of esnaf. In 1949, in addition to esnaf associations within the Chamber of Trade, other esnaf association and regional federations were voluntarily established separately from the Chamber of Trade. Although interest representation of esnaf gained a more autonomous character in the late 1940s, it lost its imagined and planned public organizational status because of its increasingly fragmented structure (1984, p.134-136). To recognize the potential role of esnaf in political and economic life, Turkey had to wait until the transition to multi-party politics, because between 1946 and 1980 the attempts to organize esnaf increased, and presidents of various esnaf organizations took important positions within the party apparatus. In the late 1940s, the party administration of the CHP appointed officers responsible for esnaf issues and several reports were published concerning the current problems of esnaf. However, despite the law amendments and CHP's esnaf related policies, esnaf did not get its due. This was one of the reasons they supported the *Democrat Party* (DP), which was founded in 1946 and came to power in 1950 (Balıkçı, 2012, p.18). The DP was conscious of the fact that esnaf constituted a considerable part of the urban population. The esnaf's discontent manifested itself, especially during the transition period to a multi-party regime mostly shaped by ineffective policies of the CHP and by its support to big business that became visible with the establishment of *İş Bankası* - the very first national bank of the Republican period, founded by the cooperation of big-capital owners and bureaucrats in 1932 - instead

of the reinforcement of Halk Bankası (p.19). The great concern about CHP's economic and political policies and the emergence of an opposition party having a populist discourse towards petty commodity producers and small businesses put esnaf on the political agenda.

Therefore, the transition to political competition in 1946, leading way to change in the balance of powers, provided opportunities for popular masses including esnaf, that could not find any representation in terms of their economic and political interests during the single-party period and between 1946 and 1950 under the CHP rule, Under the CHP, the esnaf could not appear as a political actor because of the homogenized, statist policies and modernizing reforms of the CHP; rather it was included as an organic part. In the 1950s, contrary to the single-party period, the inequalities raised from the social and economic transformation led to conflicts of interest. The encouragement of agricultural developments via foreign investments and aids, and of private and foreign entrepreneurship brought about the consolidation of relations between big landowners and the state, by increasing clientelist tendencies in commercial and agricultural activities. The transition to a multi-party regime, just after the Second World War, as a requirement of incorporation into the capitalist world economy, led to the rise of a newly flourishing capitalist class and to the emergence of the labor market. The changes in the relations of production made the state the principal actor in the reorganization of the economy in structural and legal terms. In 1950, the Union of Turkish Chambers and Stock Exchanges (TOBB) was established, and the regional trade chambers were reorganized under the TOBB, but esnaf chambers continued to be subordinated to the chambers of commerce. During this time, since the industrial, agricultural and commercial bourgeoisie could benefit from the credit opportunities and state encouragements, the changing conditions produced some perception of interest conflict within and among the different sectors and regions competing for larger shares of the benefits of economic growth (Balıkçı, 2012, p.20). During the 1950s it was the Democrat Party that carried the esnaf's leadership, but in the face of the unequal modes of intervention of the state power in favor of interest of the

rising capitalist class, esnaf became more aware of the necessity to organize its interests, depending on the changing conjunctural opportunities within the changing balance of powers. As a result, the increasing degree of visibility of esnaf's interests in the 1950s has to be evaluated within this context and considered as an outcome, not only of economic conditions, but also of the political changes in Turkey. Although the DP successfully appealed to the peripheral concerns against the CHP's centralist bureaucratic single-party rule and found great support among craftsmen and peasantry for who the conservative values and economic struggles were priorities, towards the end of the 1950s, esnaf became a victim of soaring inflation and unplanned economic policies. The currency crisis and price increases towards the end of the 1950s undermined the circulation of goods in the domestic market, not for the hegemonic commercial actors collaborating with foreign capital, but for small capital owners. In 1956, the National Protection Law was implemented, and the state had directly involved in the market mechanism. During the 1950s, commerce was considered the quicker way of making a profit, not as a result of long-term effort, but of personal relations (Atılgan, 2015, p.399). However, towards the end of the 1950s, the unordered commercial life, although prompting capital accumulation for some social groups throughout the 1950s, produced unequal conditions for those who were out of clientelist networks and had no capital to compete within the market, especially for esnaf having a small-scale capital and being highly dependent on the domestic market.

In this context, esnaf who felt the crisis of hegemony towards the end of the 1950s, welcomed military intervention with great enthusiasm in 1960. The reaction of the esnaf was not ideological; rather it emerged from the economic concerns. After the DP was dissolved by the 1960 military coup, it was now the *Justice Party* (AP) who continued the leadership of esnaf and pursued the conciliatory politics between economic liberalism and conservatism. However, since the AP became closely associated with big business interests over time, its leadership remained rhetoric, and the traditional middle classes such as artisans, craftsmen and small merchants, started to perceive the growth of capitalism as a threat to their economic prospects.

The characteristic of the period was the transition of import substitution industrialization. The planned economic policies of the period, as a new capital accumulation strategy, provided relative growth in the 1960s and revival of the domestic market as a result of import substitution policies. However, the Turkish economy of that period was dependent on foreign capital and external credit, which made the forthcoming crisis inevitable within a context of high-rate inflation (Atılgan,2015, p.518). Esnaf, through its professional associations, did not hesitate to announce its discontents, but the weakness of their bargaining power did not allow them to get its equal share from the unequal and unplanned growth.

Being compatible with the new accumulation strategy, the 1961 constitution brought about a bi-cameral Parliament, which allowed esnaf to also be a political actor in the changing balance of powers. The new parliament was formed by two chambers; one chamber was the National Assembly consisting of 450 deputies elected by universal suffrage, and the other was the Republican Senate, composed of 150 Senators elected by universal suffrage. The most obvious characteristic of that period is the granting of priority to professional representation, not only during the construction of the constitution but also in the selection of deputies to the national assembly. Between 1960 and 1980, there were few esnaf deputies in the parliament, either from the CHP or the AP. The projecting planning of the period was also reflected in the legal sphere where esnaf associations and unions that constituted the basis of their organizational structure, were subjected to a hierarchy of federations and confederations with the amendment of 1964 (Türkiye Esnaf ve Küçük Sanatkarlar Semineri, 1969, p.35). The Confederation of Turkish Tradesmen and Craftsmen (TESK) was founded in the same year. Yet, the change was not welcomed by esnaf, since it was believed to have originated from merely political purposes rather than democratic purposes<sup>49</sup>. During the developmental period, the political inclusion and recognition of esnaf paved the way for the implementation of legal regulations, not only to draw the boundaries of esnaf where the class locations of esnaf during the development of commercial capital have become

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<sup>49</sup> *Milliyet*, 08.07.1979

increased and diversified, but also to determine its interest representation mechanisms. Since 1964, there was only legal regulation on the esnaf chambers and the chambers of commerce. The first law on esnaf was implemented in 1964. During the developmental period in Turkey, the interest representation mechanisms which were fragmented until 1964 became more hierarchical and structured as a part of planned economic policies (Bianchi, 1984, p.137). When the TESK, as a public professional organization was founded in 1964, the interest representation of esnaf had acquired a hybrid structure, being autonomous in internal affairs, and functioned as non-government associations, but dependent on the arbitrary tutelage of the public administration and supervision of central authority (Özbudun, 1991, p.46; Bora, 2000). During the national developmental period, the political representation of the TESK and other esnaf federations were also considered important parts of the liberal constitutional environment, which resulted in the increasing politicization of the public professional organizations<sup>50</sup>, by preventing an irregular corporatist representation<sup>51</sup>. Although there had been many attempts in the 1960s and 1970s, particularly under the AP government to reproduce the consent of esnaf, such as the implementation of cooperative law, exemption of craftsmen from taxes and fees, the majority of the important bills were not prioritized and demanded amendments came later. In addition to the unwillingness

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<sup>50</sup> During this period, the professional magazines functioned also an interest mechanism channel for esnaf, where the distrust towards the public professional organization was quite obvious. The esnaf deputies were accused of being disconnected from their social base and being a part of formal politics. In order to understand the structure and the functioning of esnaf representation between 1960-1980 a detailed archival research has been required. In addition to examination of the parliamentary protocols (*TBMM Tutanak dergisi*) in order to reveal not only the socio-economic bases of the esnaf deputies, but also the parliamentary discussions on esnaf, several professional craftsman magazines (*Birlik, Milli Gayret, Türkiye Esnaf, Türkiye Esnaf ve Sanatkarlar dergisi, Ankara Esnaf dergisi, İzmir'in sesi*) and finally some official reports published by both the AP government and esnaf associations and cooperatives have been examined. The further findings of this specific research shall not be analyzed in this study.

<sup>51</sup> Corporatism should be understood here neither as an ideology nor as a particular form of political presentation, or as an economic policy; rather one should define the term by considering the historical conditions of capitalist development and make a distinction between social corporatism and state corporatism in order to reveal the material basis on the interest representation (Schmitter, 1974). As Bianchi states, the period between 1960 and 1980 may be considered an early phase of the societal corporatism, or even as a mixture of societal and state corporatism where the uneven capitalist development did not create solid ground for an emergence of an autonomous and pluralist esnaf's interest representation against the more consistent interest representation of the Turkish bourgeoisie.

of political leaders, as Robert Bianchi states, the leaders of esnaf associations have also been unable to shape corporatist initiatives and acquire autonomous bargaining power (1984, p.248-251). During this period, characterized by continual devaluation, party fragmentation and deepening political and economic crisis (Özbudun, 2000, p.74), the civil and non-civil governments had also made several promises about the needs and demands of esnaf, but many of the esnaf related issues remained unsolved despite the increase of credits provided by the Halk Bankası, because esnaf problems were not limited only to economic issues, but also related to social and political demands. In the 1970s, the state began to give loans to esnaf through the Halk Bankası, but although the purpose was to protect tradesmen and craftsmen against the usurers when they got into trouble, and although political leaders were aware of the problems related to esnaf and involved them in their political discourses and programs, the esnaf issue remained merely as a rhetorical problem. Another important development of the period was that, towards the end of the 1970s, the state introduced a new policy concerning the foundation of a sale centers, known as Tansa, by municipalities where the basic consumption goods were only produced by cooperatives. The new state project was perceived as a threat by esnaf and the tendency to cooperate was highly criticized for the sake of esnaf's existence<sup>52</sup>. Thus, with the implementation of new taxes, policies and price increases, esnaf felt itself under threat of civilian politics, where the political instabilities were considered as one of the sources of the economic breakdown. The outcome of the economic and political instability manifested itself towards the end of the 1970s when esnaf associations participated in the political mobilization of the period<sup>53</sup> during which the relative coherence of the state power paved way to legitimacy crisis.

To sum up, it should be mentioned that between 1950 and 1980, Turkey experienced different models of capital accumulation, which was ended by the continuous crisis of the hegemony, where the state never stopped being the main

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<sup>52</sup> Professional esnaf magazine *Türkiye Esnaf Gazetesi*, 30 March 1979.

<sup>53</sup> The narrative information was adopted from a review of esnaf professional journals published between 1960-1980, namely *Milli Gayret*, *Türkiye Esnaf Gazetesi*, *Ankara Esnaf Dergisi*.

actor in economic life in spite of the emergence of the Turkish industrial bourgeoisie as a *class for itself* in the 1970s<sup>54</sup> (Yalman, 2009). The state was also transformed in its relations with the social classes and gained a class character. The state power, to reinforce its very existence and coherence, tried to re-establish the necessary ground for the material reproduction of the society and its collaboration with the capitalist class. This period since the 1970s, was a period of continuous hegemonic crisis which increased the class struggle and trade union movement, but also political violence. The prevention of political mobility and class struggle to the detriment of the working class and the role played by esnaf is worth noting. During this period, esnaf played its intermediate role in the changing relations of production, under the attack of the bourgeoisie and always at the state's disposal. The professional organizations representing the capital as the TESK or TOBB, played their traditional role of carrier of national will and supported the right-wing political parties, namely the governments of Nationalist Front (Bora, 2000, p.269). Esnaf positioned itself against the working class by considering the political instability as a source of economic crisis. It may be revealed that although esnaf faced more problems with the risk of proletarianization in each crisis period, it was reproduced within the ideological and political relations, with hopes of its maintenance. In the 1960's, esnaf reproduced itself through different channels: within a liberal political context, through political parties and professional associations, and within the context of relative growth through the increase of domestic demand. However, the model of import substitution industrialization reached its limits by the end of the 1970s (Ozan, 2015, p.661). The economic crisis manifesting itself through increasing unemployment, current deficit, and disrupted economic structure necessitated the reorganization of the capital-labor relation. Towards the end of the 1970s, on the one hand, the implementation of new taxes,

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<sup>54</sup> As Bora (2000) mentions, during the ISI period, the position of the TOBB prioritizing the Turkish commercial bourgeoisie against the industrial bourgeoisie may be considered as one of the reasons for the establishment of the *Turkish Industry and Business Association* (TÜSİAD) in 1971. Towards the end of the 1970s, it was also one of the sources of conflict between the AP government supporting the industrial bourgeoisie and the TOBB. By increasing the state tutelage over the professional organizations, the interest conflicts between the fractions of the Turkish bourgeoisie also affected the structure of the administration board of the TOBB in the elections of 1972.

price rises and high cost of living, and on the other hand increasing political violence in the street and the presence of a state of emergency regime “condemned esnaf to be enslaved”<sup>55</sup>, in their terms.

### **4.3. Esnaf during the Neoliberal Era**

Another important moment in esnaf’s historical formation started in the 1980s, when the structural determinants of esnaf’s class location and its position within the economic, political, and ideological relations were altered with the implementation of neoliberal policies, just after the military coup of 12 September 1980. The hegemonic crisis in the pre-1980 period ended with a military coup which led to the establishment of a new regime through the changing balance of powers and new state-sponsored accumulation strategy supportive of political change. The high level of politicization of the country in the pre-1980 period facilitated the transition to the homogenizing policies a neoliberal doctrine had predicted since the new political regime silenced all social groups and social consent was taken for granted. The financial liberalization policies were implemented in the Turkish economy with the 24th January Stability Program, by which many financial reforms were adopted in the Turkish economy. Financing short-term debts with an increase in exports and liberalizing the capital markets to create long-term resources became the characteristic of the 1980s. The economic policies implemented the rule that the market made its own decisions, which meant that removing price controls and restrictions gradually destroyed esnaf in the domestic market. In addition to the removal of price controls, the levying of additional taxes and liberalization of interest rates also affected the sustainability of esnaf’s economic activities. The 1980s were also characterized, not only by the redistribution and reorganization of the capital, but also by the oppression of the working class as a requirement of neoliberal doctrine. In fact, during this period, there were also several leftist professional chambers such as *the Union of Chambers of Turkish Engineers and Architects* (TMMOB) and *the Turkish Medical Association* (TTB) who adopted a

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<sup>55</sup> *Türkiye Esnaf Gazetesi*, 1 February 1979.

more critical attitude against the neoliberal adjustment of the Turkish society including the privatization policies and violation of human rights (Bora, 2000, p.284). This new hegemonic strategy which Yalman calls “putting an end to class-based politics” was accompanied by the restructuring of the state itself through consolidating the guarantor role of the strong state in the economic individualism, being compatible with the New Right ideology (2009, p.308). During this interim, the Platonic vision<sup>56</sup> of the *strong state* has also been internalized by the capital based right-wing professional organization such as the TESK or the TOBB (Bora, 2000, p. 283). As members of these organizations, esnaf also supported the policies of neoliberal reconfiguration for the sake of its reproduction within the changing economic and political parameters. Furthermore, as a part of state sponsored accumulation strategy, since the continuation of trade and consumption was necessary for the realization of neoliberal economic transformation, the political discourse on esnaf’s role gained more importance in the 1980s, not only referring to its economic role, but also its ideological role legitimizing the neoliberal market order.

However, during the 1980s, esnaf was also oppressed through market instability and unequal distribution of resources as a result of increasing foreign dependency, increasing budget deficits and foreign debt which showed that the neoliberal economic model was not functioning smoothly. Since the 1980s, the capitalist crisis of accumulation has become chronic and determinant in redistribution politics, several national economies have lost their national character and the state/capital relation has altered in favor of capital, also emerging from hegemonic struggles. Likewise, in the course of neoliberal financialization, many esnaf branches seem to

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<sup>56</sup> In Plato’s philosophy, the myths and ideal forms have had important roles. In fact, Plato’s philosophy is based on the justification of the myths and ideal forms where eternal truths exist. In fact, the perception of the state through a Platonic way refers only to the elaborations of the idealist thinkers, where the state is generally conceived as an organic, transcendental and universal form. According to Hegel for instance, in the *Philosophy of Right*, the state precedes the individual, which is why the civil society is conceived separately from the state where the private realm of individuals falls under the supervision of the state (Hegel, 1991, p.255). Thus, the realm of freedom characterized by the individual will and self-consciousness is imagined only within the state. Please remember also the concept of “Platonic Guardians” to define the state elites (Yalman, 2009, p.128).

have disappeared. However, depending on the conjunctural changes, many newcomers and new esnaf branches have emerged. The new era of capitalism has not only created non-conventional class relations but reproduced or eradicated the existing ones. During this period, esnaf's importance as a social base continued, but not in a conventional way, because its demands and its articulation with different state powers have been shifting conjunctures. By the very beginning of the 1980s, one of the main policies related to the esnaf field is about legal amendments in the 1983. In a context where all political parties and trade unions were banned after the coup d'état of 1980, making amendments about esnaf's professional organization and the vital distinction between tradesman and esnaf were very significant in considering esnaf-state relation. Furthermore, it is also worthy to mention that in the 1982 Constitution, the esnaf-state relation had already been legalized and secured by article no:173 declaring that "the state takes protective and supportive measures for esnaf". Although during the 1980s, esnaf demanded an increase in credit rates<sup>57</sup> several times, under serious high inflation rates, credit increase did not yield much and towards the end of the 1980s, as a result of high inflation and interest rates, many shops closed down. Another reason for bankruptcies was the changing market conditions due to the introduction of new shopping centers. The opening of shopping centers/malls by 1987 and increases in their numbers highly affected the competition power of esnaf in the neoliberal market conditions.

The main executive power of the January 24 decision was the Motherland Party (ANAP), which came to power with the elections held after the military government until 1983. After the elections, the president of the TESK and prime minister Turgut Özal came together in a meeting where the president of the TESK expressed the two most important problems of esnaf: the high inflation rates and uncontrolled opening of credit cooperatives. Since one of the targets of the neoliberal economic decisions was to reduce the inflation inherited from the previous period, esnaf supported the Özal government in the 1983 elections. Özal, who wanted to project his bourgeois ideology to the esnaf in line with the neoliberal policies he carried

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<sup>57</sup> Expression borrowed from the *Milliyet* newspaper report dated 12.08.1984.

out, used the term “middle pillar” for the esnaf (in addition to peasants, farmers, and so on.) in his election program and thus, esnaf became a very part of ANAP's populist policies (Boratav, 2015, p.172). In 1985, Özal allocated the DİSK building, which was closed with the military coup of 1980, to the TESK<sup>58</sup>. Thus, the relationship between esnaf and the government was consolidated further. However, in 1987, inflation started to rise due to increased public expenditures, budget deficits and public debt stock, and towards the 1990s, the economic interests of esnaf became incompatible with the government's economic policies in the face of the increasing inflation. The words of Hüsamettin Tiyaşan, the chairman of the TESK at the time, clearly reveal to what extent esnaf criticized the government policies: “esnaf has no longer power to live. We are not the slaves of the country. It would be easier to say to esnaf to excavate their graves. If Özal regards us as a slave, then he must also be a pharaoh”<sup>59</sup>. Esnaf criticized the government's economic policies leading to increase in inflation rates towards the 1990s, but since they thought that “market stability” could be achieved only through political stability, they were pleased that Turgut Özal was elected President of the Turkish Republic in 1989. Therefore, although the esnaf complained about the structural problems of the Turkish economy in the late 1980s, they continued to search for the solution in the maintenance of the free market economy, thus in the political stability.

The economic policies implemented in the 1980s also dominated the following periods. Korkut Boratav named the period between 1989 - 2002 as a painful period of transition to the hegemony of international financial capital (Boratav, 2015, p.189). Accordingly, the removal of limitations in capital movements and the realization of customs unions in 1995 with the European Union was the ultimate step of the liberalization of foreign trade. Since that period Turkey became highly dependent on foreign capital movements and the increasing foreign debt made the IMF and World Bank permanent actors in the Turkish economy (p.178). Very

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<sup>58</sup> *Milliyet*, 15.01.1985.

<sup>59</sup> *Milliyet*, 30.06.1986.

interestingly, during this period, there was an increase in loans granted to esnaf. This may have resulted from the fact that although between 1980 and 1990, there were no deputies representing esnaf in the parliament, in 1991 esnaf succeeded in being represented in the parliament through one deputy. However, interest representation and the bargaining power of esnaf may not be so decisive in the allocations of state loans, because high inflation and interest rates reduced the usefulness of granted loans. The implementation of neoliberal economic policies begot several policies against the working-class and small capital owners. During this period, in addition to the big bourgeoisie, small manufacturers of Anatolia were also encouraged by the state, due to their capacity not only to adapt themselves to export-led growth strategy, but also to adapt to the growing influence of Middle Eastern economies where Saudi financial capital especially provided opportunities to the SMEs by facilitating their expansion and growth (Hoşgör, 2011, p.245). However, esnaf could not compete with the growing impact and encouragement of big capital, although the policies and opportunities lighting the way to the development of the SMEs<sup>60</sup> might have also provided opportunities for some esnaf engaging in small-scale manufacturing. The idea of encouraging the SMEs in the rising sectors (such as textile, construction and service sectors) occurred in the 1980s, as a strategy of the neoliberal accumulation regime. Furthermore, the state-sponsored encouragement of the SME's deepened the unequal distribution of the capital during the export-oriented accumulation regime, leading to a peculiar mode of accumulation with Islamic motifs. The industrialization wave experienced in Anatolia, as a strategy of export-oriented policies, created opportunities for the growing firms in Anatolia, being different from the developmental period (p.343). Since the 1980s, the implementation of neoliberal policies was carried out with the state's sponsorship and this decisive existence of the state not only gave rise to serious sectoral and regional inequalities in industrial growth and income distribution, but also affected the state's class character. At the end of 1990, a

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<sup>60</sup> The concept of Small and Medium Enterprises (SME's) was first introduced in the 1980s when an increasing number of firms (more than 500,000 firms newly established between 1983 and 2000) led to a proliferation in the manufacturing sector in the 1990s (Hoşgör, 2011, p. 345).

national newspaper reported that compared to esnaf's share in employment<sup>61</sup>, its share within total exports and total credit is very low<sup>62</sup>. During the 1990s, as a necessity of neoliberal policies, one of the most important demands of esnaf was for the supervision and management of Halk Bankası for small tradesmen and artisans, intending to reduce the state's role in the financial and commercial sector, because, despite the increase in credits, esnaf still had discontent due to market stagnation, increasing prices and high inflation rates. During the 1980s, the capitalist character of the state and its relations with big capital deeply affected the class structure. Although during this period, esnaf was continuously faced with the risk of proletarianization, its very existence partially supported by the state by making esnaf an "organic" co-operative of its social existence, since the neoliberal policies which allowed unequal distribution of resources and wealth, also allowed the expansion of the market on which esnaf's small-scale capital depended.

By the end of the 1980s, the chronic sickness of the Turkish economy, characterized by a lack of productive labor, currency crisis and dependency on foreign capital, had its warnings. In 1994, 1999 and 2001, Turkey experienced economic crises, when the world economy was stable. These crises occurred in a similar economic and financial environment. Within a context where national income was shrinking and external debt was increasing, the Turkish economy became more and more dependent on the global economy. The period between 1991 and 2002 also corresponds to a "lost decade" (Akyüz and Boratav, 2003; Öniş and Rubin, 2003), to a period of coalition governments, which meant high level of political instability.. Since neoliberalism means the total subordination of all sorts of social relationships to market conditions, supply, demand and fluctuating price (Polanyi, 2001), the accumulated resentment of esnaf throughout the 1990s expressed itself through the 2001 economic crisis following the collapse of the anti-inflation and stabilization

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<sup>61</sup> Since market liberalization and privatization reforms during the 1980s and 1990s weakened the formal labor sector, the policies increased the importance of small-sized enterprises, In the 1990s, esnaf employed 45 percent of the working force. In 2000, the percentage of both small and medium-sized enterprises in the total working force was 75,6% (Gemici, 2013, p.149).

<sup>62</sup> National newspaper *Milliyet*, 03.12.1990

program. The patterns of esnaf protest were remarkable when considering the spontaneous character of their mobilization<sup>63</sup>. In 2001, as a result of the collapse of financial markets, the IMF-based program forced the government to privatize and restructure Halk Bankası (Gemici, 2013, p.20), which affected and decreased the supply of esnaf credits. Before the resolution, esnaf had already complained about the credit and interest rates, but in 2001, the administration of Halk Bankası set interest rates close to market interest rates to existing esnaf debts (2013, p.21) and abandoned its protective role towards esnaf. The number of esnaf leaving their professional activities increased between 1998 and 2002, although the variable may not be significant when compared to the increase in financial restructuring, a general market stagnation, rise of foreign currency, devaluation of Turkish lira, and increase in prices and interest rates, which accelerated the mobilization of esnaf as a spontaneous but collective action<sup>64</sup>.

In the environment of economic crises and political instability in the early 2000s, the electoral victory of the AKP increased the secular concerns in Turkey because of its succession of the RP leading to the rise of political Islam in Turkey and witnessing many political crises and a military intervention in 1997. In the 1990s, social opposition increased in the face of the rise of political Islam and the power of Islamic capital (Buğra, 2015, p.100). In 1997, the TESK with TOBB as partners of the Quintet Civil Coalition established to legitimize the military intervention as part of struggle with the rising political Islam, called on the DYP-RP coalition government, in power at the time, to resign<sup>65</sup>. After the military intervention on February 28, 1997, the RP leader Necmettin Erbakan resigned, and the DYP-RP coalition government came to an end. The TESK welcomed this development and supported the ANAP-DYP-DTP coalition government, which was formed shortly afterward. Towards the 2000s, professional organizations also came under the

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<sup>63</sup> Kurtuluş Gemici, in his article (2013) on the social mobilization of shopkeepers in 2001, underlines that the Turkish shopkeeper protests shows that since the capitalist production relations and a market economy threaten the institutions of livelihood, shopkeepers' protests have to be considered as an output of esnaf moral economy.

<sup>64</sup> There had been 170 protests between March 31 and April 15, 2001 (Gemici, 2013).

<sup>65</sup> *Milliyet*, 25.05.1997

influence of political tensions emerged from the inner contradictions of capitalism in Turkey. While the Revolutionary Workers' Unions (DISK) called on the CHP to “unite on the left”, Derviş Günday, the chairman of the TESK representing the *Muslim-secular* approach (Bora, 2000, p.288), responded with “unite on the right”<sup>66</sup> in his meeting with DYP leader Tansu Çiller. The Justice and Development Party (AKP) came to power under conditions of increased political and economic crises. Between the 2002-2007 period, AKP followed a discourse that did not highlight political Islam and it was compatible with neoliberal values in the early stages of its office. However, concerns increased within the different actors of the state power and within the different fractions of the capitalist class in Turkey. The military continued to play an important role in increasing political tension during the 2002-2007 period. During this time, TESK supported the AKP government but was also influenced by conjunctural political conflicts. It was claimed that the AKP tried to be prevented the 17th General Assembly of the TESK in 2006<sup>67</sup>. There was still tension between TESK and the AKP. The president of the TESK at that time, Derviş Günday, was elected as a deputy from the CHP in the 2007 general elections in spite of his propaganda where he called esnaf to unite on the right in the late 1990s. Bendevi Palandöken, who was chosen as chairman of the TESK in 2007, followed a discourse where the secular concerns became less important during a period in which the boundaries of political presentation of esnaf was mostly drawn by increasing authoritarianism of state power since 2007.

The AKP took power in 2002, it represented a continuity with the past in terms of economic policies (Saraçoğlu; Yeşilbağ, 2015, p.876). Having a right-wing political tradition as a hegemonic form since the 1950s, the party continued the implementation of the neoliberal program in favor of big capital, by promoting financial liberalization and privatization, starting at the end of the 1980s and increasing the market’s role in social issues (p. 876-879). The privatization policies, which were relatively unsuccessful until the 2000s, gained momentum during the

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<sup>66</sup> *Milliyet*, 07.03.1997

<sup>67</sup> *Milliyet*, 20.01.2006

AKP period. With the legal regulations made in 2003, bureaucratic obstacles to privatizations were removed and many monopolies and public joint assets were privatized. In this period, several social services became commercialized, and new investment areas for foreign capital owners emerged in service areas like mining, energy, tourism, construction and health (Buğra, 2015, p. 132). On the other hand, domestic capital found new investment opportunities and had the opportunity to benefit from the privileges offered by the state (Güngen & Akçay, 2016, p.33-35). During this period, many public institutions such as Petkim, Türk Telekom, Tüpraş, Erdemir, Seka were privatized. The income obtained from privatizations between 2004-2011 was many times higher than the period 1985-2004 (Buğra, 2015, p.113). In 2008, the president of the TESK, Bendevi Palandöken criticized the privatization policies especially in the context of the unemployment they created, with the statement that “*privatizations turned to suffer, not beautification*”. The policies imposed by the AKP deepened the inequalities felt by some social groups and encouraged the rise of informal employment in some sectors. During the first period of the AKP government (2002-2007), as a result of the party’s liberal discourses and performance on economic and political issues, and especially the increase in capital flow to peripheral economies by capitalist world economies, the Turkish economy recovered and AKP benefited from the conjunctural opportunity and gained support from all social layers (Boratav, 2015, p.243). In 2003, the removal of esnaf’s previous tax debts by the AKP was the populist side of its neoliberal policies. It is also known from the national reports that demands of the TESK on the political representation of esnaf within the parliament were rejected in 2005 where hegemonic restructuring of the AKP excluded the political representation of esnaf as part of its state project reducing political pluralism.

Starting from the 1980s, the neoliberal economic model necessitated redrawing the legal boundaries of esnaf<sup>68</sup>. In this respect, the amendments were made in the legal

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<sup>68</sup> The efforts to make esnaf a fixed economic subject, an object of calculation and governance during the neoliberal period have allowed us to refer to the term “economic imaginary” (Jessop, 2016) where the state intervenes to draw its boundaries during the development of capitalism, by determining criterions on the legal level.

regulation of esnaf since 1987. For the first time in this period, many regulations were made to determine the boundaries of the distinction between tradesmen and merchants. where the occupational branches were organized<sup>69</sup>. Some prominent developments related to the esnaf area were experienced during the AKP period. There is no doubt esnaf has been included politically, moreso by different state projects under AKP rule, as part of the AKP's hegemonic project. The political inclusion has been suggested here as a further mechanism of AKP's neoliberal populism (Akçay, 2019) specific to esnaf. Between 2002 and 2020, the occupational branches defining tradesmen and craftsmen have been changed several times; in 2002, 2004, 2007 and 2016. In 2005, to consolidate the centralization of the esnaf policies, a general directorate specialized in esnaf was founded in 2005 and the legal framework of 1964 was abolished, with a new legal regulation accepted in 2005. The legal amendments have aimed to determine the limits of the business capital of tradesmen and merchants to determine what group would be subject to which taxation. Under the changing economic conditions and conditions of increasing competition provided by the free market economy, the material conditions that determined the class position of the esnaf has begun to be shaped, more by state policies. Another important tool of the political inclusion of esnaf in the AKP period is that in 2012, the Tradesmen and Craftsmen Council (*Esnaf ve Sanatkârlar Şurası*) was established. The aim of this council was said to create a fair and transparent system on esnaf with the co-operation of a central bureaucracy and non-governmental organizations<sup>70</sup>, and to direct policies on esnaf. With these institutional and legal transformations, esnaf's interest representation has been politically more inclusive by state policies in the 2000s, which may be

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<sup>69</sup> For the legal amendments on distinction between tradesmen and merchants until the AKP period, see the official decisions on "Esnaf ve Küçük Sanatkâr ile Tacir ve Sanayiciyi Belirleme Koordinasyon Kurulu Kararı", *Resmî Gazete*, no: 19666, 16.12.1987; no: 21997, 21.07.1994; no: 23588, 22.02.1999; no: 24019, 13.04.2000.

<sup>70</sup> On the one hand, this development can be seen as a step towards establishing a dialogue between civil society and the state, but in fact, this formation, which means more political inclusion of esnaf, has overshadowed the voluntary and autonomous activities of non-governmental organizations such as the TOBB and the TESK in the public sphere. If the research could be on the TESK or the TOBB, the detailed examination of interest representation mechanism of public professional organizations during the neoliberal political inclusion process might be interesting.

considered one of the governance tools of the AKP neoliberal populism<sup>71</sup>. The council has functioned in spiritual, ideological and cultural spheres, in Gramscian terms, generating the myth of esnaf while reproducing the consent necessary to resolve the possible legitimacy crisis. The opening of the council with the *akhi* prayers and the discourses on the moral spirit of esnaf may be considered one of the areas of generating the esnaf myth. The formation of this council also seems to be a part of increasing authoritarian practices by the governing party, where centralization of the esnaf politics has been predicted under the presidency of Recep Tayyip Erdoğan.

By 2008, the political context had changed to a large extent. The US-based financial crisis in 2008 affected the foreign-dependent countries such as Turkey and led to serious structural transformations. After the 2008 crisis, in Boratav's terms, Turkey's economy entered a new era with increasing stagnation and increased external vulnerabilities (Boratav, 2015, p. 244). Turkey's economy has mainly been affected by deterioration in foreign trade and confidence failures. With the decrease in global liquidity foreign exchange supply has decreased, and as a result, the Turkish lira has depreciated. The contraction in commercial loans has been strongly felt by small capital owners, being highly dependent on market conditions. As a result of the contraction in the market due to poor cash flow, it is known that esnaf's business volume has declined considerably. While Turkey under the AKP rule experienced a relative growth rate before the global crisis, there has been a manifest decrease after 2008. Economic policies by 2008 were oriented towards the domestic market-oriented growth model, replacing the import-oriented model, but the high rate of foreign inputs in the construction sector meant that this domestic demand-oriented growth model would not be sustainable, considering the long-term external

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<sup>71</sup> In fact, several other governance tools of the AKP neoliberal populism have been subject to many research. Cemil Boyraz (2018) for instance, shed light on the formation and functioning of the communication centers under the AKP rule, reflecting populist concerns of the governing party needing more channels to resolve its legitimacy crisis.

dependency of the Turkish economy (Saraçoğlu; Yeşilbağ, 2015, p.882). The new economic policy was forged through the construction sector and there occurred a new type of capital accumulation with new rent opportunities. However, after 2008, Turkish democracy became more and more fragile and stagnant. During that period, fluctuations in foreign currency and a gradual increase in inflation rates made the Turkish economy more dependent on the world economy. The macro-economic indicators have been demonstrating, that since 2002 the foreign debt has gradually increased, and the national income remained stable since 2010 (Boratav, 2015, p. 254). In this context, where the rate of saving and production is low, but consumption level is high, esnaf has reproduced itself through different economic channels. When considering the variety of esnaf branches in Turkey, its existence and survival depend mostly on its capital size. One has to be cautious about the fact that all esnaf groups are not proletarianized, all together. During the process of concentration and centralization of capital, esnaf's economic conditions have not affected esnaf homogeneously and uniformly. Each crisis period may also be an opportune time for the esnaf or those have a solid capital accumulation. It is a fact that unstable macroeconomic developments have influenced the Turkish economy being highly dependent on macro-economic processes and hence influenced esnaf's business volume, since its activity cannot be detached from everyday life practices of the masses, and greatly shaped their daily needs and consumption patterns. The data provided by the TESK indeed reveals the fact that, especially in periods of economic crisis, there have been many more esnaf closing their shops. Although the monthly average number of registry cancellations has been 100.000, in 2008 the number rose to 127.800, and in 2011, climbed to 141.116 (Table IV), which means that under the crisis conditions, more esnaf had to close their shops due to fragile market conditions, because being historically self-sufficient, esnaf has remained highly dependent on market conditions, albeit supported by state-led policies.

During the 2000s, the so-called structural and stabilizing reforms were always carried out by the intervention of the state, which have in time caused the transformation of the state itself. As an important step of neoliberal financialization,

through the popular referendum held in July 2018, Turkey's long-standing parliamentary system was transformed into a heavily centralized presidential one. The increasing authoritarian practices and discourses of the government party aimed to redesign the political sphere by including non-governmental actors representing the capitalist class. The more the state and society were faced with a structural transformation, led by high centralization and reinforcement of executive power, the more the state became authoritarian in favor of the capitalist class. One of the important developments just before the referendum was the foundation of the Turkish Wealth Fund in 2016 to increase state incomes by investing in various national and international financial assets. By 2017, several public companies, including Halk Bankası were handed to the Turkish Wealth Fund by a decree-law. Just after the presidential referendum, the fund administration was attached to the president, which means a loss of autonomy for the companies and an increase in the state's centralization. Indeed, the very meaning of this transformation lies in the changing nature of state-capital relations in favor of capital. Halk Bankası, which was autonomously founded to assure loans to small tradesmen and artisans, has lost its ontological meaning and become a presidential company pursuing the interests of the capitalist class. The new presidential system in which the president Erdoğan also becomes the CEO of the Turkish Wealth Funds has once again included esnaf via the changing structure of Halk Bankası, into its own body, by establishing direct linkages with this social group. Thus, one may conclude that not only the tax or interest rate discounts, but also the discourses of Erdoğan specific to esnaf attributing them an ideological role of carrier of the status quo<sup>72</sup> have reproduced this social group within the relations of production.

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<sup>72</sup> Please remember Erdoğan's speech in the Council of Small Tradesmen and Craftsmen (*Esnaf ve Sanatkârlar Şurası*), in 2014 where he assigns the role of police force to *esnaf* when needed. The meaning of this discourse lies in the reproduction of esnaf through ideological and political relations. Available at: <http://bianet.org/cocuk/siyaset/160261-erdogan-esnaf-gerektiginde-askerdir-alperendir>

In 2018, the Turkish lira lost more than 40 percent of its value against the US dollar<sup>73</sup>. Although the currency crisis has occurred as a result of a diplomatic crisis and prompted concerns about Turkey's economy, the economic crisis was already predicted as a casualty of the high current deficit of the country. During this period, esnaf, having only small capital and being debtor and dependent on market conditions, was highly affected by the economic stagnation. However, for those who were able to stock goods during relatively stable economic conditions, it cannot be said the situation is getting worse. As a result, it is not surprising that esnaf, during this period, accused the self-seekers of benefiting from unfair competition. According to the data of 2018 (Table IV) published by the Confederation of Turkish Craftsmen and Tradesmen (TESK), in highly insecure economic conditions, there is a great decline in numbers of newcomers and existing esnaf. However, a general consideration of registers from 2014 to 2018 does not show significant data variation in the total number of esnaf. At the beginning of 2019, the government developed a policy to undermine the unfair competition in the domestic market, to prevent food inflation. The policy is a reminder of the period of the 1970s, where the state introduced the same policy involving the foundation of a sale center by municipalities, where basic consumption goods were produced only by cooperatives and producers. As in the 1970s, esnaf has met the development with resentment, because the introduction of the state into the food retail sector has directly influenced esnaf's market situation. Although political forces have made several promises to esnaf to maintain their class position, the neoliberal policy has to a large extent undermined the competition power of esnaf, where the big retail chains have more capacity and resources to compete with the state-sponsored policy. Towards the end of the 2010s, the change in the state power has conditioned the transformation of esnaf, in terms of its class location and position. On the one hand, it has been pushed more and more towards the insecure market conditions. On the other hand, it has been made an integral part of increasing

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<sup>73</sup> The 2018 currency crisis conditions have been continuing, while the pandemic conditions of 2020 have doubled the effects of the market fall. The so-called economic and political developments will be analyzed further, while elaborating on the findings of the field research carried out in Perşembe Pazarı.

authoritarianism of the state power. Thus, during the AKP period as well, esnaf has adapted itself to the conjunctural changing balance of powers depending on their articulation of different cycles of capital and state projects.

#### 4.4. Concluding Remarks

The historical trajectory presented in this chapter has highlighted the transformation of esnaf's position and location and its reproduction within the relations of production. Accordingly, esnaf's historical transformation has followed several patterns of change and adaptation. During the Ottoman incorporation process within the world economy, its gradual detachment from the production process is quite decisive in the determination of esnaf's location and position. Esnaf, which had once been involved in production and distribution processes, began to remain only in the distribution process over time, as a result of decreasing industrialization and mass production. Contrary to the *decline paradigm* predicting the disappearance of craftsmen/artisans/esnaf and death of traditional petty bourgeoisie, one might prefer the term adaptation<sup>74</sup> instead of disappearance, because the historical trajectory since the nineteenth century did not verify the decline or dependency narrative; rather a more dynamic narrative of social change. In the theoretical part, as has already been discussed, rather than being an ancient category of petty bourgeoisie belonging to the traditional mode of production, esnaf has been positioning as a contradictory class location within class relations during

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<sup>74</sup> The use of the term "adaptation" here brings to mind the set of concepts that Cultural Political Economy (CPE) derives from economic revolutionary theory: *variation, selection, retention* (Jessop, 2006). The critical semiosis analysis offered by Cultural Political Economy may provide a solid ground to understand how the political and economic institutions, objects, subjects and processes may be analyzed and explained through the articulations of semiosis (discourses, narrative, historicity, identity, argumentation, rhetoric) with the interconnected economic and political materialities. Throughout this study, esnaf is not taken as a naturalized, universalistic, positivist and fixed theoretical object, rather as a socially and discursively constructed object where its reproduction conditions have always been dependent on the continuing reproduction of capitalist relations. It is believed that esnaf may also be analyzed through the mechanism of variation, selection and retention, as conceptual keys to understand the dynamics of the conditions of its historical formation and transformation where the transformation of capitalist relations have inherently caused continuing contradictions, ruptures and competitions.

the process of capital concentration. The existence of this intermediate category is necessary for the legitimation of the capitalist system because it promotes a part of the capitalist class, by its continuous reproduction through ideological, political and economic relations. Throughout the Republican period, the conjunctural economic and political conditions have always been decisive in the determination of its class locations, depending on the maintenance of their class position. During the neoliberal era, the expansion of the private sector and foreign investments both as a result of increasing privatization and the liquidation of the social state on behalf of the capitalist class has seen major social changes within the society. After the transition to the neoliberal period, with Turkey's opening to the global competitive market, the class structure in Turkey has been deeply transformed, not only by the increasing importance of the service sector and skilled and educated "workers", but also by increasing occupational diversification. In the neoliberal era, although esnaf field suffered major transformations as a result of the restructuring of the retail system by the advent of shopping malls and chain stores, new branches have emerged as a need of the neoliberal consuming culture. Thus, with the increasing urbanization and population, class differences also began to emerge among small capital owners in cities. The transition to neoliberal policies since the 1980s has also restructured the esnaf field by obliging this social group to be dependent on a liberalized financial system. Having already small capital and a small-scale business, esnaf has not only remained dependent on the financial system and the outcomes of macro-economic processes but remained dependent on its inherent relationship with the state. The neoliberal transformation of the society and the state has spawned the necessary conditions for reproduction of the capitalist imagination where esnaf has been nurtured by its dependency on the financial system. Since the 1980s the state itself has also changed, adapted more authoritarian practices and its capitalist character has become more and more manifest. Since that time, esnaf's direct and indirect inclusion by state power through several practices, policies and discourses have inhibited their integration into the collective labor process.

The subject matter of this chapter is to understand the conditions of structural determination of esnaf's class location and its class position. Since the generation of ideological, political and economic relations depends merely on the specific conjunctural conditions of a country, it seems necessary to explore the determinant moments in history to understand esnaf's class formation process. During all phases of the development of capitalism since the late eighteenth century, esnaf has been continuously reproduced through political, ideological and economic relations, and adapted into the capitalist societalisation. By a reading of the late Ottoman and Republican periods from the perspective of social change shaped by articulation of different mode of capitalist accumulation it allows us to place the question of esnaf's reproduction onto more solid ground, since as a result of the diffusion of capitalist logic and concentration of capital, not only its class position has altered, but to maintain its class position as an intermediate category, its class location has also changed according to the specific conjunctures. The political change as a result of the crisis of the accumulation process has an indirect impact on the structural determination of esnaf where esnaf has always been taken for granted through political and ideological relations and is considered an important social base for the maintenance of the hegemony and the capitalist logic in each governmental period. Thus, as long as they maintain their class boundaries, they are not supportive of political change unless they maintain their market and economic conditions. Although its class boundaries have faced challenges during the process of concentration and centralization of capital, its position within the social division of labor has always been considered where the reproduction of esnaf refers to the process whereby the state has always been the principal actor. The conditions of its structural determination are highly related to its relationship with the state and capital. This relationship has transformed in time, not only through the legalization and relative corporatization of the universe of esnaf, but also with the transformation of the capitalist state itself. However, esnaf's relation with the state and different partners of the hegemonic power relations have had more or less similar features in each governmental period, in terms of relying on inclusionary politics, because as Offe and Ronge (1975) suggests, political power is determined

not only by its institutional form but also by its material content depending on the accumulation process. To conclude, it may be suggested that esnaf's position within the balance of powers have always determined the conditions of the reproduction of its class location and position, being compatible with the hegemonic ideology legitimizing the maintenance of the capitalist accumulation process. Not only the role of the state and the bourgeois ideology - shaped by the accumulation process - in reproducing the esnaf but also esnaf's role in reproducing the hegemony has always been decisive in locating it within class relations and in understanding its class nature.

## 5. ANALYSIS OF THE EMPIRICAL RESEARCH

Turkey provides a great empirical ground to research esnaf in various ways and esnaf has a great importance in the reproduction of hegemonic relations. In addition to historical and sociological studies carried out on esnaf, its transforming class position and location within the relations of production have not been adequately recognized and problematized as a research topic in the literature of the political-economic history of Turkey. Contrary to the theoretical assumption of the intermediate classes in advanced societies, esnaf has historically reproduced itself as a very part of capitalist relations. The permanent emphasis on esnaf by the political parties has resulted in the emergence of nostalgia specific to esnaf, insisting not only on their fundamental role within the social division of labor, but also its national protective role and peripheral role in hegemonic relations, yet not constitutive. When considering the number of esnaf in Turkey, it is quite obvious that for the political sphere, esnaf has always constituted an important social base for the maintenance of hegemonic power relations. This fact is the very important dimension of the socially and economically constructed ideological role of esnaf within the Turkish capitalist social formation. In Turkey, the role of esnaf has been spontaneously invented because it has expressed a hope and a nostalgia for maintaining capitalist relations, rather than describing a reality, since its ideological and economic roles have always served as material basis for the reproduction of capitalist relations. Although acknowledging esnaf as a social category seems very attractive, not only in economic terms, but also in ideological, political and cultural terms, the question of how to make sense of esnaf in class terms is a challenging one, because of its definitional ambiguities and conceptual limits.

Taking esnaf as a research topic refers to a highly broad preference, since in Turkey, esnaf may refer to the artisans, petty traders, shopkeepers, petty manufactures, informal street vendors and others, where small-scale capital is the common point of the commercial actors. The existing theoretical debates on the petty bourgeoisie allow us to consider esnaf within the class relations between petty bourgeoisie and bourgeoisie, having a class nature. The esnaf, in this respect, refers to a self-

employed category, as a contradictory class location (Wright, 1985). Thus, esnaf fits into a self-employment category between bourgeoisie and petty bourgeoisie by characterizing several class locations within it. Although every self-employed cannot be defined as esnaf, every esnaf indeed refers to the self-employed. The very common point of the class locations consisting of esnaf is that; like the petty bourgeoisie, they all have their means of production, and mostly like bourgeoisie, they hire wage labor. Furthermore, when considering the specific conjunctural conditions of its formation and transformation of esnaf throughout the history, the terminological preference to use “esnaf” in place of petty traders or shopkeepers has become more meaningful where the boundaries of the class locations defining esnaf has become more blurred with the process of concentration and centralization of capital, and where the state’s intervention to regulate the esnaf field has intensified during the neoliberal era. However, contrary to the assumption of the gradual disappearance of esnaf at the advanced stage of capitalism, new opportunities always emerged for esnaf, although their economic position became more insecure in the face of changing market conditions. Thus, the specific conjunctural conditions of the development of capitalism, in fact have made the class location of esnaf more contradictory where it has historically reproduced itself through the changing articulation of different sets of relations.

In this chapter, the empirical findings of the field research carried out on the esnaf in Perşembe Pazarı will be analyzed. However, in light of the historical conditions and theoretical boundaries of esnaf, one should first define esnaf. Accordingly, in order to draw the boundaries of esnaf, and to accurately elaborate esnaf at the empirical level, the quantitative information will be presented, since the conceptual and legal ambiguities between merchants and esnaf is required to lay down all the institutions, economic actors and legal framework so as to understand the limitations to draw the boundaries of esnaf. Secondly, the research methodology of the study together with the preliminary preparations before the field research will be presented. The field where the research was carried out, the Perşembe Pazarı, will be analyzed by considering its historical transformation though the economic

history from the late Ottoman period. Thereafter, the neoliberal transformation of the Perşembe Pazarı will be further examined in this part to reveal the changing spatial and material conditions that esnaf has been experiencing. Thirdly, based on the field research, the finding will be analyzed by considering the reproduction conditions of the esnaf in Perşembe Pazarı in the specific conjuncture. The areas where esnaf formulated their material interests have enabled us to consider their experiences and perception of the market order during the changing conditions. Their fragile position in the changing market conditions will be discussed by considering not only changing business patterns and strategies of esnaf during the process of capital concentration in Turkey, but also sectoral changes and different accumulation strategies, by keeping in mind the spatial and sectoral transformation dynamics of the Perşembe Pazarı being historically characterized by the hardware trade. It will also be argued that having no common institutionalized responses and common strategies to adapt to changing parameters of political and economic conditions, esnaf has been experiencing the market order in different ways under the impact of the articulation of different sets of relations preventing them from expressing their interest from a common vantage point. In the second place, the vulnerable position of esnaf will be explained through its relationship with the state, together with their changing perceptions on the role of the state in the economy. Throughout the presentation of the empirical findings, their reactions and demands within the changing balance of powers and modes of intervention of the different political forces will be presented, together with the transformation of the state powers and state projects, the strategic capacities and vulnerabilities of the esnaf in the face of the changing balance of powers. Furthermore, esnaf's class position and its important role, *if not hegemonic*, within the capitalist relations of production will also be discussed. Thirdly, their strategic capacities to reflect on policy advice, depending on their changing interests in the specific conjunctures and associated with the particular structures where the competition power of esnaf has been broken, will also be argued. Fourth, in order to reveal the necessary strategic capacity to mobilize esnaf's interests, the patterns of their associability and their interest representation, together with the patterns of historical political inclusion of

esnaf as a state project, and the transformation of their interest representation channels will be addressed.

### **5.1. Drawing the Boundaries of Esnaf as a Methodological Requirement**

When esnaf becomes the subject of research, the first question asked should be “*who is the esnaf?*”. However, it is not a simple task. The first challenge is encountered in mapping esnaf while considering its definitional and categorical distinction envisaged by the legal regulations. Esnaf objectively refers to a contradictory class location, involving other contradictory class locations within it. In order to both objectively and subjectively understand esnaf, this social category should be explored regardless of their scale of business, occupational and sectoral differences, and the legal framework drawing the boundaries between the class locations of esnaf. The requirement of this detailed exploration lies not only in the conceptual and legal confusions appearing during the research, but also in the historical conditions of its formation and transformation where increasing commercialization has blurred the boundaries between esnaf and merchants. Since this exploration provides data on esnaf to a large extent, it never contains a representation claim. During the field research, it is also observed there is no clarity about the distinction between small tradesmen and merchants; sometimes the interviewees have defined themselves as merchants, sometimes as small tradesmen, but mostly as esnaf referring to both small tradesmen and merchants. The question of whether it is accurate to call the interviewees esnaf or not, raises further questions about the extent to which small tradesmen are different from merchants, and about the small tradesmen and merchants within the informal sector which is generally excluded from the formal categorizations. Given the conceptual difficulty, the complexity of occupations and activities in addition to different class locations has

also required the mapping of the whole field, which seems necessary to identify esnaf empirically<sup>75</sup>.

The Turkish Commercial Code No. 6102 in Turkey makes a legal distinction between merchants and tradesmen, by translating the latter as esnaf. Although its definition and categorical distinction from other commercial actors takes place at the legal level, the field research has already shown it is impossible to observe this distinction in economic life. There is also another legal regulation specific to tradesmen and craftsmen called Tradesmen and Craftsmen Professional Organizations Law. This law, specific to small tradesmen and craftsmen, first adopted in 1964<sup>76</sup>, was repealed in 2005 under the AKP rule<sup>77</sup>. With this new law, the field of small tradesmen and craftsmen were re-arranged within the central bureaucracy and at the level of professional organizations. According to this law, small tradesmen are defined as “*anybody, whether mobile or stable, included in one of the branches determined by the Committee of the Determination of Tradesmen, Craftsmen and Merchants, who leans its economic activity with its capital on his/her physical working, and whose income is not as businessmen and tradesmen, who is subjected to the taxation by single entry and to the bookkeeping according to the operation account and who is exempt from the tax*”. According to article 12 of the Turkish Commercial Code adopted after the last amendments in 2011, the merchant is defined as “*a person who runs a business on her/his behalf, even partially*”. It is also stated in this law that the “*commercial enterprise is an enterprise where activities aiming to generate income exceeding the limit foreseen for tradesmen are carried out continuously and independently. The boundary between the commercial enterprise and the tradesman enterprise is shown in the*

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<sup>75</sup> While expressing the quantitative changing of tradesmen and merchants (concerning mainly to number of openings and cancellations, level of indebtedness), it should be noted that this quantitative data cover the pre-pandemic. For the pandemic period, it will not be difficult to predict that the cancellations and indebtedness level will increase.

<sup>76</sup> 11769 Sayılı 507 N’lu Esnaf ve Küçük Sanatkarlar Kanunu, *Resmi Gazete*, 01.09.1964

<sup>77</sup> 25852 Sayılı 5362 No’lu Esnaf ve Sanatkarlar Meslek Kuruluşları Kanunu, *Resmi Gazete*, 21.06.2005

*decree to be issued by the Council of Ministers*". As the legal regulations clearly indicate, neither the sectoral differences nor the difference between productive and unproductive labor, are not the decisive criteria in the definition of these economic categories; rather turnover differences determine the legal distinction between tradesmen and merchants. However, the categorical and definitional distinctions are not sufficient to define this universe, since tradesmen and merchants are partially intertwined definitively and legally. It is worth noting that this concern has also been shared by the public professional organization representing both merchants and tradesmen. So far, many legal regulations have been made to clarify this distinction. Although with the technological development, the online information systems have partially organized this universe, according to information received from the TESK, the distinction between tradesmen and merchants has always been blurred, not only in legal regulations, but also in the registries since tradesmen and merchants can both register in the tradesmen registry or vice versa<sup>78</sup>. Therefore, the second challenge emerges when considering the numerical data obtained from registry newspapers; what is the proportion of tradesmen and merchants in the statistics? Another test arises when considering the commercial lower limits determined by Tax Procedure Law No. 123. According to the law, those whose annual purchases exceed 280,000 TL or whose annual sales exceed 390,000 TL are considered merchants. Likewise, according to the decision of the Council of Ministers in 2007<sup>79</sup>, it has been decided that in accordance with the Tax Procedure Law, tradesmen were defined as those who do not exceed the mentioned limits by the Tax Procedure Law. However, it is also indicated that in the case of exceeding the commercial limits up to 6 times, the tradesmen were still not required to register

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<sup>78</sup> However, in 2020, an arrangement was needed when the public banks allocated loans to tradesmen and artisans (*esnaf ve sanatkârlar*) in order to support them in the pandemic conditions. Within the scope of the allocation of the loans, the online registry system for esnaf (tradesmen) and merchants were separated and thus able to control each other in the digital environment.

<sup>79</sup> For example, in the same decision of Council of Ministers, Small and Medium Sized Enterprises (SMEs) are defined as businesses operating in all kinds of economic and commercial activities regardless of their legal status. In addition, it is stated that enterprises which employ less than 250 employees annually, and whose annual net sales revenue or financial balance do not exceed 125 million TL are in the SME category. In this case, it can be deduced from this decision that the owner of a SME may also be considered a merchant. "Bakanlar Kurulu Kararı", *Resmi Gazete*, no: 26589, 21 Temmuz 2007.

in the merchant registry. As is seen, the definitional and legal distinction between tradesmen and merchants has still been a problematic issue, not only for the researchers, but also the state itself. It should be mentioned that the TESK and Ministry of Commerce (GTB) attach special importance to the legal, definitional and statistical reorganization of tradesmen and merchants. Despite the efforts, it is said that the current data does not reflect the general situation for tradesman and the merchants. However, despite the blurred distinction, the data of these categories are legally separated as if the categories were legally arranged. In this regard, the data is still not clear because of the complexity in the registries. In order to make a general statement on the universe, the data for tradesmen and merchants alike, will be used in this research. However, one should remember the statistical data is much more complex than any other statistical data, because unfortunately it does not reflect accurate information on this commercial universe. Nevertheless, in the light of the disaggregated data, it is still possible to arrive at some clues about the universe.

The professions of tradesmen and craftsmen (*esnaf ve sanatkâr*) are quite diverse (Table I). They included manufacturing, trade and craft of several services and goods. According to the data provided by the Ministry of Trade (GTB) in 2019, there were 491 professions identifying as tradesmen and craftsmen. However, with the legal amendment made in 2019, the Committee of the Determination of Tradesmen, Craftsmen and Businessmen updated the list of the Tradesmen and Craftsmen Professions, in accordance with the global requirements of the internationalization of the capital. With this amendment, professions are reorganized within the scope of Statistical Classification of Economic Activities in the European Union (NACE)<sup>80</sup> which aims to define economic activities according to European standards, the number of sectors was reduced from 17 to 11 and the

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<sup>80</sup> The internalization of the capital has made countries on the global scale adopt the common statistical standards used in business, financial institutions and governments operating in the international market. For detailed information, see the information provided by the European Commission. Available at: <https://ec.europa.eu/eurostat/documents/3859598/5902521/KS-RA-07-015-EN.PDF>

number of professions from 307 to 184, and economic activity assigned a NACE code. Although it has listed as the professions of tradesmen and craftsmen, the directory also includes the professions of merchants. The list includes almost every economic activity that concerns the retail and wholesale sector, not only the trade branches but also the manufacturing branches. According to the last amendments, the sectors are determined as follows:

**Table I. The Professions of Tradesmen and Craftsmen<sup>81</sup>**

SECTORAL CODE	SECTORAL DISTRIBUTION	EXAMPLES FROM THE DETERMINED PROFESSIONS
A	Woodwork	Carpenter, Furniture Trading and Manufacturing
B	Entertainment, Resting, Organization	Organization Activities, Game Hall Management, Hotel Management
C	Electric, Electronic, Computer	White Goods Repair and Trade, Electrical Material Manufacturing and Trade, Telecommunication Equipment Manufacturing and Trade
D	Food, Agriculture	Beekeeping, Bakery, Butchery, Ice Cream Seller
E	Clothing, Leather Products, Home Textile, Woven	Manufacturing and Trade of Shoes, Weaving, Carpet, Tailing
F	Gift Goods, Printed Photography, Various Goods	Flowering, Photography, Individual Art Activities
H	Metal, Automotive, Machine	Jeweler, Auto Care
G	Hairdresser, Barber, Cleaning, Sports, Cosmetic, Health	Women-Men's Hairdressing, Tattoo Hall Management, Manufacturing and Trading of Cleaning Materials
I	Bazaar, Peddlers	Vegetable-Fruit Trade, Plant and Animal Trade in The Bazaar
J	Transportation Services	Fuel Trade, Taxi Drivers
K	Building Arts	Hardware, Real Estate

*Note.* Data furnished from the GTB and the TESK, 14 September 2020.

Today, there are almost 2 million tradesmen and craftsmen in Turkey (Table II). In fact, one should note that the proportion of the craftsmen or artisans in the data is assumed to be quite low when considering the changing relations of production at the course of the capitalist development, where the productive labor handicraftsmen mostly disappeared in the face of industrial production. According to the statistics available from 2013, the number of tradesmen has increased over time, which should be considered within the proportion of the national population over this time. Thus, contrary to the theoretical assumptions of the disappearance of esnaf in advanced capitalist societies, the number of esnaf has increased over the years as a

<sup>81</sup> When considering the data provided by TESK for the year 2014, the professions of tradesmen and artisans are divided as manufacturing and service. However, this distinction has disappeared with the legal amendments in 2019.

result of the transformation of the retail and wholesale sector, and the expansion of the service sector under neoliberal economic conditions. The change and diversification of the consumption practices and needs within the retail and wholesome sector may be materially reflected in the numerical increase of the tradesmen and artisans, as one of the service-providing groups. In addition to the emergence of new occupational and sectoral opportunities for esnaf, the increase in credit opportunities during the financialization period may also be a reason for the increase, where maintenance of a business in the neoliberal market economy has become more difficult than ever, which should be followed from the data on the registry cancellation (Table IV).

**Table II. Table Number of Tradesmen and Firms**

Year	The number of tradesmen	Number of Firms
2013	1.507.563	1.625.108
2014	1.569.655	1.691.440
2015	1.591.544	1.714.858
2016	1.602.182	1.725.634
2017	1.694.975	1.800.933
2018	1.738.120	1.870.677
2019	1.771.199	1.905.598
2020	1.953.120	2.103.745

*Note.* Data compiled from the GTB and TESK, 30 September 2020

Please note that the quantitative data on the esnaf includes the formal labor force only. However, during the unequal conditions of the capitalist development in Turkey, it is also necessary to take into account the social reality and dimensions of informal employment in the wholesale and retail sectors (Table III), in mapping the esnaf. The rate of informal employment has increased over the years within the retail and wholesale trade sector, where employment conditions have become more insecure and market competition more severe. As can be observed through the statistical data, in 2019 the share of the informal labor force in the wholesale and retail sector is 30.75%, a very high proportion, with the total informal labor force showing the devastating results of the process of the concentration of capital.

**Table III. Informal Employment Rate in Wholesale and Retail Commerce**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Wholesale and Retail Trade</b>	38,42	36,56	34	30,27	27,91	26,55	25,89	27,09	27,71	27,57	30,75

*Note.* Data furnished from the Social Security Institution (SGK), 30 September 2010.

The transformation of the wholesale and retail sector with the increasing foreign investments in the 2000s has negatively affected the competitiveness of self-employed tradesmen and merchants, although new investment and business opportunities might emerge. In this sense, the continuous increase in shopping malls and the mega markets in Turkey as important symbols of consumption capitalism, should also be indicated as one of the factors of the transformation of the retail and wholesome sectors. Thus, the differential pressures of the economic competition on tradesmen and merchants with small or medium-scale capital, has placed them in a precarious position. However, since it requires little qualification to enter this universe, and since the new consumption areas have emerged, there are newcomers opening new shops in various retail and service areas today, as well as those who failed in face of the competition conditions of capitalism (Table IV).

**Table IV. Table IV. Number of Newly Registrations and the Cancellations**

<b>Year</b>	<b>Newly Registered Esnaf</b>	<b>Number of Registry Cancellation</b>
<b>2008</b>	166.823	117.810
<b>2009</b>	162.911	91.046
<b>2010</b>	177.032	93.735
<b>2011</b>	190.899	131.116
<b>2012</b>	188.435	90.671
<b>2013</b>	193.870	91.521
<b>2014</b>	200.235	96.353
<b>2015</b>	228.871	84.051
<b>2016</b>	229.367	76.148
<b>2017</b>	229.298	88.826
<b>2018</b>	122.748	238.416
<b>2019</b>	238.416	90.565

*Note.* Data compiled from data furnished from GTB and TESK, 30 September 2020

The Ministry of Trade (GTB) does not have clear data on merchants, since it is intertwined with the data on tradesmen. Both tradesmen and merchants mostly have a firm statute referring to several businesses with various scales. The statistics on the firms published by the GTB may offer us necessary, but inadequate information about the merchants. According to the bulletins published by the GTB, which included both the data on tradesmen and merchants, it is possible to see an increase in the number of firms registered mostly in the merchant registry. The number of active firms, which was 1.751.696 in July 2017, was announced as 1.822.471 in February 2018. According to the last bulletin published in July 2020, the total number of active companies with various types and scales was announced as 1.959.5 (Table V). The increase over the years may be explained in terms of the emergence of new business and investment opportunities. However, one should consider the number of businesses closed, where the market conditions have become more insecure and competitive, while seeking the proletarianization conditions of tradesmen and merchants.

**Table V. Numbers of Established and Closes Businesses**

	2010	2011	2012	2013	2014	2015	2016	2017
<b>Number of tradesmen who started operating</b>	176.978	189.427	191.808	193.870	200.235	201.006	228.871	229.367
<b>The number of tradesmen stopping the business</b>	103.256	142.843	96.204	105.507	113.696	97.715	101.614	96.945
<b>Opened / Closed proportion (tradesmen)</b>	1,7	1,3	2	1,8	1,8	2,1	2,3	2,4
<b>Number of companies that started operating (real persons)</b>	50.943	60.430	67.455	58.987	67.920	47.069	41.972	44.238
<b>Number of companies stopping the business</b>	29.921	41.130	31.915	19.873	23.229	19.061	19.610	18.005
<b>Opened / Closed proportion (companies)</b>	1,7	1,5	2,1	3	2,9	2,5	2,1	2,5

*Note.* Data furnished from the TÜİK, the Ministry of Development, the 11th Development Plan

When looking at the number of entrepreneurs according to their scales (Table VI), it can be determined there is also an increase in numbers of entrepreneurs, yet it may be observed that micro-scale enterprises, especially, have increased less over the years. Although the data does not include the closed businesses, one should also consider cancellations. One may infer that as capitalism develops, it becomes harder for small-scale tradesmen and merchants to compete with the increasing competition in the capitalist market. Although commercial losses become inevitable as the conditions of competition heighten, capitalist developments have continued to offer new opportunities for the tradesmen and merchants, albeit with much more financial risk.

**Table VI. Opened Businesses (scale-based)**

Scale of the business / Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Micro with 0-9 employees</b>	3.331.988 (%95,59)	3.084.183 (%95,62)	2.860.438 (%95,25)	3.243.788 (%94,79)	3.280.397 (%94,40)	3.303.210 (%93,59)	3.302.397 (%93,67)	3.357.063 (%93,65)	3.420.580 (%93,65)
<b>Small with 10-49 employees</b>	138.838 (%3,98)	121.746 (%3,77)	120.967 (%4,03)	153.150 (%4,48)	166.277 (%4,78)	190.554 (%5,40)	185.573 (%5,26)	189.964 (%5,30)	193.304 (%5,29)
<b>Medium with 50-249 employees</b>	12.165 (%0,35)	16.204 (%0,50)	18.408 (%0,61)	21.468 (%0,63)	24.046 (%0,69)	30.567 (%0,87)	31.271 (%0,89)	31.780 (%0,89)	32.508 (%0,89)
<b>SEEs with 0-249 employees</b>	3.482.991	3.222.133	2.999.813	3.418.406	3.470.720	3.524.331	3.519.241	3.578.807	3.646.392
<b>Big than 250 employees</b>	2.658	3.329	3.303	3.757	4.272	5.210	6.190	6.025	6.129
<b>Total</b>	3.485.649 (%100)	3.225.462 (%100)	3.003.116 (%100)	3.422.163 (%100)	3.474.992 (%100)	3.529.541 (%100)	3.525.431 (%100)	3.584.832 (%100)	3.652.521 (%100)

*Note.* Data furnished from the TUIK, the Ministry of Development, the 11th Development Plan

When considering the tradesmen and merchants, one should look at the development of the wholesale and retail trade<sup>82</sup>. The compared annual data on the

<sup>82</sup> Several studies have been carried out by the private companies of public opinion (such as Nielsen), counseling companies (such as KPMG and PWC) and several ONG's on the transformation of the wholesale and retail sector. For instance, the Turkey Retail Federation (TAMPF) in this respect, have prominent statistical data on the transformation and dynamics of the retail sector in Turkey. The statistical information provided by this research, although based on the data of TUIK, may be more illuminating to present more organized data. For some of these researches, see; the reports of the TAMPF available at; <http://tampf.org.tr>; for the report of the KPMG, available at:

economic developments<sup>83</sup> presented by the TÜİK may provide a ground here to discuss the small-scale merchants and tradesmen. According to the data offer by TÜİK, the share of the retail and wholesale trade was 12% in GDP in 2019. Although the weight of the retail and wholesale sector is an important share in the national economy in terms value and volume, the data has no clue for the proletarianization conditions of the small scale tradesmen and merchants, which may be explained by two causal factors. On the one hand, the opening of the chain markets promoted by the conjunctural changing balance of powers in Turkey, such as BİM and A101 has affected the small-scale tradesmen and merchants holding a position that has become very precarious under the conditions of increasing competition and economic stagnation. On the other hand, the increase in direct foreign investments into the retail and wholesale sector allows us to understand how, and in which direction these sectors are developing. The increase in foreign direct investment has increased the competitiveness in the retail and wholesale sector and directly affected the conditions of doing business for tradesmen and merchants who cannot compete with market conditions on a commercial scale. The internationalization of capital and economic activities with the entry of the global enterprises of online shopping such as Amazon or with the opening of international shopping malls such as IKEA, actually means the acceleration of the movement of international capital. The results of the increase in international capital flows become more devastating for the tradesmen and merchants, especially when considering the chronic inflationary environment in Turkey, which is obvious in the consumer index data. The import-dependent structure of the trade structure is the most important determinant factor in this economic stagnation. The import of

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<https://assets.kpmg/content/dam/kpmg/tr/pdf/2020/01/sektorel-bakis-2020-perakende.pdf>; and the report of the PWC, available at; <https://www.pwc.com.tr/tr/publications/industrial/retail-consumer/pdf/donusurken-buyuyen-turkiye-perakende-sektoru-raporu.pdf>

<sup>83</sup> The accuracy of the official statistical data provided by the TÜİK has been a controversial issue in Turkey, where many scholars in the social sciences have criticized the revisions made by the TÜİK in 2016 and demanded further revisions. The revision of official statistical data, especially on the national economic indicators have led to a total and cumulative inaccuracy in the macro-economic indicators. It is defended that the revision would be a great difficulty for the quantitative research. (Boratav, K. et al).

intermediate goods constitutes a significant portion of the total imports in Turkey. This situation makes the tradesmen and merchants - particularly those selling the imported goods - more vulnerable to changes in the foreign trade regimes affecting domestic trade and manufacturing volume.

On the other hand, in the face of the increase in inflation, changes in the foreign trade regime and increasing competition, the tradesmen and merchants indeed need financial capitalism tools to survive. However, the institutions providing credit to them are quite diverse. There are many public and private actors assessing commercial credits to tradesmen. The legal distinction between tradesmen and merchants becomes obvious when considering the allocations of the commercial loans and the credit usages. Tradesmen in Turkey can use Treasury-backed loans with guarantee, or directly through the TESKOMB (Tradesmen and Craftsmen Credit and Guarantee Cooperatives), founded to meet the financial needs of the tradesmen. The main credit is called the Tradesmen and Craftsmen Credit and Guarantee Credits (ESKKKs). When considering the data on the ESKKK, one can observe that the number of tradesmen using credits have increased over time, and the tradesmen, as well as the merchants, have been included in the indebtedness relations. Credits are provided not only through cooperatives, but also through private banks and public-partner institutions such as the Credit Guarantee Fund (KGF) founded in 1990 as an outcome the financial liberalization in Turkey. According to the 11th Development Plan, there has been a serious increase in the loan volume and number of users in recent years. The number of tradesmen and craftsmen benefiting from discounted interest loans provided to tradesmen and artisans through ESKKK and Halk Bank, was 258,000 in 2012 and 449,000 in 2017. When considering the number of tradesmen announced as 1.800.933 in 2017, it figures that approximately 25% of the tradesmen have used ESKKK credits through the cooperatives.

**Table VII. Number of Tradesmen Using Credit**

Year	Number of tradesmen using credit through cooperative	Current Interest Rate	Interest Rate applied to Tradesmen	Risk balance
2008	255.221	22	14	3.114.135.015
2009	248.070	16	8	3.290.952.080
2010	236.742	10-12	5-6	3.669.123.551
2011	244.700	10-12	5-6	5.541.322.896
2012	258.057	10-12	5-7,8	6.925.756.228
2013	286.123	8-10	4-5	9.617.317.535
2014	317.710	8-10	4-5	12.519.575.397
2015	353.627	8-10	4-5-0	16.159.093.348
2016	432.826	8-10	4-5-0	20.359.055.127
2017	444.940	8-10	4-5-0	21.510.530.269

*Note.* From the GTB, 30 September 2020.

**Table VIII. The Numbers of Firms Applied for KGF Loans**

Year	KGF credits (equity capital) Number of Firms	KGF credits (treasury-backed) Number of Firms
2010	1.333	600
2011	1.058	1.198
2012	1.484	3.528
2013	1.199	1.263
2014	2.573	1.660
2015	2.485	3.638
2016	4.643	6.972
2017	5.863	272.581

*Note.* Data furnished from the TUIK, the Ministry of Development, the 11th Development Plan.

The data on the credit usage by tradesmen and merchants is so dispersed it may provide an impetus to categorize all statistical data because of the presence of various money-lending institutions. In addition, since the definitional boundaries of the tradesmen and merchant categories are quite flexible, it is very difficult to achieve a healthy data in terms of credit usage distribution and loan usage rates. However, it is possible to say that loans play an important role in the market environment where competition conditions are increasing for micro-sized

enterprises and medium-sized enterprises, and as a result, there has been an increase in loan utilization rates over the years, parallel with the increase in payment risk. Although the 11th Development Plan of 2018 does not reflect the current situation, it provides important data on loan usage. The increase in the numbers who applied for credits over the years, is an important indicator on how the merchants, tradesmen and SMEs have become included in the financial system.

The "*Entrepreneurship, SMEs, Tradesmen and Craftsmen Special Expertise Report*" in the 11th Development Plan (2019-2023) published in 2018, is quite interesting. This is the first time such an expert report has been included in a development plan. Therefore, important actors of domestic and foreign trade have become visible for the first time through this report. However, it also shows the state has intervened in this universe by collecting whole statistical data on the categories that have difficulty competing with the conditions of global competition. The technological requirements, lack of digitalization, loans and state support, and their increasing and decreasing numbers of economic actors are explained in detail in this paper. Within the conditions where capital is rapidly concentrated and centralized and the effect of international capital circulation is felt more and more every day, the statistical data on these categories also convey the losses and gains. The statistical data works because it allows us to partially map the entire area. However, as stated, the flexibility of conceptual boundaries, especially between tradesmen and merchants, prevent the accuracy and comprehensibility of the data. Thus, it would not be correct to say that in this section, the entire universe is adequately defined because it is not so clear what other categories the distinction between tradesmen and merchants includes or excludes. The complex structure of this area has already been emphasized during the interviews with the TESK and the ISTESOB (Union of Chambers of Tradesmen and Craftsmen in Istanbul), and even when a simple definition of the tradesman was requested, this definition could not be made. Therefore, the universe in question is a very large one shaped by different dynamics and contains many differences. Trying to make sense of this universe by conveying the economic conditions surrounding this area is always an unsatisfied

task. However, this effort is of great importance in terms of understanding the esnaf in Perşembe Pazarı, which is also under the influence of the same economic processes.

In order to present the articulation of different institutions and relations shaping the universe, there are other agencies and forces to consider. For instance, one should recognize that the central bureaucratic apparatus is highly decisive in this universe. In fact, the borders between the bureaucracy and professional organizations, whose status as non-governmental organizations are controversial, are almost eliminated. The Ministry of Commerce stands at the top of this relationship. The General Directorate of Tradesmen, Craftsmen and Cooperatives (2005) being in a position to give instructions to professional organizations, functions as the control device of the Ministry over this universe. The annual dues, registration and training are legally regulated separately on tradesmen and craftsmen being subject to the Law on Tradesmen and Craftsmen Professional Organizations. Likewise, the Commercial Code is the most important legislation regulating the field of those who fall into the category of tradesmen in line with annual turnover rates. Since tradesmen and merchants are legally considered as two separate categories, professional representation is also carried out at two levels. While the leading professional representation mechanism of the tradesmen is the TESK, it is the TOBB for merchants. The structure of the TESK consists of federation, unions of chambers and local chambers. Every tradesman has to be registered in a local chamber of tradesmen, which is also attached to the TESK, after its registration in the tradesmen registry. For the merchants, they must first become a member of the trade and industrial chambers under the TOBB after they are registered in the commercial registry. The income of these trade associations, for which the tradesmen and merchants must be members, comprise the registration fee and annual dues paid by the tradesmen and merchants, and some of these fees are transferred to the TESK and the TOBB, which are higher professional organizations in the universe. Although the mechanisms of profession representation vary, they are centrally under the control of the Ministry of Commerce through registration

records in both categories. Therefore, the number of tradesmen and merchants actually indicates the number of tradesmen and merchants who are members of these chambers.

The other most important institution in the field of tradesmen is the Tradesmen and Craftsmen Credit Guarantee Cooperatives (ESKKKs). They were established in 1951 in order to provide the bank with the necessary credit for their professional activities to the tradesmen and craftsmen who are partners in these cooperatives. These cooperatives founded on a voluntary mediation between the state and the tradesmen, like the TESK and the ITO, work in cooperation with the bureaucratic field. The aim of these cooperatives is to prevent negativities in the trade registry by acting as a surety for small businesses in using direct credits. These cooperatives are affiliated to regional unions and regional unions to the central union, namely the TESKOMB. The point where cooperatives cooperate with the state comes when applying for treasury-backed loans with interest rate cuts, because tradesmen can only apply for these state-supported loans granted by the Halk Bank only through the ESKKKs. The partners of these cooperatives are formed by tradesmen and craftsmen, and these cooperatives are established with the equity of the partners, within the framework of the permission of the Ministry of Trade. The cooperatives have to be registered in the trade registry in order to acquire legal personality. In fact, the ESKKKs, which function in the allocation of loans between the tradesmen and the state, exist through commissions they receive from the tradesmen for who they provide credit surety<sup>84</sup>. It is important to note that the increase in cooperatives has been adopted as a state policy and considered an important development for supporting this universe. The data on the increase in ESKKKs is regularly shared by the Ministry of Trade.

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<sup>84</sup> During the interviews, it was heard that the ESKKKs were described as "usurers" by the tradesmen. Therefore, this area appears to be a very suitable one for the development of several modes of intervention by the state power. In order not to distract from the main subject of the study, it is not detailed, but a study of the cooperatives may be quite enlightening and useful to reveal the hidden relations within these cooperatives.

**Table IX. Increase in Numbers of the ESKKKs**

Year	Number of Cooperatives
2008	921
2009	922
2010	925
2011	938
2012	953
2013	963
2014	967
2015	986
2016	1000
2017	999

*Note.* GTB, 01 October 2020.

At the same time, in addition to esnaf associations established on a voluntary basis and organized according to the sectoral and regional differences, it has been found that the tradesmen and merchants may also establish or become members of the cooperative organized in a sectorial sense. The purpose of these cooperatives is not credit surety like the ESKKKs, but rather to constitute a material-based interest representation mechanism against the central bureaucracy by gaining more legal personality. For example, the construction of the commercial center called PERPA led to the establishment of a cooperative by the local esnaf in Perşembe Pazarı to gain a legal personality during the bargaining process with the municipality in the 1980s.

KOSGEB (Small and Medium Enterprises Development Organization), founded under the Ministry of Industry and Technology in 1990, was similarly established in order to improve the conditions of financial access of small and medium-sized enterprises. A small part of the income of KOSGEB's budget consists of the dues paid by the TESK and the TOBB. As stated in the KOSGEB legislation, the sectoral and regional priorities regarding the enterprises that will benefit from the services and supports provided by KOBSEB are determined by the President, according to the economic and social conditions of the day. KOSKEB is an area where the distinction between tradesmen and merchants becomes blurred once again. It turned

controversial where the micro-medium-macro scale SME split corresponds to the distinction between tradesmen and merchant. This situation allows us to conclude that there may also be tradesmen benefiting from the KOBKEB aids.

Another important actor that has an impact on this universe is the local municipalities. The local municipalities are the institutions the tradesmen are in permanent contact with through obligatory business licenses when opening a business, and taxes for environment-cleaning and signage that the tradesmen have to pay. The rates of these taxes, which are levied to pay for the businesses within the municipality boundaries and benefit from the services of the municipalities, are determined by the Ministry of Internal Affairs General Directorate of Local Authorities, and the collection of the taxes is made by the municipalities in accordance with the Municipality Revenue Law No. 26 dated 1980. Therefore, the field of tradesmen and merchants refers to a very complex structure dominated by both the central bureaucracy and the provincial organizations of the central administration, as well as the municipalities and professional organizations. Although the NGO feature of professional organizations has been a controversial issue, many other NGOs (such as the TAMPF) and private research companies (such as Nielsen) conduct research to influence the policy-making process, not particularly on the tradesmen but on the wholesome retail sector.

Last but not least, another important structure of the esnaf field is the Tradesmen and Craftsmen Council (*Esnaf ve Sanatkârlar Şurası*) established as a state project in 2012. With the cooperation of the related state institutions representing esnaf, the different fractions of the capitalist class (for instance the TOBB) and also the non-governmental organizations, the council has functioned not only to reproduce the myth of esnaf while mobilizing the consent necessary for the consolidation of hegemonic vision, but also to expand and maintain its strategic terrain by balancing the material interests around its own interests.

It can be stated that the complex relation between structures and agencies is manifested itself in the esnaf field, which have been shaped by the articulation of

different set of relations and powers. It is not difficult to see that this is surrounded by different political forces and state projects, especially in a period when capital has become concentrated and the financialization process has accelerated. The discursive and material means have increased during the late 2000s to reproduce and maintain the hegemonic power of the AKP. However, in spite of the increasing structural and legal adjustments, the distinction between tradesmen and merchants becomes even more uncertain. Thus, in this study, by transcending the existing formal definitions, esnaf is handled as contradictory class locations that involve other contradictory class locations, since the main subject of the study is not the distinction between tradesman and merchants. The very reason for the conceptual preference of the study lies in the specific historical conditions of development of capitalism in Turkey, for it is obvious it has not already been possible to make this distinction based on existing quantitative data and legal definitions. To be clear, by keeping in mind the conceptual discussions, this study has a dual concern. The first one is to discuss the class location and position of esnaf within the transforming class relations, and the second is to understand how esnaf has been reproducing itself within the class relations, by empirically analyzing the impacts of the process of concentration and centralization of capital in Turkey and of the neoliberal policies since the 1980s on esnaf in Perşembe Pazarı.

## **5.2. Research Methodology of the Study**

In this study, since the conditions of reproduction of esnaf has been theoretically and historically elaborated, the research field of the study, in the light of the basic information and analysis, has become evident to the researcher. The method followed from the very beginning in the study made it compulsory to question the entire discussion empirically and put the theoretical discussions on the ground. Since esnaf is everywhere, in every street, in every neighborhood, in this case, the field of research has to be compatible with the research question involving not only manifestly the transformation of esnaf within the class relations, but also latently the historical development of commercial capitalism in Turkey. Considering the

material basis of the historical conditions of formation and transformation of esnaf; the changing relations of productions as a result of the development of commercial capital, the most appropriate ground is the Perşembe Pazarı, which has a historical spatial importance during the transformation of relations of production in Turkey. As a matter of fact, in this chapter, the term “esnaf” is merely limited to the esnaf in Perşembe Pazarı.

After deciding on the field of research, in order to ground the theoretical and historical debates, the interview questions have been initially formed by deconstructing the main research question while bearing in mind the clues from the theoretical and historical part, and from the literature survey. The question has been simply classified with the purpose of revealing not only the material conditions, but also political, ideological and cultural conditions of reproduction of esnaf. The questions are categorized such as: personal socialization process within the business, their interest definition and representation, their spatial attachment and memories on the spatial transformation, their relationship with the state and politics, their current economic problems and strategies, changing conditions of market conditions and of their business patterns. Each category is connected to one another and left to determine how the theoretical and historical debates can be grounded, which does not mean fitting the theory to the field research, but achieving harmony between the field and theory, where the field data will direct the remainder. The aim of getting detailed answers from interviewees was through the semi-structured in-depth interview, where the interviewees may answer to the open questions as they wish, without any pressure from the researcher. This qualitative technique seemed the most accurate way to understand lived experiences, perceptions, narratives and strategies of the interviews in the specific conjunctural conditions.

After completing the formation of questions, to test the question and become acquainted with the local esnaf, pre-interviews were made with the 5 local esnaf located in Perşembe Pazarı, with 1 officer from the Union of Chambers of Tradesmen and Artisans in Istanbul (ISTESOB), also with 1 officer from the ITO and 1 from the TESK. The pre-interviews were methodologically significant to

understand how the local esnaf in Perşembe Pazarı would react to the questions, or even to the presence of the researcher as a female foreigner in a mostly male dominated field. The contacts acquired during the preliminary interviews have been useful, not only before the field research, but until the end of the study. At the end of the pre-interviews, for example, the question about their tax board, their annual income and voting preferences were eliminated due to the possibility of damaging the trust relationship between researcher and interviewees. At the same time, the preliminary interviews conducted in August 2019 with the chambers of the profession provided me with not only getting information about the general problems and expectations of esnaf, but partially understanding how esnaf's interest representation has been functioning at the institutional level. These preliminary interviews were very useful, because first of all it took me to my first basic concern at the beginning of this study; the definitional one. Even the representative from the ISTESOB could not define the very basic question of who is esnaf, which has increased my own motivation to research. Although the representative gave a very cultural and moral definition of esnaf by insisting on historical associational patterns of esnaf (*ahilik*) at the end of the discussion, it is understood there is a general conceptual confusion about the definition of esnaf. After designing the research by completing the formation of the questions and deciding on the field of research at the end of the pre-interviews, the boundaries of the study have almost been drawn.

When the empirical research on the petty manufacturers and petty trader are analyzed, it is observed that the sample was generally determined according to qualitative and quantitative determinants<sup>85</sup>. It was seen that qualitative determinants were determined by the profession's execution style (craft or trade), membership to a profession chamber or whether business is informal or formal. The quantitative determinants were determined according to criteria such as annual / monthly turnover rate, the distribution of trade branches or the number of employees. Firstly,

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<sup>85</sup> In this sense, the methodological insights of Ayhan Aktar (1990) used in this research on the petty manufacturers in the textile sector in Bursa was very useful during the formation of the sample.

since the definition and legal frameworks of the concept of esnaf has changed many times, it has been very difficult to follow the course of statistical data through the years. Secondly, the legal definition is determined according to taxations and scale of income. However, the legal frameworks helped us in narrowing the esnaf in terms of property relations since in the recent legal amendment of 2005, esnaf and employees have been categorically separated. In this respect, only esnaf being business owners are included in the study, compatible with the theoretical debates. The sample is also not formed through data determining the business size, annual turnover and annual earnings because it was seen that there was a sacred and implicit relationship between the two concepts: tax and esnaf. It has been understood, thanks to preliminary interviews, that questions about tax and earnings constitute a *taboo* for esnaf<sup>86</sup>. Reaching such data was neither possible through the professional chambers, nor state institutions. Additionally, membership in professional organizations was also not a criterion, because among esnaf, there has been a division in terms of professional organizations. Furthermore, since the historical transformation of production relations has been essential to the study, it has been taken for granted that any strict distinction between manufacturing and trade may prevent us from understanding the changing class position of esnaf. That is why, many firms and actors involved in all stages of production and distribution in Perşembe Pazarı have been carefully included in the sample. The interviews were made according to the distribution of division of labor within Perşembe Pazarı, not just in terms of sectoral economic activities, but of sub-sectors, since the hardware sector is a very large and scattered sector<sup>87</sup>, which is why it was a great requirement to truly represent the Perşembe Pazarı as much as possible.

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<sup>86</sup> The problem about the transparency and accountability of fiscal issues may be traced back in the historical transformation process of esnaf/state relation which have always affected the class position of esnaf within the hegemonic relations depending on the conjunctural changing balance of powers.

<sup>87</sup> Although the 2020 metal hardware industry report prepared by the Istanbul Chamber of Industry (ISO) and the Hardware Industrialists and Businessmen's Association (HISİAD) is intended to provide information on the current status of metal hardware, it also contains important information on the general hardware sector involving several clues about the commercial movements with the sector. According to the report: the metal hardware industry, which is classified as iron and steel

The fieldwork was carried out between September and December 2019, lasting 3 months<sup>88</sup>. The sample formation was held thanks to the acquaintances among esnaf, as a part of their business pattern. The participants' observations and thoughts were always considered, and their inter-references were taken for granted. The first interviewee was a reference in the sense that many subsequent interviews were conducted thanks to the directions of this first interviewee. Of the 40 people interviewed, 36 of the interviewees were esnaf in Perşembe Pazarı (4 of them street vendors), 1 interviewee was from PERPA's board of directors and the remaining 3 interviewees were esnaf at PERPA. Among the interviewees in Perşembe Pazarı, not only the owners of hardware stores, but street vendors were also interviewed, being owners of the independent stands. The interviews lasted between 45 minutes and 1 hour and the interviewees were asked questions about their relations to the market and the state, as well as questions about their current problems, their solution suggestions and future expectations. The solidarity patterns of the esnaf were also examined, through questions and observations, and all interviews were recorded and noted. A supplementary notebook was kept recording the field observations. The experiences gained through the field work was peerless, in the sense that they have framed the whole study by connecting both theoretical and historical discussions about the reproduction of esnaf within the class relations. The fieldwork has not only provided a ground to concretize the discussions, but by awakening the memories of the local esnaf in Perşembe Pazarı, it has revealed the historicity of the space through their experiences and emotions which had a great importance in understanding the spatial transformation and changing relations of production within this specific marketplace.

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materials, fasteners, hand tools, locks industrial production, constitutes an important part of the whole hardware industry (HISIAD Report, 2020). In general terms, sub-sectors may also be listed as follows: cleaning equipment, work safety equipment, power tools, power tools, pneumatic tools, lubrication devices, automated equipment, furniture accessories, adhesives and chemicals, construction materials. The intention of simple hardware is simple tools such as nails, screwdrivers, saws, hammers, pliers and drills.

<sup>88</sup> Furthermore, as a non-academic reason, due to my job at a university in Istanbul, the realisation of the field research in Istanbul was important for my own time management.

After completion of the fieldwork, interviews were transcribed by considering all the emotional and behavioral reactions of the interviewees. After the transcriptions, in order to interpret the qualitative data and analyze the content, the software program Nvivo was used. This software facilitated the display of the qualitative data and the development of qualitative themes by allowing coding and clustering of the data. Nvivo, by summarizing the common themes, allows one to structurally frame the field analysis, without breaking the connection with the theoretical and historical part, and by referring to the statements of the interviewees. As has been explained earlier, the quantitative data has also been used as a supportive database of the qualitative research, because of the inaccuracy of the statistical data providing only relative and partial information about their material conditions, could not offer a solid ground to ask, find out and analyze everyday practices, survival strategies, economic perceptions and political world views of esnaf.

As a last word about the methodology of the study, one might imagine the difficulties of the fieldwork. In a space dominated mostly by men, it was uncomfortable entering their world and taking the floor. It is appropriate to say that the very reason for the limiting of interviews to 40 people is due to the situation of being a female researcher in a male-dominated space. It was also hard to get answers to political questions in a context where the economy has become less stable and political tensions have increased. To elicit answers to the sensitive questions (like those about the current political and economic conjunctural conditions or public policies), the fieldwork has been instrumentalized as a socialization tool for the researcher. Thanks to the brother-sister relationship established with the local esnaf in Perşembe Pazarı and by constantly highlighting the student identity of the researcher, the process of getting answers to questions was made easier. To consolidate relations with the local esnaf, many lunches were taken with them, as it is believed this kind of socialization provides additional observation and information advantages. Although the ethnographic research is not used primarily, the fieldwork has benefited from a deep interaction with the participants in their real-business environment, as in an ethnographic study.

### 5.3. Perşembe Pazarı in the Economic History

The economic history of the Perşembe Pazarı has likely been to follow similar patterns of the Ottoman-Turkish economic history. Although there have been few sources specific to the Perşembe Pazarı<sup>89</sup>, the capitalist formation of this local market has been embedded in the conditions of the Ottoman incorporation within the world economy since the late eighteenth century. The Perşembe Pazarı, located within the boundaries of Karaköy district, represents an area that stretches along the seaside of the Golden Horn, which has today expanded slightly in time towards the inside part of the district. The Perşembe Pazarı has been a historical commercial center since the Byzantine period. The organization of the space as a commercial center, mostly dominated by Jewish, Genoese and Venetian merchants originated from its very natural geographical location of the bazaar. It is known the space has had a commercial function due to its proximity to the natural port area, whereby it provided the modification and supply needs to ship. In that period, the Perşembe Pazarı was mostly a non-Muslim dominated bazaar where the memories of the non-Muslim esnaf have allowed us to understand the transformation of the urban function of this space throughout its history. In this respect, the narration of Kemal, a non-Muslim esnaf who has continued the family business since 1948 on the Perşembe Pazarı is quite notable:

The commercial history of this place is over 2,000 years old. The reason for this is the Golden Horn used to be a natural port for ships. There are no winds or storms. You can find this place in old pictures, where thousands of ships and sailboats, big and small, were pulled and repairs were done. Imagine the ship came from Egypt to this port, for example. It brought wheat or cotton, it arrived in Istanbul and left its cargo here. When the time arrived for its departure, if the ship needed something repaired, they did it all at Perşembe Pazarı. This is called *caulking*, and Karaköy's old name meant a caulking place. They were fixing ships here in the cheapest way possible, unlike the big ships of today. Accordingly, the names of

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<sup>89</sup> For a general elaboration on the historical urban transformation of Perşembe Pazarı, one may see Demircioğlu, 2012; Baransu, 1978. For further information about the urban transformation of Karaköy, Galata and Istanbul in general, see; Ergun, 2006; Kuban, 1996; Tekeli, 1994; 1998; Türker, 2000; Kaynar, 2012; Freely, B. and J., 2016.

the streets refer to the old ships, or activities. For example, Kürekçiler Sokağı means *Paddlers Street*, for obvious reason.

After the conquest of Istanbul in 1453, this space was governed by the Ottoman Empire, but not losing its commercial character, and continued to be a weekly bazaar center where partial control over the space was left to the Genoese. This space had market function during which capitalist markets had not developed. The space had served both as a commercial and production center. The first industrialization movement in the Ottoman Empire was raised in Perşembe Pazarı where the merchants and seamen were the main actors, in addition to caulkers, ironmongers, shipwrights, pumpers, carpenters and others. As a result of the incorporation process into the world economy, the space has become more and more contradictory, not only in urban terms, but in terms of the changing relations of production<sup>90</sup>. First of all, the incorporation process into the world economy has directly affected the traditional market structure and relations. Being an important international market, dominated mostly by the non-Muslim population, Perşembe Pazarı functioned as a hybrid market, where the esnaf attached to the guild system and the merchants participated in the commercial activities. However, with the Ottoman incorporation process within the world economy, the dissolution of the guild system changed the esnaf's business patterns to a large extent. The competition patterns changed and adapted itself gradually to the capitalist societalisation process.

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<sup>90</sup> Space can only be read through relations of production and historical conditions of formation of class positions and locations. As Henri Lefebvre points out in this theoretical analysis, space can only be organized within the relations of production, as a result of relations of production (Lefebvre, 1991, p.142). Elaboration of the spatial transformation process in respect of changing relations of production gives us a solid ground to understand the very meaning of the Perşembe Pazarı as a space shaped by social relations of production (1991, p.32), since as a matter of fact, every mode of production creates its own space in order to reproduce the existing hegemonic class relations in accordance with the specific conjunctural conditions. The historical trajectory of the Perşembe Pazarı, which has been highly dependent on the specific conjunctural conditions has also been a history of the changing relations of production. That's why Perşembe Pazarı has been chosen as a research field and is thus quite obvious for this reason, because of its historical role within the dialectical relation between space and the mode of production. Although this space has been subject to several transformations throughout history, it has always had a function of manufacturing and trade, so has always had a historical role in the accumulation processes.

The implementation of market rules by the late nineteenth century have not only transformed the traditional market patterns, but also the existing social relations. The second point reveals the fact that since the sixteenth century, the development of commercial relations with the European countries led to a changing in the population structure of Perşembe Pazarı, also affecting the reconfiguration of the space as a ground of the social division of labor. Until the mid-twentieth century, the space was mostly dominated by non-Muslims, especially the Greek minority because the ethnical composition has been historically formed according to the social division of labor within the space; while the seaboard side was dominated by the non-Muslims, the center of the historical peninsula was dominated by Muslim Turks, as a result of the structure of the Ottoman millet system. However, since the late nineteenth century, as a result of increasing economic nationalist policies, the space has almost been eliminated from the non-Muslims. Even though there are few non-Muslim esnaf in this space, the majority of esnaf today is composed of Muslims. The partial exclusion of non-Muslim minorities from this domestic market not only changed the existing economic order embedded in social relations, but also weakened the manufacturing of technical intermediate goods mainly conducted by non-Muslim minorities.

Furthermore, the centralization movement accompanied by the modernization process since the eighteenth century, has not only spawned dualities between state and private investments, between the use and the exchange value and between private and public, but also led to the reorganization of space involving reorganization of the social division of labor. During the nineteenth century, as a part of the modernization process, Karaköy district was transformed into a financial area with the establishment of European banks and the commercial patterns, which consequently consolidated the institutionalization of the capitalist market. Furthermore, the commercial axes were broadly changed, which made the space more vulnerable to international market manipulations. The nineteenth century, being also marked by Ottoman centralization movements, witnessed several foreign, private and autonomous investments. As a result of the capitulations and

commercial treaties signed with the Western countries, the domestic market was increasingly dominated by the Europe-origin industrial products and shaped by a free foreign trade policy. Due to the increasing market competition, the domestic small and medium capital industries could not compete with the goods from Europe. One of the reasons for the weakening of the manufacturing industry was the foreign dependent nature of the late Ottoman economy, which led the Empire to become an importer of raw materials and industrial products. For the manufacturing industry of technical intermediate goods, through the inadequacy of technological infrastructure, the Ottoman Empire grew more dependent on the dictates of the world economy<sup>91</sup>.

During the early Republican period, the economic structure was still characterized by the import of manufactured goods and export of raw materials since the Republic did not inherit a solid industrial infrastructure from the Ottoman Empire<sup>92</sup>. However, at that time, the Perşembe Pazarı was still one of the production spaces where manufacturing generally took place in small workshops. However, with the Law of Cabotage, implemented in 1926, predicting the abolition of the cabotage privileges granted by the Ottoman Empire to foreign ships, the function of the Perşembe Pazarı in ship supply and repair ended<sup>93</sup>. Additionally, with the establishment of the new Republic, the different urban planning targeting the reconfiguration of the Perşembe Pazarı<sup>94</sup> has implemented the reorganization of the

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<sup>91</sup> Although the Ottoman Empire was dependent on foreign capital due to lack of investment capital, as Quataert underlines, one should not see the Ottoman Empire as a passive recipient in the flow of imported goods, which does not directly mean a decline in industry either (Quataert, 1994). However, Quataert offers an analysis by considering the evolutions in the textile industry in which the Ottoman Empire was the supplier of raw materials.

<sup>92</sup> As has been mentioned, to understand not only the fragmented nature of the manufacturing sector, but also its vitality contrary to its permanent decline, one should assess the Ottoman Empire in the eighteenth century by considering its ability to react to market demand, despite its dependency on foreign capital as the result of lacking investment capital. However, one has to recognise that his analysis is focusing generally on textile, especially the silk industry. For the manufacturing industry of intermediate goods, because of the dependency on Western technological infrastructure, this sector has never been able to become totally self-sufficient, yet this understanding never underestimates the very existence of small workshops and their adaptation patterns under changing market conditions (Quataert, 1994).

<sup>93</sup> Based on interviewees' notes.

<sup>94</sup> For further information of urban planning during the early republican period; see Bilsel and Pinon, 2010.

space, by protecting its commercial and manufacturing function. The plans gave priority to the design and planning of the Perşembe Pazarı as one of the most important regions of the manufacturing industry. In this plan, the urban function of the Perşembe Pazarı was an industrial and commercial one, because of its close location to the industrial zone of the Golden Horn.

During the early 1950s, statist policies were replaced by liberal economic policies, and priority has been given to the development of the private sector and foreign capital investments. However, as a result of the economic policy obstruction, protectionist and import substitution policies that prioritize industrialization were adopted. At the same time, through economic developments in favor of the development of agricultural capitalism, internal migration was increased (Atılğan, 2015, p.431-432). This rapid mechanization in agriculture led to a significant replacement of the population occupying agriculture with non-agricultural occupations, and the decline in the agricultural sector was partially absorbed by the manufacturing sector. Hüseyin, for instance, whose father was a porter at the wholesale food market in Karaköy (demolished in the 1980s) mentioned that:

My grandfather was a porter here in 1958. He had come from Giresun. My father came from the military service and was looking for a job. He couldn't find a job after the military service. My grandfather asked him whether he wanted to sell the hardware goods, some screwdrivers? He said that we had relatives in Perşembe Pazarı, selling these goods.

In this respect, when considering the transformation of the Perşembe Pazarı in the 1950s, if the first important issue to mention is the rapid increase in street vendors coming from Giresun as a result of internal migration, the other one is indeed the gradual change in the ethnic composition of the market after the events of the September 6-7<sup>95</sup>, highly important in today's ethnic market composition. In being

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<sup>95</sup> In the political tension created by the Cyprus problem in 1955, in these events planned by the DP and targeting the Greek minority in particular, crowds acting with nationalist motives attacked many homes, workplaces and schools belonging to non-Muslims. The events of September 6-7 in 1955 are named as the "6-7 September Pogrom" because they referred to acts of violence targeting their property for planned and ethnic religious reasons (Güven, 2005).

a non-Muslim esnaf, Kemal expressed the difficulties that his father faced at that time:

Until the 1970s, this was the market of non-Muslims over 50 percent. In 1950, of course, it changed a lot after September 6-7. The one who came replaced a non-Muslim. There were serious financial raids against non-Muslims during my father's time.

The 1950s have been decisive in the configuration of the Perşembe Pazarı, not only in occupational and ethnic terms, but also in urban terms. During this period, the urban development projects gained importance in the political agenda of the government because of the electoral potential of migrating cities. The urban development projects during the DP period, where emphasis on development “squares, roads and high buildings” became prominent in order to make big cities, especially Istanbul one of the global mega cities. As a part of government development projects “to landscape Istanbul, to build new squares and new roads” (Ertem, 2011, p.62), the demolitions were done by the DP in Istanbul by the year 1956. One of the important demolitions was in Perşembe Pazarı, during which many of the historical buildings were damaged or destroyed. The aim of the demolitions was to expand the square and reorganize the traffic, but the effects influenced the ownership relations and physical structure of the whole region. However, the spatial function of the Perşembe Pazarı did not change in the 1950s. Even the Galata Hardware Bazaar (*Galata Hırdavatçılar Çarşısı*) currently located close to Perşembe Pazarı - was constructed in the late 1950's to replace the demolished area populated mostly by hardware shops, which is an indicator that in that period, the transformation of the spatial function of the Perşembe Pazarı was still not on the agenda of the DP government.

In the post-war period, especially since the 1960s where import substitution policies (ISI) were put into effect, the structure of the labor force largely changed. By 1960, the non-agricultural occupations continued to increase, moreso in the sectors of manufacturing and construction. The labor structure, since the 1960s has been deeply differentiated, not only by occupational diversification, but also with the

emergence of informal labor domains relying on informal patron-client relations. The diversification of non-agricultural occupations resulted from the implementation of import substitution policies to develop the domestic market and make Turkey competitive within the world market by reducing its foreign dependency. This structural change in manufacturing resulted in changes in the volume and composition of Turkish imports; the major achievement of import substitution since 1950 has been caught in the increasing industrial diversification, especially in the private sector, involving an important shift from consumer goods industries toward intermediate and investment goods industries by the rapid and largely unplanned proliferation of small workshops and retailers, also located in Perşembe Pazarı. However, this achievement was interrupted with the implementation of liberal economic policies in the 1980s. This new long-term policy has gradually restructured Turkish manufacturing and opened it up to foreign competition. While the Turkish manufacturing sector has been increasingly dominated by the imperatives of the world market, the weaknesses of Turkish industry itself have increased the imbalances in the manufacturing industry. The structural transformation affected the national manufacturing industry in two ways. By increasing foreign demand for intermediate and investment goods and structurally transforming the industrial sector for intermediate goods. Furthermore, the Perşembe Pazarı has been started restructuring as commercial space<sup>96</sup>.

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<sup>96</sup> It may be important to indicate that imported intermediate goods constitute the greater part of Turkey's total imports. The widespread use of imported inputs in domestic production has been one of the important reasons for the decrease in national production, because the production process has been highly costly due to the dependency on imported intermediate goods. The degree of import dependency and its evolution over time have to be elaborated in respect of its effects on the structure of class relations, because for developing countries such as Turkey, during the incorporation process within the world economy, import dependency may become a structural characteristic of the national economy. Today, most of the products sold in Perşembe Pazarı are imported products. This situation also forces the conditions of reproduction of the class location, because the local esnaf has to maintain its small-scale capital in order to make the necessary investments and supply the necessary goods. Although the spatial function of the Perşembe Pazarı has been transformed as a part of the historical spatial transformation, in order to develop an overall elaboration of the spatial transformation process, the period after the 1980s has to be discussed separately, when market-oriented restructuring projects for sustainable capitalist growth have restructured the existing spatial organization and social relations of production embedded within the space.

### **5.3.1. Neoliberal Transformation of Perşembe Pazarı**

The shift from the import substitution model to export based industry model in order to further accelerate and ensure integration with the international world economy, has not only resulted in the changing mode of production and economic policies, but also of policies and practices developed for the urban spaces. The emergence of urbanization and urban regeneration as a new pattern of liberal governance since the 1980s have instrumentalized the Perşembe Pazarı as a space gaining an exchange value characterized by pure commerce and profit. The Perşembe Pazarı has been a very specific space characterized not only by trade of technical hardware goods, but also for its spatial rental value since the 1980s. The specific transformation of Perşembe Pazarı started with the municipal elections in 1984, the same year of the transition to civilian democratic rule following the military coup of 1980. The PERPA project was also implemented during this period, as a result of the bargaining between some local esnaf and the metropolitan municipality of the time. Just before the systematic demolitions, 11 landowners among the local esnaf gathered and went into agreement with the metropolitan municipality of Istanbul on condition they established a cooperative to facilitate the construction of a commercial center to ensure at minimum, esnaf's work conditions, since their displacement directly signified a sharp shift in their market situation. However, the founders of the cooperative did not come from a common initiative; rather the cooperative was founded through a decision made by some having great capital and established relations with the municipality. Owing to the bargaining, the municipality proposed its own land to the cooperative members in exchange for the cooperative being responsible for the construction of this commercial center. As per the agreement, the 45 percent of the building was to be allocated to the municipality and 55 percent to the cooperative. The cooperative was founded in 1986 and the construction of the commercial center called PERPA ended in 1988, in thirty months. Furthermore, close relations between the head of the Istanbul Chamber of Commerce (ITO) and the cooperative were one of the facilitating reasons during the actualization of the PERPA plan. During the construction process, the cooperative tried to make the esnaf in Perşembe Pazarı a member of

the cooperative, but at this point they were confronted by the resistance of the local esnaf. Although some of the esnaf moved to PERPA, many of them continued their established business in Perşembe Pazarı by resisting a move to PERPA. The aim of the PERPA project was to gather the hardware sector together in another commercial building outside the Perşembe Pazarı, but the local esnaf in Perşembe Pazarı refrained from moving into the PERPA. Tayfun, one of the esnaf who had refused to go to the PERPA, described the destruction process held in Perşembe Pazarı:

We had a mayor after the military coup of 1980, Bedrettin Dalan. What was he doing? He took the antidemocratic wind behind him and made destruction there. They said to people, they offered you PERPA. It was a fake place. They said leave it here and go there. Why would the shopkeepers leave this place? Karaköy was a trade center, but there was some kind of scenario, but unfortunately, there was no justice. Everything was suspended. People were getting paid in their accounts because the buildings were demolished. If that money was taken, the buckets would come, and the demolition would start. Today, for example, the ruined buildings on the street remain from that time. There is a paint man's shop and his building is solid, but the next shop is ruined. Now, there is strange architecture.

In 1985, the municipality allowed a certain period of time for the local esnaf to empty their shops, but they did not. Because of this, the forced destructions began, regardless of the shops being empty or not. Consequently, esnaf mostly property owners in Perşembe Pazarı, sued the metropolitan municipality in 1985 following the demolitions. The reason for the case was that the zoning plan did not comply with the mentioned metropolitan zoning plan and no consensual decision was taken in the city council about the planning of the bazaar area. However, at that time, Dalan continued the demolitions, although the local esnaf won the first case. This situation was reflected in the national newspapers of the time as "Plan War" between the municipality and the local esnaf, because there were different plans for the regional planning on the space. Although the local esnaf won the case in the first place, a new plan was prepared by the municipality immediately afterwards. In the new plan, it was shown the region was planned as a green area, and not for touristic purposes. None of the petitions of esnaf were accepted during that period,

when the local esnaf wanted to submit an appeal to the municipality on the issue<sup>97</sup>. At the end of the long-lasting conflictual demolition processes, the legal status of buildings located in the space became more complex because of the unsystematic and partial demolitions and uneven state ownership of the commercial buildings. Thus, several contradictions emerged because the dialectical relation between perceived, lived and conceived space has been gradually transformed in favor of the conceived space produced by planners, to create an exchange value of the space, which made the spatial contradiction permanent<sup>98</sup>. While some of parcels were appropriated by the municipality as a result of the publicization, others remained as title holders. The structure of ownership has been so complex that even the demolition of a single building in Perşembe Pazarı creates many rights to that parcel, regardless of the ownership. The multi-ownership structure of the Perşembe Pazarı, has remained one of the major obstacles to the urban regeneration of the space, because there have been so many claimants for the demolished areas. In the late 1980s, the Perşembe Pazarı became fragmented space in terms of ownership relations and class locations. The fragmentation in the ownership structure has created further inequalities and conflicts among the local esnaf, which has also affected the structuration of the interclass relations. Just after the election of Bedrettin Dalan as mayor of Istanbul, the wholesale market hall established on the seaboard between Karaköy and Eminönü was removed from the area. This caused the unemployment, mainly of the porters in this market. Those who could not continue their work as porters were shifted towards the Perşembe Pazarı as a space

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<sup>97</sup> In this respect, the words of esnaf may be considered as a class reaction towards the local authorities: *“Do we have to be the owner of the mansion so that you hear our screams?”* (Cumhuriyet, 5.4.1986)

<sup>98</sup> Lefebvre’s triad spatial model proposed a very important analytical tool for understanding the discussions on urban space and its organization. According to Lefebvre, the production of a space has three dimensions; at the first stage, there is a perceived space, then conceived space and finally lived space (1991, p.33, 38-9). While a perceived space refers here to spatial practices, a conceived space is tied ‘to the relations of production and the order of the market. Finally, a lived space refers to the space of the everyday, which is passively experienced by inhabitants. According to Lefebvre, there has to a dialectical relation between the three of them, but by the twentieth century, a conceived space had gained primacy over the lived space, the use value of the space was replaced by its exchange value. Thus, in Lefebvre’s terms, one may claim that the effects of the transformation from lived and perceived space to conceived space has its results not only in the physical destruction of the space, but also in the distortion of social relations and daily experiences of the local esnaf.

for alternative employment. The informal sector on technical intermediate goods that had already been developed in the 1950s as a consequence of the increase of internal migration, increased in the late 1980s through the devastating impact of the neoliberal urban plan. Since market values of the shops in the historical inns and on the streets were very high at that time, those who moved to the Perşembe Pazarı region could not rent a shop and became street vendors<sup>99</sup>. Some demolished areas of the Perşembe Pazarı were unsystematically distributed by the local government to newcomers or existing street vendors, which have had mostly family funds in making the business. Even today, the population coming from Giresun-Şebinkarahisar, a province of Turkey on the Black Sea coast, either occupies the demolished buildings or has hardware stands.

Urban planning on the Perşembe Pazarı has always aimed at transforming the space for tourist purposes since 1980. The spatial transformation has envisaged the removal of all trading firms specializing in the intermediate technical hardware goods. Despite the construction of the commercial center PERPA, the majority of the local esnaf in Perşembe Pazarı has remained in the bazaar area, because for the local esnaf, this market has had a “function of school” where they have not only learned business patterns, but have also socialized within this business with dealers, customers and each other. The PERPA has represented their detachment not only from other commercial branches, but also from the space where the business relations became so embedded. The spatial detachment has also deeply affected the know-how of the local esnaf, as stated by Cengiz, because it has represented a disengagement from the accustomed business patterns:

They built a dark place. I come to my job by ferry, how do I go to PERPA? There is vitality here, it's dynamic here. All esnaf, dealers, customers are familiar. We have taken root here. We have been known here. The PERPA might work for others, it was useless for us. Those who went there are not satisfied either. The concentration of the same industry in the same space has a lot of advantages. When a customer comes to buy a need from here, this customer has the opportunity to take all needs away. But now when you go to the PERPA, one shop is on the 1st floor, one is on the 7th and the other is on the 13th. No one wanders and searches

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<sup>99</sup> *Cumhuriyet*, 01.12.1981.

what it is needed. Why could this not have been foreseen? At that time, with the impact of the military coup of 1980, some of the esnaf were forced to be taken away from here. Shop sales in the PERPA were also for-profit purposes. Even so many people came from Germany and bought a shop in PERPA.

With the beginning of the spatial demolitions in 1986, moving esnaf from the region was always a matter for discussion, because it always was one of the important issues of local governments for each municipality. The demolitions have continued for almost 30 years and urban planning, with the aim of changing the space's urban function, have consistently come into question since the 1980s. However, due to the historical texture and architectural structure of the region over time, with the support of non-governmental organizations, the protectionist tendencies in the region have increased, and this increase has turned into various legal struggles since the 1990s. In 1992, the region was declared a protected area, but in 2002 was again declared a special project area, which reveals that the local government has been very insistent on changing the function of the space. It should be said the renovation projects of the Perşembe Pazarı have gained momentum, especially since 2002. Urban renewal plans since 2002 have again envisaged the protection of the commercial potential of the region, by excluding the existing economic order and transforming it for tourist purposes. In 2005, the "Law on the Renewal" was adopted. Within the scope of this plan, many regions such as Sulukule, Balat, Tarlabası have been declared renovation areas. The pretext of these decisions on "renovating" the historical city center at all costs, was that these areas were turned into those of occupation and became crime spots. In 2005, due to the complexity in Perşembe Pazarı's legal status and its multi-ownership structure, it was not declared a renovation area, but in 2009 it was announced again as a renovation area, this time with the decision of the Council of Ministers. Neither the legal status of the bazaar area or its announcement as a protected area nor the struggle of local esnaf to stay in the region, have stopped the 2009 announcement. While the tourism potential of the cultural and historical assets in the Galata region was brought into focus in 2009, the tourism potential of the Golden Horn and its surroundings are frequently emphasized under many titles in the plan report. The plan specially prepared for the

Perşembe Pazarı<sup>100</sup> has taken as much reference as possible to the functions indicated by the main urban plan. Although the urban plans were cancelled in 2005 as a result of lawsuits filed by the esnaf being property owners in the space in 2009, the bazaar area was declared again as a renovation area, but its plan was cancelled again. The common purpose of all these plans for the region is to exclude small production and hardware business from the space on the pretext that it damages the historical texture<sup>101</sup>. Likewise, the local esnaf in Perşembe Pazarı was already aware of the current transformation begun in Karaköy in the 2010s and considers it, in the words of Hakan, as a “forced transformation” resulting in their inevitable detachment:

This place will return to a district dominated mostly by hotels and restaurants, or souvenir-style places. For example, our neighbors’ shops turned into fish restaurants. We will go from here. There will be a forced transformation. You cannot escape. I have been here for 22 years and it has always been said that one day we would go from this space. I wish they would say where to go.

The biggest reason for Karaköy and the Perşembe Pazarı to be included in the political agenda since the 1980s may be explained by the fact that urban economics have been functioning as a tool of capital accumulation to meet the spatial needs of capitalism. It is possible to see the reason for the rapid implementation of projects in Karaköy and then the Perşembe Pazarı since 2010 in the new regime of the capital accumulation model imposed on the construction, which constitutes the most important pillar of the AKP government's hegemony project that came to power in 2002. With the impact of the increase in the construction sector, which has come to life since the 2000s, the urban transformation projects are likely to be put into action quickly. It is clear that these urban transformation and urban renewal projects also

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<sup>100</sup> İstanbul Büyükşehir Belediyesi (2016); PERPA Kooperatifi (2018).

<sup>101</sup> Even, the mega projects of the Perşembe Pazarı which were included in the Beyoğlu Zoning Plans until 2012, were taken under the İstanbul Metropolitan Municipality to accelerate its implementation. It should be noted here that there was a serious legal struggle between the municipality and the Chamber of Architects on the Perşembe Pazarı. Since 2010, the Chamber of Architects has been suing the municipality due to the implementation of the development plans of the municipality, but despite the decision of the Council of State for a stay of execution, the projects are still in progress (Balcan, 2015).

have a transformative effect on class relations. In Perşembe Pazarı, it is very obvious a resolution will emerge in commercial relations at the end of the urban renewal process.

The Perşembe Pazarı, an old trade center, still preserves its commercial spirit today, but the composition of the economic activities has become more diverse and intricate during the process of concentration and centralization of capital. The economic policies since the 1980s made the class location of the esnaf in Perşembe Pazarı more contradictory, because with the liberalization of the import regime, the Perşembe Pazarı has become an import-dominant market where importers have also become important actors in Perşembe Pazarı. Since the 1980s, informal labor has also increased and even become permanent as a result of the demolitions in Perşembe Pazarı. The commercial composition of the Perşembe Pazarı today mostly consists of corporate firms and street vendors. The corporate firms consist of dealers, wholesalers, retailers and importers specializing in the hardware sector. There are also a few manufacturers with production activities outside the Perşembe Pazarı but having a shop in the market area. In Perşembe Pazarı, the objective class position of esnaf is not homogeneous. There are company owners (self-employed) and employees (wage-earners) working in companies who have productive labor and non-productive labor. One can observe that the contradictory class location of the petty bourgeoisie manifests itself in Perşembe Pazarı.

Today, there are more than 3000 esnaf (firms) in Perşembe Pazarı. Although it is said that the market circulation has not been alive as it used to be, and the local market has become more of a space that people only pass by when they visit Karaköy, this local market still has relative importance in daily retail sale and wholesale trade. However, daily economic activity of the local esnaf in the region hardly changes, although it may vary according to the scale of the business and type of commercial activity. Especially for the esnaf who are occupied with importing and wholesaling, activities such as readying offers for certain companies, preparing for official tenders, contracts and bargaining constitute an important part of daily commercial activity. For the dealers, since they have an official attachment to the

main firm, are carrying out their commercial activities at the dealership level through corporate relations, and retail level. There are also esnaf who are manufacturers and esnaf in Perşembe Pazarı, who may attend to wholesale and retail sale. The retailers and the street vendors mostly supply necessary goods from the dealers in Perşembe Pazarı. Although the composition of the market is varied, their common point is that all use their labor power for their own works, and they have their means of production. In other words, they may have their own stock, generally small-scale capital and a shop or stand (rent or property) where they are running their business with their own investments. Likewise, most of the esnaf in Perşembe Pazarı has firm status. They are mostly at their workplaces and personally working, although there are people who work with them and help them with business and customer relations. The number of their employees varies between 1 and 10. In fact, those who work with the esnaf are insured employees. It should be said that the esnaf-apprentice relationship which has historically been more of a teaching-learning one, has changed into an employer-employee relation in today's capitalist conditions. However, in terms of adopting and following the business, it is known that those who work with the esnaf has been working for a long time and this situation is a great comfort to the esnaf in Perşembe Pazarı, knowing existing customers and the tendering-sales procedures of products. In terms of the daily work hours, the local esnaf in Perşembe Pazarı open their shops at 8-9 am weekdays and close at 5-6 pm. As far as is known from the esnaf interviewed, the majority of the shops are closed on weekends because the companies and factories the local esnaf has business with are all closed then. One may assume that this situation may refer to a collective decision of the local esnaf, yet as stated by the esnaf, there are also several esnaf, particularly the street vendors who open their stands or shops on weekends to take advantage of the decrease in competition arising from fewer numbers of open shops.

Studying the esnaf in Perşembe Pazarı in terms of class relations makes it necessary to take into account the local and global dynamic. Considering on the one hand the urban transformation process of the Perşembe Pazarı, and on the other, the

transformations in the hardware sector depending on the macro-economic transformations, the esnaf in Perşembe Pazarı is located in the middle of the local and global transformation relations. It is very clear that the esnaf engaged in the hardware trade would not be included in the new urban configuration of Perşembe Pazarı. In fact, the urban transformation of the Perşembe Pazarı has been a direct outcome of the neoliberal policies. The loss of function of this local market and macro-economic transformations have made the class position of esnaf more insecure than ever in the 2000s. Bearing in mind the local and global transformations, the esnaf in Perşembe Pazarı has functioned as a good *laboratory* in order to problematize the research questions of the study.

#### **5.4. Reproduction Conditions of Esnaf in Perşembe Pazarı**

The study departs from a dual concern; how one may make sense of esnaf's class location and position within the relations of production and how esnaf, as an old petty bourgeoisie, whose boundaries are assumed to have been eroded at the advanced stage of capitalism, have reproduced itself today. The abstraction of the esnaf within class relations leads us to consider this economic group having a class nature as a very part of the relations of production, as discussed in the theoretical part. Esnaf refers more basically and objectively to commercial agents standing where the commodity is exchanged for money, whatever its occupational branch is. The theoretical debate carried out on the class location and position of esnaf shows that this social category may be understood as a contradictory class location reproducing itself not only through economic conditions but political and ideological conditions as well. As noted, the term "contradiction" is not used referring to Wright's conceptualization, but to inherent contradictions in the structural determination of classes which rely on the contradictions of capitalist reproduction. In fact, it has already been taken for granted by the theoretical debates and conditions of historical formation and transformation of esnaf, that the class location and position of esnaf has never referred to a homogeneity. Likewise, the efforts to define and empirically draw the boundaries of esnaf in Turkey have shown

that the rightfulness of the theoretical debates carried out insisting on the “*constrained heterogeneity, rather a simple uniformity*” (Gramsci, 1971, p.377) of esnaf being dependent on the continuing reproduction of capitalist relations when considering the moments of struggles, ruptures and continuities in the historical formation and transformation of esnaf. In fact, the conditions of incorporation within the capitalist world economy from the late Ottoman period since the eighteenth century have not allowed consideration of esnaf as a pure reactionary pre-capitalist class. Instead, when considering the conditions of its social formation, esnaf has been likely to adapt itself to the liberal values and norms of the capitalist market, where its fortune depends on, despite its proletarianization. During the process of concentration of capital, esnaf’s class position has been altered, as well as its class location, so to maintain its class position in the changing specific conjunctural conditions. Contrary to Keynes, who defined capitalism in terms of money-making and money-loving impulses (Keynes, 1963), the ideal economic order is never independent from political and ideological relations. Here the suggestion is to develop an approach where esnaf will not be elaborated as a rational economic agent pursuing only its goal of profit maximization. Contrary to classic economic theories, the class position and class location of the esnaf may only be fully grasped through their political, ideological, cultural, cognitive and emotional dispositions while experiencing the economic processes and structures, because their economic activity is socially embedded (Granovetter, 1985). It has been argued historically and theoretically that, being a contradictory class location lying within the inherent contradictions of capitalist development, esnaf’s reproduction conditions and its capitalist social formation will be discussed solely through the matrix of different relations. Indeed, as already argued, this categorization does not refer to a neoliberal separation of politics and the economic (Wood, 1981), since it is believed esnaf has never been a mere economic agent, and the relations of production lies in the intersection of politics and economics, between state and capital. Based on the field research, the observed behavior of these economic agents allows us to also consider ideological, political, cognitive, moral, structural and cultural mechanisms that these agents rely upon when determining their economic

actions, decisions, perceptions, discourses and strategies occurring during their business processes, and also consider their changing class position and location in accordance with the changing interests and in face of the changing market conditions and balance of powers in specific conjunctural conditions.

In this section, the theoretical and historical debate on esnaf shall be taken to the empirical level. The results acquired from the field work carried out in 2019, in Perşembe Pazarı, in a currently urban transformed capitalist market will be analyzed by considering the reproduction conditions of esnaf in Perşembe Pazarı within the context of the neoliberal transformation of both the capitalist market and the state since the 1980s. These findings raise four essential questions; (1) *how esnaf has been experiencing the changing parameters of the free market* (2) *based on their market experiences, how esnaf has perceived the role of the state in the economy and have been articulated within the different state powers and different fractions of the capitalist class* (3) *how they have been reflected themselves on the policy advices in order to enhance their market conditions*, and finally (4) *how they have been representing their interests and strategies as an important political moment in the class formation*. These questions have emerged from the field research during the interviews with esnaf in Perşembe Pazarı. In fact, they are likely to reflect the general tendency of esnaf in Turkey, which may also be unearthed in further discussions with different esnaf in different marketplaces. Although this *agenda* of esnaf has had similar patterns and contents elsewhere, what should be essentially revealed from the field research is that esnaf has not been experiencing the changing market conditions in the same way, which resulted in a lack of necessary institutionalized responses to formulate a common strategy to cope with it. In this respect, in the first place, throughout the analysis on esnaf's market experiences, the political and economic developments since the 1980s, although discussed in the historical part of the study in order to understand the neoliberal transformation of esnaf, will be revised specific to the esnaf in Perşembe Pazarı, and to the hardware sector which the Perşembe Pazarı have historically addressed. Esnaf's approaches to the role of the state and the free market during the changing

economic conditions in the 2000s will be argued not only by considering the changing competition conditions and the structural transformation of the wholesale and retail sectors, but also through the formation of esnaf's interests in the specific political conjunctural conditions and within the changing balance of state powers (Jessop, 2018, p.50). It may be concluded that, since the 1980s, esnaf's interests have gradually become incompatible with neoliberal accumulation strategies as a result of increasing foreign dependency and fragility of the Turkish economy. The changing dynamics of the relationship between esnaf and the state, in this respect, is worth examining separately from the market<sup>102</sup>, because several conflicting and compromising relations between state power and esnaf has historically been a *sine quo non*, not only of esnaf's reproduction conditions, but also reproduction of the capitalist state and maintenance of the hegemonic relations where the reproduction of esnaf's consent has always been a part of the hegemonic projects of different state powers. Consequently, in light of their market experiences and perceptions, their interest formulations will be analyzed in terms of policy advice to enhance their materiel conditions in the face of the continuous crisis of the neoliberal accumulation regime. Finally, not only their interest representation and organizational patterns will be analyzed, but also the strategic capacities of the professional organizations to mobilize esnaf's interests, produce consent and formulate political visions (Jessop, 2018) will also be argued, by considering state capacities and projects. The empirical findings of the field research have been categorized in a manner to reveal not only the articulated determinants of the transformation process and reproduction conditions of class position and class location of esnaf, but also the very contradictions between its class position and location. In the changing economic conditions, the class position of esnaf, being

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<sup>102</sup> The state is defined in a relational way, by considering the articulation of different set of relations, several dynamics, several conflicting and compromising state projects and state capacities, thus as state power involving various tensions and heterogeneities, rather than as state apparatus (Jessop, 2018). The distinction between market and the state is not reliant on the assumption that the two are abstract and ontologically distinct forms. Rather, the distinction is made of the analytical concerns in order to present the findings of the field research. For a critical reading on the distinction between market and state, please also see; Yalman, 2007.

highly dependent on the change and transformation in macro processes, may be different from its class location, depending on the articulation of different sets of relations which reveal the contradictions inherent to esnaf having a capitalist nature, just like capitalism has. In this respect, it is necessary to contextualize their interests which have been historically shaped, by considering the changing conditions which may be illuminating to reveal the basis on which their interest may change or persist.

#### **5.4.1. “We do not have the strength to survive!”**

How has esnaf in Perşembe Pazarı been experiencing the free market economy and the changing parameters of neoliberal accumulation regime? In the changing economic conditions, in the face of the increasing proletarianization, how do they think the free market should function to achieve the necessary material conditions to reproduce themselves? In fact, unlike many studies discussing institutionalized common responses of the capitalist class in Turkey<sup>103</sup>, based on the field research, one should first remind the reader, that as an actor of the socially embedded market and hardware sector, esnaf in Perşembe Pazarı has no common vision on the functioning of the free market economy and no common objectives in defining their market experiences, not only because of the contradictory class location of esnaf in material terms, but also because there have never been perfect and rationally determined markets, rather socially embedded markets where the market conditions have been determined also by articulation of different sets of relations affecting their relation with the state power and the different fractions of the capitalist class in Turkey. The lack of common lived experiences and institutionalized responses has allowed us to reconsider esnaf empirically as a contradictory class location and

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<sup>103</sup> According to the literature on the relation between Turkish bourgeoisie and the state, in order that the capitalist class challenge the state and promote its agenda and influence the policy-making processes, it should have a common interest. However, one should also bear in mind that this analysis has been made on the institutional level, involving the members of the business associations where the common objectives of the members have been taken for granted (Önis and Türem, 2001; Buğra, 2015; Boyraz, 2019).

position, not only by considering its material conditions, but also in terms of the impossibility of locating esnaf as a coherent class location within class relations, as if there is indeed such a class cohesion for any social class. However, their market experiences have been still a very part of their social formation and they still have a class nature, in so far as they get together even on some grounds, despite the differences in their modes of life, interests and cultural forms apart from those of other classes, mainly proletariat and capitalist class; and from the capitalist state itself. In fact, the differentiation in their perception on the functioning of the free market according to different personal experiences and strategies should be understood as the impact of several modes of intervention - such as in the procurement system - on the esnaf where material interests have always been the arbiter in the articulation of these relations.

Based on the field research, one might concede that *nostalgia* for the 1980s and 1990s have been highly influential among esnaf in Perşembe Pazarı, when they have compared their current economic conditions in 2019 to the past, which is not surprising at all, because the interests are historically shaped. In fact, the structural constraints<sup>104</sup>, such as gradual loss of the urban commercial and spatial function of Perşembe Pazarı, and the increasing foreign dependency of the hardware trade since the 2000s, may be reasons for this *nostalgia* where esnaf has gradually lost its competition power. As a historical fact, as far as esnaf could maintain its self-reliance within the market conditions and its control over the distribution and circulation processes is never likely to support an economic policy based on state regulation. However, based on the field research, there have been a tendential and conjunctural shifts among esnaf on functioning of the free market in 2019 where the state regulation has been increasingly demanded by esnaf to maintain its class position within class relations. In this respect, the conditions of reproduction of

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<sup>104</sup> The term is used with reference to Jessop (2018). He defines the term in its relation to agent depending on its strategic location in the social formation. Accordingly, the structural constraints cannot be altered by the agents, limiting potential for exercising power.

esnaf in the changing free market conditions merits discussion by considering their market experiences in a comparative manner.

In fact, esnaf's commitment to the ideal free market values has been a part of its capitalist class formation only where they could maintain their self-reliance. The fortune of esnaf have been historically dependent on capitalist development – in spite of the capitalist development itself and on the reproduction of the market conditions where esnaf could only have reproduced itself. Esnaf's commitment to liberal market values and norms since the early Republican period had already manifested itself in their support of the DP in the 1950s. Esnaf, by welcoming the anti-statist policies of the DP, embraced the values of the post-war world, such as democracy and market economy by adapting itself to the capitalist transformation (Karaömerlioğlu&Balıkçı,2013). During the developmentalist period as well, although the planned economic policies provided relative growth in the domestic market, the price policy where the public sector determined the prices within the scope of national developmental policies implemented in the 1960-1980 period were said to be incompatible with the interests of esnaf in Perşembe Pazarı, because public price control was considered an obstacle to their capital accumulation. Before the 1980s, esnaf engaged in imports were few and these were mostly carried out by non-Muslim esnaf. Despite their gradual decrease as a result of the nationalist policies throughout the Republican period, non-Muslim esnaf still has an importance in the market, especially in terms of big-scale commercial transactions. In the period where the ISI policies were implemented, the market conditions in Perşembe Pazarı were mostly determined by the volume of domestic production and high demand of the state enterprises being important corporate customers in the market, because before the liberalization of the Turkish economy in 1980, Perşembe Pazarı was still considered a monopoly market in the hardware trade and manufacturing. For example, Tayfun, engaged in the trade of industrial intermediate goods and machines since 1978, described those years by referring to his own market experiences:

I was 17 years old. When my father reached his retirement in 1978, he said, let's open a business. At that time, only 5-6 people here importing were non-Muslims. In addition, imports were not that free at that time. At that time, Perşembe Pazarı was a favorite place, the historical inns were full of esnaf to the upper floor. For example, esnaf from Pendik would send their apprentices, they would come here to buy hardware products. During that period, there was intense trade and shopping here. This situation continued until 1983. Although we were on the top floor of the inns, we met state enterprises, the state electricity company and Coca-Cola, and we supplied products for them. At that time, this market was very active, and the competition was not severe like today.

The Perşembe Pazarı entered a new period with the neoliberal accumulation regime in the 1980s, not only in terms of the structural transformation in the hardware sector, but also in the gradual de-industrialization of the urban space. The market conditions were mostly transformed and paved the way to transformation, not only of esnaf's interests with the changing economic conditions, but also in the ethnical division of labor where the non-Muslim esnaf used to import more. The increase in numbers of the importers, together with the removal of public price control and liberalization of the economy accelerated the capital accumulation process of esnaf in Perşembe Pazarı, which was also known by its higher trade volume and commercial dynamism in the 1980s. With the new stage of liberalism, the Perşembe Pazarı, returned to its old lively times in a manner. The removal of public price control increased their capital accumulation. That is why esnaf voluntarily adopted the new liberal norms of the free market economy. As an indicator, during the interviews, they expressed how the prices should be determined through the balance of supply and demand, where the market actors determine the functioning of the market, almost similar to the classical economic theory. Just like Adam Smith (1999), Necip for instance, who formulated the increase in the level of prosperity through the increase of market competition, mentioned that the trade should develop over individual commercial interests and that the price mechanism should only be determined by market actors, by referring to the 1970s when the price control mechanism came into force with the liberal market economy and the black market emerged as a result of the supply-demand imbalance:

The supply and demand determine the prices. It is not possible for the government to set prices, then it falls on the black market. We experienced those times. But the

free market is good, very logical; if there is a demand for goods, the price increases. If there is no demand, it will fall, out of necessity. The essence of this business is competition, and competition means abundance and wealth.

The biggest factors explaining their support of free market norms in the 1980s and 1990s were the liberalization of imports, the policies adopted to increase domestic demand and the fact that prices were now determined by market actors, not state actors. The most important feature of the January 24 decisions was that price control was determined entirely by market forces, and economic growth was achieved under free market conditions. In this context, the price controls imposed under the conditions of economic depression in the 1977-1979 period were abolished and the barriers in the import regime were completely removed in the years following 1980. The increase in liberalization movements in foreign trade led to increasing dynamism in Perşembe Pazarı and esnaf supported this neoliberal economic model being compatible with their commercial interests, despite the chronic tendency of the Turkish economy in the 1980s and 1990s characterized by lack of productive labor, currency crisis and dependency on foreign capital. Esnaf in Perşembe Pazarı acquired the opportunity to expand their commercial volume and product range not only through the liberalization of imports and the diversification of imported products in the market, but also through the expansion of several sources and capacities by promoting the modes of intervention of the state power (Jessop, 2108:48), as a very part of the reproduction of the hegemonic relations where some market sources and market related institutions became more accessible, but only to some esnaf. In addition to the liberalization in the foreign trade regime, the export incentives given to the manufacturing sector were one of the reasons for the satisfaction of the esnaf in Perşembe Pazarı, where manufacturing was still continuing at that time, although the promotion of the manufacturing industry through the SMEs in the 1990s<sup>105</sup> would have a negative impact on the competition

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<sup>105</sup> As Hoşgör states (2011), in the 1980s, this strategy of neoliberal accumulation regime was encouraged by the state for the development of second wave industrialization in Anatolia. The liberalization of the trade regime not only provided opportunities in the import input, but also in export, without encountering any political and economic barriers. The development of the SMEs, in this sense, was an outcome of the neoliberal economic policies. Although the manufacturing

factors in the 2000s with the expansion of the hardware trade and manufacturing throughout Anatolia. As Yalman, with a hardware shop in Perşembe Pazarı, involving small-scale manufacturing and trade of hardware tools since 1976, stated how the economic policies increased his commercial profits in 1980s, he stressed how competitive factors were few at that time:

We started importing during the Özal period. We made huge profits in the 1980s and 1990s. The competition increased, everyone started to make money, but the production also continued. The competition increased, but only among the esnaf in Perşembe Pazarı. There were no e-commerce or mega markets like today. We made a lot of stock at that time, there were lots of goods. Those were sweet days. we did not even think how to sell the goods, there was demand.

In the 1980s and 1990s, esnaf in Perşembe Pazarı gained several advantages, not only through export and import incentives, but also through the public tenders as one of the market resources. Not only the changing economic conditions with the new phase of the liberalism, but also the rent mechanisms created by the political relations in the 1980s and 1990s allowed esnaf to reproduce its class position while the market competition had been increasing. As a matter of fact, the distorted populism or exclusionary populism of the ANAP<sup>106</sup> included esnaf in Perşembe Pazarı. For instance, within the competitive conditions created by neoliberal economic policies, the number of those doing business with municipalities among the esnaf increased. It was stated many times during the interviews that esnaf being member of the administration board of PERPA, gained privileges in the tenders announced by the Istanbul Metropolitan Municipality of which Bedrettin Dalan was the mayor between 1984-1989. The coalition between Dalan and prominent esnaf founding the cooperative of the PERPA also showed itself during the demolitions held in Perşembe Pazarı where esnaf mentioned how uneven distribution material concessions were decisive in the content of the exclusionary bargaining held

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function of the Perşembe Pazarı gradually lost over time starting from the 1980s, the export-oriented accumulation regime also provided opportunities for esnaf.

<sup>106</sup> Boratav uses the concept of distorted populism in the sense of a political strategy of ANAP. This strategy can be summarized as providing the political support of the urban poor who lack class consciousness, especially through the resources created through municipalities (Boratav, 2015, p.169).

between Dalan and the prominent esnaf of the Perşembe Pazarı. These modes of intervention were not only decisive in the realization of the PERPA project, but also in the distribution of the market resources such as incentives and tenders to secure the esnaf's support for this state project. It is said that during that period, certain incentives and privileges in receiving tenders and incentives were more accessible to some esnaf *stigmatized* as "Özal's men". For instance, Recep, esnaf in Perşembe Pazarı since 1974, emphasized how he was cautious towards this "stigmatization" where Özal personally offered him some export incentives:

There were no tires in this market. The esnaf here received a quota from the state for the tires. They brought tyres and sold them here in this market. He took advantage of the political relations. Some offers also presented to me in Özal's times. Özal tried to persuade me several times. But I did not do business through their incentives and offers. I did not want people to call me Özal's man.

The opportunities offered by the specific neoliberal economic policies continued in the 1990s when price policies were totally freed, and financial capital movements became liberal. As a result of deregulation of the domestic financial markets, the esnaf in Perşembe Pazarı continued to gain advantages from the rents in the post-1980 period, with the rise of interest rates to unprecedented levels (Yeldan, 2000, p.12)<sup>107</sup>. In a highly inflationary environment where the liberalization of interest rates and their nightly increases allowed esnaf the opportunity to benefit from the additional advantages of the market deregulations in the early financialization era, although it was going to lead to protests from esnaf elsewhere in Turkey towards the 2000s. For instance, Ahmet, with a hardware shop since 1983 defined the dynamic market conditions in the 1990s by stating how he missed the days when he earned money through rents and regretted, he could not anymore in the changing market conditions. However, the financial deregulation would not be as likely in conditions of the year 2018, because of the lack of capital of esnaf in the changing competition conditions:

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<sup>107</sup> As an indicator of the financial deregulation, the Central Bank lost its control on the exchange rates and interest rates which is considered as the most important financial tool of independent monetary policies. For a detailed and quantitative investigation of the financialization in the post-1980, see Yeldan, 2000.

I earned so much from interest in 1992-1996. I earned serious money in those years. I couldn't earn that money now. At that time, imports increased, and many esnaf became rich from cheap dollars. The market was alive then; it was very lively. Where is it now? In the past, money used to be earned from interest.

In the 1990s, in a period when financialization and foreign capital movements liberated, esnaf was articulated within different political and ideological relations shaped by the conjunctural changing balance of power in the maintenance of the class position of the esnaf in the increasing competition conditions<sup>108</sup>. The uneven distribution of material and symbolic sources increased with the rise of political Islam in the 1990s and religious identity became a *capital of relation*<sup>109</sup> for esnaf as well. The rise of political Islam for esnaf in Perşembe Pazarı in the 1990s also had an effect on the functioning of the market mechanism through new ways of capital accumulation, especially for the esnaf closely aligned to the Islamic ideology where the uneven distribution of material sources gained more symbolic content. In 1994, the victory of RP in the municipal elections where Recep Tayyip Erdoğan was elected as the mayor of Istanbul, expanded the modes of intervention of this new political force's capacity – for instance by regulating the procurement system - and in return, increased the esnaf's capacity who were ideologically close to the RP, to pursue their interest through new job and investment opportunities. It is stated that during this time, many esnaf known for Islamic tendencies has benefitted more from the municipal tenders than other esnaf, creating conflicts with other esnaf. While the Turkish economy became more vulnerable to economic crises as a result of inflationary policies and foreign interventions, as happened in the 1994 crisis, esnaf continued to benefit from the material sources of the free market through public tenders, especially when the RP appeared as a political force

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<sup>108</sup>As a theoretical preference, the concepts of *clientelism*, *patronage* and *favoritism* may also be used within a Weberian framework, as a particular strategy for gaining political support through certain distributive mechanisms. For main references in the contemporary political science literature, see Sayari, 2011 and 2014; Gürakar, 2018; Adaş, 2009.

<sup>109</sup> Buğra (2015) uses the terms *capital of relations* specific to the neoliberal period where Islamic adjustment in the political economy of Turkey was needed, used and supported by both RP and the MÜSİAD (*The Association of Independent Industrialists and Businessmen*) founded in 1990, as an Islamically-oriented business association. The concept also refers to clientelist networks where the religion itself became determinant in the operating of distribution channels.

and government coalition partner in Turkey. The electoral victory of the RP made some esnaf glorify the years of the RP in terms of their commercial gains, despite the economic instabilities affecting the market conditions, as experienced by other esnaf. Hüseyin, in Perşembe Pazarı for 40 years, reflected his experiences concerning the 1990s below:

I have been here for 40 years. I am one of the old ones. In terms of market conditions, I may say the best market conditions were experienced in the 9 months during the RP period. For us, the sales were really good. Believe me, we couldn't find materials to sell. Fortunately, things went very well again during the AKP period.

During the interviews, where the Islamist esnaf has openly mentioned how the material sources were more accessible to them during the RP period, some esnaf criticized the market inequalities occurring during the RP period. For instance, Haluk, a non-Muslim esnaf, expressed how the public procurement system in the mid-1990s were more accessible to the Islamist esnaf:

There are such companies like that; when the RP won the local elections, there were such companies here in Perşembe Pazarı that supplied goods to other municipalities that RP won. There was a different sect relationship among them, and there were those who were on their own like us. The same thing happened in the Özal era. At that time, there were Özal's men in this market, who benefited from the same opportunities.

Esnaf in Perşembe Pazarı made important gains from the neoliberal accumulation regime in the 1980s and 1990, not only economic conditions, but also through political and ideological conditions occurring in the specific political conjuncture. In a period where the proliferation of the foreign dependency of the Turkish economy was newly started, the fact that the price control in the market was not determined by the state power, the increasing foreign exchange inflows, as well as the increase in imports and uncontrolled financialization created further opportunities for esnaf in Perşembe Pazarı. However, as already discussed, in contrast to esnaf's ideal of neoliberal norms of the free market, *a set of state sources, capacities, modes of intervention and vulnerabilities* (Jessop, 2018, p. 52) always shaped the possibilities for esnaf, leading to conflicts and alliances

according to the changing balance of powers. In the 1980s and 1990s, *the art of possible* (p.48) needed by esnaf through articulation of several relations and strategies to adapt to the changing competition conditions or to increase/maintain their capital accumulation became important components of commercial business patterns. During the 2000s, they became even more important.

Towards the 2000s, the increasing budget deficit as a result of uncontrolled opening to foreign markets and uncontrolled financial liberalization, the neoliberal accumulation model became vulnerable to crises under the effect of speculative capital flows and chronic inflationary environment (Buğra, 2015, p.90) by which esnaf in Perşembe Pazarı were also affected because the trade in Perşembe Pazarı had been shaped more by changing dynamics in the import regime and liberalization of monetary policies. The demand reached almost zero in the market, which was described as the *Paris of Hardware Trade*<sup>110</sup> during the 2001 crisis, but the economic conditions did not cause any protest in Perşembe Pazarı like other cities in Turkey, because the commercial function of the Perşembe Pazarı had still been important in the early 2000s. Esnaf in Perşembe Pazarı, could gain further opportunities during the financial liberalization because of the high trade volume of their hardware business when compared to other sectors. As a result of the economic instability towards the 2000s, esnaf in Perşembe Pazarı mostly supported the AKP government in the general elections held in 2002, because the AKP alone represented the economic stability model that esnaf needed after the economic crisis. The most important pillar of the AKP's neoliberal model was its privatization policies and the importance attached to foreign investments, which were also welcomed by the local esnaf in Perşembe Pazarı in the first 8 years of the AKP rule. Based on the field research, although there have been controversial arguments among esnaf about the privatization policies specific to the role of the state in the

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<sup>110</sup> Expression used by an *esnaf* during the interview. In fact, *being Paris of something* is a stereotyped expression of glorifying and beautifying a thing. Although a Eurocentric expression, it refers to a symbiotic relationship between a European city and high civilization characterized by mercantile capitalism. Please also see the interview given by one of the biggest firms of Perşembe Pazarı in a hardware magazine. Available at: <http://www.nalburteknik.com/karakoy-piyasasi-hirdavatin-parisidir/>. Retrieved from July 2020.

economy, they mostly supported the privatization policies in terms of their material benefits, because it was strongly believed that the private sector had been much more profitable than the public sector. Furthermore, the increase of foreign investments to a large extent spurred the revival of the market. Thus, the changing balance of powers was in favor of esnaf's material interests during this period, since the material interests of the esnaf were in line with the neoliberal economic policies of the AKP, despite a series of increasing competitive factors. During the period of 2002-2007 considered the golden years of the AKP (Boratav, 2015, p.242) increasing foreign capital movements and economic growth were in favor of the esnaf in Perşembe Pazarı in terms of increasing new opportunities for their capital accumulation. It should be noted the biggest firms in Perşembe Pazarı developed in the early 2000s through their expanding investments and business areas:

Before 2000, we were selling only through dealerships, and afterwards we expanded the product range with the distributorships we received from abroad and our own imports. As of the moment, we are selling all over the country<sup>111</sup>.

Meanwhile, the economic reconfiguration of the market in the 2000s was also accompanied by its political reconfiguration in accordance with the changing balance of power relations where the AKP have used many formal and informal redistribution channels to strengthen its hegemony<sup>112</sup>. These distribution channels, determined by ideological and religious elements and functioning as the compensation mechanism for the economic demands and vulnerabilities of the marginalized groups in the market economy, has also included esnaf, but also caused several conflicts. The intensification of inner contradictions of capitalism in Turkey after the AKP came to power in 2002, necessitated the relocation of both

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<sup>111</sup> Quoted from the so-called interview of the biggest firms of Perşembe Pazarı, published in the *Nalbur Teknik*.

<sup>112</sup> There are many studies in the field of social sciences on the political economy and populism of the AKP period, which examines the social inclusion mechanisms of the AKP era through different social relations and areas. These studies involve several discussions on the basis of the increasing social inequalities during the AKP's hegemony construction process. In fact, as already discussed, the term populism is used as a manipulative relationship or an ideology, the term is used to refer to the complex relationship between popular masses and political agents. For some of these studies; Buğra and Candaş, 2011; Buğra, 2018; Öniş, 2012; Yıldırım, 2009; Özden, 2014.

different capital fractions and esnaf in the changing balance of power. The modes of intervention shaping the distribution of material sources through articulation of different relations has continued to determine the alliances and struggles between political forces and esnaf whose competition power became even more limited in the 2000s. The increasing political conflict in society since 2002, has also been observed during the interviews held in Perşembe Pazarı. The secular-Islamist conflict<sup>113</sup> among esnaf has been quite manifest and observable in Perşembe Pazarı. It is stated by esnaf that the successive electoral victories of the AKP have resulted in a manifestation of Islam in Perşembe Pazarı through clothing and Friday prayers. During the AKP period, Islam, as one of the tools of state policies, has continued to be a founding element between the state power and esnaf, but became also a source of several conflicts. Yavuz for instance, in expressing how he has been uncomfortable with this political tension of this historical market effecting not only daily life, but also business practices, stated that:

After the AKP came to power, the behavior of some of the esnaf on this street changed; they all grew a beard. They started to dress in shalwar. They started closing their shops on Fridays. I mean, we were not Muslims 17 years ago, we were not Muslims 20 years ago, is that now we have become Muslims. They created a neighborhood pressure. Unfortunately, these people have started to exchange only with each other.

In addition to alliances occurring as a result of the changing balance of state power, conflicts should also be mentioned in order to suggest what extent the state policies have been coherently accepted. In this respect, esnaf's demands on transparency on the distribution of material sources, which shall be elaborated later, is important also to consider the *state system with asymmetrical effects on different agents* (Jessop,2018). In fact, one should concede that during the 2000s, the increasing

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<sup>113</sup> Here, the political conflict within the market has not referred to the *Islamification* process of the market dividing it as two distinct categories as those having Islamic norms and others having non-Islamic norms. This kind of political conflict mostly based on a reflection of the historical intra-elite conflict in Turkey, occurred between Kemalist/secular and Islamist visions and politics. However, the literature on political polarization has several defaults. Rather than a Weberian perspective on polarization, in this study, the political conflict occurred between secular and Islamist esnaf refers to the restructuration of the competition factors according to the changing balance of powers and distribution of market resources.

competition factors have become more powerful obstacles to esnaf realizing their material interests. In the post-2008 period, the economic conditions have mostly changed, and the never-perfect market has worsened because this local market has already become more open to global markets and transformed during the process of concentration capital. The impact of 2008 global crisis and its effects on the foreign trade regime and the manufacturing sector produced the final phase of the golden economic years of the AKP period. After the 2008 crisis, the proportion of industrial production in GNP dropped drastically and esnaf in Perşembe Pazarı were affected by the global crisis mostly through their commercial transactions with the international firms. In the global crisis environment, which also had its effects on the real sector, the trade volume of the esnaf in Perşembe Pazarı, being largely foreign-dependent, was impacted by the contraction in the trade volume of import companies and decrease in production rates. Yavuz, who suffered great financial difficulties with the cancellation of his foreign orders in the 2008 crisis, said that:

That global crisis hit the shipyards in 2008. We suffered very serious losses there. We had orders received in shipyards in 2008 from abroad. They all cancelled. The shipyards suddenly became unemployed. Suddenly they could not pay their debts. They fired workers. They could not pay their checks to us. I sunk 3 billion dollars in 2009. In Tuzla. There are a lot of people like me.

During the post-2008 period, the external dependency remained far above economic growth and increased the fragility of the economy. After 2008, economic policies were shaped within the framework of a new accumulation strategy focused on domestic demand, as a result of the contraction in foreign markets. The construction and real estate sectors were at the center of the strategy<sup>114</sup>. It was also

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<sup>114</sup> The official report prepared by the Istanbul Chamber of Industry (ISO) and the Hardware Industrialists and Businessmen's Association (HİSİAD) may be illuminating in this respect. According to this report, the hardware industry underwent major transformations in the 1980s, when the economy began to open up, and in the 2000s with the developments in the construction, automotive, defense and white goods industries. Since the hardware industry is a field connected with all industrial branches in general, this industry branch has become a sector and institutionalized only after the 2000s. In this institutionalization process, the role of manufacturers with large-scale capital and incentives provided by the state to the SMEs is enormous. Especially according to the data covering the years between 2010-2018; the increase in the number of entrepreneurs in the hardware industry can be considered one of the biggest indicators of this. However, developments

during this period that the Perşembe Pazarı came back to the agenda after the 1980s as an urban renewal area. Esnaf in Perşembe Pazarı has also benefited from the opportunities created by the revival in the construction sector, by supplying intermediate goods to construction companies. Although the effects of the 2008 global crisis have been compensated by a new accumulation strategy oriented to domestic market during the period, this process actually led to increasing structural problems of the Turkish economy. As a matter of fact, the economic crisis experienced in 2018 and still continuing today was a result of the 2008 financial crisis<sup>115</sup> where the consequences of Turkey's external dependency have become more visible, and the esnaf in Perşembe Pazarı has entered a period of economic contraction with the slowdown in the construction sector<sup>116</sup>. As stated by Yasin, supplying certain accessories to the construction firms:

Our jobs were really very good, but the construction industry has slowed now. Furniture sector is one of the sectors we address. We are dependent on the

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in the hardware manufacturing sectors are not likely to reflect the manufacturing trade dominated mostly by the foreign monopoly goods.

<sup>115</sup> Akçay, Ü. *2018 krizinin ekonomi politiği*, Gazete Duvar, 14 August 2018. Available at: <https://www.gazeteduvar.com.tr/yazarlar/2018/08/14/2018-krizinin-ekonomi-politigi>

<sup>116</sup>The same economic conditions are unlikely to be experienced by the hardware industry. According to the official report prepared by the Istanbul Chamber of Industry (ISO) and the Hardware Industrialists and Businessmen's Association (HISİAD), the metal hardware industry, which had a deficit in foreign trade between 2010 and 2017, had a surplus in foreign trade in 2018. However, this is not due to the real increase in production. According to the report, it was determined that the real production value in 2018 fell by 9.4 percent compared to the real production value of 2015. Therefore, considering the increase in inflation caused by the increase in exchange rates, the decline in domestic demand and the resulting decline in industrial production and the increase in unemployment rate in 2018, the reason for the increase in exports in the metal hardware industry is probably due to the increase in the exchange rate in 2018, imported inputs (raw materials, intermediate goods) and as a result of the decline in the use of capital goods and imports of consumption goods, imports generally declined, and as a result exports also tended to increase. In addition, there is no information about imported input rates in the metal hardware industry, the increase in cost with the increase in exchange rates and its reflection on profitability rates. The impact of the export rate and real growth rates, which are said to be linked to an increase in 2018, on the domestic hardware market is also unknown. The aforementioned report was published after the date our fieldwork was completed. Hence, to what extent the developments mentioned in the report have a curative effect on the whole hardware industry or even affected the esnaf in Perşembe Pazarı is unknown. But it would not be wrong to think that the benefits of the metal hardware industry do not seem to be reflected equally on esnaf since the Perşembe Pazarı appeals to the domestic market to a large extent, which has still been dominated by imported goods. The local esnaf experience the daily instability of exchange rates and consequences of the lack of production in the hardware industry to satisfy the domestic market.

construction sector. However, they also slowed down, so we slowed down. There have been no purchases for a long time, we have only retail sales.

As mentioned, the slowdown in the economy did not start with the 2018 currency crisis. This crisis was just the current one of the ongoing effects of the 2008 global crisis. With stagnation in the economies of developed countries since 2013, the impact of the contraction in foreign markets was also felt in Turkey (Akçay, 2019). After 2013, foreign capital outflows accelerated, and TL entered a rapid depreciation process against the dollar and euro. The field study was carried out between September and December of 2019 under the economic conditions created by the unavoidable increase of TL against the US dollar and euro. However, despite the deep shifts in political and economic configuration, the process has not been experienced by esnaf in the same way. Neither the gradual loss of function of the Perşembe Pazarı, nor the gradual increase in the competitive factors have provided a common experience among esnaf, despite their increasing commercial concerns. While some esnaf has experienced the structural constraints in terms of market irregularities, others have experienced them in terms of relative increase in market opportunities, because of the asymmetrical effects of the modes of intervention of political forces and institutions. The market experiences of esnaf have not only been shaped by the objective conditions and may not always be explained on material basis. There have also been several esnaf opinions where they make sense of the current economic developments through ideological sensibilities, where the sense of *victimhood* of esnaf has been triggered materially and ideologically. In fact, the continuing political conflicts and power struggles occurring after 2013 are likely to shape the political worldview of esnaf, where the economic instabilities have been linked to the power struggles constructing a reactionary psychological mood in Turkish politics (Yılmaz, 2018), shaped by internal and external threat perceptions. The political worldview of the esnaf is also related to its political representation by state power, where granting of consent depends on the discursive means to maintain the hegemonic relations. One may recall the discourses of the president of Turkey where the self-sacrificing role of esnaf in the construction of national and moral visions of the public interest have been emphasized in each

period of the legitimacy crisis. In this respect, one may claim that in Jessop's terms (2018, p.52), the strategic-agential dimension on the making of hegemony seems to be achieved to large extent, when considering the concerns of esnaf, based on the field research. For instance, the economic conjuncture of the currency crisis triggered by the increasing political tension between the USA and Turkey in 2018, has forced esnaf to consider the economic conditions within the perception of an external threat, as a reason for the market downturn. In fact, esnaf historically has had internal and external perceptions of threat and in this respect, has always been hostile to political conflicts occurring not just in Turkish society but also in foreign policy, and are likely to consider them as reasons for economic instability. One should recall that towards the ends of the 1970s, against the threat of communism, and towards the end of the 1990s, against the rise of political Islam, esnaf united in order to protect their interests by reproducing its class location within the hegemonic relations. Likewise, in the current economic conditions where market chances of esnaf have been decreasing, esnaf is likely to consider its economic fragility in terms of increasing political crisis. Sabri for instance, although experiencing the same conjunctural economic conditions, perceived the market downturn as a temporary problem and part of a national security problem. However, not only the statement of Sabri, but also other explanations of other esnaf referring to politics as discursive tools while interpreting the changing economic conditions, may shed light to the *esnaf's mindset* which may be explained through a reactionary psychological mood constructed around the perception of threat, as a historical fact (Bora, 2000). Although the construction of esnaf's political worldview may be explained through a set of emotional and psychological analyses, the differentiation of the interests and market experiences is more related to the asymmetrical effects on the capacities of different social forces shaping *the art of possible*, as an essential reproduction condition of esnaf within the relations of production. Not having been so influenced by the currency crisis environment, Sabri stated that during the AKP period, he has participated in procurements announced by state institutions:

Everything depends on the USA. These are the big games of the USA. They play with Turkey to decrease our national power. But thanks to God, I was thinking it

could be worse, but it didn't happen. They said the dollar would be 10 liras. In the past, if there was such a thing, the dollar would increase to 15-20 lira, but now it is not happening because our leader does not let it. Our jobs are really good. People say that during the AKP period, everything has gone wrong. But I don't believe it. For example, we have participated in many tenders. The public procurement system is now fairer than ever.

The context in the post-2018 period where the economic conjuncture of currency crisis triggered by the increasing political tension between the USA and Turkey is likely to be the basis of esnaf's discourse when considering the changing market conditions, but not always, and not necessarily, and always as a part of the external threat perception. Sometimes, it may reveal a hostility towards to political tensions occurring in foreign policy and between political parties, not as an ideological reaction, but as a response purely on a material basis. Esnaf has been likely to explain the changing market conditions with reference to politics where the legitimacy crisis has been counted as one of the reasons for the economic downturn. Thus, the perception of the continuing legitimacy crisis is likely to be an important reference for esnaf while they were explaining why they could not pursue their material interests. For instance, by explaining how current market conditions do not let him make investments as in the past, Hasan stated that:

The market conditions are getting worse. So, we are only trying to maintain our own economic situation. We used to make at least one investment every year. However, this year and also in the last 10 years, we could have seen ourselves successful in terms of business if we could maintain our present economic situation. So now, we cannot make investments with our actual earnings. We have no hope. Turkey has no hope. How shall I have hope? We became a toy between America and Russia. Either Trump speaks, the dollar is rising, or Erdogan is talking, the dollar is rising.

Another explanation comes from Mahmut, where he articulates his economic situation with reference to the legitimacy crisis occurred in 2013. Mahmut stated that the AKP-Gülen conflict have caused long-term instability in the market that has never been experienced before. While mentioning how the Gülen movement<sup>117</sup>

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<sup>117</sup> The Gülen movement, Turkey, is an international Islamist movement. The founder of the movement is Fetullah Gülen. The conditions for the emergence of the Gülen movement as an

was highly prevalent among esnaf and dissolved after the 17-25 December, he argued how the power struggles have negatively affected the market conditions. Although it is not clear he stated his discontents through ideological motives, but nevertheless, the impact of the politics on the market conditions, and more importantly to collective reactionary mood promoted by constant legitimacy crisis, have likely been taken for granted by esnaf while making sense of the changing market conditions:

A lot of money was made in the 1980s and 1990s. It wasn't bad in the early 2000s either. The collapse began after 2013, when Erdoğan came in conflict with Gülen. We had such a problem when we saw our turnover decrease to 20 percent. This is all about politics. In the 1990s, there were also political crises, but the market was never influenced that much. But in 2013, there were too many political crises and the market has broken down since then.

However, although esnaf may explain the market conditions through political crisis, the material basis of the deterioration of the market conditions have constituted the essential part of the market experience of esnaf in Perşembe Pazarı. In the 2000s, esnaf has been subject moreso to the international competitive pressures, even though they found some opportunities to compete in the export markets. Based on the field research, one may claim that the 2008 global crisis constituted a turning point for esnaf in Perşembe Pazarı, where the existing opportunities have also been gradually lost. The impact of the 2008 global crisis on esnaf in Perşembe Pazarı was considered more devastating than many previous crises, where the free market economy started to be defined in a more brutal way by esnaf. The biggest reason is that Turkey's economy has become more foreign dependent in the 2000s - contrary to the 1980s and 1990s – where the number of competitive factors influencing esnaf's competition capacity has increased. After 2002, with increasing imports of

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education and culture-oriented religious movement, are reflected in the debates on the publicity of religion in the modernization process of the Republic. It emerged as a community in the 1960s and gradually transformed into an international social movement. There are also many artists, educators and politicians who are members of the movement. Many of the AKP's founding cadres were also in the Gülen movement at the time. The alliance between Gülen and the AKP in the early years of the government, disappeared over time with the increase of intra-state conflicts and eventually turned into an internal power crisis, especially after the coup of 15 July, organized by low-rank soldiers supporting the Gülen Movement. For further information on the movement, see Yavuz, 1999; 2013; Yavuz, et al., 2016.

intermediate technical goods and foreign direct investments, the hardware trade sector represented historically by the Perşembe Pazarı, experienced a serious transformation in terms of retail and wholesale trade inputs and volume. The increase in foreign investments in the 2000s has led to the gradual entry of global hardware brands to the Perşembe Pazarı, and with increasing foreign trade agreements with China, the Perşembe Pazarı has experienced a rapid transformation. In the 2000s, the global hardware brands such as *Steinel*, *Bondhus*, *Orbis*, *Eclipse*, *Jonard*, *Telesteps* have begun to give franchises to many companies, not only in Perşembe Pazarı, but throughout the country as well. The dealership system actually started to function by locating esnaf in the “periphery of the supply chain”<sup>118</sup> attached to the global monopoly firm. Furthermore, large companies and mega markets entered the domestic hardware sector, like *Bauhaus* in 1996, and *Koçtaş* having foreign subsidiaries in the 2000s have largely affected the competitiveness of this market, historically a *monopole* in the hardware trade. Additionally, the local scale of the hardware manufacturing and trade has shifted to Anatolia towards the end of the 1990s as a result of the expansion of the SMEs in Anatolia which started to dominate the local hardware manufacturing and trade. The e-commerce requiring more technical infrastructure and knowledge, has gradually expanded by transforming the consumption patterns and the structural constraints have gradually transformed the trade and business patterns. The change to the wholesale and retail sector has not only decreased the commercial function of the Perşembe Pazarı, but also esnaf’s commercial volume, political visions and future aspirations. Cengiz, who used to do retail trade in the 1980s, but started to do wholesale trade in the 2000s, expressed the effect of the concentration process of capital that he has experienced since the 2000s:

In the old days it was easier to make money and you were actually making money, because there once used to be one brand of hammer. Now there are thousands of people who produce and import this hammer. The commerce is not over as everyone has said, but the profits and losses have fallen, because now there are more sellers not only in Perşembe Pazarı, but also in Anatolia. Retailing is now

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<sup>118</sup> For an insightful but critical contribution, see Konu, 2009.

over when the big grocery chain comes out. For example, you used to buy a hand vacuum cleaner from this market when I came in 1972. Everything used to be bought from the Perşembe Pazarı. They don't buy anything today. Especially after the 2000s, everybody can purchase any goods from mega markets, as long as they have money. Therefore, this market has no function anymore.

As stated, the increasing dependency in Turkish foreign trade relations during the AKP period has affected the competition conditions of esnaf in Perşembe Pazarı. During the 2000s, China after its membership to the World Trade Organization, reached a significant market share in Turkey. Low-cost Chinese products, on the one hand, have increased the purchasing power of consumers, on the other they have affected the sales force of the esnaf in Perşembe Pazarı. As a result of the increase in commercial cooperation agreements with China during the AKP period, Chinese products became dominant in the market and the competitiveness of esnaf has deteriorated further, although the Chinese products have generally referred to simple hardware tools<sup>119</sup>. The spread of Chinese products and increasing expansion of foreign monopoly brands have caused *anarchy* in Perşembe Pazarı, just as Mustafa, the dealer of a foreign hardware brand, stated that:

The Chinese products have turned the market upside down, there is anarchy in terms of products. It may be good for the customer, but it effects my business. Most of the time they prefer Chinese goods because they are cheaper. I sell the Italian and German origin products; it is of high quality. But you know, we cannot deal with the prices of Chinese goods in the retail trade.

In addition to the structural transformation occurring in the retail and wholesale sectors in the 2000s, commercial digitalization has become more widespread in the 2000s. The importance was given to e-commerce training by the Ministry of Commerce (GTB) and professional organizations such as the ITO and the TESK in order to increase the competitiveness of esnaf in the digitalizing world. The legislative system for e-commerce has continued to develop after 2004. In the meantime, trade in the digital environment has also been monopolized by certain

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<sup>119</sup> According to the report published by the HISIAD in 2018, the first and second countries that Turkey imports metal hardware to are Germany and China. It is underlined that imports with China, but not with Germany, consist of the products having price competition in the domestic market (HISIAD, 2018:25)

firms, and esnaf has tried to be included in certain marketplaces such as *HepsiBurada*, *N11*, but the commission fees received for these marketplaces and charged by banks in virtual payments, and the costs of technological infrastructure have appeared as a further structural constraint for esnaf. Today, the use of e-commerce has not been a broad practice in Perşembe Pazarı and the traditional retail practices have still persisted in this capitalist marketplace. The very reason e-commerce has not appeared as a widespread strategy among esnaf is due to the costs of e-commerce, considered a factor in the decreasing competition power of esnaf in the market. Süleyman, who has never favored e-commerce, offered the reason of his unwillingness, *if not incapacity*, to adapt to global technological conditions in terms of the requirements such as commissions and fees, by saying how e-commerce has changed the traditional business practices and the commercial function of the market:

As we see, those who do e-commerce make money, other esnaf take out their goods. The transition to e-commerce seems to be a necessity for everyone, but the high commissions received here affect esnaf badly. If you want to enter e-commerce today, you cannot make a profit. With e-commerce, this market has stagnated and lost its function in retail trade. Face-to-face shopping will decrease in time, that is for sure. But I think e-commerce has no reliability, because anyone can do e-commerce now, there is no quality control. We used to communicate with customers face-to-face. It was more sincere. There used to be a trust relation.

The dissolution of the traditional business practices is one of the important results of the process of concentration of capital, where new business market pattern has forced esnaf to find new strategies to adapt to global digitalized market conditions. However, e-commerce for the esnaf in Perşembe Pazarı is unlikely to be a common business strategy. It should be mentioned that it is also related to the *lack of reflectivity*<sup>120</sup> of esnaf to adapt to changing conditions and pursue their interests. It will be pointed out that in terms of the legitimizing discourse of the spatial transformation of the Perşembe Pazarı, this may raise a hegemonic argument that the hardware trade function of the Perşembe Pazarı is no longer relevant in the

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<sup>120</sup> Jessop defines the lack of reflexivity as a component of strategic capacity to adapt to changing conditions through new sources, new rules and new knowledge (2018:51).

changing accumulation strategies. Since it is obvious that esnaf who has engaged in e-commerce by adapting itself to the global transformations, they have more opportunity to reproduce their class position in the changing competition conditions. In fact, during the pandemic conditions of 2020 where the retail trade has decreased more than ever, e-commerce has served as a vital business strategy for esnaf to sustain its business where the majority of esnaf in Perşembe Pazarı might regret not being engaged in e-commerce, based on our continuing familiarity with the field.

The structural transformation of the wholesale and retail trade in the 2000s has presented a major obstacle to the esnaf's commercial competitiveness in Perşembe Pazarı today. The growing foreign dependency of Turkey's economy, changes in the foreign trade regime, the digitalization of the commerce and several crises of the neoliberal accumulation regime experienced in the wholesale and retail sector have forced esnaf to adapt to new global conditions. The traditional business practices have been affected by the *anarchy of production*<sup>121</sup> in Perşembe Pazarı, where in addition to the fall in retail trade, the wholesale trade has also gradually decreased, where the import companies reach directly to the client and retail sale has lost its importance with the technological developments. The increasing competition conditions accompanied by the increasing foreign dependency forced esnaf to yearn for past times when the Perşembe Pazarı was unique in the hardware trade and manufacturing. Metin, who has had a hardware shop in Perşembe Pazarı for more than 40 years, expressed his concerns, not only about the future of their profession, but also the local market, which was one of the biggest capitalist local markets specializing in the hardware trade and manufacturing in Turkey:

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<sup>121</sup> The “anarchy” of production is used by referring to Marx and Marxists. In *Capital*, Marx uses the term to define the particular essence of capitalism (Khaill, 1992) According to Simon Clarke, Marx and Engels use the term as the source of a systematic overproduction where the capitalist develops the forces of production without paying attention to the limits of the market. The extension of the market during monopoly capitalism, requires the extension of production. The anarchy of production is also used by other Marxists, such as Kautsky who concluded that the anarchy of production derives from the fact that production and consumption are determined by different laws (Clarke, 1994, p.7-8).

In the past, this bazaar was the heart of Turkey. Whole of Anatolia would shop here. This bazaar used to be unique in Turkey. But the hardware sector was opened to Anatolia in the 1990s. The dealerships of major brands were opened in Anatolia. There is no need for the Perşembe Pazarı anymore. People used to come here, even from Anatolia. But now, everyone supplies everything from everywhere. We won't be here in 10 years. We'll be sent. Here, most of the shops have already returned to fish restaurants, hotels. I don't know what our future will be. The history of this market goes back 750 years. Such a market would be protected by the state in any country of the world, but our state does not protect this market.

In fact, esnaf in Perşembe Pazarı is also likely to consider the market irregularities they have experienced by reference to the urban transformation process and its consequences. It is also worthy to repeat that the current spatial transformation of the Perşembe Pazarı, a very historical capitalist market has been an outcome of the changing relations of production since the 1980s, where esnaf's spatial detachment is likely to be realized in the short-term. In the 1980s, neither demolitions nor the spatial struggles increased the anxiety of esnaf like today, because this local market maintained its commercial and manufacturing function in spite of the neoliberal urban policies. However, with the implementation of the neoliberal urban policies, the space has already become more contradictory, not only with the increase of competition factors, but also with the transformation of the retail and wholesale trade. The implementation of the neoliberal urban policies has also caused a change in the spatial division of labor where the street vendors have started to sell lower quality and cheap Chinese products instead of the high quality domestic and foreign products. The uncontrolled expansion of the informal sector during the AKP rule is likely to increase the spatial hostilities among esnaf. In this respect, one of the greatest reasons for market irregularities that esnaf has experienced daily was the uncontrolled expansion of the street vendors in the 2000s. According to esnaf, the street vendors were the main reason for the market irregularity, where the state has been considered as the main actor by not implementing a regulation about the informal sector. Ahmet aired his discontents about the existence of the informal sector affecting not only the market competition but also the traditional business patterns:

The old days are over now. There are no traditional esnaf anymore. The biggest problem is about these street vendors (*pointing the street*). These street vendors first gradually put a counter on the wall, put a tray on the floor, and then start to trade. Now they have become all merchants (*negative connotation*). The man does not have any cost of rent. For 3-4 years, the municipality has not received occupation money. It used to be. Now they don't collect it either. They disrupted the order of this market, its morality and its competition dynamics.

It is a fact that since the 2000s, esnaf's economic insecurity and fear of the future have mostly deepened in proportion to the increase of disfunction of the market. Although the increase and expansion of the informal sector in Perşembe Pazarı has highly affected the perception of the esnaf on the market– which has also to be considered as the result of neoliberal policies - the transformation of market dynamics can barely explain it, because the spatial transformation of the Perşembe Pazarı itself has also been a very outcome of the shift to neoliberal accumulation regime. In addition to the structural constraints in the wholesale and retail sector, the increasing fragility of the Turkish economy has made esnaf more precarious than ever within the unfair competition conditions of the market. The foreign dependency of the hardware sector and the dominance of the imports in the market have made esnaf more dependent on the currency changes affecting their stock practices. The fact that the flexible currency policy has brought a flexible price policy, once glorified by the esnaf, is now considered one of the obstacles to the commercial transactions. Yalman explained the conditions of the unfair competition conditions by telling how the flexible price policy has been affecting their commercial volume:

In 1995 and 2005, when we bought materials, we were making a profit even if we did not sell that material. Why? Because the price of the goods would change only every three months or four months. Now you are buying goods, but while stocking, we are concerned about whether the price would change or not. The old times were good. Now prices are irregular, many people here went bankrupt. This is an unfair competition.

Due to the increasing of foreign dependency relations, the current market conditions have no longer been in favor of esnaf in the AKP period, in terms of market advantage in increasing their capital accumulation, which is again important to

understand to what extent the material interests of esnaf have been conjunctural and to what degree that the articulation of different relations have been decisive on their reproduction conditions. For instance, according to the esnaf, the most important result of increasing foreign dependency towards the year 2018, has manifested through the flexible currency rates, and as a result, uncontrolled prices of the import goods in the market. Although the authority of the public sector on price control was abolished with the decisions of January 24, since then, prices have started to be determined mostly by the importers. In the face of the rapid devaluation of the TL after 2018 and frequent fluctuations in the exchange rate, Cevdet stated that the list prices of importing companies have constantly changed, and this has been creating pressure on their sales. The price uncertainty due to the exchange rate has been affecting the daily commercial transactions of the esnaf, as well as restricting their ability to stock:

Since it is an import-dependent regime, we depend on the exchange rate, we sell and buy goods accordingly to the prices determined by the importers. We are all dependent on the foreign currency regime. Of course, what happens? In case of the crisis like that, we cannot make stocks as it used to be.

The uncontrolled price mechanism determined mostly by the importance placed on the flexible currency rates, made esnaf more insecure in the highly competitive environment. In the local market, fair competition has mostly been defined in two terms; on the one hand, in terms of the street vendors who do not have any specific price control mechanism (since they do not sell through receipts or invoices); on the other, in terms of the price breaking strategy<sup>122</sup> of esnaf limiting the competitiveness of others in the market. Ersen carefully explained the unfair competition conditions by referring to the global transformation of the market and price breaking strategy of other esnaf.

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<sup>122</sup> In Perşembe Pazarı, the flexible price policy determined in the form of a 10-15 percent profit margin on the price determined by the importer, but it is also stated that there is a situation where the esnaf sells the goods below their costs, which is considered as a price breaking strategy of esnaf to save the day.

There is already unfair competition in this market, because there are certain global brands such as Bosch, Makita, etc. Although we have our own brand, customers mostly prefer the global brands. The unfair competition arises also from this; a product has a value, right? We get up and come here at 6:30am. We come to make money, but there are many esnaf in this market who sell products under their costs. Ok I understand it, they are trying to save the day, but others have also several expenses, we are all employing wage laborers, we have all costs. If someone buy a product that costs 50 liras for 50 liras, we cannot earn anything, because I'm buying the same goods for 60 YTL, so the client does not buy from me.

The price breaking strategy of esnaf in Perşembe Pazarı has to be considered as an outcome of the increasing market competition where the livelihood concerns have become determinant, although it has been relatively considered as a source of conflict among individual interests of esnaf. However, the survival strategies of esnaf within market conditions may not be understood only in conflictual terms, but also in consensual terms<sup>123</sup>. To cope with the severe competition conditions, esnaf in Perşembe Pazarı has a solidarity pattern, identified as a cooperative work among esnaf, namely *imece usulü*, which seems very important in understanding the regulation of the local market relations. Although this business strategy has been prevalent among the street vendors and “occupiers” based on the *hemşerilik*<sup>124</sup> bonds, it may also be observed among other esnaf. By cooperative work, one should understand the informal patterns of solidarity among the esnaf. It is directly connected to the social networks established among some esnaf in Perşembe Pazarı. Since the Perşembe Pazarı is considered as a material pool, this state of

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<sup>123</sup> The strategies of esnaf occurred in the market conditions may be also defined as *tactics*, although the literature on everyday life also does not let us conceptualize the tactics as a part of everyday resistance of the esnaf in Scotian terms (Scott, 1985). However, the sociological perspectives (De Certeau 1984; Lefebvre, 2000) has already taken into consideration the role of strategies and tactics, but with several different interpretations and conceptual preferences, in understanding not only everyday life of individuals but also their hidden, implicit, micro resistances to survive. As Henri Lefebvre states, there could not be a single theory of everyday life, because there are “*so many subsystems situated, as we have seen, not within a single system but at different levels of reality, the lacunae and gaps between them filled with floating mists*” (2000: 98). In this regard, the conceptual difference between tactics and strategies in the sociological literature shall be illuminating for further research on esnaf. For the existing literature on the everyday life on esnaf, see; Akyurt, 2020.

<sup>124</sup> The definition of *hemşerilik* has been used with reference to Ayça Kurtoğlu's article (2005). Accordingly, *hemşerilik* is a relational phenomenon referring to the relations of the fellow countrymen whose family origin is the same geographical area. This kind of relationship is different from other relationships defined according to ties such as relatives, school friends, neighbours, but it refers rather to specific expression of common identity established only after immigration where the immigrants felt the common sense of identity.

unconditional solidarity is seen mostly among certain esnaf in terms of lending goods. Therefore, esnaf may supply the goods they need from other esnaf, especially during periods of cash shortage in the market. Süleyman stated how this solidarity among esnaf allowed him to survive in the conditions of increasing market competition and increasing indebtedness relations during the financial era. This solidarity mechanism has likely been to function as a reproduction condition of esnaf, especially in the current economic conditions where esnaf has lost its stock capacity.

Payments do not arrive on time, so we have a cash shortage. The customer comes, asks for goods. You cannot tell the customer that I do not have that product, in such cases, the esnaf lends money or goods to each other. Here, there are many esnaf from our village, we go and buy from him. I have 300 thousand lira debt. We survive by solidarity with other esnaf. For example, I buy this product from another esnaf and he comes and buys goods from me, because the market is a dog-eat-dog market. It doesn't work otherwise.

In this respect, esnaf have been unintentionally considered the market conditions in Hobbesian terms, where *esnaf is a wolf to another esnaf*<sup>125</sup> where they have needed more solidarity in order to reproduce themselves, especially for those who have more small-scale capital. Under the current market conditions, the motto “save the day” has seemed prevalent among esnaf, affecting not only their business patterns, but also consumption patterns in their daily lives. Increasing competition in this local market being highly dependent on fluctuations in foreign currency are likely to affect not only the commercial volume, but also the future aspirations of esnaf. Another important reason for their decreasing profit margins has been the uneven increase in electricity, water and natural gas tariff hikes since 2013, where the Turkish economy has become more prone to economic crisis. Esnaf while trying to

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<sup>125</sup> Based on the interviewee’s metaphor “kurtlar sofrası” (may be translated as dog-eat-dog world), inspired by the phrase introduced into the Turkish language by the prominent poet Atilla İlhan by its roman called Kurtlar Sofrası (1964), and inspired by the proverb used by Hobbes in *De Cive* (1642/1984), “*a man is a wolf to another man*” (homo homini lupus) where Hobbes characterized human nature in the state of nature. Although Hobbes defined human nature in the state of nature as being inclined to violence, the neoliberal market competition may be identified as a symbolic violence and state of war where the free market actors struggle for benefit from the free market resources.

maintain its class position in the face of its increasing proletarianization, stated they could not make any long-term business plan because their growth aspirations have been highly reliant on the market conditions, where not only price irregularities, but also increasing indebtedness have negatively influenced their commercial volume. The social capital<sup>126</sup> has been determinant in their reproduction conditions where the established loyalties with firms may enable them to sustain their business practices. As Ersen said:

Well, I do not guess that there will be anyone who wants to enlarge its business in these conditions. We don't want it either. It's risky. The costs of growth are very different due to the conditions we have mentioned. While you want to grow, you have to spread the sales, but there are lots of debtors in this market, how the business can sustain. We are able to continue our business as we are an old company and well known in the market. Otherwise, it is not possible in this market to be able to do business.

The changing competition conditions have also affected the business patterns of esnaf. They have been more likely to define the market conditions in terms of uncertainty<sup>127</sup> and risk. Based on the field research, it should be stated that the indebtedness level of esnaf in Perşembe Pazarı through commercial loans was quite low. Although credit usage has not been prevalent due to the high interest rates, they all mentioned that their consumer practices have been highly changed, which allowed them to consider the inevitable financialization process on the moral and cultural basis. The gradual increase in the indebtedness relations during the process of financialization have led to an anti-consumerism discourse among esnaf, which is an important part of their market experiences. The rationalization of the market

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<sup>126</sup> The social capital is used in Bourdieusian sense where it is defined as “*more or less institutionalized relationships of mutual acquaintance and recognition*” (Bourdieu & Wacquant, 1992, p.119). Thus, social capital enables a person to mobilize the resources necessary to achieve its goals through various forms of benefit or advancement.

<sup>127</sup> Beckert says that uncertainty, which is a result of the neoliberal market, emerges as a social order problem. Under neoliberal conditions, market conditions are defined as part of the social order as if the market conditions are in a perfect situation. However, the idealism of a perfect market is an outcome of neoclassical ideology in its functioning; it is rather imperfect. Therefore, it is this disorder that determines what economic agents do and how they make decisions in this imperfect market order (Beckert, 1996:806). On the literature of social sciences where credit has been analyzed as a specific market choice characterized by uncertainty, see Beckert, 1996; Uzzi, 1999; Guseva and Rona-Tas, 2001.

through the financialization process and the reactions towards the “rational market”, have brought a critic towards the idea of “expensing the money that they don’t own”. Thus, the penetration of the ethos of financialization in the mindsets of the esnaf, under the changing economic conditions seems highly difficult where they have been reproducing the past values of the free market where there were few competitive factors, because the competition in 2019 has not been likely defined in terms of wealth, as in the 1980s. Although esnaf could only reproduce itself only in maintenance of capitalist consumption practices, they have also been resisting to the increasing financial inclusion by a discursive critique of consumption society. Mehmet for instance, expressed his ideas on the financialization process as such:

In the past, money we earned was enough for us. There were not credit cards. We expended the money we had. Now, we have become a consumption country. Everything is one step ahead. We are in a position to buy everything, although we have no earnings. People started to move according to the limits of credit cards. They started to increase their limits 5 times 10 times their salary. I think it's morally wrong. We don't have a culture like this.

Despite the “reactionary” discourse of esnaf towards the financialization process, commercial credits and loans have become inevitable to sustain their business and livelihood, which shows in fact how esnaf has been integrated to indebtedness relations during the financial era (Table VII) affecting their perceptions of the market. Although esnaf in Perşembe Pazarı has hesitantly applied for commercial loans, the financialization process made them adopt different strategies in order to benefit from the financial resources without including the financial markets. Based on the field research, they have been unlikely to interact with banks, rather use the credits from companies with whom they have had loyalties. This financial strategy of esnaf refers mostly to a rational tool determined according to the needs in the market conditions, rather than an Islamic vision forbidding interest. One may conclude that, the traditional mindset of esnaf, while resisting the changing financial conditions, have adapted to the rational market conditions, not necessarily

through the ideological codes<sup>128</sup>. The financial strategy of Sabri, for instance did not exclude the interest in Islamic terms, but in the unstable market conditions, the use of interest has not been considered a rational strategy to him:

Interest is a part of your daily life. But I do not use credit in my business. For example, I used the loan to buy a car, but I do not use it in my own business. If it is 5 TL, I would like to pay 5 TL. The companies we work with do as follows; they make an agreement with the bank for a certain amount of money, the bank makes an agreement with us, for example, they give loans with 18 months terms but without interest. Some companies do this, they give their own loans to esnaf. We also prefer this way. But I do not give the bank interest.

In the 2000s, the use of commercial loans by esnaf has increased, so the payment risks (Table VII and VIII). Although interest rates, which had a downward trend until 2013, greatly facilitated the access of esnaf to commercial loans, interest rates started to increase after 2013 due to the continual economic crisis environment. Thus, the most important factor shaping the perception of esnaf towards the financialization process in 2018 have been the high interest rates considered as an obstacle to esnaf's financial inclusion, but during the financial era and in an environment characterized by high inflation rates and currency fluctuations, increasing livelihood concern made it inevitable for them to use bank loans. For instance, during the pandemic conditions, the indebtedness level of esnaf has increased even more, where in the protest of esnaf associations on 27 November 2020<sup>129</sup>, esnaf mentioned that they had to pay their credit debt through other credit. However, based on the field research, it may be said that the loss of advantage of the free market in changing economic conditions has resulted in the unwillingness and insecurity of the esnaf to enter into financial relations. This situation has also affected the perception of esnaf to the market and the state. For example, Hasan

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<sup>128</sup> Dilek Yankaya, in her book *Yeni İslami Burjuvazi* (2018), also insists on this Islamic financial pattern. However, while examining the financial practices of the Islamic bourgeoisie, she suggests reconsidering the financial strategies only by considering its relationship with the Islamic ideology, since during the financialization process, it is likely to mention that the financial practices of the Islamic bourgeoisie have been also changed, becoming a very part of the rational market preferences.

<sup>129</sup> The so-called protest is the second biggest protest held after the 2001 esnaf protests in Turkey. Available at: <https://www.birgun.net/haber/ilk-esnaf-cylemi-kadikoy-de-324620>

argues that the high interest environment, where the sales have slowed and the market “locked down” has forced them to be a debtor through these interest loans where esnaf could not find any collateral in the changing economic conditions and business practices:

In today's interest rate environment, if the esnaf use credit from the bank, this means that he is close to bankrupt. The state demands collateral. How can I give it under these economic circumstances? The market is locked down. If I use credit, I know I could not pay in return. There have been no sales for a long time. We barely sustain our business.

At this point, the expression “locking the market” is important in terms of understanding the relationship of esnaf with the mechanisms of financial inclusion. In the face of the erosion of the free market model in the economic conditions determined by high inflation and high exchange rate, esnaf do not consider the financialization process as “naturalization of the free market” (Güngen, 2017, p.26) through uninterrupted flow of money, contrary to the international financialization literature. Esnaf in Perşembe Pazarı draw attention to the difficulty of access to credit facilities and financial tools because of the political and economic crisis environment, where the consideration of the free market in Hobbesian terms seemed more accurate. Consequently, from the field research one may conclude that the conditions for financial inclusion of esnaf are explained through the improvement of market conditions which are mostly believed to be getting worse since 2013 and much worse with the pandemic conditions today. The inadequacy of the material conditions has not been likely to include esnaf in Perşembe Pazarı in the financial mechanism despite the low interest rates provided to esnaf, because the low interest rates although being a financial opportunity for esnaf<sup>130</sup>, the risk of

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<sup>130</sup> In the 2000s, the credits allocated to esnaf at different interest rates and payment terms have diversified, as a result of the increasing financialization. Although there have not been data on the credit usage of the esnaf in Perşembe Pazarı, the general statistics on loan usage rates and amounts used by the esnaf may be helpful to understand the general tendencies among esnaf about using commercial credits. According to the Ministry of Commerce data, the number of esnaf with credit balance in 2008 was 255.221 and in 2017 this number was 444.940. The reason for this increase is interest rates falling over the years, yet the main conclusion to be drawn is that, considering there are approximately 1,673 esnaf according to 2017 data, only 26 percent of them use commercial

paying the credits have also been increasing in the economic and financial disorder (Table VIII).

#### **5.4.1.1. Concluding Remarks**

In the current economic conditions, the free market conditions have not been advantageous for esnaf as in the 1980s. As a self-reliant market actor, esnaf could not pursue their material interests under the changing economic conditions where their class position was transformed deeply in the 2000s. In addition to increasing foreign dependency of the Turkish economy, a series of structural transformations experienced in the retail and wholesale sector have affected the commercial function of the Perşembe Pazarı in a negative way. In the changing dynamics of market competition, esnaf have gradually lost its control over the distribution and circulation processes. The market disorder has affected not only their business patterns, but also their growth aspirations, where livelihood concerns and fear of the future have mostly been increasing.

However, the free market conditions have never experienced by esnaf in the same way; because despite the increasing proletarianization of esnaf, further opportunities and resources, such as credit incentives and tenders, have always been created by different agents and institutions of the state to maintain the hegemonic relations in a changing conjunctural conditions. Thus, the esnaf's interests have never fitted on common ground and generated institutionalized responses against the changing conditions which may be understood as their commitment of individualism<sup>131</sup> in their business patterns, although there have been relatively

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credit through cooperatives and Halk Bank. This ratio is not totally accurate as the data of the credit amount and credit users through private banks is not available, but a general result may reveal in the data that esnaf has been more engaged in the indebtedness relations today.

<sup>131</sup> The individuality of the small business is a common conclusion of both Marxist and Weberian literature on the petty bourgeoisie where it is mostly considered an important ideological element of this social class. The common finding of these empirical researches suggests that the autonomy and self-reliance constituted a very common feature of the petty bourgeoisie, gained through their own effort in the competitive market (Scase and Goffe, 1981; Bechhofer, 1974; 1978) The explanation of individuality lies, in fact, in the ownership of the means of production implying a strong attachment

unified patterns among esnaf. The individualistic patterns of esnaf may be sought within the different experiencing ways of unequal and unfair market conditions where esnaf has tried to maintain its class location within the class relations, by adapting its class position to changing balance of powers. That's why, the political worldview of esnaf has been mostly shaped by the reactionary mood supporting a constant state of legitimacy crisis, occurring as a result of changing balance of powers, as a basic argument to explain their lack of strategic capacity to pursue their interests.

One might conclude that esnaf has been experiencing the changing market conditions in terms of conflict and consensus, as its end and as its beginning where articulation of different relations may also create opportunities to maintain its class position within the class relations. The very contradictions between its class position and location could not empirically allow us to locate esnaf within the relations of production, because firstly despite their proletarianization, they have no common experiences affecting their material conditions. Furthermore, some market resources have been more accessible to some esnaf and their individuality has been shaped by neoliberal motive. Although the *art of possible* has gradually been become narrow for esnaf during the process of concentration of capital because of the increasing structural constraints, it has also been re-created by different forms of intervention. Esnaf's class position within the relations of production have also been reproduced depending not only on the changing balance of powers but also on the changing capital accumulation strategies. That is why, in spite of the hegemonic doctrine of neoliberal accumulation regime, esnaf may shift towards idealization of

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to the maintenance of the private property, but while Weberian analysis does not allow us to understand the necessary conceptual tools to unpuzzling this individuality phenomenon only by focusing on market situation, Marxist scholars, especially Poulantzas, allow us to consider the petty bourgeois individuality by considering their class location and position within the class relations. Poulantzas has claimed that the petty bourgeoisie is ideologically "*opposed to both the bourgeoisie, which progressively crushes them economically, and the proletariat, as they fear proletarianization and are fiercely attached to (small) property*" (1975, p.291). Thus, esnaf's individuality may also be understood as a condition of reproduction of its intermediate position within the class relations.

the state intervention in the economy, which is very compatible with the changing dynamics of global economic policies.

Considering esnaf's capital accumulation has always been dependent on the reproduction of the capitalist relations of production, this idealization of state intervention in the market is not to be exaggerated as if esnaf has been likely to show some kind of *socialist* patterns when thinking on the functioning of the market in the changing economic conditions. Instead, the increasing proletarianization of esnaf is likely to lead to the emergence of a *victimhood* discourse which has been historically inherent to esnaf, especially in each crisis period. Based on the field research as well, as a result of the increase of structural constraints, together with the legitimacy crises of the neoliberal accumulation, the unjust and unfair qualifications of the market conditions are likely to consolidate their *victimhood* discourses where the state intervention is idealized in order to maintain esnaf's class position within the relations of production. The *victimhood* discourses of esnaf have increased more during the pandemic conditions of 2020. The esnaf protest held in November 2020, should be understood as a sign of the shift in esnaf's interest where their interests have now become more incompatible with the AKP's neoliberal economic policies<sup>132</sup>.

#### **5.4.2. "Where is this state?"**

How esnaf in Perşembe Pazarı has perceived the role and the form of the capitalist state -as if it is a coherent thing - for the sake of the maintenance of the neoliberal accumulation regime that has no more benefit for them in the current changing conditions? In this section, the relation between esnaf and the state will be elaborated by considering esnaf's market experiences, perceptions and demands. When considering the historical conditions of the formation and transformation of

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<sup>132</sup> However, in order to understand the current economic developments and their effects on esnaf, a further study is required. Although the economic conditions since the field research carried out in 2019 have not got better, still a further analysis may be illuminating in order to reveal the effects of the global pandemic conditions.

esnaf, one may barely claim that esnaf's interests have been formed independently from the capitalist formation of the state as a historical characteristic of the relation between state and commercial groups in the social formation<sup>133</sup>. During all the phases of development of capitalism since the late eighteenth century, *esnaf* has been continuously included by the state power and state projects according to the requirements of each phase of capitalist accumulation regime orienting the economic, ideological and political inter-class relations where it has also transformed. However, the commercial group, as the state itself, do not refer here to a single and homogenous entity, rather refers to a heterogeneity. Its historical inclusion has never meant a long-lasting and guaranteed consensus. The form of its relationship with the state power has also been conjunctural. Esnaf, being a self-reliant market actor, has been indeed defending the non-interventionism of the state, however whenever the accumulation regime got into crisis, it have been calling the state, as a historical fact. In this respect, by *by-passing* the strong state approach<sup>134</sup>, the main aim of this part is to reveal the consensual and conflicting dynamism with the set of different relation and to discuss the changing parameters of class location and position of esnaf within the changing balance of power in the capitalist social formation.

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<sup>133</sup> It should be mentioned that the prominent literature on the relation between the state and the commercial groups have mostly Weberian inspirations where the state and the commercial groups has been mostly conceived as a single and coherent entity and it offers a reductionist perspective in favor of the state (Gündoğan, 2005). For the related literature, see; Buğra, 1994;1998; Kalaycıoğlu,1991; Keyder, 1987. For the critics, Yalman, 2009: 113:155.

<sup>134</sup> The strong state approach, being one of the dominant paradigms in Turkish historiography, is one of the explanatory theoretical and conceptual keys used in explaining the Ottoman-Turkey modernization process where the state and society relations are analyzed from the perception of center-periphery relations. This view, which considers the lack of a compromising civil society as in the West, where the state is capable and society as a supportive political union rather than confrontational with the state, has been developed with reference to Weber's ideal type of patrimonial state. The strong state thesis also discusses why the conditions of development of capitalism did not occur in the late Ottoman period. According to this view, the development of trade under state control has prevented the accumulation of capital by mercantilist means. According to this methodological point of view, the historical formation and transformation conditions of the tradesmen have also been handled within the relationship in which the state is the ruler and appropriated the surplus, however the state has never been an ontological distinct category and independent variable (Yalman, 2009, p.130). For the essential reading, see Mardin, 1973; Heper, 1985. However, this strong state approach has also biases. It has been criticized because of its elaborations of the state and the society as two distinct and given entity by ignoring the agency and class dimension of the social change. For the critics, see Dinler, 2003.

It has been a historical fact that the capitalist state form has always a decisive ability to affect and orient every moment of the historical formation and transformation of esnaf not only as a very part of the national commercial capital, but also a prominent social base to reproduce the hegemonic relations. This kind of relation has historically resulted in the political inclusion of esnaf where it has been assumed to represent a homogenous group which has been considered one of the important electoral supports for the political parties where right-wing political parties mostly well represented esnaf's interests. However, esnaf has never been homogenous and never transformed homogeneously, in spite of their increasing proletarianization. While there have been losers, there have also been winners among the esnaf. Therefore, esnaf's interests have always been changed according to how they have been experiencing the market conditions and influenced by several compromises and conflicts with state agencies and institutions. Although this kind of relations may be a reminiscent of a "love and hate relationship"<sup>135</sup> characterizing the relationship between the state and the commercial groups from a more Weberian angle (Kalaycıoğlu,1991; Buğra, 1994), it never meant an unconditional consensus between esnaf and the state. Rather, it has been both consensual and conflictual, depending on the specific conjunctural conditions to the extent that esnaf could realize its interests in the free market conditions. Thus, the relation between esnaf and the state has never been historically one-sided and it has always been more than a dependency relation. Thus, one should consider this relation as a specific kind of relation where the partial material independencies of esnaf has also contributed to its reproduction through articulation of different relations.

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<sup>135</sup> Love and hate relationship, according to Kalaycıoğlu (1991), has to be understood in respect of the weight of the clientelist ties determining the relation between the state and the commercial interests in the post-1980 period where the impact of the commercial interests on policy implementation and policy making has been quite low. Accordingly, the commercial interest representation system in Turkey has been a product of the 1982 constitution which inhibited mostly the socio-political and economic interest conflicts by controlling the public professional organizations. Although as being a critical approach, it may shed light to both conflicting and compromising dynamics of the relation between the state and the commercial groups in Turkey by considering the dependency of material interests of agents on specific conjuncture.

As has already been said that esnaf, as an embedded market actor has supported the liberal values and norms of the market economy as a part of its capitalist class formation; this was the most important reason to not describe esnaf as a *pre-capitalist class*. However, the *traditional mindset* of esnaf defending the *strong state* intervention may always have been shown up, especially in each economic crisis period. In this respect, the material basis of the traditional mindset of esnaf, where esnaf has considered itself as a victim of the crisis conditions of the capitalist development in Turkey, have generally been allowed the legitimation of the *strong state* intervention in the economy, because esnaf's fortune while depending on the liberal market order, it has depended on the maintenance of the hegemonic power relations as well. That is why, during each economic crisis period, the constant invention of the *strong state* imagination by different political forces has historically aimed to maintain and reproduce esnaf's consent for maintenance of the hegemonic relations. Thus, from such a perspective, it becomes difficult to explain the objective reproduction conditions of esnaf, as it has become gradually more difficult to survive in the market conditions, but rather their reproduction conditions through ideological, cognitive and discursive materials. For instance, although esnaf welcomed the liberal economic policies of the DP during the changing economic conditions in the liberal economic order towards the end of the 1950s, esnaf demanded more credit supports and legal regulations from the DP, where they partially realized their interests, but mostly conflicted with the rising interests of the agricultural and industrial bourgeoisie. During this period, esnaf firstly announced itself as a loyal partner of the DP yet supported the military intervention of 1960 paving way to a new accumulation strategy. Likewise, during the national developmentalist period between 1960 and 1980, the price policy shaped by the public authorities was never in favor of their interests in the liberalized market conditions where they saw several modes of intervention and conflicts among the political parties as a reason of economic crisis occurred towards the end of the 1970s, rather than the crisis of the accumulation regime itself. During this period, esnaf's demands on *state intervention*, in this respect, never lasted since their interests have been harmed in favor of the commercial and the industrial

bourgeoisie as a result of the conflicting state projects. With the liberalization of the economy in 1980, the relation between the state and Turkish capital groups<sup>136</sup> has altered to a large extent, as a part of structural adjustment promoting the free market economy, in accordance with the changing priorities of the macroeconomic policies. Esnaf also welcomed the neoliberal norms and got its due through changing articulation of different set of relations orienting the market resources and functioning. However, the neoliberal economic order, while creating further opportunities for esnaf, have gradually and mostly restricted the competition power of esnaf as a result of uneven increasing liberalization and financialization of the Turkish economy. That is why, as in each economic crisis period since the 1980s, they have urgently called the state back where the state has never been “out” of the game, although it has never been idealized for the sake of the realization of their interests. Thus, the New Right mindset<sup>137</sup> as the ideological basis of the hegemonic project of the new liberalism has been handily adopted by esnaf where the historical conservatism of esnaf has once more found its legitimate ideological basis while welcoming the neoliberal values. On one level, the coherent strong state imagination of esnaf has prohibited consideration of the contradictions inherent to the capitalist state where the particularities have been always absorbed by esnaf, as a confirmation of the maintenance of the capitalist relations. Esnaf, in order to reproduce its class position and location within the hegemonic relations, therefore,

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<sup>136</sup> The transformation of the state-society relation in the post-1980 period did not lead to a democratization process in Turkey, and the state continued to be an important agent in the economy by reproducing its own public intellectuals and businessmen, where Yalman calls it “exclusionary populism” (Yalman, 2009). Likewise, Taşkın (2017) identifies the transformation dynamics of the relation between state and society, by considering the democratization process of the civil society in Turkey. According to him, the neoliberal market economy during the ISI period in Turkey cannot be defined as a democratization process as defined by some scholars, because the post-1983 conditions did not allow for proliferation of autonomous public liberal intellectuals, rather consolidation of the “new right” mindset based on the idea of “strong state, strong leader, strong market”.

<sup>137</sup> The material basis of the emergence of the new right ideologies has to be explained by the hegemonic crisis of the Keynesian welfare regime and the ISI model itself towards the end of the 1960s, where the new liberal accumulation regime was implemented. The reorganization of the relations of the production in favor of the bourgeoisie has necessitated a hegemonic ideology in order to consolidate the political and economic project of the new liberalism. In the respect, Topal (2002) suggests considering the relation between neoliberalism and the new right as a symbiotic relation, reconciling the neoliberalism and the conservatism.

have become naturally hostile to all threats against the state. For instance, during the development of the financial capitalism, the rise of political Islam since the 1990s, has increased the inner struggles of the Turkish bourgeoisie<sup>138</sup> where esnaf has also partially articulated materially and ideologically with these interclass conflicts and even positioned itself against the rising political Islam and Kurdish movement, by absorbing the inherent crisis of the neoliberal accumulation regime and the capitalist state itself, and by considering each political crisis as a threat to their coherent strong state imagination.

The idea of articulation between *strong market* and *strong state* have corresponded even though esnaf mostly glorified the removal of public control over the market, and the privatization policies since the 1980s. However, the interests of esnaf have been always conjunctural, as well as their *strong state* imagination. For instance, the hegemonic crisis of the 1990s has detracted esnaf from the established political parties and made them search for new power bloc to be allied. In the reconfiguration of the neoliberal policies after the 2001 crisis, esnaf in Perşembe Pazarı expected the maintenance of the functioning of free market despite of the increasing competition factors, since their fortune has always depended on it, and shifted immediately their alliance partner. Based on the field research, it is observed that the majority esnaf in this capitalist market supported the AKP as a result of changing balance of power. However, with their increasing proletarianization of its objective class position and several crises of the accumulation regime in the 2000s, its ideological and political class location to maintain its class position have become more contradictory. During this period, not only changing articulation of relations with different state agencies and institutions have remained as one of the important dimensions of its reproduction within the class relations, but also esnaf has been included more by conflicting state projects aiming to reproduce esnaf's consent, in a more centralized way, especially during the AKP period. Esnaf myth has been further reproduced and consolidated during this period, where the *strong state*

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<sup>138</sup> For the discussions on the inter-class struggles of the bourgeoisie since the 1990s with the rise of the new Islamist bourgeoisie fraction, see; Hoşgör, 2011 and 2014; Savran, 2014.

imagination of esnaf being historically inherent to its social formation have still been contributing to the maintenance of hegemonic relations. However, in the post-2008 period, the approaches of esnaf to the free market and the state's role in the economy have likely been changed to a large extent<sup>139</sup>. The post-2008 period has witnessed not only the structural and institutional transformation of the economic policies, but also the transformation of the relations of production and balance of powers where esnaf's class location and position have become contradictory. Esnaf has also adapted itself to the new changing balance of powers and economic parameters, by taking the side in favor of the maintenance of the hegemonic relations. Based on the field research, for the local esnaf in Perşembe Pazarı as well, the *strong state* intervention was considered indispensable to their reproduction conditions in the face of the increasing foreign dependency of the Turkish economy. The idealization of the *strong state* intervention has also led to several criticisms of AKP's economic policies where esnaf has demanded more market transparency. However, the reaction of the esnaf has been a historical one; their demands on the *strong state* intervention in the changing market conditions of 2018 should be analyzed as a conjunctural shift of esnaf's interests shaped always and principally by material conditions to pursue their private interests. The idealization of the strong state should be understood not only as a very part of the new-right mindset of esnaf, in order to reproduce its class location and position within the class relations, but also as its peripheral role in the reproduction of hegemonic projects and relations.

Although esnaf's fortune has been historically dependent on the reproduction conditions and maintenance of the capitalist relations and even though they have never idealized total state intervention in the economy, as in the nationalist

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<sup>139</sup> In fact, this is a period where the conflicts between state and capital have become more manifest, and the contradictory demands of the capitalist fraction from the state have also become more contradictory. For insightful discussions on the transformation of state-capital relations, see; Oğuz, 2006; Ercan and Oğuz, 2006; Bedirhanoğlu, et al., 2020, Yılmaz, 2003.

development period<sup>140</sup>, the discourse on the strong state intervention<sup>141</sup> has historically been used to legitimize their fragile position in the face of increasing competition conditions. Likewise, the conservative mindset where esnaf has historically idealized the state through a Platonic vision should be explained from how they been experiencing the free market, to what extent they could pursue their private interests. Based on the field research as well, it may be claimed that their fragile economic position in an environment characterized by high inflation and high currency rates is likely to consolidate their idealization on the strong state intervention. In this respect, the statement of Recep may illustrate how the state has been perceived by esnaf necessarily as an organic entity to pursue their private interests:

When one calls the state, the homeland and the nation comes to life. As esnaf, we are very loyal to our state, no matter what happens. For us, the state comes first. There are no esnaf without the state. We should be thankful to our state, because being stateless is the worst thing ever. If there is no state, there is no society, no esnaf. If there is no state support for esnaf, esnaf could not survive. The state is ours. If we are there, it is thanks to the state. We should all respect the integrity of the state. The state is a whole. We have to respect our state. However, despite our addiction, the state doesn't support us.

The material basis of the *strong state* imagination has to be considered in the proletarianization conditions of the esnaf in the changing economic conditions where esnaf has been experiencing the unfair market competition conditions and needed more support, not only in the regulation of market conditions, but also in several modes of intervention strategically orienting and distributing market resources. Under the changing conditions, esnaf has mostly idealized the *strong*

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<sup>140</sup> As in the new right ideology, state intervention has been considered always necessary for the reproduction of the relations of production, as Milton Friedman suggested (1988, p.15). The hegemonic ideology of neoliberalism has never totally excluded the state intervention, rather considered it necessary for the regulation of the free market in favor of the bourgeoisie and determined the limits of the state intervention (Topal, 2002, p.69-70)

<sup>141</sup> One may also link the strong state imagination of esnaf to one of the characteristics of the petty bourgeois stressed by Poulantzas (1973), namely support of the strong state. According to Poulantzas, both new and old bourgeoisie, although have different positions in production, they have the same effects at the political and ideological level. He argues that in addition to petty bourgeois individualism, attraction to the status quo and fear of revolution; the myth of social advancement and aspirations to bourgeois status, their belief in neutral state over classes and their support for strong state, are the important common characteristics of the petty bourgeoisie.

*state* as market regulator and provider of market justice, compatible with its new right mindset. However, not only the changing economic parameters but also changing balance of powers may consolidate their *victimhood* discourses of some esnaf who could not adapt to changing structural constraints while others could more easily pursue their interests. In this respect, the *strong state* idealization of esnaf has been mostly justified by a patrimonial worldview of the state, as if the state has no class characteristic, promoting the belief of neutral state, as Poulantzas (1973) has already analyzed as a petty bourgeoisie pattern. The unfair competition conditions have caused esnaf to consider the market conditions, where the state as a coherent entity should intervene in market irregularities while the traditional business patterns has been disappearing and the increasing competitive factors inhibiting the realization of esnaf's interest, as if there is a common esnaf objective. The fact that the fragile position of esnaf has allowed them to legitimize the *strong state* intervention as a historical reflection of esnaf's *nationalist-heroic* discourse (Bora, 2000, p. 291), which become prominent when considering their importance as *local and national* components of the economic life. A similar discursive pattern may also be perceived from Taner's statement:

The state exploits esnaf. Does father exploit his son? The more we are loyal to our state, the more it exploits us. He sees how difficult the situation is, everything is against us. We need more support. The state has to do something. We cannot cope with the increasing prices and exchange rate. The state has to prevent this unfair competition.

As already argued, the new liberal accumulation regime since the 1980s has never excluded the state's intervention, as a part of the political project supporting the structural adjustment (Yalman, 2009, p.302), In this respect, esnaf's idealization of the strong state has never referred to the absence of the state's intervention, rather esnaf has always been aware of the state's role guaranteeing the structural adjustment. However, the idealization process has accompanied several accusations consolidated by *victimhood* discourses, where esnaf's transparency demands concerning the role of the state, have been increased. In fact, the criticism of the lack of transparency in the governance of economic politics has allowed esnaf to

idealize the state's role in the economy, more in terms of market justice. In fact, the material basis for the demand of transparency is clear, and despite the discontents of esnaf the free market economy has continued to create further opportunities where the market irregularities have also been perceived in political and ideological terms. It is stated that during the AKP period, esnaf in Perşembe Pazarı has continued to take advantage of further opportunities created by AKP's exclusionary neoliberal populism<sup>142</sup>, although there have been other esnaf criticizing the unequal impact of AKP-era projects and strategies. In this context, their demands of transparency should be considered as such; although demanding the *strong state* intervention in the changing market conditions, esnaf has essentially considered the state's intervention as a source of market irregularities, in Hayekian terms, but not as a shared idea. Their demands of transparency have occurred in three domains; credit incentives, tenders and tax policies, should be considered as their idealization of non-interventionism.

If one can claim that the historical relation between esnaf and the state has been the history of the continual credit demands of esnaf, and in return, continual credit promises by the state, it would not be wrong. There have been specific institutions and government policies that historically have a main role in the allocation and orientation of esnaf credits. One should remember that the new Republican state in 1938 founded a public bank, *Halk Bankası*, to provide cheap credit to esnaf to enhance their competition conditions in a newly liberalized capitalist market. Thus, the central role of the state in credit policies specific to esnaf has historically been the major conflictual area between esnaf and the state, but during the neoliberal era,

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<sup>142</sup> In the article *Türkiye'de Neoliberal Popülizm ve Otoriterleşme* (2019), Ümit Akçay makes a conceptual distinction between neoliberal populism and populism. According to Akçay, while populism included the economic inclusion policies of the lower classes or marginal economic groups, neoliberal populism meant the inclusion of marginal economic groups in the market and the discipline of the debt relationship created by financial inclusion. According to Akçay, in the period before neoliberalism, populism emerged in countries like Latin America and Turkey, characterized by the accumulation regime based on the import substitution industrialization model as a primitive accumulation strategy. The neoliberal populism, in this respect, represents a new populism form rising from the shift of the accumulation strategy, namely the export-based industrialization model where the class-based politics was left and the expansion of the role of financial capital in the national and international economy.

esnaf has been more included in the financialization process, not only through public banks, but also private ones. In the 1990s, the fact that the private banks started to announce also “cheap” esnaf credits and the establishment of the ESKKKs as an intermediate institutional position between public banks and esnaf, has changed the patterns of financial inclusion of esnaf. During the AKP period the financial inclusion tools for esnaf has mostly increased and the *esnaf* loans have become more widespread. The financial inclusion mechanism, which is one of the most important tools of AKP neoliberal populism (Güngen, 2017; Akçay, 2019), became a real political advertising tool in the 2000s for *esnaf*, which may be considered as a transformation of the state’s role in the financial era compatibilities with global demand<sup>143</sup>. In this respect, the credit announcements, which President Recep Tayyip Erdoğan himself often communicated to the *esnaf*, has been of great importance. In the 2000s, the policies aiming to increase the number of the ESKKKs and loan amounts have gradually expanded where commercial loans have become indispensable to the reproduction of esnaf being more subject to global competitive pressures. As mentioned, the position the ESKKKs is to provide collateral to *esnaf*, but Rıza stated that the credit guarantee mechanisms of the ESKKKs are highly dependent on personal loyalties which increased during the AKP period. The claim makes the ESKKKs a structure open to *patronage* relations. Even if it is not so, it is probable that the *esnaf* has a concern in this direction about the changing balance of power and its impact on the distribution of the market resources. Esnaf mentioned that they do not apply because they think they cannot benefit from these credit incentives in any case, which means that the potential of esnaf for pursuing their interests have also been dependent on the structural constraints effecting their mode of calculation and resources. This anxiety situation shows that political and ideological relations in the distribution of credit incentives during the AKP period have continued to be a facilitator for some *esnaf*, as well as

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<sup>143</sup> The political discourses and expansion of the financial tools during the financial inclusion of esnaf, may also be explained by referring to Güngen. According to him, the financialization process in the 2000s has seen a twofold transformation; on the one hand the transformation process of the state in accordance with the financial markets, on the other, the expansion of the state's financial tools, the transformation of the state itself (Güngen, 2017, p.24).

a barrier for others. Rıza, in defining the impact of the politics over the trade in terms of “protectionism”, stated that in each period in Turkey, the changing balance of power has always promoted its own political supporters, actually emphasizing both the historical pattern of esnaf where it has always reproduced itself through conjunctural shifting alliances and the strategic policies of various political forces aiming to consolidate esnaf as a hegemonic base:

These credit incentives have mostly been used politically under the AKP rule. In other words, people who are close to the state, or those who have a man in the state, benefit from these incentives. The state is not fair in giving incentives. There is political bias. If we apply, it will not work out for us. Since we know this, we do not deal with those bureaucratic issues. However, the hegemonic politics refers to protectionism in every period; there have always been some people protected more than others.

We should mention that esnaf’s demand for transparency in the distribution of credit incentives has been a common discourse in Perşembe Pazarı where the market conditions have become more competitive during financial capitalism. The credit incentives to provide more capital to esnaf are considered a vital financial tool for esnaf’s reproduction for maintaining its class location and growing its business. In this respect, esnaf has been experiencing the uneven distribution of credits under the AKP rule as one of the market injustices and as a major obstacle to its growth aspirations, as Mahmut explained:

We have only one shop here, we want to expand our business, but as I said, this is about capital. Thanks to our state (*with an allegorized tone*), they established an institution called the KOSGEB to help small and medium-sized esnaf, but this institution does nothing but help himself. We applied many times, but we couldn’t get any results. On the other hand, there are esnaf we know of, who, for some reason were able to get incentives. I don’t know whether they are partisans of the AKP or not. The esnaf affiliated with the AKP has more chance than us. The state is not transparent in these matters.

Another transparency demand happened in the allocation of public procurements. In fact, the firms in Perşembe Pazarı could have also participated in the public procurement system through supplying goods to these public enterprises, but in 2003, state economic organizations (SEEs) and state economic enterprises (SOEs)

affiliated with municipalities were largely excluded from the scope of the public procurement law (Buğra, 2015, p. 125). The *esnaf* of Perşembe Pazarı have also been greatly affected by this law change, due not only to the changing direction of resource allocations, but also the necessity of adapting to the altering structural dynamics and changing balance of power<sup>144</sup>. However, since the procurements as market resources have always more accessible to some *esnaf* as a result of a typical modes of intervention (Jessop, 2018), the legal changes have not perceived as a common threat by *esnaf* in Perşembe Pazarı, even if the state institutions were historically considered the hardware firms in Perşembe Pazarı as primary candidates in tendering procedures. In this regard, the statements of the *esnaf* in Perşembe Pazarı has been assertive; while Mehmet stated that, during the AKP period, public tenders have not been open to firms in the market like they used to be, so when a new tender is opened to the market firms, ideological and political alliances are highly determinant in the hiring decisions; Birol stated that during the AKP period, they could more likely benefit from the public tenders since the injustices in the public procurement system have mostly been solved. The inconsistencies have largely revealed the impact of ideological and political relations in the access to public resources, shaping and reinforcing the inherent contradictions among *esnaf* where the strategic capacities of *esnaf* to pursue their material interest became more crystalized. The intensification of inner contradictions of capitalism in the 2000s manifested itself through unequal allocation of state incentives and public procurements, not only made the market more irregular than ever, but also affected their perception on the economic administration in favor of new opportunities associated with the potential balance of powers. The following quotations may cast light on the basis on which the material interests of *esnaf* may become blurred, affecting their perceptions on the role of the state:

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<sup>144</sup> Ercan and Oğuz (2006) point out that the change in the public procurement system has occurred under the hegemony of the global capitals, yet in line with the demands of the domestic capital groups by increasing contradictions within them, which have necessitated to consider them within the scope of rescaling of strategies and interests.

You remember, I told you that “*who has something to do with a big deal will always draw some profits*”. We are experiencing this kind of injustice mostly during the AKP period. Even if two companies with the same features compete with each other in the public procurement system, the tender goes generally to the one who is closest to the AKP. The state has not been fair for a long time.

We have participated in the public procurement system a lot during this period. For example, a public tender is opened by the Directorate General of State Railways (TCDD). Before 2002, there would be discrimination towards companies, and the political parties favored their own people. But now the state is more inclusive. The allocation system has improved after the 2000s, there is “*1000 percent*” improvement compared to the past.

The flexibility in the regulatory institutional framework of the public procurement system has given political actors an intervention area in the capital accumulation processes and increased gradually their strategic capacity to pursue their material interest. However, it has also increased the transparency demands of esnaf who could not be a part of the changing balance of powers. The political tension within the market shows, not only the changing business patterns, but also the limits of the inclusiveness of the neoliberal populist policies of AKP rule to strengthen its hegemony. During the AKP rule, it has already been shown that the public procurement system has become the most important instrument for the maintenance of its hegemony<sup>145</sup>. The attempts of the AKP to manage the inner contradictions of capital accumulation have also created new contradictions between the class location and position of esnaf by increasing their economic insecurities in the changing market conditions but also to differentiation in their approaches on the role of the state, because the state power itself has also been transformed during this process.

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<sup>145</sup> In a more Weberian sense, as most frequently discussed by many scholars, political clientelism and patronage have always been important features of politics and society in Turkey. AKP’s new economic order has also established a complex network relying on mutual dependency and privileges, different from the past, by polarizing the business and market through centralization and legalization of modes of intervention. (Gürakar, 2018). However, the drawback of the Weberian understanding is that one should consider also the institutionalized pattern of relationship between several political forces within the balance of powers and esnaf where the several conflicting and comprising strategic decisions and capacities could only meet in the common ground only for some political forces and only in the specific conjunctures, because this kind of a relationship has never been one sided, yet always making promises reciprocally.

By bearing in mind the two-sided relation between the state and *esnaf*, one should mention the last demand for transparency about the fiscal policies. The *esnaf* has demanded the state be regulator of the market because they are experiencing the market “disorder” every workday through the “increasing occupation” of the street vendors in Perşembe Pazarı. For example, Kemal said that the informal sector that became permanent in Perşembe Pazarı was left out of fiscal control during the AKP period. Stating that there has no longer been constant financial control in Perşembe Pazarı since the 2000s, he said the AKP has always tolerated the informal sector as a voting strategy. The discourse shaped by the conjunctural political conflicts manifests itself through the unjust fiscal policies, by stating that several modes of intervention of the AKP government itself are the source of the market irregularities. It should be pointed out that the demands of the *esnaf* on tax regulations and fair fiscal control may be read in the context of the changing configuration of market-state relationship and shifting alliances, because fiscal control as the state’s market regulating tool has started questions in Perşembe Pazarı by those who have not supported the AKP government, although the lack of flexibility in the fiscal control may provide relative advantages<sup>146</sup> to some *esnaf* to maintain their class location:

It used to be financial control before the 2000s. Now, nobody comes to check. These street vendors you see are occupying everywhere today and have increased in the 2000s. They do not pay 1 lira, neither rent nor tax. These are all AKP members. That's why there is no control, Tayyip Erdogan understands their language best and he was also *esnaf*. This is all about votes. The state is tolerating these men just for votes. But what is happening, also steals from my turnover. I pay taxes, he does not.

When considering the demands of transparency, it may be concluded that *esnaf* have considered the state intervention as a source of market irregularities. In this

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<sup>146</sup> As an observation note, it should be noted the *esnaf* in Perşembe Pazarı, especially retailers, do not generally issue receipts or invoices to customers during sales. It may be stated this practice is highly widespread. The paternalist discourse on the basis of the relationship the *esnaf* establishes with the state dissolves at this point when the economic interests of the *esnaf* are at stake. As one might conclude, while complaining about the tax burden, *esnaf* has to find a strategy to escape from this tax burden, especially the TAV. Either paying regularly the taxes, or escaping from it, complaining about the taxes is part of the *esnaf*’s daily business.

respect, what does esnaf think on the role of the state in the economy or on the economic administration? The answer is multiple and not coherent. As mentioned, *the strong state* intervention in the economy has always been against their material interest where they have always supported the free enterprises, but the conjunctural shift in interests could very well become a *strong state* imagination. However, as an indicator of how they have not supported the state's active role in the economy, their critiques towards the politicization of economic management in the post-2008 period<sup>147</sup> should be taken into account. Esnaf, in Perşembe Pazarı has mostly been discontent about the economic management, which they have considered one of the reasons for economic instability in the Turkish economy. Their ideal economic management has favored a more technocratic model, characterized by accountability, transparency and stability. They have been criticizing the familial bonds in the economic administration, namely the Treasury and Finance Minister Berat Albayrak, the son-in-law of the president Recep Tayyip Erdoğan. It should be interesting to note that they have firstly formulated their ideal economic management by reference to the ministry of Albayrak, making exactly the following statement: “the grooms should not manage the economy”. One year after the interviews conducted with esnaf, in November 2020, Albayrak resigned from his ministerial post and the currency rates first began to fall in accordance with the interest of esnaf in Perşembe Pazarı but still continued to fluctuate. Esnaf's discontent of the politicization of the economic management appears in the following statement by Yalman:

It is more appropriate for economic management that competent people should manage the economy. By competence, I mean anyone who knows the economy, have a degree in economics. The groom should not manage the economy. Even I do not put my son-in-law at the head of my business. Now, when Berat Albayrak

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<sup>147</sup> The (re)politicization of the economic management in the 2010s, should be understood as a reconfiguration of the state apparatus during the global capitalist crisis and its authoritarian reformation. The discussion of the depoliticization and repoliticization of the economic management during the AKP period, can be followed from the article of Kutun (2020). Furthermore, during the AKP rule, within the scope of the state restructuring after 2018, for a new economy and debt management, the ministry of Treasury and Finance Minister have been transformed, not only by changing the name but also by changing its hierarchical and institutional functioning (Güngen, 2014).

is showing up and making some comments on their policies to improve the economy, the dollar is rising. This does not give us confidence.

In fact, the statement by esnaf on ideal economic management has meant that esnaf has not idealized the state's role in the economy in terms of its negative affect of the politicization of the economic management, in the Hayekian sense. However, it should be underlined that this does not mean esnaf has a vision in common of the state's role in the economy, although most of them agreed with its regulatory role in the changing market conditions. Rather, the relation between esnaf and the state power should be elaborated in terms of *political opportunism of capital* (Murray, 1971)<sup>148</sup>. The most contested idea of the esnaf on the role of the state manifests itself through the privatization policies, where according to the neoliberal accumulation regime the role of the state in the economy has been idealized as a minimal one. The privatization policies in Turkey begun in the 1980s but substantially accelerated in the 2000s, have appeared as ideological moments<sup>149</sup> also for esnaf, in formulating their economic interest on the role of the state in the economy. Since the 1980s, the bourgeois ideology has always been to formulate privatizations outside the public interest (Boratav, 2015, p.173). However, although in the 1980s, the privatization policies were presented as necessary reforms to increase the efficiency and productivity of public institutions, in the 2000s, the efficiency and productivity debate of public enterprises was abandoned, and privatizations were presented as a tool to increase the strength of the state (Bedirhanoğlu&Angin, 2012, p.49). In Turkey, the privatization issue has not only a capital accumulation strategy but also has always been a powerful discursive strategy orienting the public opinion. Likewise, in 2018 while privatization of sugar

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<sup>148</sup> Murray defines the *political opportunism of capital* in analyzing the shifting alliances *vis à vis* the state power or the economic functions of the state (1971, p.109). By this term, he suggests to understand how internalization of capital increased the contradictions between the capital that the weaker states represents and its extended capitals.

<sup>149</sup> Pınar Bedirhanoğlu and Merve Angin (2012), by elaborating the privatization process of four enterprises in terms of technical and economic aspects of bloc-sales processes, reveal that the privatization processes have functioned as constitutive political and ideological moments, reproducing a particular perception of social reality on the transparency of the privatization processes, masking the corrupt nature of the relations of production. In this respect, the term “ideological moment” shall be used in understanding the varieties of the perceptions on the privatization issue.

factories is on the political agenda, esnaf has also been likely to be more engaged in the privatization debates. Although the privatization issue is important in terms of understanding how esnaf has perceived the relationship between the state and the market, the contradictory approaches have showed the esnaf has no common ground on the role of the state, where there is on the one hand, an approach that has completely excluded the state from the economy, while on the other hand, approaches are emphasizing the role of the state in the economy. Although the bourgeois discourse in privatization policies has also been mostly prevalent among esnaf in Perşembe Pazarı, the interrogation of the developmental polities has led to other formulations, where the state's primary role in the production is emphasized. The privatization policies have been approached either through their effects on the unemployment and domestic production, or as the primacy of the private sector over the public sector, an approach based on a cost-benefit analysis, as a very part of the new-right ideology. Mahmut, for instance, emphasized the profitability of the private sector, giving an example of public transport supporting the privatization of the public transformations:

I support privatizations, because what the state operates does not work profitably. Each political party gets its own personnel, they cannot make a profit. For example, there are 2 bus drivers. One is attached to the private sectors, the other one to the public. The minibus (*private*) stops everywhere to pick up passengers, but as soon as the IETT (*public*) stops, he looks at the pension he bought, right? The other tries to make it his own business. You will not leave the profitable areas to the state.

The privatization process in Turkey, referring to the ideological moments where the primacy of the rule of the market have been defended to the detriment of the capital-labor-state relations, has a political impact on social perceptions. (Bedirhanoglu&Angin, 2012, p.160). Esnaf's view may be explained by the ideological effects of privatization policies where the supremacy of the market is always defended. This political effect of privatization has not only occurred in the context of promoting the role of the state in the economy, but also in very different directions, where the privatization policies have been criticized in terms of results creating market irregularities as a result of the absence of state intervention. In this context, Taner has approached the privatization issue from the perspective of its

effects on the price mechanism. While privatization of sugar factories is on the agenda in 2018, he said he could not supply goods to these sugar factories, which used to be his customer, after the privatization process is completed. The privatization policies have thus been evaluated through their negative effects on the market conditions:

The state must be involved in the economy. In other words, as long as there is privatization, monopolies in the free market will continue to pay the prices they want. Therefore, the state must definitely produce. The state privatized the sugar factories. There are many people who supply the engine of that factory, who maintain it, there are several repairmen in this factory. When the state says that it will not produce sugar anymore and privatize the factory, the sub-industry and the esnaf also disappear.

The privatization issue is important in terms of understanding how esnaf has perceived the relationship between the state and market. On the one hand, is an approach completely excluding the state from the economy; on the other is a method emphasizing the role of the state in the economy, showing that the esnaf has no common economic vision on the capital accumulation strategies which have always been determinants in their class position. In the changing economic conditions, although esnaf has emphasized the active role of the state on the domestic production and foreign trade policies, they have contradictory visions on the privatization policies where the supremacy of the private sectors over public sector has been stressed. Thus, the privatization policy, as one of the main projects of neoliberalism, have more ideological and political impact on esnaf's perception where their material interests may have been shaped for the sake of the liberal market norms, despite of their increasing vulnerable conditions.

However, as has already been mentioned, under the changing economic conditions, many esnaf has begun to question the role of the state in the economy after 2013, where political and economic crises have started to chronically affect the market conditions, and by extension their growth aspirations. Esnaf has been more critical towards the economic policies of the AKP where the accumulation strategy of 2018 has reached its limits. When considering the fact that the AKP have established its

hegemony on the idea of the economic growth and stability (Hoşgör, 2015, p.204), the critiques of esnaf have a conjunctural meaning giving a material ground for their political opportunism. The competition power of esnaf has gradually weakened and the effects of foreign dependency of Turkish economy has become more manifest after 2013 when the inflation rate has started to increase, prices have risen and purchasing power has gradually decreased where esnaf has more demanded a more active role of the state. Although in 2018 the inflationary conditions of Turkey's economy have mostly been felt in food prices but considering the input and output dependency of the hardware sector, esnaf in Perşembe Pazarı was also affected by currency fluctuations. During this process, measures taken to reduce food prices and efforts to regulate market and price irregularities have again allowed esnaf to recall the state intervention especially for self-sufficient industrial manufacturing, as mentioned by Şevket, who said that state intervention in the food sector should also be valid in the hardware sector:

Prices should be determined by the market itself under normal conditions, but if the state is not going to produce anything, then it must control prices in the market. Look how the state interfered in the food sector, the municipalities' open bazaars. We are also experiencing unfair competition here.

In the current market conditions, esnaf in Perşembe Pazarı has no more glorified the free market values where the prices determined by the market actors as in the 1980s. Although there have been conjunctural opportunities arisen to compete at the export markets and at the domestic market, most of them have been likely to consider the current market conditions as unfair and they have been calling the state to regulate the market prices. Esnaf has been in conflict with the self-regulative market conditions, where there has been no price and quality control in the market. İsmet in this context, suggested that the Turkish Standards Institute (TSE) established legally in 1960 where the planned economic policies were implemented during the national developmental period to regulate the market competition, should be more active in determining the criteria for market goods to prevent the unfair competition conditions:

The state must prevent the unfair competition in the market arising from this, for example, you will buy faucets, but in this market, there are many different kinds of faucets. How should you choose the best faucets, according to which criteria? There are several faucets of different quality, there is also a price imbalance ... But there is no control in this regard, everyone brings goods according to their mind and sets prices. The state should regulate prices. There is a Turkish Standards Institute, one of the weakest institutions at the moment. The state should set criteria on the products. Otherwise, the man who brings a good quality product to this market cannot earn what he deserves.

The material interests of esnaf have been shaped today by the changing market conditions where the ideal in the 1980s of a *small but strong state* have likely given way to a more intrusive state in the market. It may be concluded that the material basis of esnaf's discourses on the role of the state may be explained by two facts; on the one hand, the esnaf's reproach towards the state has been already a historical one, inherent in its class formation where its class location has always been conjunctural and on the other hand, the economic policies of the AKP government are now incompatible with the economic interests of esnaf. However, the crisis of neoliberalism is not specific to Turkey. The international debates on the limits of the neoliberal capital accumulation and changing role of the state in economic policies, underlines how the neoliberal economic model has its own crisis at the local and global level<sup>150</sup>. The shift in the idealization of the free market where the regulatory role of the state has mostly been emphasized may also be considered within the frameworks of the international literature discussing the role of the state

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<sup>150</sup> The 2008 global crisis has spawned considerable public debate about the future of neoliberalism. It is discussed more generally that whether the effects of the 2008 global crisis having deep transformative results for the world increasing inequalities and transforming the role of the state, put an end to the neoliberal model and the "free market paradigm". In addition to the continuing economic crises, several other indicators such as the increase in state's authoritarian practices and rise of right-wing politics in USA and EU countries, as well as Latin America, increasing mass protests, international trade wars have caused to consider the boundaries of the neoliberal populism. The so-called literature in fact, has been framed by the post-Cold War paradigm where the state's central role has been brought back to the social sciences (Theodor Skocpol, 1985). By the end of the Cold War, the globalization process and rise of new social movements, according to Bob Jessop, have led to interest shifts in research towards the failure of the capacity of the capitalist state and the new forms of governance (Jessop, 2010). The paradigmatic shift in the free market has to be thought through the debates on the new forms and the functions of the capitalist state. For the related literature, see Duménil and Dominique, 2011; Kotz, 2015; Jessop, 2002.

in the neoliberal economy since the 1970s<sup>151</sup>. The global debates have been grounded within our study through empirical evidence. It is again worthwhile to note that esnaf in Perşembe Pazarı, have mostly believed in the regulation of the state, despite their dispersed interests, since esnaf has been unable to realize their material interests in the free market today. In this sense, esnaf's discourse emphasizing the unfair competition in the market and the role of the state in the economy has significant importance, showing the sustainability capacity of the neoliberal market norms and the state's strategic capacities to maintain the neoliberal accumulation regime as well. This discourse of the esnaf has also revealed the fact that the minimal state, which is the basic argument of neoliberalism, has been eroding for small capital owners in the increasing market competitiveness. As a historical fact, the *strong state* idealization of esnaf is likely to be legitimized by their *victimhood* discourses in the changing economic conditions where esnaf has demanded to be more recognized by the state power for the sake of its survival.

#### **5.4.2.1. Concluding Remarks**

One may conclude that esnaf has had a political opportunist relation with the state and the free market depending on the specific conjunctural conditions. Being a self-reliant market actor, esnaf has been calling for the state intervention in each crisis period when it could not realize its material interests and has faced with its increasing proletarianization. However, their fear of losing their fragile

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<sup>151</sup> The origin concern of the debates on the neoliberal state transformation is that the states in the contemporary world have been unlikely to leave the market "free" as it used to be for the realization of the neoliberal economy. Accordingly, during the deregulation and liberalization of several policies from privatizations to financial liberalization where the state intervenes in the market by regulating it. In this respect, several international and national studies approach to the question of state's active role in the economy. Besides the neoliberal arguments associated with Milton Friedman (1962/2002), who considers the role of the state as the source of problems occurring in the market, there have also been several alternative studies. In this respect, Karl Polanyi (1944/2001) reveals the fact that the liberal free market has never been free and never realized without state intervention, since he believed the modern market economy has functioned only through its institutional embeddedness. Additionally, there has been voluminous literature on the role of the state in the neoliberal economy (Biersteker, 1990; Colin and Streeck, 1997; Evans, 1995; Harvey, 2005; Weiss, 2010).

intermediate position within the class relations has not allowed them to coherently formulate their economic visions and material interests; rather their different economic insecurities and business strategies have allowed them to idealize the role of the state in the economy as regulator and legitimize it. The differences in esnaf's interests have again revealed its very contradictory class location, where esnaf has not tried to search out the most appropriate and common alternatives to maintain its class position against the risk of proletarianization. To make sense of its proletarianized class position within the class relations, thus one should always take into account its class location where esnaf has been trying to prevent its proletarianization by adapting itself to rent-seeking mechanisms and shifting alliances within the hegemonic power relations, based on the field research. It may be said that the increase in demands of the state intervention and of transparency of modes of intervention should be understood as a part of the hegemonic crisis of the neoliberal state projects. Esnaf has become more *suspicious* about its alliance with the hegemonic power bloc, despite its increasing inclusion by state projects where different components of the power bloc have also been aware of the need of reconfiguration of the class relations. It is also an empirical fact that they have mostly perceived the state as a coherent structure because of their inherent *strong state* perception, which is why their reproachful attitude towards the state and their urgent call in each crisis period has generally been anonymous. Esnaf's approach to the state is important when considering how its class location have been maintained and absorbed within the hegemonic relations, since it has been mostly thanks to the esnaf that the hegemonic coherency of the state has been reproduced and guaranteed at the discursive level (Jessop, 2018). This approach has also served as a key premise of the New Right ideology, necessary for the ideological reproduction of the reconciliation between the myth of free market and the coherent state. Since the material conditions have been always decisive on determination of both class position and location and there has been always the material basis of their shifting alliances, one should also take into account their interest formulation, namely their developmental policy suggestions on the areas where they have been most experiencing the proletarianization process, namely industrialization, foreign

trade, fiscal and financial policies. However, their policy suggestions have never indicated a strategic capacity of esnaf influencing the decision-making processes and transforming the policy action, but rather as an outcome of their *victimhood* discourses.

#### **5.4.3. Rescuing *Esnaf*: Perceptions on Economic Policies**

In Perşembe Pazarı, a capitalist marketplace historically addressed to the hardware trade and manufacturing where structural constraints during the process of concentration of capital have gradually become more decisive in the determination and maintenance of esnaf's class position. As a result of the increase in dealerships of foreign brands and importers, of foreign investments in the 2000s, and chronic crisis of the Turkish economy, the proletarianization risk of esnaf has gradually increased, although esnaf has not disappeared completely, thanks to their interconnected economic, political, ideological and cultural materialities and to the articulation of different set of relations, which have been important in understanding the patterns and limits of esnaf's strategic capacity. In this respect, the developmentalist policies has constituted a very important part of esnaf's daily discourses where the increasing risk of proletarianization has paved the way to the formation of several policy advices against the increasing competition conditions and changing economic parameters to enhance the neoliberal accumulation regime. As already discussed, the way esnaf has been experiencing the free market conditions was largely shaped by unfair competition in the 2000s, based on the field research. The gradual decrease in the commercial volume and urban function of the Perşembe Pazarı have constituted the material basis on which esnaf has been directly developing the discourse of unfair competition. Although esnaf has mostly emphasized the regulatory role of the state in the economy in the context of the decrease in their trade volume under the changing competition conditions and increasing fear of the future, esnaf could not formulate any institutionalized responses where the material conditions alone are not sufficient in defining the market experiences of esnaf, as argued in the previous part. To illustrate how esnaf

could not formulate any institutionalized responses, or in other terms, any common interest, one should also pay attention to the development policy agenda of esnaf, which has been taken for granted by political forces and state projects to maintain the hegemonic role of esnaf during the continuing crisis of the neoliberal accumulation regime.

Since the neoliberal accumulation regime has continued to offer further advantages despite its continuing crisis, the policy agenda of esnaf should be understood as a set of advices necessary to maintain their class position in the changing economic parameters. The *agenda* of esnaf on the development policies consists of 4 main topics; *the foreign trade policies, domestic production policies, fiscal policies and financial policies*. At the top of esnaf's *agenda*, the economic policies of the national developmentalist period have been considered as a vital survival strategy in terms of preventing competition and price irregularity in the market. However, these policy advices have not been shared commonly by esnaf; rather they seemed to be more about shared individual experiences. Based on the field research; among 40 interviewees, only 13 have expressed the economic interest through foreign trade policies criticizing the foreign dependency of the Turkish economy; 18 of them on the decrease of domestic production; only 5 have referred to the financial policies and 8 have formulated a policy suggestion on fiscal policies. Although the dispersed interests of esnaf may manifest themselves in the formulation of different economic policies in different directions, for the majority of the esnaf in Perşembe Pazarı, the development policy suggestions have been shaped on a material basis, where esnaf has gradually lost its competition power.

Based on the field research, the emphasis made on the planned economic policies which have been developed with reference to the ISI period should be taken into consideration. Although state development plans have been persisting in the economic management during the neoliberal period since the 1980s, the neoliberal turn in the Turkish economy has mostly transformed the content of these development plans in the light of the neoliberal transformation of the state's role in

the economy. Since the 1980s, within the context of the neoliberal restructuring of the state, the role of the state has been limited to regulating and controlling the markets. In this context, planned development policies have been removed from the duties of the state with the 1982 constitution. In the development policy plans implemented after 1980, the sectoral planning and industrialization plans were abandoned, and the development goals started to be defined mostly through technological infrastructure deficiencies. It may be concluded that the development policies functioned more as a political project in the neoliberal period. The *State Planning Organization* (DPT) which was the creator of development plans, gradually lost its function. Established by the Constitution of 1961, during the Import Substitution period, the DPT underwent a major transformation in the neoliberal period<sup>152</sup>. Bearing in mind the neoliberal configuration of the economic policies promoting the free market, where the role of the state has not been idealized at all, it should be noted that under the changing economic conditions where their competition power has become more limited, esnaf has formulated their interest with reference to the state development planning, where the state institutions have planned its actions and goals for investment and economic development. State development planning has been considered indispensable to esnaf in order to maintain their competition power in the free market, because since 2013 the market conditions have been shaped by daily exchange rate fluctuations where the hardware trade has become more import focused. The fact that esnaf has been calling for state planning in each crisis of the accumulation regime should also be understood as the material conditions have always been decisive in their shifting alliances. As Mustafa stated, for an esnaf in Perşembe Pazarı mostly engaged with import activities, the unplanned economic policies have not only affected their

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<sup>152</sup> The DPT first lost its constitutional status in the context of state restructuring. DPT was reorganized under the name of the Ministry of Development in 2011 and under the name of the Budget and Strategy Directorate and within the Presidency in 2018. During this period, the DPT was removed from being a specialist institution, as Soyak mentioned. The 10th Development Plan, targeting the 2018-2023 period, is the product of a similar planning approach. For further reading on the transformation of the state planning understanding in Turkey and on the transformation of the DPT (Baydar, 2006; Kepenek, 1999; Soyak, 2003; Şenses, 2004).

business strategies, but their market decisions in the long-term<sup>153</sup> as well. For him, the state planning has been indispensable to predict the possible investments, but also economic sustainability:

For example, there was state planning in the past. There were 5-year, 10-year and 15-year development plans. For example, after Özal's period, although Özal was in charge of the State Planning Organization (DPT), he removed the state planning. For example, we would read them. We would understand and say that Turkey will invest here in the first 5 years in the energy sector. I don't know with automotive in the next 5 years ... because all of these were included in those development plans. Things always go back, because annual or 10-year plans almost turned into monthly, weekly, daily plans. We could not even predict economic stability or market stagnation. This is how we live now.

As discussed in previous parts, with the liberalization of capital movements, the economy of peripheral countries such as Turkey's, was integrated into the world economy, but this integration has caused chronic economic crises by increasing and sustaining relations of foreign dependency. Liberalized capital movements in the 1990s increased even more in the 2000s and Turkey's economy has become more dependent on foreign capital during the AKP period. According to the field research, state planning has been demanded while considering not only the unfair market competition conditions, but also the currency fluctuations since 2013, and mostly since 2018 where the capital accumulation strategy based on the construction-oriented growth has reached its limits. The current market conditions have no longer been in favor of esnaf, where they could not find any further advantages for increasing or even maintaining their capital accumulation, because esnaf in Perşembe Pazarı has been more affected now by increasing foreign dependency of the Turkish economy on investment and intermediate goods in the

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<sup>153</sup> In order to understand the emphasis made on state planning, a brief look at the 11<sup>th</sup> Development Planning<sup>153</sup> would be enough to understand on which basis esnaf has been formulating their interest on the importance of state planning. Although there are many targets in the plan, such as increasing competitiveness, increasing domestic savings, reducing the informal economy, increasing the standard and quality of domestic production and technology capacities, reducing the use of imported products in production, reducing the dependency on imports and the ratio of foreign trade deficit, it is very difficult to say that this plan is the product of a concrete policy-making process. On the contrary, it would be more correct to say that the plan refers mostly to short-term unclear targets that make comparisons based on the data of the previous years, although the plan years have come across with the pandemic conditions of 2020 affecting the economic stability at the global scale.

market. In this context, the esnaf, whose trade volume has decreased in the high inflation environment and devaluation of the Turkish lira since 2018, began to question foreign dependency relations and the regulatory role of the state.

Esnaf has been criticizing the foreign dependency relations in the context of import and export regime policies, which affected the product composition and trade volume of the Perşembe Pazarı, where imported goods have become more dominant since the 2000s. They have been demanding the state be more protective in foreign trade. It is said that the buying and selling power of the supply companies has decreased in the face of the continuing change in product prices, according to fluctuations in the currency regime. For example, by referring to the changes in the global trade since 2008, Rıza stated that in the face of the rise in protectionism in global trade, the increase in customs taxes and customs warehouse costs affected esnaf's commercial power and the circulation of goods in the domestic market. It was stated that quotas and tariffs set for exports and imports impose financial and fiscal burdens on esnaf, and the support provided by the state in export policies should be increased again. The state is called on to be more *protectionist* in the foreign trade regime, adopting policies by considering the dynamics of the domestic market and also the interests of esnaf. Rıza took the state's *protectionist* role even one step further and demanded the state be *prohibitive* in both import regime, which may be also seen as a part of esnaf's idealization of the *state* as a coherent and strong entity, as if there are never contending interests in it, which is legitimized by their increasing vulnerable position in the changing economic conditions:

Most of the manufacturers are in trouble. Importers are also in trouble because taxes have risen a lot in customs. Warehouse fees have risen sharply. They set quotas but it doesn't work for us. We cannot deal with these difficulties. They apply quotas, and because of the rising costs our prices become unstable. If the state is going to make a law it has to say "ok, I'm banning the importation of these goods until 2021". It must be a top-down policy. Our state is our father, it should consider us. It is necessary for the market's regulation.

Minimal state intervention has been the motto of neoliberalism, but everywhere in the world, this ideal could never be reached. As already argued, after the 2008

global crisis, the norms and values of neoliberalism started to be questioned, in order to sustain the reproduction of capitalist relations of production where the role of state has come into question. Since the 2008 crisis, many protective and trade-restrictive measures have already been taken by many G20 countries. The reason is that they wanted to compensate for the losses caused by the crisis and maintain their position in foreign markets, which has been totally contrary to the politics of the *World Trade Organization* (WTO)<sup>154</sup>. Turkey's protectionism in the post-crisis economic climate has also expanded in the context of foreign relations and foreign trade measures, but within a high foreign dependency, the measures taken seem to have had a limited effect on the Turkish economy. For instance, that is why Cevdet emphasized that the sectoral developments should also be considered while taking foreign trade measures, especially in the high foreign dependency sectors, such as hardware. However, while demanding state protectionism in foreign trade, esnaf has also criticized the negative effects of the partial protection measures on their trade volume and foreign trade activities. For the local esnaf, the import funds have not been adequate to promote the exports and decrease importation; rather several foreign trade policies should be implemented by considering their effects on the domestic market:

Funds for imports came in 2013. For example, when you import a product there is a 50%-100% tax, namely customs duty. But this tax comes out when importing from Eastern bloc countries, not from Europe. When the state increases taxes, it is reflected negatively on manufacturer prices, thus the manufacturer can only sell to the domestic market. Why can't he sell in foreign markets? Because the costs are

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<sup>154</sup> Since 2017, the trade war starting between the US and China, the changing foreign trade policies involving the increase in import taxes or in import quotas affecting many countries, including Turkey, has greatly changed the course of globalized trade. In 2018, in response to the tax increase in US steel imports in 2018, Turkey has also introduced quotas on steel imports in 2018. The decisions concerning the import and export regime in Turkey, taken with the aim to protect the domestic production", involve several measures that have to be evaluated in the context of the changing course of global trade, despite the politics of the WTO. In fact, the WTO is against protectionism in international trade, on the grounds that it prevents free market competitiveness and the global development of the sectors. However, after 2008 the policies suggested by the Doha Round of trade negotiations in the context of trade facilitation resulted in the rise of protectionist policies in the post-crisis conjuncture. Furthermore, it has to be noted that the tensions between the WTO and US President Donald Trump has, to a large extent, limited the WTO's initiative in combating protectionism.

Available at: [https://www.wto.org/english/res\\_e/booksp\\_e/anrep\\_e/world\\_trade\\_report08\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/anrep_e/world_trade_report08_e.pdf), 24 October 2020.

obvious. When you fund the goods from abroad, our import price rises. Therefore, the importer sells goods here at high prices. But he cannot sell it abroad. We have difficulties when exporting. For example, even if you are exporting the simplest nails, there are so many difficulties. The state should arrange these funds by taking sectoral developments into consideration. In our country, complete intermediate goods are imported. When you apply funds to the imported product, its price increases in the domestic market.

During the AKP period, as a result of the implementation of economic policies to enhance the export regime where the increase has been mostly provided by the export incentives provided to the SMEs, although exports increased, imports also increased similarly, and thus the foreign trade deficit is constantly increasing as well. When considering the fact that approximately 65 percent of Turkey's exports consist of imported inputs<sup>155</sup>, the boundaries of the state protectionism can be better drawn. However, the measures taken in the foreign trade regime, especially in the post-2008 period, have aimed to increase domestic production by promoting the manufacturers and industrialists, the protectionist measures have not been commonly idealized by all fractions of the Turkish capitalist class. Likewise, although *esnaf* has idealized the protectionist measures on the foreign trade regime, these measures have been mostly incompatible with the interests of several fractions of the Turkish capitalist class<sup>156</sup> where the global protectionism has been criticized by several Turkish bourgeoisie associations<sup>157</sup>. Although there has been an axis shift in the foreign trade regime on country basis towards Islamic countries during the AKP period, the foreign trade policies have expanded the bourgeoisie's

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<sup>155</sup>Eğilmez, M. *Korumacılık ve Türkiye*, Retrieved from: <http://www.mahfiegilmez.com/2018/10/korumaclk-ve-turkiye.html>, 20 November 2018.

<sup>156</sup> However, protectionism in foreign trade demanded by the *esnaf* is against the interests of the bourgeoisie. In this regard, the economic interests of the *esnaf* and the bourgeoisie are in conflict. In fact, in the meeting *Trade Wars, Brexit and the Future of Multilateral Trading System*, attended by the Turkish Ministry of Commerce in 2019, the private sector on a global scale was invited to oppose the increasing protectionism in foreign trade; a statement totally opposed to the interests of *esnaf*. In the same meeting, ICC Turkey National Committee Chairman and the president of the TOBB, M. Rifat Hisarcıklioğlu emphasized that the protectionist economic policies threaten global growth and stated that while free trade means wealth, protectionism means misery. Available at: <https://www.tobb.org.tr/Sayfalar/Eng/Detay.php?rid=24989&lst=MansetListesi>, 21.10.2020.

<sup>157</sup> For instance, TÜSİAD have criticized global protectionism in terms of its risks in the economic and financial disorder and called on the G-20 countries to refrain markets from the protectionist barriers. Likewise, MUSAİD has also criticized the increasing trade protectionism by considering its negative impacts on developing countries.

investments areas in Turkey, (Buğra, 2015) and consolidated the capitalist character of the state yet narrowed the competition power of esnaf because of the high foreign dependency of the Perşembe Pazarı. Being contrary to the interest of the fractions of the capitalist class, esnaf in Perşembe Pazarı demand more regulations and more rules concerning the foreign trade regime through the protective, inclusive and even prohibitive policies, because the current neoliberal accumulation strategies has lost its advantages in the current economic conditions, where the increasing state protectionism in the economy have become dominant in esnaf's idealization. Here, based on the field research, one may conclude that the policies affecting the foreign trade regime seems to cause conflicts between fractions of the capitalist class where esnaf fits between the bourgeoisie and the petty bourgeoisie in Wright's terms. Thus, the conflicting interest within the different fractions of Turkish capitalist class may not have always reconciled with the hegemonic projects in specific conjunctures. In this case, esnaf's support for protectionist policies may be understood as a *proletarianization effect* of accumulation strategies where esnaf, in order to maintain its class position have not been always allied with the power bloc.

In the changing economic conditions, the crisis of the neoliberal accumulation regime is mostly defined by esnaf, not only through the foreign trade policies, but also through the industrial and agricultural policies leading to interrogation of further accumulation strategies. In fact, as a result of the transformation of the agriculture, industry and service sectors in line with the needs of international capital during the AKP period, the ownership and distribution relations have transformed and the policies targeting national growth have shifted from the agricultural and industrial sectors to the service sector (Yeldan, 2017, p.124). Thus, in the background of the emphasis on the trade protectionism, there is also an emphasis on the importance of domestic production. Saying that he barely tried to sustain the business that he took over with his father in 2005, Taner made the following statement while defining the most appropriate policy to decrease foreign dependency and enhance the domestic market conditions:

In my opinion, every product in the market should be made in our country. The state must produce them, regardless if it is industrial or agricultural. If the state produces goods, that is how our economy may grow. Buying and selling from outside means the collapse of this country.

For the local esnaf in Perşembe Pazarı, agricultural policies have been the most important pillar of economic development policy. However, the erosion of agricultural support policies since the 1980s through liberalization of agricultural foreign trade, changing base prices and decrease of rate of public investment have gradually led to a neoliberal transformation in agricultural policies (Bağımsız Sosyal Bilimciler, 2015, p.95-99). During the AKP period, more market-oriented and competitive policies have mostly been adopted in the agricultural sector (p.104) and as a result, the loss of agricultural employment reached its highest levels, and ownership and distribution relations changed at the expense of the villagers (Boratav, 2015, p.274). Thus, with the transformation of labor markets and a decrease in purchasing power, the neoliberal economic policies specific to the agricultural sector have begun to be questioned, also by esnaf in Perşembe Pazarı. Agricultural policies, which are an important dimension in questioning foreign dependency relations, are one of the fields that esnaf has referred to while formulating their material interests in changing economic conditions. While discussing whether “*today's conditions are a sign of economic crisis, or not?*”<sup>158</sup> under the conditions of the 2018 currency crisis, Yavuz identified the current economic conditions as a result of long-term economic developments related to agricultural and industrial politics:

We are experiencing an unnamed crisis. It started with the construction sector and continues with the textile sector. We are experiencing a huge crisis. I think the necessary investments were not made. In other words, we were the third in the world in terms of wheat reserves. This country started to import wheat during the AKP period. They finished agriculture. These negative developments have

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<sup>158</sup> In 2018, regarding the volatility in exchange rates, President Recep Tayyip Erdogan said Turkey did not have any crisis by describing the rumors as manipulation for shaking the hegemonic power of Turkey. Available at: <https://tr.sputniknews.com/turkiye/201809191035270505-erdogan-kriz-aciklama/>

affected the industry as well. So, here we are, of course we got into the crisis, when foreign currency rises. We could not even produce our own wheat.

Another dimension that emerged while questioning foreign dependency relations is the industrial policies. It would even be correct to describe it as “deindustrialization policies” (Rodrik, 2016), because industrial production, which has been declining in line with the needs of international capital since the 1980s, have never been the main axis of the economic growth model during the AKP period, where Turkey's economy has become increasingly more dependent on the import in intermediate and investment goods. The conditions that set the ground for this was the abundance of liquidity experienced in the 2002-2007 period, the cheapening of foreign exchange and increased foreign capital movements. Since 2002, the increase in intermediate and investment goods has led to the exclusion of domestic production. (Yeldan, 2017, p.120). During this period, the share of the manufacturing sector gradually decreased in total employment and total added value (Doğruel, 2017, p.70-71). The negative developments of industrial policies constitute an important reference source for the esnaf in Perşembe Pazarı while expressing their material interest in the current conditions shaped by the currency crisis in 2018 and the rapid devaluation of the TL. In this context, Rıza emphasized the central role of state regulation in domestic industrialization as the most fundamental strategy for the development of national economy:

The state must produce. So, I am a secondary school graduate, there is no need to graduate from university to know this. Nothing happens without producing. You cannot stop the import. We are dependent on imports. We need to manufacture to prevent this. The state should open a factory.

Although the emphasis on domestic production has been formulated through the central role of the state, the importance of the private-public cooperation has also been emphasized during the interviews. Mehmet, for example, also formulated the importance of domestic production in expressing how his economic interests have become incompatible with the economic policies of the AKP, but by mentioning the importance of encouragement the Turkish businessmen. Thus, the importance of domestic production, which may be considered a strategy adopted by most of

esnaf in Perşembe Pazarı, varied in the face of the question of “who should produce?”. Likewise, İsmet argued that to regulate prices in the free market, domestic production could only be realized by state encouragement given to prominent businessmen engaged in industrial activities:

The biggest problem of esnaf is that our national currency is not valid. Because our purchases are fixed to the dollar, we buy more expensively under the current conditions and sell it more expensively. In every sector, the state must start production with seriously skilled businessmen, but of course the state must not be a monopoly. It has to leave us an area to compete with each other through domestic production. If not, the market would turn to a black market.

By emphasizing the importance of the cooperation of state and private sector in industrial development, Mehmet and İsmet drew attention to the limited role of the state for the sake of the free market, so although the active role of the state has been demanded by esnaf, the supremacy of the liberal norms of the free market have remained a priority. Nevertheless, the manufacturing policies are the key reference for esnaf while explaining how they have been experiencing the market. In fact, there is a very understandable reason; the foreign dependency of the Turkish economy has been a very important factor limiting the competitiveness of the *esnaf* in Perşembe Pazarı for a long time. The fact that the esnaf expressed their material interests over the importance of domestic production reveals again the question of the role of the state in the economy, but the questions of “how should we produce?” and “through which policies” have remained unanswered.

Esnaf’s demand on the state regulation has also manifested itself in the critique of the fiscal policies. In fact, the tax issue, which has constituted the biggest matter arising from the field study, refers to an important policy area in terms of understanding the strategies and perceptions of the esnaf in their relationship with the state and the market. In fact, the tax issue has historically referred to one of the most conflicting areas, not only between esnaf and the state, but also between esnaf and the Turkish capitalist class. Historically, esnaf has always positioned itself against the bourgeoisie, as a loyal coalition partner of the state, while always complaining about the tax burden. Esnaf has generally believed the state has

avored the bourgeoisie on taxation and legal changes, which is accurate when considering the dynamics of the state-business relations during the AKP period (Buğra; 2015). It is worth noting the *class conflict* occurring in the fiscal policies has also been an empirical fact based on the field research. Esnaf in Perşembe Pazarı, has been able to perceive the tax inequalities by considering the state-led opportunities provided to the Turkish bourgeoisie. As Mehmet mentioned, while subconsciously referring to the *nationalist-heroic* position of esnaf within hegemonic relations:

Big capital plays with money. He makes money with money. For example, I think that big capital earns money with money, not with government support, that is, it makes money with foreign repos by investing in foreign currency, there are already permanent tax amnesties. But how about esnaf? We buy and sell; we pay our taxes regularly. We are the heart of the economy; we are the most loyal taxpayers in this country.

In fact, in face of the demand for a state regulation, there is also a capitalist state emphasizing that it is actually a regulator and protectionist in the changing economic conditions of the 2000s. In this respect that tax policies, in addition to financial policies have always been at the top of the agenda of the AKP's market regulation. Based on the field research, although esnaf in Perşembe Pazarı did not believe any state support and state regulation specific to esnaf has occurred until today, the President Recep Tayyip Erdogan stated many times that they have regulations in favor of esnaf in the tax legislation. In 2019, he used the following statement: "*we do not play with the bread of our esnaf, we teach those who play with the bread of our nation. As a brother who has been esnaf in the past, I will understand you best*"<sup>159</sup>. However, despite these policies, such as tax amnesty and debt restructuring as important social policy tools during the AKP era, the tax burden has still been one of the great problems of esnaf, limiting their competition power in the changing market conditions<sup>160</sup> which caused esnaf to question the

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<sup>159</sup> The statement that Erdoğan made in the Esnaf Meeting of Turkey, 13.02.2019, Available at: <https://sptnkne.ws/kGvw>

<sup>160</sup> The esnaf in Turkey, have been taxed in two ways: simple taxation and real taxation. According to the provisions of the Tax Procedure Law implemented in 1961 real taxation is applied to those

illusionary discourse on *brotherhood* established between esnaf and the AKP. While defining their material interests, they have mostly and primarily mentioned the negative effect of VAT, but also many taxes collected by the municipality. Fahri, who has been selling general hardware goods in Perşembe Pazarı since 1972, stated that he has been paying taxes equal to his monthly earnings, and the state has not made any changes in tax policies, despite these market conditions affected by the currency crisis of 2018. In this respect, under the changing conditions, the state is called to consider the unfair market conditions in making tax policies, and tax regulations are demanded for increasing their trade volume:

Our problem is the tax burden. In other words, we are only trying to maintain our business because of the increasing taxes. You pay taxes according to your turnover. The more you win, the more money the state collects from you. You know, we are doing business here with little profit because of the taxes we have to pay. Under these conditions, the state has left esnaf all alone. We are all alone. Esnaf pay huge taxes. This is the biggest problem. I pay 7800 TL tax every month. In other words, I have to earn 7800 TL so that I can pay my tax to the state. You know the market conditions, no jobs, no customers. Where is the tax cut, tax amnesty in these circumstances? Erdoğan said that they made regulations, we don't see any tax regulations.

In addition to the conjunctural conditions after the currency crisis of 2018, the domestic market has become more stagnant with the effect of the global epidemic conditions since the beginning of 2020. Under these conditions, several VAT discounts and refunds were implemented on certain products and services (such as food, education, tourism)<sup>161</sup>, but these developments were not valid for the esnaf in Perşembe Pazarı. The esnaf has still been paying %18 of VAT based on all their commercial transactions. Although the tax burden, especially the VAT has been one of the great problems formulated by esnaf, just like the privatization issue, the

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who will be subject to Income Tax due to its commercial, agricultural or professional earnings, and simple taxation is applied to those who are outside of this scope. The esnaf in Perşembe Pazarı has been subject to real taxation due to its commercial earnings and are also liable to pay many taxes, especially Income Tax as the main requirement. The esnaf also pays VAT to the state on the goods that they have been selling. In addition, since the esnaf in Perşembe Pazarı is located within the boundaries of the Beyoğlu Municipality, they pay many taxes to Beyoğlu Municipality such as signage tax, environment and cleaning tax, garbage tax, withholding tax, stamp tax. Further taxes have been collected based on the Municipality Law accepted in 1993.

<sup>161</sup>2812 Sayılı Mal ve Hizmetlere Uygulanacak Katma Değer Vergisi Oranlarının Tespitine İlişkin Kararda Değişiklik Yapılmasına Dair Karar, *Resmi Gazete*, no:31202

demands of the esnaf on the tax issue may turn into an ideological moment where the capitalist relations of production to which esnaf also belongs, may crystalize around the nationalist motives by promoting the capital accumulation (Jessop,2018)<sup>162</sup>. In this context, it would be a mistake to say that the demands on value added tax (KDV) have been shaped by any institutionalized response where esnaf commonly resist, but rather they have used the arguments supporting the national will discourse. For example, while Remzi says the VAT rates should be lowered, Kasim says VAT rates should be increased even more, because taxes are the mere revenue of the state:

VAT, which is 18% today, should not exceed 5%. Esnaf sell goods with a profit of 5-10%. The price we tell the customer is the normal price. When you give bills to the customer, you need to make this addition. But when you say the price and added VAT, the user doesn't want to get it. So, we sell the goods with a profit of %5. This is a big problem.

I do not think that the percent of VAT is high. It is over 20 percent in Europe, this is the only way for the state to receive regular taxes. Nobody pays income tax. At least they should pay VAT, this state should also be able to do business.

Interest rate policies have been the latest areas that have become incompatible with esnaf's interest. In fact, although the state-supported credits have mostly been interest-free credits, the high-interest rate policy has been criticized mostly by the esnaf when considering its negative effects on commercial and financial transactions, because esnaf has been included in indebtedness relations, not only with commercial loans but also through consumer loans and credit cards through private banks. In this respect, a decrease in the interest rates is demanded in order to keep the market open. As Tayfun stated, the high-interest rate policy has been considered a mismanagement of the economic policies preventing the individual investments and expenditures. He added the esnaf would be the loser of the high-

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<sup>162</sup> The nationalist motives in the taxes policies have manifested themselves especially in the value added tax (KDV), which was accepted in 1985, as one of the neoliberal accumulation strategies.

rate policy during the high inflationary environment, although there have been winners of such policies, such as of rental income:

The interest rates are very high, so a low interest policy should be applied. For the continuation of trade, the government should lower the interest rates. High interest rates prevent the circulation of money in the market. People are afraid to invest. This is the understanding of those who cannot manage the economy. The society is in a fight, the esnaf is lonely. Markets are stagnant. The only remedy is that the interest rate is low, you will lower the interest so that the trade can continue. Our capital melts, the man with more investment capital earns money. What kind of policy is this?

The interest policy in Turkey have been historically shaped by the uneven financialization of the Turkish economy where the economic downturns have generally been compensated by the liberalization of the capital flow, the foreign debt and high interest rates. In the 1990s, Turkey experienced an uneven rise of high interest, where the capital accumulation depending on the rentier finance was structurally determinant in the class position of esnaf. Esnaf adapted to the unequal financialization conditions in the 1980s and 1990s, because their small-scale capital was never threatened like today, where the competition factors have been increasing. This uneven liberalization in Turkey since the late 1980s, has affected today's economic conditions which Boratav (2015) defines as "being defeated to the financial capital". The reason that the chronic problems of the Turkish economy have become more manifest today is that esnaf has been more vulnerable in the face of increasing competition factors. That is why more structural and long-term development policy suggestions have been made by the esnaf in formulating their interests. Yasin mentioned that lowering the interest rate may not be a solution to the chronic problems of the Turkish economy:

We cannot get anywhere by lowering the interest rate. We need to open factories. The industrialization is the mere solution. We have to produce. Of course, if the state lowers the interest rates, the markets keep open, but it is a short-term policy. The state has to expand the factories all over the country.

In fact, the interest rate policy refers to a currently controversial issue in Turkey, where the central bank has already lost its autonomy in determining monetary

policies in Turkey. During the pandemic conditions, where the increase in currency rates could not be managed, and the high-rate policy has been envisaged by the state. As a result, the Chairman of the Central Bank of the Republic of Turkey (TCMB) Murat Uysal was dismissed by a presidential decree as a result of the disagreements on the interest rate policies. The most suitable candidate for the interest rate policy envisaged by the state, Naci Ağbal was brought to the Central Bank Presidency, and subsequently the Minister of Treasury and Finance, Berat Albayrak resigned from his post. It may be concluded that the interest rate policy in Turkey is likely to turn into an inter-state crisis. Rather, the high-rate policy has also been considered as a conflicting state strategy by esnaf, as a result rising the material inequalities where the maintenance of their small-scale capital has become harder than ever in the specific conjunctural conditions. Although the currency rates have started to decline in mid-November 2020, where their increase has been considered the reason for the increasing inflation and currency fluctuations, the long-term effects of the high-rates policy is still hurting. With the increase in interest rates, TL started to appreciate, but the exchange rate started to fluctuate against TL again. One should admit that the high-interest rate policy is not likely to create long-term positive results because of the major structural problems of the Turkish economy. Although these political developments have occurred after the field research, it may still be concluded that the high-interest rates policy in 2020 has still been opposed to the esnaf's interest, where state intervention is not welcomed in the interest rate policy.

#### **5.4.3.1. Concluding Remarks**

Esnaf in Perşembe Pazarı has formulated their interests depending on the 4 main development policy areas where they have believed their competition power in the specific conjunctural conditions has been more restricted. When considering not only the loss of manufacturing function of the Perşembe Pazarı in the neoliberal period, but also increasing foreign dependency and deindustrialization of the Turkish economy, which have been related to the uneven financial, fiscal and

monetary policies, esnaf's demands have grounds for justification. The developmental policies formulated by esnaf have to be considered as the necessary material conditions for their reproduction within the class relations. In this respect, esnaf by daily experiencing the foreign dependency relations and currency rate fluctuations, have demanded the state be more protective and regulatory in the economy. It may be said that there has been a general shift of esnaf's interest, specifically in the role of the state, since neither the global economic developments, nor the domestic economic developments have been shaped in favor of them. Thus, the developmentalist policy suggestions of esnaf should be considered a very part of the erosion of the neoliberal market norms and values on the global scale.

However, based on the field research, esnaf has no institutionalized responses in the face of the changing market conditions, in spite of their policy suggestions. Since they have been experiencing the free market in terms of conflicts and compromises, esnaf in Perşembe Pazarı do not have a concrete policy suggestion, nor a common formulation of interest, which causes one to consider the esnaf as a contradictory class location where the *class interest* has blurred when considering its class location within the changing balance of powers. More importantly, esnaf has been formulating their interests with long-term policies where they have been experiencing the chronic structural problems of the Turkish economy. However, based on the field research, they have not participated in any policy influencing mechanism while urgently calling on the state to intervene in each moment of economic disorder. However, during the global pandemic conditions, esnaf associations got together in the threat of their increasing proletarianization arising as a result of state precautions for Covid-19. Their main concern was about the rent allowances, where the pandemic conditions gradually decreased their commercial volume, they could not afford the business costs. Based on further interviews with esnaf in Perşembe Pazarı, it may also be concluded that business costs during the pandemic conditions have increased more, due to the decrease in business volume. However, when considering the multi-ownership structure of esnaf in Perşembe Pazarı and various objectives of different vintage points, it is also unlikely that a

collective action of esnaf exists. Although esnaf associations have been organized during the current conditions, based on the field research, it is not likely that such a group of individuals of conflicting private interests can come together at the organization level which shall be understood only by analyzing their strategic tools and capacity – if any- to formulate and balance their material interest and shape the hegemonic struggles – at least try to shape - where the role of business organizations and different state projects have mostly been decisive in the determination of the mode of esnaf's interest representation.

#### **5.4.4. Representation of Esnaf's Interests**

With the neoliberal turn from the 1980s, but especially since the 2000s, esnaf in Turkey as a whole have mostly lost many advantages to reproduce itself where many structural constraints made it more difficult to identify the determinants of its material conditions of class formation. In the face of the increasing competition factors, esnaf while trying to adapt to the new global business patterns have also tried to maintain its business and small-scale capital, not only through economic conditions, but also through articulation of different set of relations to maintain its class location within the changing balance of powers. With the increasing proletarianization and fear of future under the changing economic conditions, where the free market has not been as glorified as in the 1980s, esnaf's class position has become more insecure than ever, while the neoliberal state sponsored accumulation regime has reached its limits. Depending on his small-scale capital in order to maintain the business, esnaf has maintained their class position, partially through modes of intervention of political forces to orient and redistribute the market resources and partially through institutionalized solidarity patterns among esnaf. However, esnaf has never experienced the changing market conditions in the same way, not only in terms of material resources, but also in terms of different political visions associated with particular balance of powers. Although they have had individual economic discontents, and in return policy suggestions, it is unlikely they have common objectives while formulating their interests and determining the

strategies to cope with these discontents which may refer theoretically and empirically to the *absence of a class consciousness*<sup>163</sup> in esnaf in terms of acquiring a strategic capacity to maintain its rule (Yalman,2009, p.306). The absence of an esnaf consciousness about their objective conditions should be elaborated by considering the lack of institutionalized responses in the face of its proletarianized conditions. Given both the related structural constraints and different modes of calculation and resources affecting the class position of esnaf, one should also take into account how esnaf is capable of reflecting and representing their interests and orienting their strategies emerging from “the horizons of actions associated with the potential balance of powers” and vis-à-vis other classes determining their mode of political representation (Jessop, 2018), as a part of their reproduction conditions and *subjective* class formation<sup>164</sup>.

One should bear in mind that esnaf in Perşembe Pazarı have been experiencing almost identical circumstances since the 1980s, when the spatial function of this local market began to erode. They have endured social change through different structural constraints, including the demolitions in Perşembe Pazarı, urban

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<sup>163</sup> The Marxist class consciousness refers to the common interest of a social class where the members get together in opposition to a common enemy. Although there have been several elaborations of class consciousness among the Marxist scholars, Marx assumed that “in so far as people share the same circumstances, work in identical factories, live in similar neighborhoods, etc., they are inclined to see things - the most important ones at least - in the same way” as Ollman stated (1972, p.5). The use of class consciousness as a Marxist term, merits particular attention and will not to be used in a random way. For that reason, as the field research requires a discussion on the consciousness of esnaf, the term refers here to the Wright’s theoretical and empirical conceptualization. Erik Olin Wright (1989) by taking for granted the monotonic relationship between class location within the class structure and class consciousness, tries to reveal quantitatively the pro-capitalist and pro-working class tendencies of the individuals fitting in the contradictory class locations. He concluded that the individual consciousness is shaped by two dynamics, “on the one hand, individual consciousness is directly affected by class location in so far as that location determines a set of interests and experiences faced by the individual; on the other hand, individual consciousness is shaped by politics, in so far as the strategies of parties, unions, and other political actors determine the ways in which people interpret those experiences and act on their interests” (1989, p.13). One should pay regard to the different usages of class location and class position, by Wright and Poulantzas. Contrary to Wright, the class position (which he prefers as class location) is not merely determined by the objective conditions; rather it’s by the matrix of both objective and subjective conditions, which refers theoretically to the determination of class location.

<sup>164</sup> In fact, as Yalman (2009, p.306) explains, considering how a social class acts on behalf of its own interests and defines its interest vis-a-vis other classes does not mean to bring a subjective analysis to class formation, but rather it means to analyze the process of acquiring a strategic capacity to develop a vision and maintain its rule.

transformation of Karaköy, increasing competitive factors and changing business practices in the hardware trade under global pressures. However, in spite of the common sectoral circumstances, the experiences of esnaf has always remained singular, not only in terms of their interests in the functioning of the free market and the role of the state, but also in terms of their spatial needs. For instance, a unique moment where esnaf has commonly experienced, was when the shops at the seaside were influenced every winter by the floods after frequent rains<sup>165</sup>. Few esnaf came together and wrote a petition to the governorship, because, as it is mentioned, the shops were in very poor condition after the flood. However, they could not collect the necessary signatures because there were esnaf who did not want to sign even a petition written to the governorship. Although esnaf were affected in the same way by the flood, the statements made by the esnaf seem highly contradictory given that even common experiences could never cause a common action. Aziz and Bekir, two esnaf owning paint shops on the street near the sea, variously described their damaged interests based on identical experience:

For example, when this place was first flooded, we knew that it would rain, so we called the municipality. We want them to help us. Then it rained and all shops here were flooded. This place was blocked; neither the customers nor esnaf could come here. We called the municipality again, but they came 3 months later. Then we collected signatures, we wrote a petition to the governorship. Can you believe that esnaf here were afraid to sign this petition, as if they did not suffer damage from the flood.

My shop was also flooded, but I solved it myself. I made the necessary repairs. I do not want to become a burden to my state. I don't expect anything from anyone. Here, esnaf collected some signatures for a petition. I wouldn't sign any petition. I don't need the petition. Why should I keep my state busy? The state has much more important duties than this flood. I can solve my own troubles. I apply neither to the state, nor the chamber of commerce, or any other association.

It has already been pointed out that esnaf has never found common objectives regarding their commercial transactions and potential threats influencing their

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<sup>165</sup> It should be mentioned that the insufficient infrastructure of the Perşembe Pazarı and the problems related to it refers to one of the areas where the metropolitan municipality does not intervene consciously, which shows us the hegemonic approach to an urban space expected to be transformed in the short-term.

business patterns. Based on the field research, one could claim they have more likely been characterized by private interests. Thus, the self-interest of esnaf as a petty bourgeois characteristic (Poulantzas, 1974; Bechhofer, 1974b) to maintain its small-scale capital and property has inhibited them from agreeing on the objective goals and common visions, since they have experienced the free market conditions in a highly different way. As Bekir said in the above-mentioned statement, he refused to sign the petition in order not to pre-occupy the state institutions because “the state has more important things to deal with”. Thus, the Platonic *strong state* imagination of esnaf is likely to crystalize the unification of interests on a common ground where the inequalities have essentially served to promote the capital accumulation. The crystallization of esnaf’s interests under a meta national narrative may be understood both as a part of the *class character* of esnaf where the fear of proletarianization historically led to idealization of a paternal vision of the state limiting strategic capacity of esnaf. In fact, the illusionary formulation of the public interest and the state itself have allowed esnaf to adapt itself to the conjunctural changing balance of power by reproducing its traditional role within the hegemonic relations. However, when considering their proletarianization process, the fear of esnaf losing its class position has allowed them to also formulate their interests in a more individualistic way. Thus, esnaf’ contradictory class location manifests itself once again, because despite the increasing risk of its proletarianization, it still serves the reproduction of the capitalist relations of production in a more organic way, if not *arbitrary, rationalistic and willed* (Jessop, 2018, p.54). The political discourses of the TESK and other esnaf chambers may also be illuminating at this point where the national interests have always been decisive in adopting a particular attitude during the conjunctural economic instability of 2020. For instance, in 2020 the president of the TESK, Bendevidi Palandöken immediately supported the boycott appeal <sup>166</sup> of Recep Tayyip Erdoğan

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<sup>166</sup> In the face of the increasing diplomatic conflicts between France and Turkey, the current president Erdoğan has appealed to ban the French origin goods in October 2020. Available at: <https://www.bbc.com/news/world-europe-54692485>.

against the French origin goods<sup>167</sup>. Although the decision might harm the material interests of some esnaf engaging in the commerce of French original goods, the highest institution representing the esnaf interests may very well prioritize the national interests in name of the whole esnaf – *as if esnaf is a homogenous entity*– and may pride themselves on being the first supporter of the state projects, as a duplication of its *nationalist-heroic* voice.

The organizational capacity of esnaf depends mostly on its *calculated* strategic position determined by the hegemonic relations in the neoliberal accumulation regime. The individualism based on the idea of unfair competition has its roots in the ideological adjustments of the neoliberal accumulation regime where its maintenance has directly reflected to the political behavior of esnaf. For instance, based on the field research, the court of law has been considered the mere mechanism resolving violations of rights they have been faced with, since it has generally been considered that esnaf has been no common problems shared with others, and thus no necessity to participate in the voluntary based associations, neither to define the interests, nor to resolve the potential conflicts. The lack of a perception of “common problem, common solution” also limits the democratic participation channels of esnaf to a large extent. In this case, the limited political participation in Turkey previously verified empirically by several research is confirmed once again<sup>168</sup>. It should also be emphasized that an understanding of democratic participation limited to electoral participation has also been valid for esnaf in Perşembe Pazarı, as an outcome of Turkish political culture<sup>169</sup>. The voting

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<sup>167</sup> Available at: <https://www.tesk.org.tr/view/haber/goster.php?Guid=a73c64e7-1784-11eb-9eaf-000c29b32a85>

<sup>168</sup> Based on an empirical research carried out by KONDA, a private public opinion company in Turkey. KONDA, *Vatandaşlık Araştırması*, 5-6 March 2016. Available at: <https://konda.com.tr/tr/rapor/vatandaslik-arastirmasi/>

<sup>169</sup> One of the key concepts in explaining the democratic consolidation in Turkey refers to the democratic political culture. According to the argument of the studies carried out on the relation between political culture and democratic consolidation, the interpersonal trust, tolerance towards differences, low level of political participation and low level of associability are generally considered as important components of the democratic political culture of Turkish society. Although the political culture argument may be important to understand the cultural basis of the behaviors and attitudes inhibiting the consolidation of the democracy in Turkey, one should be careful about the

preferences of esnaf have been determined by economic pragmatism and strong ideological affiliations<sup>170</sup> - or by political opportunism in Murray's terms (1971) - where the electoral participation was mostly called a primary civic duty; however, an understanding of civil society is mostly excluded from the scope of democratic participation. During the interviews, it should be mentioned that they have never demanded the state reformation in the name of *democracy* and *human rights*, but rather in their pursuit of their own private interests. Although based on the field research, esnaf emphasized their cultural identity as "citizen first, then esnaf", their moral vision of public interest has reiterated how they have been an *approved citizen*<sup>171</sup> of the Republic, as a historical fact. Their political participation has been mostly limited to electoral participation and esnaf has no need to be politically recognized in terms of party politics. Furthermore, the distrust in political representation, shaped by strong beliefs about political corruption, may also make them suspicious about the influence of the elections on politics, which have also been a historical fact where esnaf has always been hostile to political conflicts occurring as a result of the crisis of the ISI regime toward the ends of the 1970s. In this respect, the differentiation of the esnaf's interests and political visions would not naturally let them form a coherent and sufficient interest representation

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essentialism of culturalist explanations (Kalaycıoğlu, 2001; 2012; Çarkoğlu and Kalaycıoğlu, 2009; Esmer, 1999).

<sup>170</sup> According to Çarkoğlu (2008), ideology and economic pragmatism are the two competing hypotheses shaping the voting preferences in the post-1980 period. The collapse of the traditional center-right parties as a result of continual economic failures and political crises led to the rise of the pro-Islamist parties in Turkey from the 1990s, but especially with the victory of AKP since 2002, and to the destruction of the ideological partisan alignments in favor of the rise in conservatism. Based on the analysis of the general elections 2007, Çarkoğlu claimed that, "at higher levels of education, pragmatic economic evaluations are less effective than they are for groups at lower levels of education". However, based on the field research where the educational level of esnaf varies considerably, contrary to Çarkoğlu's conclusions, the high education level is likely to influence voting preferences, mostly on economic pragmatism shaped by the material conditions and the low level of education is likely to shape more ideologically oriented voting preferences. However, since the material conditions of esnaf has also been formed by ideological and political relations, any conclusion may be reductive. Since the voting preferences of esnaf is not included in the research as a main discussion, this interference may only be partially attributed. Further research on the voting preferences on esnaf may be illuminating.

<sup>171</sup> By referring again to Üstel (2016), who examined the schoolbooks in the late Ottoman and during the Republican period. Based on her research, she concluded that the electoral participation had been likely imposed on the students as the only means to democratic participation, without any emphasis on the civil society.

mechanism; rather it might be explained in terms of lack of *class action*<sup>172</sup> necessary to influence the policy-making processes by participating in interest representation channels.

While discussing the interest representation of esnaf, it might be useful to separately elaborate the mechanism of interest representation, both as formal and voluntary<sup>173</sup>. In fact, the interest representation mechanisms of esnaf are not likely to determine the way that esnaf has been interpreting their experiences and actions reflecting their interests, which is a very important part of individual consciousness (Wright, 1989). Esnaf in Perşembe Pazarı has historically been compulsory members, mostly to the Istanbul Ticaret Odası (ITO), with very few of them belonging to esnaf chambers<sup>174</sup>. Membership has been a requirement of registry registration, where registration and membership fees have been determined annually, according to the annual turnover rates of esnaf. However, one should remember that compulsory membership has not legally prevented esnaf's participation in voluntary associations. We may claim that under the increasing global competition factors, where the sectoral needs of the hardware sector have increased and diversified, few esnaf in Perşembe Pazarı has voluntarily included themselves within the associations organized according to regions and sectors, to represent their interest. In fact, among 40 interviews, only Cevdet, has voluntary membership in an association, namely the *Hardware Manufacturers and Businessmen Association*

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<sup>172</sup> According to the basic assumption of the interest group theory, groups of individuals having common interest are likely to act on behalf of the common goals within a collective action. However, Olson (1965) is interested mostly in self-interested individuals and the conditions of their act on behalf of the common goals, and he concludes that “unless there is coercion or some other special device to make individuals act in their common interest, rational, self-interested individuals will not act to achieve their common or group interest”. He also mentions that the Marxist idea of class action does not exclude rational action; rather considers it as a reason for lack of class action.

<sup>173</sup> By the formal channels of interest representation, it meant the public professional organizations (as esnaf chambers and chambers of commerce) where esnaf became compulsory members through registries; and by the voluntary channels of interest representations, it meant commercial or esnaf associations where esnaf become voluntary members.

<sup>174</sup> If fact, the membership to commercial chambers did not exclude esnaf's membership to esnaf chambers until 2019. During the pandemic conditions, the allocation of state-sponsored credits to esnaf has necessitated a regulation to strictly separate the membership mechanisms, but as a result of bureaucratic obstacles, a total separation would seem unlikely.

(HISIAD), a hardware association newly established in 2019<sup>175</sup>. However, the great unwillingness to participate in esnaf associations, which may also be seen as empirical evidence of the low degree of associability should be understood as the reflection of the ideological adjustment of neoliberal accumulation regime where esnaf's role, perception and political behavior have been determined or shaped by its requirements.

The absence of common strategies and institutionalized responses by esnaf has also manifested itself not only through the unwillingness to participate in voluntary associations, but also the mistrust towards the formal interest representation channels shaped by the strong perception of political corruption among esnaf towards the formal interest representation channels, which is only to be understood through the historical roots of the organizational patterns of esnaf. As mentioned, esnaf in Perşembe Pazarı has mostly been compulsory members of ITO, and some of them of esnaf chambers. In the first place, the fragmented interest representation of esnaf has aroused curiosity about the historical conditions of the formation of the interest representation mechanisms of esnaf, even though it has been partially discussed in the historical chapter of this study. The formal interest representation channels of esnaf, namely esnaf chambers and trade chambers have not functioned as regular structures of interest representation where individual interests can be shared and unite on common ground. As Ayşe Buğra pointed out, the professional chambers of commerce have been organized according to regions, not to sectors, which is why their pluralist membership structure has not allowed any coherent interest representation (2015, p.179). Although esnaf associations have been organized according to regions and sectors, their power as an interest group to

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<sup>175</sup> It is interesting, that until 2019, there have been no associations in the hardware sector founded by the industrialists and businessmen, although there have been a few esnaf associations aiming to organize esnaf, but not the sector as a whole. The new initiatives in the hardware sector may be related to the foreign dependent structure of this sector where the share of the hardware manufacturing has been quite high, but the sub-sectors have been generally dispersed. There is little information about this association, but it may at least conclude that in the changing economic conditions since 2013, the development in the manufacturing sector through promotion of the SMEs and state-sponsored industrial policies, may lead to emergence of the need to get organized. However, it should be emphasized that the HISIAD does not refer to an esnaf association; rather it is founded by relatively large capital owners engaged in the manufacturing and trade.

influence the policy making processes has always been quite low, even less than the chambers of commerce. However, rather than adopt a pluralist approach to business organizations as a whole, one should take into consideration to what extent these organizations have been capable of formulating the political visions of their members and producing the potential consent to consolidate the hegemonic relations. Thus, the strategic capacity of these organizations, in this respect, have been decisive as much as esnaf's own strategic capacity in articulation, reconciliation and mobilization of esnaf's interests

In fact, as mentioned, the fragmented interest representation of esnaf should be considered one of the historical legacies and continuities between the Ottoman Empire and the early Turkish Republic<sup>176</sup> where the interests of the different fractions of the capitalist class and the petty bourgeoisie have been formed and shaped according to the changing parameters of the capitalist market order. The ITO was established in 1882 just after the foundation to the Ottoman Public Dept Administration in 1881, where the Ottoman economy began to gradually collapse. With the gradually increasing importance of commercial capital, organization of the Ottoman merchants and esnaf through a commercial chamber was seen necessary by the Ottoman bureaucrats, where foreign merchants had already established their own commercial chambers in the Ottoman Empire, especially in the commercial cities of Istanbul, Izmir and Thessaloniki, with the increasing foreign capital as a result of foreign trade agreements in 1838. The establishment of the ITO corresponds to the dissolution of the traditional relations of production and the guild system as a result of the articulation of the economy with the world economy which necessitated not only top-down modernization reforms and the formal adequacy of the state together with *an economic order based on private property* (Jessop, 2016) by protecting the private interests of the national

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<sup>176</sup> The debate rupture-continuity refers to an influential debate over the historiography of Ottoman-Turkish modernization. For instance, while Bernard Lewis (1970) elaborated the Republic as a new formation focusing on the structural change from Empire to nation-state, Erik Zürcher (2012) emphasized the continuities, arguing that many ideas, institutions and practices remained almost the same in the Republic.

bourgeoisie, but also the emergence of mercantilist mentality as part of the capitalist social formation. Thus, the transition to a capitalist economy required an institutional and legal framework where the chamber of commerce was founded in Istanbul, namely the ITO which legally and legitimately replaced all types of *pre-capitalist* commerce organizations, including esnaf and esnaf associations which could not compete with the liberal transformation of the market, and finally were closed in 1913<sup>177</sup>. The establishment of the ITO, in this respect, was served as a part of the state project of making a coherent national bourgeoisie (Bora, 2000, p.265). Likewise, with the proclamation of the Republic, esnaf and esnaf associations were organizationally and legally attached to the Trade and Industrial Chambers in 1925. However, the autonomous interest representation of esnaf was never predicted, as if esnaf has not transformed and gradually acquired a mercantilist mentality during the capitalist societalisation process. In fact, the uneven interest representation of esnaf and public character of the interest representation of esnaf is a historical question having roots also in the Republican idea of corporatist-solidarist society, where the society was assumed to be constructed in an organic way. This corporatist idea in fact, tried to consolidate not only the imagination of a classless society, but also maintained the idea that esnaf was never a part of the capitalist relations of production. The nationalist ideology of masses without privileges and classes, although being an ideal to a large extent, founded its base in the Early Republican period, at least for esnaf, who could not develop any autonomous interest representation; rather a state corporatism by considering the historical conditions of capitalist development where the articulation within the capitalist world economy did not cause a solid ground for an autonomous and pluralist esnaf's interest representation (Schmitter, 1974; Bianchi, 1984).

As discussed in the historical chapter on the evolution of the esnaf in Turkey, during the Early Republican period, contrary to corporatism debates, the representation mechanism of esnaf through the chambers of commerce and esnaf chambers functioned mostly as a tutelage system, which were all attached to the ministry of

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<sup>177</sup> On the history of the ITO, see; Gülsoy and Bayram, 2009.

commerce, partially financed by state resources and the membership became compulsory (Makal, 2002; 2016, p.57; Bora, 2000, p.265). The interest representation of esnaf through the esnaf chambers or chambers of commerce had a hybrid structure, being autonomous in internal affairs and functioned as non-government associations, but dependent on the arbitrary tutelage of the public administration and supervision of central authority (Özbudun 1991, p.46; Makal, 2016, p.56). Thus, new autonomous established representation channels and organizations that emerged as a result of the conflicts of interests between industrialists and merchants (Tekeli; İlkin, 1983, p.58) never existed for esnaf until 1949 where esnaf was not considered a part of the capitalist relations of production, rather hierarchically subordinate or peripheral to it. In fact, esnaf's interest representation already had been a historically fragmented representation structure among both chambers of commerce and chambers of esnaf and was much more ambiguous and irregular compared to that of large-scale merchants and industrialists (Bianchi, 1984, p.131). In fact, all economic groups such as esnaf, industrialists and merchants, having totally different interests, were organized in the same legal regulation dated 1943 (Makal, 2016, p.58). However, until 1947, esnaf was never considered as a distinct category; rather one deemed a part of the Chambers of Trade, Industry and Exchanges, where esnaf's interests were subordinated to large-scale capital interests during the early phases of the development of the private sector, but its consideration as a distinct economic category did not lead to a clear definition of esnaf. In 1949, in addition to esnaf associations within the Chamber of Trade, other esnaf associations and regional federations were established separately from the Chamber of Trade, on a voluntary basis. Esnaf's interest representation gained a more autonomous character yet lost its public organization status because of its fragmented structure (1984, p.134-136). During the 1950s where liberal accumulation strategies of the DP, and the ISI policies during the developmentalist period led to the transformation of class struggle and hegemonic relations, the desire of the esnaf to be represented in the face of large capital, and outside large capital, gradually allowed them to represent themselves in separate esnaf organizations (p.134-136). However, at the same time,

the economic crisis towards the ends of 1950s increased the impact and intervention of the state power on the internal administration of the existing public associations (Bora, 2000, p.266). Although there were esnaf associations established on a voluntary basis after 1949 and the TESK was established in 1964 as an institutional outcome of both the period of planned economy and of increasing esnaf's interests, this fragmented interest representation structure has remained the same, even today. The strategic capacity of the esnaf organization has never turned to a political moment to reshape the hegemonic struggle. When considering the specific historical and institutional conditions of esnaf's interest representation, where as a part of the hegemonic projects, esnaf has never been considered as a part of the capitalist relations of production. Furthermore, the limits of esnaf's own strategic capacity have always been determined according to the changing balance of powers in a specific conjuncture, only to maintain its small-scale capital. In this respect, the membership of esnaf in Perşembe Pazarı in ITO has gained meaning within the historical perspective. The specific conjunctural conditions of the formation and transformation of the esnaf's interest representation may also shed light on conflicting debates carried out by different state projects on the drawing of boundaries between merchants and esnaf (tradesmen). Despite the legal regulations, the distinction between these two categories has remained ambiguous, which is why the formal interest representation of esnaf should never be considered as a criterion in any esnaf research. Rather, inherent struggles and contradictions of the interest representation of esnaf should be taken into account where esnaf has been *strategically* positioned at the periphery of the bourgeois interest representation.

Historically, the ITO has mostly been governed by the big corporate companies since its foundation while being a member of the *Turkish Industry and Business Association* (TÜSİAD)<sup>178</sup> until the 2000s, but with the rise of the Islamic capital in

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<sup>178</sup> TÜSİAD is established in 1971 with the participation of the prominent large companies in Turkey, in order to represent the interests of the private sector, where the impact of TOBB on the policy making processes was considered low. For further readings, see Arat, Y. (1991). Politics and Big Business: Janus Faced Link to the State in M. Heper (Ed.), *Strong State and Economic Interest Groups: The Post-1980 Turkish Experience*. Berlin and New York: Walter de Gruyter, p. 135-147;

2000s, the administration of the ITO has mainly been dominated by the big companies represented under the *Independent Industrialists and Businessmen's Association* (MÜSİAD)<sup>179</sup> mostly since 2009 (Yankaya, 2013, p.164). The intensification of inner contradictions of capitalism within the Turkish business groups in the 2000s, has not only transformed the relation between state and capital, but also the very internal functioning of the interest representation channels of the bourgeoisie<sup>180</sup>. What Tayfun said during the interview may be illuminating in considering esnaf's perception of the formal channels of the interest representation:

ITO has never represented the interests of esnaf. ITO have regularly received fees, but as a professional organization, it has not been supportive of esnaf in any project that might be useful for our jobs. It has never supported esnaf. It has always stood by big capital.

Based on the field study, one may conclude that esnaf has been questioning its formal and compulsory representation mechanism to the extent where they have not found any ground to express their interests. They have thought this formal channel of interest representation functioned as a non-transparent organization, where esnaf has become just an *object of calculation*<sup>181</sup> and never been recognized as an equal member. They stated that the mere function of the ITO has been to determine

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Buğra, A. (1994). *State and Business in Modern Turkey: A Comparative Study*. Albany, N.Y.: State University of New York Press; Gülfidan, Ş. (1993). *Big Business and the State in Turkey: The Case of TÜSİAD*. İstanbul: Boğaziçi University Press.

<sup>179</sup> MÜSİAD (The Association of Independent Industrialists and Businessmen) should not consider as merely an economic interest organization, since the association have considered Islam as a regulatory force, not only in economic policies, but also in the societal policies where the *homo islamicus* have reflected the very harmony of the Islam and the capitalist development (Hoşgör, 2011:348-349). For further readings, see Alkan, H.; Uğur, A. (2000) Türkiye'de İşadamı Devlet İlişkileri Perspektifinden MÜSİAD', *Toplum ve Bilim* 85, pp. 133-155. Buğra, A. (1998). Class, Culture, and State: An Analysis of Interest Representation by Two Turkish Business Associations. *International Journal of Middle East Studies*. Vol. 30 p. 521-539. Çınar, M. (1997). Yükselen Değerlerin İşadamı Cephesi: MÜSİAD, *Birikim* No. 95. p. 52- 56. Yankaya, D. (2013). *Yeni İslami Burjuvazi: Türkiye Modeli*. İletişim: İstanbul.

<sup>180</sup> For detailed analysis on comparative analysis of the state-capital relations during the 2000s, see Buğra, A. (2015) *Türkiye'de Yeni Kapitalizm*, İletişim: İstanbul.

<sup>181</sup> The idea of *object of calculation* may be also discussed within "the specific material and social conditions in which capitalist calculation and calculating subjects emerged and could be reproduced" as Jessop mentioned (2004:8) while discussing the formation of the economic imaginaries discursively constructed and materially reproduced (2004:5). It is an important contribution involving also Foucauldian insights on subjectivity and neoliberalism and governmentality where individuals are governed and objectified into subjects through the processes of power/knowledge (Foucault, 1991).

subscription fees according to the turnover rates of the esnaf, where esnaf has not seen any benefits in return. Furthermore, the politization of the interest representation channels and the dominance of the bourgeoisie have not allowed esnaf to represent their interest within the ITO, and more importantly, to trust in the representation mechanism assured by the ITO. However, it was not expected that the commercial chambers functioned to reduce class conflict as Buğra stated (2015, p.173) when considering the historical formation of the chambers of commerce, since their complex member structure has never allowed them to separately consider all business scales. The *non-strategic* capacity of the ITO depending on the degree of its representativeness may be also a very part of a historical hegemonic strategy, where esnaf has never been considered a part of the hegemonic relations. Thus, esnaf who have been represented by the chambers of commerce, are at the periphery of the bourgeois representation. This situation makes it very difficult for esnaf to stand against big capital and participate in collective decision-making processes, as they stated during the interviews.

In fact, the ITO has historically been the largest chamber organization in Turkey in economic terms. Covering all the industrialists and traders, it has a hierarchical and unitary structure, yet it has always transformed, depending on the changing balance of power in the specific conjunctures<sup>182</sup>. Since it has never been possible to reconcile the conflicting interests of commerce and industry (Kalaycıoğlu, 1991, p.80), the continual power struggle for the seizure of the ITO management as a result of inter-conflicts of the bourgeoisie in Turkey (Yankaya, 2013, p.165), has resulted in a loss of confidence of esnaf in this formal channel of interest representation, where they could never define their own interests. Although there have also been professional committees in the ITO, and also sectoral committees specific to esnaf, esnaf are unlikely to participate in these committees, because they have considered them part of a power struggle, where the interests of different factions of the capitalist class have always been decisive. The political struggles in

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<sup>182</sup> Bianchi explains this fact as the continual *clientelistic* relations between the chambers of commerce and several ministries (Bianchi, 1984).

the management and functioning of the ITO as a formal channel of interest representation, have led the way to the persistence of modes of intervention of different political forces affecting the distribution of the resources and opportunities. Although many esnaf have actually continued to gain many advantages through articulation of different relations as a result of changing balance of powers, there have also been many who could not be a part of it. In this respect, although the mistrust of esnaf towards the formal interest representation channel has been shaped to a large extent by the idea of political corruption, it is also shaped by the changing political and economic parameters affecting esnaf's modes of calculation and resources. Kemal, for instance stated that many esnaf have gained further opportunities through big firms, being both members of the ITO and supporters of the AKP:

ITO does never help us, but if you know someone who is a member, it gives you an advantage. Being a member does not change anything but being at the administration level changes a lot. We are so-called members, but we have no right to speak or sanction. That's why politicians always struggle to have their own group. ITO functions as a political party, now as the AKP itself. Why should I trust them? Big capital thinks only of itself.

Given both the historical and conjunctural conditions, the ITO is also unlikely to determine the ways esnaf has been interpreting and acting according to the market experiences, thus has never had a strategic capacity to balance various interests, including esnaf's. In fact, in the course of the development of commercial and financial capitalism, it is unlikely that ITO, as a representative of the big bourgeoisie, have represented the esnaf's interests. Although common policy suggestions may be revealed between bourgeoisie and esnaf, there is great differentiation of their interests. As it has been already discussed in the foreign trade policies, for instance, it is likely that this interest representation mechanism has had very limited impact on the conditions of reproduction of class position and location of esnaf. However, one should also elaborate the fact relationally. Although the interest representation of the esnaf under the bourgeoisie has given the impression of an *interest conflict* between esnaf and different fractions of the capitalist class at first glance, the fact that esnaf has not been seeking any more representation

channel may refer here to the interiorization of the bourgeois representation at some point, since it may be also an *arbitrary, rationalistic and willed* calculation of the past and present patterns of the capitalist state projects where the reproduction of esnaf's consent has always been taken for granted. However, while being aware that esnaf's interests have never been defended by the ITO, esnaf has not developed any other associational patterns. In addition to the political cultural explanation of the low degree of associability, this, in fact, may be related to the pro-capitalist tendency of esnaf as being a part of the capitalist relations of production, if not pro-working class despite their increasing risk of proletarianization.

In fact, the historical disconnection between the structural and agential dimensions resulted in the fragmented structure in the formulation of esnaf's interest, and its representation has actually legitimized the articulation of esnaf's interests in different state projects. The historical political inclusion of esnaf by the state power and its absorption within the hegemonic relations have more likely determined the subjective class position of esnaf, paving the way to the maintenance of contradictions between class location and position of esnaf. The lack of political recognition of esnaf as a part of their *victimhood* have allowed other political forces to recognize esnaf in their own ways. That is why the center-right and far-right political parties especially, have been historically well presented esnaf's interests, even more than the public professional organization as discussed in the previous sections. During the national development period, for instance, despite the promotion of the political representation of esnaf in the parliament, the AP mostly, and the CHP very partially, attempted to represent the esnaf's interests rather than the esnaf deputies acting as representatives of the esnaf organizations. The extreme nationalist and statist discourse of the Nationalist Movement Party (MHP), established in 1969 as a far-right party, received the political support of esnaf, having inherently Platonic *strong state* imagination. Likewise, at the very beginning of the 2000s, during a period characterized by political and economic crisis, the CHP adopted a politically strategic move to monopolize esnaf politics, where the president of the TESK became deputy for the CHP in the 2007 elections.

During the AKP period, the legal and institutional amendments related to the esnaf field have increased more than ever, and esnaf has again been considered as an important social base to maintain hegemonic relations established during the AKP period. In fact, the political inclusion of esnaf during the AKP period had unique characteristics when compared to the past. As a part of the neoliberal governance of the ruling party and transformation of the state apparatus after 2018, current president Recep Tayyip Erdoğan, with the increasing personification of power, has become more inclusive in discourses towards esnaf, even more than Özal, who considered esnaf as “middle pillar” of the society in the 1980s in order to consolidate the social base in the face of the changing market conditions. However, the political inclusion of esnaf during the AKP rule is in fact a more expanded political strategy, compatible with the neoliberal conservatism of the AKP where the increasing authoritarianism of the AKP has overlapped the Platonic *strong state* imagination of esnaf, yet limiting the formulation of autonomous esnaf’s interests of the public professional organizations, contrary to the 1980s, where the TESK had more autonomy in mobilizing the esnaf’s interests in the changing economic conditions. As a result of the AKP’s strategies to maintain the state coherency, the establishment of the Council of Small Tradesmen and Craftsmen (Esnaf ve Sanatkârlar Şurası) should also be considered a part of the transformation of the capitalist state during the AKP period. As mentioned previously, the Council established in 2012, has also been a very part of the AKP’s state project, not only to mobilize esnaf’s interests, but also to maintain the boundaries of the state’s autonomy and coherence, as if the AKP alone could only balance the esnaf’s interests and those of the different fractions of capitalist class; interesting evidence when considering the member structure of this council. The last and the 5<sup>th</sup> meeting of the council held in 2016, may be inspiring while understanding the ideological function of this council. In fact, its function within the neoliberal accumulation regime allows us to reposition esnaf within the hegemonic power relations. In this respect, esnaf’s ideological role within the consolidation of state power may be

followed from the Vitrin Magazine<sup>183</sup>, the media organ of the TESK. In the 232nd issue of the magazine, which is not very clear whether it is an advertising tool of the AKP or the TESK, it is obvious that esnaf has been *strategically* positioned itself according to the implementation of new accumulation strategies. The motto of these meetings; “*strong esnaf, strong economy, strong Turkey*” become obvious in considering esnaf’s supportive ideological role within the neoliberal accumulation regime as a carrier of the Turkish nationalism and the discourse of national will, which is mostly adopted by the right-wing political parties. However, as mentioned by Bora, the nationalist position of the TESK as a component of the right-wing professional organizations, may change according to the capitalist accumulation models, as a historical fact (2000, p.289). In the changing conditions of post-2018 period, although it may be expected that esnaf might not continue supporting the ruling party as a result of their conflicting interests with the AKP policies, the TESK still continues to announce its support for the maintenance of the status quo. Their support may be direct, but also critical, and in either case, it is always shaped by nationalist motives. For instance, on the one hand, in the discourses of Palandöken, the references to Atatürk and to Republican values remain always, as a historical *esnaf character* (Bora, 2000). On the other hand, the TESK manifestly shows its support to the 15<sup>th</sup> July coup, since it has been considered as the great internal threat. Thus, esnaf and the related professional organization have still been continuing to be the leading promoters of the hegemonic ideology depending on the changing balance of powers.

Furthermore, following the pandemic conditions of 2020, esnaf politics have more recently come onto the agenda of the opposition parties. The youth wing of the MHP, namely the *National Hearths* (Ülkü Ocakları) in several cities in Turkey, provided a small symbolic monetary aid to esnaf affected by the economic recession caused by the global crisis<sup>184</sup>. Likewise, CHP, in November 2020 announced a support package for esnaf, when it was alleged that the *state* had not supported

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<sup>183</sup>Available at: <http://tesk.org.tr/resimler/vitrin/232.pdf>

<sup>184</sup>Available at: <https://www.haberturk.com/balikesir-haberleri/80998087-ulkucu-genclerden-esnafa-siftah-parasi-unutulmaya-yuz-tutmus-bir-gelenek-siftah-parasi>

esnaf<sup>185</sup>, as part of another strategic project mostly against the AKP to mobilize esnaf's electoral support in the following elections. In December 2020, the budgets of the ITO and the TESK have started questions from the CHP, where the formal interest representations channels of esnaf – both the ITO and the TESK – have been blamed for not supporting esnaf during the pandemic conditions, despite the fees they have obligatorily charged esnaf<sup>186</sup>. Thus, esnaf politics have always been a big part of the party politics in Turkey, where esnaf (as if it refers to a homogenous group) have been produced and reproduced through different state projects and political forces. During the multi-party policies, each political party has tried to monopolize the representation of esnaf's interests where esnaf has never been actively involved in the policy-influencing and making processes, mostly because of the lack of institutionalized patterns and experiences of esnaf, which have principally allowed the ruling party of each period and the main opposition party of each period, the CHP, to dominate esnaf politics.

Nevertheless, one should not treat esnaf as a passive and homogenous group. When considering the historical conditions of its formation and transformation, it may not be totally accurate to underestimate the fact that interest conflicts and autonomous associational efforts of esnaf were begun mostly since the 1950s, with the liberal turn in the economy and changing relations of production. In fact, there have been spontaneous collective actions (Gemici, 2003) in each crisis period, where esnaf marked the political scene in a conjunctural and spontaneous way. Towards the end of the 1970s for instance, the Turkish Federation of Commercial Drivers and Vehicle Owners (TŞOF) and the TESK as well, planned protests named “Contact and Shutter Closing Protests”<sup>187</sup>, which were forbidden by the government of the period. Towards the end of the 1990s, several protests mobilizing esnaf around Turkey occurred in the aftermath of the 2001 crisis, where esnaf was organized,

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<sup>185</sup> Available at: <https://t24.com.tr/haber/chp-den-esnafi-kurtarmak-icin-17-maddelik-manifesto,907971>

<sup>186</sup> Available at: <https://chp.org.tr/haberler/chp-genel-baskani-kemal-kilicdaroglu-t24-canli-yayinina-katildi-4-aralik-2020>

<sup>187</sup> 30 March 1979, *Milliyet*.

either through the formal channels, or associations. In fact, the collective action of esnaf has generally been considered as unusual<sup>188</sup>, short-lived spontaneous actions, characterized by a lack of political power and organizational resources (Gemici, 2003) which have generally occurred when esnaf has been materially damaged in the real sense, where the crisis of the accumulation strategies have been felt. In this respect, the rise of collective action of esnaf may be changed according to which esnaf in which sector have been most influenced by the changing economic conditions. Likewise, during the pandemic conditions of 2020, esnaf associations, mobilizing almost 400 esnaf mostly engaged in the specific sectors such as entertainment, food and beverage operators, protested also against the state's policies taken during the pandemic conditions, when their commercial volume had mostly decreased, and their indebtedness levels had been increasing. It may be said that while the risk of the proletarianization of esnaf has been rising, their class feeling is more likely to be triggered. The historical conditions of its transformation empirically have shown that whenever an accumulation strategy met with a crisis, as in the post-2018 period, esnaf may very well develop some eventual frames for their political behavior. However, it is improbable to assume that the expansion of the esnaf's discontent would turn into a collectively planned action because differences in terms of sectoral engagement, or ownership structure, or capital scale are likely to prevent them formulating institutionalized responses. Thus the lack of strategic capacity of esnaf to organize and express their interests has always allowed them to be rapidly adapted to the hegemonic ideology and discourses of the dominant capitalist class.

#### **5.4.4.1. Concluding Remarks**

Esnaf, in order to maintain its class position within the class relations, have always remained dependent on the new business opportunities created and promoted by

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<sup>188</sup> “*The mass outpouring of anger is highly unusual for Turkey*”, 7 April 2001, Washington Post (quoted from Gemici, 2003).

different factions of the capitalist class and state powers. That is why the esnaf's interest has always been so dispersed, and the market resources they have been benefitting from have never been determined merely by objective conditions, despite their independent materialities. By keeping in mind the decisiveness of the structural constraints, it is a historical fact that esnaf could have mainly reproduce itself by taking advantage of the opportunities occurring as a result of changing balance of powers and asymmetrical relations shaping the *art of possible*, rather than by taking advantage of its own resources, organizations and modes of calculations (Jessop, 2018). In fact, being highly heterogonous in terms of their material conditions of existence and reproduction, it is not likely to encounter with esnaf consciousness leading a common action, even in the same sector. This may be related to the different places they occupy within the circuit of capital, but it is also related to their institutional patterns, political behaviors and political affiliations. In this respect, the fragmented and individualistic nature of the esnaf's interests have allowed one to consider esnaf *consciousness* as a *deprivation*, as far as esnaf is considered in class terms, but one should remember that in addition to rationalistic explanations, the cultural explanation of esnaf's behavior and the relational explanations also considering the agential dimension should be taken into account as well. More importantly, the continual ideological and political reproduction of esnaf within the hegemonic relations, namely the *esnaf politics* in every period of the Turkish politics, has to be considered a core of the reproduction condition of esnaf, because political parties have taken the electoral support of esnaf seriously, which has been assumed as solely determined by economic pragmatism. Although it is partially accurate, the ideological affiliation of esnaf towards a *strong state* imagination and *nationalist-heroic* discourse has likely been to provide maintenance of hegemonic relations while allowing esnaf to legitimize its fragile economic position and its traditional social role determined by the hegemonic relations.

To conclude, one should admit the difficulties of accounting the interest representation of esnaf, where the fragmentation of interests on the individual and

institutional level have not allowed the development of a coherent analysis, but rather a more relational analysis by considering several agents, state projects, political forces and institutions. When thinking about the historical conditions of formation and transformation of esnaf, one might easily see how esnaf, that appears to be *pre-capitalist*, has historically reproduced itself within capitalist relations, and even at the periphery of the different fractions of the capitalist class by contributing to the reproduction of the capitalist relations. In fact, the conditions of historical formation of its interest representation mechanisms have also been strong empirical evidence of how esnaf has been perceived and included by several state projects especially when the crisis of accumulation strategies have been mostly felt. The historical, political inclusion of esnaf by several political forces and its absorption within hegemonic relations have likely been to determine the subjective class position of esnaf leading to the maintenance of contradictions between class location and position of esnaf. Esnaf, despite of its proletarianized conditions, could not develop a strategic capacity to reshape the hegemonic struggles, because of a great fear of proletarianization. As Tayfun stated during the interview; “esnaf have more to lose than their chains”. Esnaf’s contradictory position within the relations of production, a class position between petty bourgeoisie and the bourgeoisie in Wright’s terms, has its empirical evidence when the theory is empirically grounded. Not only in material sense in terms of property relations, but also in terms of its *parasite* position referring to its *subjective* class location, where they could not act and define their interest on behalf of their class and they could not become a *class for itself*, despite their proletarianized conditions has been great empirical evidence as to how this social category has historically contributed to the reproduction of capitalist relations of production. Thus, despite official efforts to draw the boundaries between esnaf and the merchants, this fragmented interest representation structure of esnaf and the lack of representational demands are important in terms of the maintenance of the contradictions inherent to capitalism, on which esnaf’s fortune depends.

## CONCLUSION

“(...) I know it well that this is the capitalism that destroys and exploits us. I became aware of this fact after the age of 30. I became gradually an anti-capitalist. I am not a socialist, I am a rightist, a fan of Ziya Gökalp, a Kemalist (...) Down with capitalism!”<sup>189</sup>

After all the theoretical, historical and empirical discussions, it would be wise to mention the statement above from esnaf, whose class position has been shaken in the face of the conditions of increasing proletarianization, especially during the pandemic conditions. In fact, when considering its contradictory class position and class location within the social relations of production, and its specific relations and conditions where it has materially reproduced itself, it is not *capitalism* as an economic system or ideology that he *hates*. On the contrary, the fortune of esnaf has always been dependent on the inherent contradictions of the capitalist reproduction. Herewith, this statement is neither a forerunner of its revolutionary potential, nor an indicator of its *class awareness*, but rather a sign of the probable dissolution of the existing alliances in the face of the crisis of the neoliberal accumulation regime and changing balances of power. In order to analyze the statement as a sign of shifting alliances, one should consider esnaf theoretically within the relations of production by considering the specific conjunctural conditions and changing balance of powers, as the major concern of this study.

Studying esnaf in the changing conditions of 2019 and its aftermath, added further meaning. Although the study did not cover the pandemic conditions empirically, political and economic developments related to the esnaf field gained more meaning during the destructive effects of the COVID-19, not only in terms of its

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<sup>189</sup> The statement of esnaf during an interview realized by the leader of the *Good Party* (İYİ Parti) Meral Akşener, as part of traditional esnaf visits of political leaders during the pandemic. Available at: <https://tr.sputniknews.com/turkiye/202008211042694120-iyi-parti-lideri-aksenerle-esnaf-arasinda-sosyalizm-sohbeti/>. Accessed 27 January 2020. (My own translation).

accelerated impact on the blockage of the neoliberal accumulation regime, but also in the current transformation of the capitalist state, by recalling the welfare policies where even developed economies could not manage the governance of the health policies in the face of this virus. The post-COVID period points to the reproduction conditions of esnaf, where the role of the capitalist state and management of the economy was transformed to a large extent in the specific conjunctural conditions that Turkey also went through. This is why the above-mentioned statement of esnaf is worth a mention to understand that the specific conjunctural conditions have always been decisive in figuring esnaf's positioning in the face of the changing balance of powers and economic conditions where the pandemic conditions generated political and economic crises, and new grounds for new hegemonic projects and alliances.

The initial concern of studying esnaf in class terms started with a vocational curiosity of making sense of esnaf in class terms. This journey necessitated an analysis of the existing literature on small tradesmen, shopkeepers and esnaf to understand how this social category has been elaborated as a research subject in the social sciences. The literature survey was limited to studies carried out on shopkeepers, small tradesmen and esnaf. When considering the literature abroad, it was agreed that although there were Weberian-inspired studies elaborating shopkeepers and small tradesmen within the relations of distribution, the materialist Marxist framework has mostly been underestimated in the analysis of the traditional fractions of the petty bourgeoisie, which is in fact criticized by studies from different perspectives. There were also studies in various disciplines elaborating esnaf as a central research subject. However, the studies considering esnaf, specifically in a class analysis are very few, while there has been much more study carried out on shopkeepers or petty tradesmen abroad. It was argued that despite the existing literature abroad and in Turkey, very few studies empirically elaborate esnaf within the relations of production, as a social category having an inherently capitalist nature. It was also concluded there was an important distinction between artisans and tradesmen in terms of labor relations, which was not included in the

existing literature on Ottoman-Turkish capitalist formation. Although there have been important research carried out on esnaf in class terms, it was revealed that the existing literature mainly covered the pre-1980 period and did not provide a well-groomed theoretical ground to study esnaf. By exposing the gap in the social science literature, the second chapter was where the main concern of the study was drawn, which was to subject esnaf to a class analysis, to discuss it within the relations of production and make sense of its reproduction conditions in the specific conjunctural conditions since the 1980s.

The study aimed to deal with the contemporary boundaries of esnaf within the relations of production and to also understand how esnaf, as an intermediate category within the relations of production, and whose class boundaries are assumed to have been eroded during the process of concentration and centralization of capital, have continued to reproduce itself? The research question necessitated a theoretical elaboration of esnaf in class terms, which saw the need to abstract esnaf within the relations of production, so as to link it with a concrete analysis. In the third chapter, the most appropriate theoretical concepts were presented and analyzed in order to situate esnaf within the social relations of production due to its unproductive labor. The method of abstraction served here as a methodological tool to revisit some given concepts, such as *capitalist mode of production, labor and exploitation*, which allowed the study to reconsider esnaf as a very part of the capitalist mode of production. By following a deductive method, after a brief presentation of a general theoretical framework to class analysis and the petty bourgeoisie, the boundaries of esnaf were drawn through critical analysis of specific theoretical and conceptual frameworks. It was argued that although the term “contradictory class locations” of Erik Olin Wright allowed one to materially identify the location of esnaf between the bourgeoisie and petty bourgeoisie, this analysis, not based on domination or exploitation, allowed adequate grounds to understand esnaf in class terms. By making a distinction between the concepts of class location and class position, it was argued that economic conditions are insufficient to elaborate esnaf and its class position within the class relations, where

political and ideological conditions have also to be considered as determinants of its class location, as suggested by Poulantzas. Given the non-coherent and heterogenous structure of esnaf, it is concluded that all levels of the division of labor, together with the different components of state power, political forces and structures should have also been taken into account to understand esnaf's class formation.

Thinking on the class formation of esnaf necessitated an analysis of the specific conditions of its becoming process. In chapter four, the patterns of change and adaptation during esnaf's historical formation and transformation process were revealed. In this respect, the fourth chapter focused on the historical conditions of formation and transformation through 3 specific moments, which revealed their impact on the structural determination of esnaf. Although these moments were not identified from a well-coordinated periodization effort as it should be, but rather of an inevitable chronological way of thinking, they were still referring to important conditions where esnaf's class location and position were transformed. Throughout the history, it was argued that while its class position has altered, its class location has also been transformed according to the specific conjunctures to maintain its class position. As the first specific moment, the period starting from the late eighteenth century, where the Ottoman economy was increasingly incorporated within the world economy was argued from a materialistic perspective by considering the dynamics of the changing relations of production throughout the history. The uneven commercialization process was taken as a mediating one during the incorporation process to analyze the dissolution of the traditional relations of production. By revealing the historical conditions where esnaf has gradually lost its productive labor, contrary to the *decline paradigm*, esnaf has reproduced itself by adapting to the capitalist market logic and the modernizing reforms towards the end of the nineteenth, by shifting its class location within the changing balance of powers.

The Republican period until 1980 was further analyzed where the transformation of esnaf's social role within the hegemonic relations was mostly elaborated,

although it served as an important social base during the late Ottoman period when one remembers their continual support for hegemonic ideology, depending on the changing balance of powers, from the Janissary corps to the CUP. However, the formal adequacy of the newly established Republic had to reconsider esnaf by necessity as a socially and discursively constructed object for the sake of the continuing reproduction of capitalist relations. Together with the different accumulation strategies adopted until 1980, promising more fortune to esnaf during the Republican period, it was argued that esnaf's relation to the state power was transformed and esnaf was reproduced through legal and institutional amendments and restructuring in order to consolidate and maintain its organic support. However, liberal accumulation strategies have transformed the class position of these small property owners and gradually limited the material conditions of their reproduction, where the class position of esnaf has become more contradictory. Although since the 1950s, the center-right and far-right political parties well represented esnaf's interests, and esnaf's alliances with the specific political agents and structures have always been dependent on stability of the accumulation strategies, hence the economic order. That is why, during the 1950s they supported the DP government, although their interests were incompatible with those of the rising industrial and agricultural bourgeoisie. Once the hegemonic crisis of the DP was felt, esnaf supported the military coup of 1960 and welcomed the CHP in the first place, although they had so many discontents during the single party period. Likewise, despite their support towards the AP, they have retrieved their support once again from the power bloc and sought new allies in the face of the continual economic crisis and increasing political conflicts within the state power towards the 1970s.

That is how they welcomed the military coup of 1980 and the government of ANAP in 1983 as a neoliberal prescription to the continual hegemonic crisis. The neoliberal era since the 1980s was analyzed as the third moment in the esnaf's transformation process, where it argued that the structural constraints shaping the esnaf field were increasing under the neoliberal order. The political economic developments since the 1980s, in this case, were also argued together with the

changing structural constraints, state projects and macro-economic indicators. The period since the 1980s until today, which has been characterized by the neoliberal accumulation regime was argued through the changing dynamics of the free market and the changing nature of esnaf/state relations. Since the 1980s where the process of concentration and centralization of capital together with uneven financialization have accelerated, esnaf's class position and location have become more contradictory, since due to the increasing conditions of proletarianization, their class location has gradually become more determinant of their capitalist class formation. From the 1980s, crises of neoliberal accumulation regimes have altered the class position of esnaf and its class location because of the changing relations of production. The free market ideology, while being inherent to self-reliant esnaf as part of their capitalist social formation, has also increased their proletarianization process because of the continual crisis of the Turkish economy, together with its structural problems, such as foreign dependency, uneven financialization and reduction of industrial production. That is why, in each crisis period, esnaf have demanded state protectionism in order to maintain their material conditions, which is related to the political opportunism of esnaf's capital. Although the state's role in the economy has never been idealized by esnaf, since the 1980s, the modes of intervention of state power have relationally affected the neoliberal market order. During the AKP period since 2002, the transformation of state power and the increasing authoritarian practices of the ruling party have led to the restructuring of the esnaf field, where esnaf has always been thought by the AKP as an organic supporter of its neoliberal populist projects. In addition to the AKP, other political parties continued making promises to esnaf to maintain their class position, in return for their electoral support. Thus, in unison with the theoretical debates carried out in the third chapter, in the fourth chapter, it was shown that not only in the economic conditions, political and ideological conditions have always been decisive in the reproduction conditions of esnaf, when one considers the specific conditions of its formation and transformation.

In chapter five, theoretical and historical discussions were linked to an empirical analysis based on field research carried out in Perşembe Pazarı between September and December 2019. This chapter consisted of many subparts which aimed to demonstrate; firstly, the structure of the whole esnaf field, secondly, to present the research methodology, thirdly, the history of the Perşembe Pazarı, and finally, the empirical findings of the field research.

In the first part of chapter five, the quantitative data including small tradesmen and merchants was presented first to map the whole universe of esnaf, because it is believed that in light of the discussions on the historical conditions of the transformation of esnaf, and to accurately elaborate esnaf at the empirical level, the act of drawing boundaries between merchants and tradesmen was necessary. It was argued that there have been many conceptual ambiguities about esnaf in Turkey and the need to draw boundaries on esnaf is the inevitable consequence of the historical transformation of esnaf, where labor and capital relations have become more fragmented. In this chapter, the empirical boundaries between small-scale merchants and tradesmen, both defined as esnaf, was discussed by considering the structural material conditions affecting the class position of esnaf in the light of the macro-economic indicators of the 2000s. Furthermore, the institutions playing their roles in the regulation and control of this whole universe was briefly elaborated to reveal the complex relationship of esnaf within the economic and political structures. The qualitative analysis showed once again that the term “esnaf” being far from homogenous, referred to the composition of many contradictory class locations when considering the capitalist class in Turkey as a contradictory ensemble of different fractions.

To the second part of chapter five, the research methodology of the field research was presented by describing the methodological procedures followed before, during and after the research, along with the methodological limitations of the research. Although the research field has been a great part of the vocational journey, the research never had a representative claim since it was limited to 40 semi-structured

interviewees in addition to preliminary interviewees with esnaf and esnaf organizations, along with field observations and quantitative data analyses.

Chapter five's third part, the field of the research, namely the Perşembe Pazarı, was presented in detail by considering its historical role during the Ottoman-Turkish capitalist development since the late eighteenth century. The Perşembe Pazarı is a specific capitalist market characterized historically by the hardware manufacturing and trade. It is posited that the Perşembe Pazarı, by taking its changing role within the development of commercial capitalism throughout Ottoman-Turkish economic history, constitutes an important ground to empirically research esnaf in Turkey, where the productive labor of esnaf in Perşembe Pazarı has led to non-productive labor, as a result of the urban transformation of this marketplace, with the decreasing investments in the industrial sector and increasing foreign dependency in the hardware trade. The neoliberal era in this case was analyzed within the framework of the changing relation of production and urban transformation of the Perşembe Pazarı. This was revealed mainly in the narratives of the interviewees, where the relation between space and memory was highly illuminating about the historical role of this market and its spatial transformation during the neoliberal era, and the material conditions of esnaf's transformation and reproduction within this specific marketplace.

In the fourth part of chapter five, based on the field research, the findings were analyzed in light of the theoretical discussions and specific historical conditions of esnaf's formation and transformation. By focusing mostly on the current changing economic and political conditions, the empirical conditions in which esnaf in Perşembe Pazarı has reproduced itself was analyzed. The findings of the field research were analyzed under 4 main subparts, and each part was designed to reveal its reproduction conditions within the relations of production throughout the political economic developments since the 1980s.

Esnaf's particular experiences and perceptions of the changing free market conditions since the 1980s were analyzed at the first place. In fact, the period when

the interviews were realized referred to a specific conjuncture characterized by the currency crisis of 2018, but esnaf in Perşembe Pazarı, while expressing their contents and discontents, referred mostly to the first two decades of the neoliberal accumulation regime where they benefited more from the uneven economic liberalization, despite the structural and chronic problems of the Turkish economy. Their nostalgia towards the 1980s and 1990s allowed to understand the material conditions where they adopted the neoliberal norms. However, since the 2000s the hardware sector has become more foreign-dependent and more subject to macroeconomic developments. Although new opportunities and investment areas have occurred through increasing foreign investments and expansion of new global brands, the competition power of esnaf in Perşembe Pazarı has become more limited than ever, which is why most of them started to define the current market conditions in a Hobbesian way, where the traditionally intimate social relations have dissolved and led to more unfair and more untrustworthy market conditions and business relations. Furthermore, when considering *the anarchy of production* in Perşembe Pazarı, being shaped not only by the macro-economic processes but also the changing balance of powers, it was concluded that this currently transforming capitalist market has never been a historically perfect market mechanism, where its spatial value as a result of neoliberal policies has transformed the configuration of the traditional relations of production. In this part not only their changing business patterns, but also their survival strategies were discussed and presented by considering the structural transformation of the hardware sector, the uneven financialization process and increasing competitive factors.

It was further concluded that as an actor of the socially embedded market, esnaf in Perşembe Pazarı never did experience the changing market conditions in the same way. Consequently, they have no common vision of the functioning of the free market economy, no common objectives in defining their market experiences, and no institutionalized responses to react to the changing economic and political parameters. This was not because that esnaf consist of various contradictory and heterogenous class locations determined by sub-sectoral diversities and different

scales of the business or turnover rates. Rather, it was argued that their specific relation with different political agents and resources have also been determinant in reproduction and maintenance of their class position. Despite their increasing proletarianization, the *optimism*<sup>190</sup> of esnaf to take advantage of the uneven distribution of resources and specific modes of intervention have still been contributing to the maintenance of hegemonic relations, where esnaf played its traditional role of producing the necessary consent. In fact, esnaf's private interests to pursue their own goals were much more determinant on their strategies, perceptions and specific relations with specific agents, which became obvious when considering the reconfiguration of the state-business relations during the AKP period. Furthermore, during this period, there was not only a strong dissolution of traditional business patterns among esnaf, but also increasing reproduction of the *victimhood* discourses. It was concluded that, in the eyes of esnaf, the neoliberal populist regime of the AKP has lost its inclusiveness. Despite their support of the AKP government in 2002 and afterwards, they were likely to retrieve their support, in spite of the continual economic stagnation felt in the market. When considering their shifting alliances in each crisis of the neoliberal accumulation regime since the 1980s, based on the field research, the traditional *petty bourgeoisie character* of esnaf has manifested itself once again, as important empirical evidence in considering esnaf's contradictory class location within the relations of production. In this respect that the crystallization of their material interests through national security concerns, moral visions of public interest or *strong state* idealization should be considered as an important material base to understand their class formation and class character effecting their potential alliances within the hegemonic relations. The *victimhood* of esnaf, in this sense, is a moral pattern defining the actions and business strategies and the political vision of esnaf, while determining also the orientation and reflection of their private interests. This cognitive, cultural, discursive and behavioral mood was shaped mostly by its

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<sup>190</sup> Term used with reference to Terry Eagleton (2016), where he distinguishes hope from optimism. Accordingly, optimism is a necessary ideology to accept the existing miseries and wait for prosperity, an unreflective attitude, having a blinding effect imposed by the capitalist socialisation processes.

vulnerable economic conditions, depending on the increasing structural constraints, and its conjunctural class location, determinant always according to the changing balance of powers, which allowed esnaf to address the state as a single and coherent entity. Here, the hypothesis that the class location and class position of might not follow similar patterns, was grounded empirically in this research. It was revealed that their class position and location have been always conjunctural and esnaf never reacted to the increasing proletarianization conditions in the same way. Otherwise, one would expect to observe some pro-working class patterns among them, if there were some symptoms of resistance at the practice level, rather than the discursive level.

In the second part of the empirical analysis, esnaf's perception of the state's role in the economy and its position within the changing balance of powers were analyzed. As the historical trajectory of the transformation of esnaf showed, its conjunctural alliances with the specific political actors and political parties have always been determined by whether the specific accumulation strategies came to an end. It was concluded that although different state projects during the AKP period have been implemented to restructure the esnaf field, esnaf has partially lost its alliance with the government party, mostly due to the crisis of accumulation regime. In the changing economic conditions, characterized specifically by the currency crisis of 2018, but mostly by blockage of the neoliberal accumulation regime since 2008, esnaf in Perşembe Pazarı could no more pursue their material interests. That is why, they have been urgently calling on the state regulations, and they have mostly believed in the necessity of *strong state* intervention in the changing economic conditions, although they have always been in favor of the non-interventionism of the state during the economic stabilization periods. An important indicator of how esnaf was not in itself a supporter of the state regulation in *idealized* market conditions manifested itself though their demands of transparency where they believed that the state intervention was the source of the existing market irregularities. Their demands for transparency, in this respect, were shaped according to how they could or could not benefit from the opportunities arising

from modes of intervention of the AKP government, as in the procurement system. It may be agreed that, while esnaf who could benefit from the resources and opportunities provided by different relations and structures, were mostly in favor of the privatization policies and supremacy of the private interests – thus, of the retrieval of the state from the economy -, but others who could not benefit from them were mostly demanding transparency and state regulation, believed that the state could no more resolve the inter and intra class conflicts, just like in their demand on the taxation policies. However even the obvious class conflicts may be absorbed by esnaf while contributing to the reproduction of mythological thought by the *strong state*. In fact, their legitimation of the strong state intervention was not related to any dependency relation of esnaf with the state, as predicated by Weberian inspired studies carried out on state/business relation. It was thought that, rather than a dependency relation, esnaf's relation with the state power was either conflictual or compromising, depending on the specific conjunctural conditions and esnaf's material interdependency, because esnaf's idealization of *strong state* intervention might also be changed according to whether related market resources have been more accessible or not, especially in the changing economic conditions; thus to their class location within the changing balance of powers to maintain their class position. Thus, by being compatible with the New Right ideology, although they partially believed that the strong market could be achieved by *strong state*, they mostly believed in the limited role of the state because it was mostly believed that their self-reliance and, in this way, their capital accumulation were prevented. This fact empirically put them again into a contradictory class position and location which should be understood only within the specific conjunctural conditions.

As the third part of the empirical findings, advice on development policies needed to enhance the market conditions were discussed. As already mentioned, esnaf in Perşembe Pazarı could not express the market conditions in a common and coherent way. Like their experiences within the changing market conditions, advice acceptance might vary according to their private interests and strategies. Their lack of institutionalized responses to changing spatial and sectoral conditions was

focused on their interest formulations while referring to their decreasing competitive power. Esnaf in Perşembe Pazarı, formulated their interests in four main policy areas where they believed in their negative impact on the maintenance of their class position. Accordingly, their demands on foreign trade policies, domestic production policies, tax policies and interest rate policies were presented by keeping in mind the lack of union in esnaf's interests. By considering their experiences in the changing market conditions during the neoliberal era and the sectoral development where the hardware sector has become more foreign-dependent in the 2000s, their developmentalist policy demands should also be considered part their shifting interests where the neoliberal accumulation regime reached its end and restricted their reproduction conditions.

It was also interesting to encounter a conjunctural shifting of interests specific to different policy areas, where they referred mostly to the national developmentalist policies. For instance, in the face of the decreasing importance of state planning and the transformation of the DPT since the 1980s, but mostly under the AKP rule, esnaf demanded more planned economic policies to predict the market conditions and investment opportunities, which could not be achieved under an unstable currency regime and increasing foreign dependency. Another important common point of these policies, in addition to their negative impact on esnaf's reproduction conditions, was that these policy areas were mostly referred to as interest conflicting areas between different factions of the capitalist class and the state power itself. In fact, their policy advice should also be considered part of conjunctural change in esnaf/state relations and part of increasing conflicts with those of the capitalist class. The increasing foreign dependency of the hardware sector was accompanied by demands on domestic production in the agricultural and industrial sectors. What is important is that esnaf's demands on the protective foreign trade regime was one of the areas conflicting with the interests of many fractions of the Turkish capitalist class, and obviously those of the current government. While trade protectionism has been increasing on a global scale as a state project, especially after the 2008 global crisis, different factions of the Turkish capitalist class have demanded the

state remove protectionist measures, but these interests promoting the trade protectionism were not obviously and empirically compatible with those of esnaf. Being far from aware of the capitalist character of the state and being incapable of analyzing the conjunctural changing balance of powers, esnaf was still demanding more state protection, by legitimizing their vulnerable position with the promotion of their *strong state* idealization. Likewise, in addition to foreign trade policies, tax policies appeared an area where esnaf interrogated their class position within the changing balance of powers. Although they formulated their conflicting interests with different fractions of the Turkish capitalist class in terms of inequalities in taxation which was also believed to be promoted as a state project, the tax issue was another policy area that seemed to cause *class conflicts* at the discursive level. However, the crystallization of the material interests through national narratives prevented esnaf from being an active part of the class struggle and again prevented them from considering the capitalist character of the state, as a historical fact. The interest rates policies also constituted the last policy area that esnaf suggested while formulating their economic interests. While they did not depend on the high-rate policy, as in the 1990s, because of increasing disadvantages of the free market in the 2000s, they demanded lower interest rates so that the market contributed to function. Thus, although esnaf demanded regulations in different policy areas, as mentioned, they had no institutionalized responses, nor even a strategic capacity to reflect their interests in a coherent manner, only by departing from their increasing proletarianized conditions. Based on the differentiation of interest formulations, it was concluded that esnaf's role within the hegemonic struggle was never central, but rather determined always by conjunctural changing political and economic dynamics, which was highly important in considering their class location and position within the relations of production. Their policy advice and choices might have changed according to which government pursued their interests. As a matter of fact, by considering the dynamics of the changing state-esnaf relations during the AKP period, their policy advices should be understood as an outcome of their shifting alliances.

In the fourth part of the empirical findings, their associational patterns and strategic capacities to represent interests were analyzed. In fact, their deficient strategic capacity to coherently formulate their interests and reflect them as policy advices thought necessary to understand their associational patterns representing their interests, hence their subjective class formation. Although the lack of institutionalized responses made it impossible to consider a probable *class action* where esnaf acted as a class, on behalf of a class, in this part, a much more relational path was followed, where both esnaf's perceptions towards the interest representation mechanism and the relevant business/esnaf organization's capacity to balance and mobilize esnaf's interests were analyzed. Based on the field research, esnaf's compulsory membership to the ITO, one of the largest trade chambers in Istanbul, made it necessary to primarily analyze the historical trajectory of esnaf's interest representation. Accordingly, the fragmented compulsory representation of esnaf between esnaf unions and trade chambers, revealed that esnaf's contradictory class location that could not only be understood through economic relations, but also through an articulation of a set of relations embedded in the capitalist societalisation process. In addition to the fragmented nature of the esnaf's interest, the fractured structure of their interest representation channels was analyzed in terms of a structural constraint affecting esnaf to be a *class for itself*. It was concluded that the compulsory membership of esnaf to the ITO should be considered as an evidence of the historical alliance between bourgeoisie and esnaf, and of esnaf's reconstruction within the hegemonic relations. Esnaf has been likely to be stuck at the periphery of the bourgeois representation where the *non-strategic* capacity of the ITO was highly questioned by esnaf leading to erosion of the existing confidential channels between different fractions of Turkish capitalist class and esnaf. However, as discussed, there were also voluntary associations, and among the interviewees, only one of them is a member of a newly established association. There were also specific committees within the ITO in which esnaf were unlikely to participate. As a matter of fact, it is viewed that the low degree of their associability should be considered from a materialistic approach. First of all, it might be explained by the lack of institutionalized responses of esnaf determining

their class action where the private interests of esnaf have always been determinants on their specific experiences and perceptions. As a contradictory class location, to maintain the state coherency and the hegemonic relations, esnaf has always been a necessity that the field has been restructured and its mode of representation have been determined as it is, in a fragmented manner which allowed political forces and state projects to be the voice of esnaf, as a historical fact. Likewise, the idea that esnaf could not be strongly and independently structured within and beyond the state power, allowed further political forces to monopolize the esnaf's interest representation. That is why, one of the great reasons why one might elaborate esnaf as a contradictory class location manifested itself while considering its changing relations within the changing balance of powers, since esnaf's capitalist formation could never allow this social grouping to become a *class for itself* despite their increasing proletarianized condition during the process of concentration and centralization of capital in Turkey.

This study, as mentioned initially, had a dual concern; by reminding the debate about bringing class back onto the social research agenda, it was suggested bringing esnaf into the class analysis. The second concern was the empirical one. Thinking and contextualizing esnaf within the class relations requires considering its reproduction conditions through economic, political and ideological relations. Thus, the thesis not only offered a theoretical perspective making esnaf as a part of the relations of productions, but also revealed the specific experiences and perceptions of esnaf in their relations with the market and the state. Moreover, to study esnaf in an empirical manner being compatible with its historical formation and transformation process, the Perşembe Pazarı, as a currently transforming capitalist market, allowed for a solid ground to understand the reproduction conditions of esnaf's class location and position. The importance of studying esnaf in class terms was a great requirement in the literature of social sciences. In addition to existing literature, especially the contributions of Asım Karaömerlioğlu, Emre Balıkçı and Ahmet Makal who also elaborates esnaf in a class perspective, this thesis aimed to bring a more coherent and contemporary analysis of esnaf in class

terms, covering its transformation and reproduction conditions during the neoliberal era. Although the thesis departed from a Marxist perspective – but never claimed to be capable of wholly reflecting it – it was useful to elaborate esnaf within the relations of production, which has been partially studied up to now. Although esnaf might have been assumed to be a fraction of the traditional petty bourgeoisie by the Orthodox Marxist scholars, this research carried out on the transformation of esnaf's class location and class position showed that one should look for the capitalist nature of esnaf through the capitalist socialization process itself. This thesis should be considered a modest contribution not only to the debates on contemporary class boundaries, but also specifically to the Marxist literature which mostly underestimates mostly the capitalist nature of these class locations.

This thesis empirically demonstrated and justified one the Marxist arguments. Accordingly, the fractions of the traditional petty bourgeoisie are generally considered as *parasite* or contradictory in a sense that they have established their fortune from the surplus value extracted by the ruling class. They have ideologically protected the capitalist class economic order (McMurtry 1978: 88-89), in spite of their increasing proletarianization conditions contributing to the reproduction of the inherent contradictions of capitalism. In this respect, this thesis exposed how esnaf's reproduction conditions in Perşembe Pazarı were not independent of their relations with the different cycles of capital, and in this context, how important their role in the reproduction of the capitalist system. Furthermore, this thesis also revealed empirically how esnaf's interests were always conjunctural, although they could not express it coherently and *revolutionarily*, rather they preferred to be allied with whoever promise/provide them the necessary material ground to pursue their interests in the free market economy. That is why, esnaf, as a self-reliant market actor, may demand state protection in the changing market conditions where they started to lose their control over production and circulation processes.

The thesis has several limitations though. However, I should first mention by own limitations. First of all, as a self-criticism, the historical conditions of formation and transformation of esnaf in the fourth chapter should be done through a more

coherent periodization, where the study mostly failed to fully account for identities, interests, horizons of action, strategies, and tactics related to esnaf. Secondly, the existing literature on the Ottoman-Turkish historiography through a Marxist framework by considering both the internal and external dynamics of the capitalist social formation provides neither a critical contribution to understand the transformation of social classes nor esnaf. Here, as a second self-criticism, another theory – maybe the Marxist approach of uneven and combined development - may have been used in the third chapter, rather than the dependency-theory inspired analyses of the World-System theory, although following chapters mostly avoided this theoretical pattern. It is believed that the World-System theory provides a theoretical ground to analyze the social change as a result of the transformation of international division of labor but lacks revealing the inner dynamics and interactions of specific social formations. However, it should be noted there is a lack of political economy studies written with a critical materialist approach to history in the literature. Thirdly, the thesis could have offered more in terms of analyzing the changing balance of power and might have successfully follow a materialist critical approach while analyzing the relation between esnaf and the state. One should admit that despite the effort to maintain consistency between epistemology and ontology, it was partly influenced by state-centered/culturalist approach during the analysis. Finally, one should bear in mind that further studies may be carried out in different capitalist marketplaces implying different sub-sectors where Turkey provides great empirical ground to study esnaf. This thesis did not claim to make inferences about the universe of esnaf in Turkey, nor did it claim to represent the whole esnaf in Perşembe Pazarı as they referred to a homogeneous and constant entity. It is clear that esnaf in many sub-sectors in Turkey have been articulated in different ways with different cycles of capital. In this context that their conditions of reproduction and their capacity to articulate with different political and ideological relations differ to a large extent. However, narrowing the field research was necessary for the sake of the empirical identification and analysis of the research question.

Consequently, there is a need for further studies and empirical research elaborating and discussing esnaf in class analysis, although other esnaf research have been carried out in various social sciences disciplines. For instance, the sectoral studies, although carried out on different fractions of the working class and the capitalist class are needed to understand the transformation conditions of esnaf, by taking into account specific sectoral alterations. In fact, a sectoral approach is also necessary for strategic moves of political parties while they are addressing esnaf as a social base. The comparative studies on esnaf in different sectors may also be very illuminating in understanding the changing impact of the diverse structural constraints on esnaf's class location and position. In this context, there is a need for more case studies on how esnaf may respond to specific policies and what kind of political relations they establish based on the complex articulations with different fractions of capital. Furthermore, future research on the ITO and the TESK may also be necessary to fully understand the dynamics of the changing relations between these organizations and the state, which is a subject underestimated by scholars. Furthermore, a specific research on the ITO may be interesting in the sense that it may reveal the conjunctural conflicts between esnaf and the different fractions of the capitalist class. Likewise, a further study on the TESK or other esnaf chambers may be challenging in disclosing the inter-relations between these organizations, political forces and esnaf.

In the 1980s, Frank Bechhofer said that “*the studies of the petite bourgeoisie are in their infancy*” (1981, p.184). During the last forty years, very important and enlightening studies have been carried out by reflecting the particular experiences within specific social formations. However, the literature of class analysis in Turkey still needs further research done on different fractions of the traditional petty bourgeoisie, and especially on esnaf. The field of esnaf is dynamic and complex implying different definitions, interactions, covered relations and redefined alliances. Despite its critical points, Wright's concept of contradictory class locations offers a great empirical ground for further researchers on esnaf. However, only from a materialistic perspective also involving the political and ideological

instances, one may ground the theory. Because it is only the Marxist theoretical and methodological thinking that allows us to problematize the social issues within the inner contradictions of the capitalism itself. In the sense that this thesis offered an important contribution to class analysis in Turkey. Once and for all, the thesis filled an empirical gap by considering esnaf's class position and location within the relations of production through specific material conditions of its reproduction by considering the spatial dimension and historical particularities of the capitalist formation in Turkey.

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## **ETHICS BOARD APPROVAL**

Ethics Board Approval is available in the printed version of this dissertation.