ISLAMIC CALVINISTS
Change and Conservatism in Central Anatolia

A new form of Turkish Islam is emerging here, one which is pro-business and pro-free market, and it’s being called Islamic Calvinism. ...

BBC

These conclusions will be important for Turkey, the Islamic world and the West.

Bugün (daily paper)

The report sheds light on developments that even Ankara from time to time is blind to, whether you call it Anatolian Tigers or Anatolian lions...

Hürriyet (daily paper)

19 September 2005
Berlin – Istanbul

www.esiweb.org
ISLAMIC CALVINISTS IN THE PRESS

Abdullah Gül explained that the EU Commissioner responsible for enlargement, Olli Rehn, had handed him a report which explained that Kayseri’s successful industrialization was rooted in the lifestyle that can be called “Islamic Calvinism”.

Sabah, 9 October 2005

A big howl went through the country when ESI’s report was published: On one end of the spectrum, die-hard seculars who would not have it that pious people can be economically successful and on the other end religious fundamentalists who suspected a clandestine Christian proselytization effort. Kayseri’s entrepreneurs, however, understood the praise. No one less than Turkish Foreign Minister Abdullah Gül – prominent son of the city – declared himself a proud Islamic Calvinist.

Süddeutsche Zeitung, 13 June 2006

The traditional “clash of civilisation” arguments explain that Islam is fatalistic, against change and against risk. According to this report, the Kayseri example is evidence that such opinions and assumptions are groundless.

Referans, David Judson, 26 September 2005, “European conservatives should meet “Anatolian Calvinists”

The aim of this report is to illustrate the transformation in Turkey to Europe. Not the change in the West of Turkey but in the heartland of Anatolia. “Because” says Knaus, “In the minds of Europeans, the belief is that Anatolia is resistant to change, very conservative, and underdeveloped.” The important conclusion of the ESI report is that: “Though the lifestyles are conservative and religious, there is a passion for rapid growth and modernisation…”

Hürriyet, Gila Benmayor, 14 October 2005, “Olli Rehn went to Kayseri with this report”

(Olli Rehn) says Kayseri is the heart of Anatolia and he wants to go to Kayseri and get to know this developing Anatolian city that has advanced so much. In the meantime the report of the European Stability Initiative talks about Kayseri as Anatolia’s loudest voice on the road to the EU. Lets look at the details of this report: what renders this city such a success? What is it that makes its economy so strong? ... According to the report, Kayseri is also an example demonstrating that Islam and Western values can coexist in Turkey, and Kayseri is the best answer to those who oppose Turkey’s EU membership because of cultural, religious and social differences.

CNNTurk, Gürkan Zengin, 19:00, 7 October 2005, “Editor” Programme

The message to Europeans is that “yes, there is a segment in Turkey (predominately in Istanbul) that is more European than most Europeans. As you always note, this segment is a minority. However, our conservatism is no different from the conservatism of towns in Germany and Austria. Therefore, don’t be afraid.

Radikal, Funda Özkan, 13 October 2005
KAYSERİ ve İSLAMI KALVİNİSTLER
Orta Anadolu’da Değişim ve Muhafazakarlık

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Executive Summary

Among Europeans who are sceptical of Turkish membership of the European Union, it is common to hear the view that Turkey has two souls, only one of which is Western. They contrast the cosmopolitan outlook of Istanbul with the vast Turkish interior, which is seen as backward, impoverished and ‘non-European’ in its values.

Central Anatolia, with its rural economy and patriarchal, Islamic culture, is seen as the heartland of this ‘other’ Turkey. Yet in recent years, it has witnessed an economic miracle that has turned a number of former trading towns into prosperous manufacturing centres. This new prosperity has led to a transformation of traditional values and a new cultural outlook that embraces hard work, entrepreneurship and development. While Anatolia remains a socially conservative and religious society, it is also undergoing what some have called a ‘Silent Islamic Reformation’. Many of Kayseri’s business leaders even attribute their economic success to their ‘protestant work ethic’.

This report explores these social and economic changes in the Central Anatolian province of Kayseri, home to one million people. It presents detailed case studies of a number of strategic sectors: the emergence of Kayseri as Turkey’s leading cluster of furniture manufacturers; the rise of Orta Anadolu, producing one percent of the world’s denim; and the success of the Kayseri sugar refinery and its impact on local agriculture. These case studies illustrate how industrial capitalism emerged from a predominantly rural and merchant society within a single generation. They also demonstrate how policy failures by successive governments caused the 1990s to be a ‘lost decade’, and how the economic crisis of 2000/01 and the structural reforms which followed it have marked a decisive turning point for the Turkish economy.

The report also explores how over the past decade individualistic, pro-business currents have become prominent within Turkish Islam. It looks closer at Kayseri’s most successful small town, the industrial district of Hacilar, whose 20,000 inhabitants have given birth to 9 out of Turkey’s top 500 companies. It finally examines the position of women in this evolving Anatolian society, and why this could prove to be the Achilles heel of continued rapid development.

Today’s governing party, the Justice and Development Party (AKP) of Recep Tayyip Erdogan and Abdullah Gul (Kayseri’s most prominent politician), and its political philosophy of ‘democratic conservatism’, are very popular in Central Anatolia. AKP’s Kayseri headquarters was one of its first to be established, and in the 2004 municipal elections in Kayseri it won an overwhelming majority of 70 percent, its highest in the country. Democratic conservatism embraces many goals reminiscent of centrist political parties across Europe.

The report concludes that economic success and social development have created a milieu in which Islam and modernity coexist comfortably. It is the Anatolia shaped by these values that is now pressing its case to join the European Union.
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Map of Kayseri Province
INTRODUCTION

Among the European voices who are sceptical of Turkish membership of the European Union, it is common to hear the view that Turkey has two souls, only one of which is Western. They contrast the cosmopolitan outlook of Ankara, Istanbul and the coastal resorts with the vast Turkish interior, which is seen as backward, impoverished and distinctly non-European in its values. One of the leading foreign policy thinkers of the German Christian Democratic Union, Wolfgang Schäuble, recently said,

“A part of Turkey is Europe, just like Russia. But a far bigger part of both Turkey and Russia is definitely not in Europe. That is why Russia could never really integrate into the EU.”

The argument, based partly on economics but more squarely on culture, has led many to conclude that, while Turkey should enjoy closer relations with the European Union, full integration would be detrimental both to Turkey and to the EU.

Central Anatolia (Orta Anadolu) is the heartland of this ‘other’ Turkey. The common perception of a non-European Anatolia has been built up over many decades both by foreigners reflecting on its village culture and by officials of the Turkish Republic, struggling to overcome the backwardness of traditional Turkish society. Both have seen concentrated in Anatolia those aspects of Turkey that are least European: a patriarchal, Islamic culture rooted deeply in the unchanging rhythms of village life, centred on wheat, sheep and hand-woven carpets.

Already in 1949, reviewing the Turkish economy for the U.S. government, a former executive of Standard Oil, Max Thornburg, wrote:

“The impression that one carries away from Turkey is that of a thin layer of modernity imported from abroad and imposed from above, with great will and vigour, upon a population the larger part of which is still steeped in medieval or even ancient ways of life.”

In the rural world of 1950s Anatolia, three decades after the founding of the Turkish Republic, 68 percent of Turkish adults were still illiterate. Thirty years later, when an American anthropologist, Carol Delaney, spent two years studying a Central Anatolian village, she found that village life had changed little, culturally or economically. She described a moral universe centred on procreation and rigid gender roles.

1 Financial Times, August 2005
2 Max Thornburg, Turkey – An Economic Appraisal, 1949
3 Alice Amsden, The Rise of the Rest – Challenges to the West from Late-Industrialising Economies, 2001, table, p. 60.
4 Carol Delaney, The Seed and the Soil – Gender and Cosmology in Turkish Village Society, 1991, p.239
“In the villager’s theory only men are able to transmit the spark of life, and it is theoretically eternal as long as men continue to produce sons to carry it down the generations.”

Work, on the other hand, constituted a “premonition of hell”:

“Villagers must work, but they do not like to; work in any form is looked down upon. It is not seen as a way of learning about life, or as an affirmation or fulfillment of the self. Certainly the meaning of life is not conceived in terms of work. The exemplary human activity is to sit; the verb *oturmak* has both meanings.”

Yet in recent years Central Anatolia has become the site of an economic miracle reminiscent of East Asia’s tiger economies. A number of Anatolian trading centres, ranged along the old silk routes, have undergone an industrial revolution which has turned them into major manufacturing centres and players in the global economy. By the mid-1990s, Turkish journalists and academics had begun to write about the ‘Anatolian Tigers’.

As well as sheep, wheat and carpets, suddenly there was mass-produced furniture sold across Turkey, and high-quality textiles exported to the fashion centres of the world. In recent years, this transformation has gathered speed, with economic growth in parts of Central Anatolia reaching dizzying levels over the past two years.

With the arrival of industrial capitalism, the traditional village world described by Delaney is in retreat. Far more Anatolians now live in urban centres and have acquired distinctly modern tastes. With urbanisation and increased education have come new ideas about the virtues of hard work and entrepreneurship. Central Anatolia remains a religious and socially conservative society. Yet it has evolved a particular form of conservatism which is highly conducive to its new-founded economic success.

With economic development has also come a new political confidence. Central Anatolia is the electoral base of Turkey’s AKP government, and home to some of its most influential figures, notably Abdullah Gul, the Foreign Minister and Deputy Prime Minister. The AKP government is in many respects a political reflection of the values and ambitions that have shaped the Anatolian Tigers. Understanding its social and economic roots can help to shed light on one of the paradoxes of contemporary Turkey which has puzzled observers, both within Turkey and abroad: how a government which is

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7 A series of articles ‘Anatolian Tigers’ (Anadolu Kaplanlari) in Turkish daily Milliyet in June 1996 had portraits of the following cities: Kahramanmaras, Corum, Van, Usak, Amasya, Gaziantep, Kastamonu, Kayseri, Samsun, Sariyer, Trabzon, Tokat, Nigde, Cankiri, Denizli, Malatya.
8 Electricity consumption (mainly for industry) increased by more than 10 percent in Kayseri in the last 12 months. Turkey had the fastest economic growth of all OECD economies in 2004 (almost 10 percent).
Islamic and conservative in its origins can nonetheless pursue such a vigorous pro-business and pro-European agenda.

This report explores these processes of social and economic change in one Central Anatolian province – Kayseri, home to one million people. Our goal is to take the debate on Turkey and its two identities beyond the clichés that have so long informed it, by introducing this Central Anatolian revolution to a European audience. The report is written for all those who wish to consider Turkey and its European aspirations in the light of current realities.

I. TURKEY’S HEARTLAND

The Central Anatolian province of Kayseri lies in the very centre of the country, almost equidistant - 900 kilometres - from the Aegean shores in the West and the Iranian border in the East. Plateau-like mountains separate valleys, creating a rugged landscape of cold winters and dry summers. Its highest peak, Mount Erciyes, is an extinct volcano. The volcanic ash of its eruptions created nearby Cappadocia, where wind and water have shaped a landscape of fantastic forms. North of Mount Erciyes flows the Kizilirmak (Red River), Turkey’s longest.

Kayseri province has a total population of one million, mostly living in the town of Kayseri north of Mount Erciyes. There are two large plains supporting intensive agriculture: the Kayseri plain northeast of the town and the larger Develi plain south of the mountain. Wheat and barley are the staple crops. Much of the territory is mountainous and sparsely populated, with some areas inhabited by as few as 15 people per sq. km.

Kayseri’s name comes from the Roman town of Caesarea, once one of the most important cities of Asia Minor. The founder of the Armenian Church, St. Gregory, lived in Caesarea in the 4th century. From the 11th to the 13th centuries, Kayseri was a centre of the first Turkic state in Anatolia founded by the Seljuks. The most famous Ottoman architect, Sinan (1490–1588), was born as a Christian in a nearby village before he joined the élite Janissary troops. Today only abandoned churches, place names and the ornamentation on traditional carpets remind visitors of the multiethnic past of Ottoman Kayseri.9

Looking down from the 12th-floor terrace of the Kayseri Hilton, opened in 2002, one sees the reminders of Kayseri’s long history: the blackened Selçuk city walls, the shining roofs of the covered bazaar and the town’s principal mosques and medreses. Beyond the limits of the old town, the landmarks are from Kayseri’s more recent industrial history, especially the aircraft factory opened in 1926, marking the beginning of industrialisation

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9 In 1900, the population of Kayseri town was 56,200, of which 34,400 were Turkish Moslems, 18,900 Armenians (Gregorians, Catholics and Protestants) and 2,800 Greek Orthodox. Ahmet Nazif, Kayseri Tarihi (Mir’at-I Kayseriyiye), 1987, p. 27

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in the region. In the distance are the buildings of the rapidly expanding Erciyes University. To the west, on the foothills of Mount Erciyes, there is the small and proud industrial town of Hacilar and the massive complex of the Hacilar Electronic Company (HES), reflecting the sunlight on top of a hill.

Modern Kayseri would be unrecognisable to a visitor from the 1950s. The city has grown from 65,500 inhabitants in 1950 to some 600,000 today. People moved in from rural areas to take advantage of jobs in the rapidly expanding New Industrial Zone, covering an area of more than 2,350 hectares west of the town.\(^\text{10}\) This is one of Turkey’s largest industrial zones, and in 2004 it applied to the Guinness Book of World Records for starting the construction of 139 new businesses on a single day. In the past twelve months, more than 10,000 new urban apartments were connected to the electricity in Kayseri town.\(^\text{11}\)

The rapid growth of the city of Kayseri has also transformed the province. Today, 69 percent of the province’s one million people are urban (the Turkish average is 65 percent).\(^\text{12}\) Urbanisation improved access to education. In 1950, less than 20 percent of women could read or write. Today, the number is at 86 percent, and a strong campaign to bring illiteracy to an end is underway.\(^\text{13}\) As young girls stay in school longer – in 1997, compulsory schooling was increased from 5 to 8 years throughout Turkey – traditional crafts, such as home carpet weaving, have undergone a sharp decline. The village (now town) of Hacilar on the foothills of Mount Erciyes still prints tourist posters showing sheep and horses, but there are no more sheep and most of the population works in industries founded by their parents’ generation – some of them managing companies with thousands of employees.

II. ANATOLIAN TIGER

A. The Sofa Revolution

When Mustafa Boydak was born 76 years ago in the village of Hacilar, it was common for a boy to grow up without learning how to read. Mustafa Boydak quit primary school after only a year, and had to learn to read by himself when he was older. He was born into an overwhelmingly rural society: three quarters of the Turkish population lived in rural areas and 80 percent of the labour force was in agriculture. To avoid working in the fields, Mustafa Boydak became an apprentice in a small carpentry workshop in nearby Kayseri town, where there was a range of small artisans in the traditional crafts quarter. Within a few years, he had opened his own workshop producing wooden doors and

\(^\text{10}\) Kayseri Organised Industrial Zone, www.kosb.org
\(^\text{11}\) ESI Interview with Ali Cesur, General Director of the Kayseri Electricity Company, September 2005
\(^\text{13}\) Literacy rates for men increased from 28.6 percent in 1935 to 96.6 percent in 2000, Population Census 2000, State Statistical Institute
windows. In the late 1950s, he and his brother, Sami Boydak, opened a new workshop in Kayseri’s first industrial zone.

Today, the business started by the two brothers – Boydak Holding – has grown into a conglomerate comprising 22 companies and an export network spanning 70 countries. Managed by their six sons, the conglomerate includes a bank, a transport company, a trading arm and Turkey’s largest cable factory. At its centre, however, are the country’s two most famous furniture brands, Istikbal and Bellona. The yellow and blue label of Istikbal and the turquoise banner of Bellona can today be found in all Turkish towns. There are more than 1,000 Istikbal shops and more than 600 Bellona shops, selling furniture for every room of the modern apartment. In total, Boydak Holding employs more than 12,000 people (some 10,000 in Kayseri itself), and in 2004 had a turnover of US$1.2 billion.

The story of Boydak’s growth from a small workshop into an industrial giant is a remarkable tale, which mirrors the rise of Kayseri from a trading town into an industrial centre. Kayseri had no obvious comparative advantage in the production of furniture – the forest areas of the Black Sea are far away, and transport costs within Turkey are high. It nonetheless has emerged over the last two decades as the most successful furniture cluster, not only in Anatolia but right across the Middle East and South Eastern Europe.

Today, there are more than 3,500 companies in Kayseri in the furniture business. Of these, some 400 use mass production techniques. On average, 20,000 sofa beds and 8,000 armchairs are being made on any given day. The Association of Furniture Producers in Kayseri estimates that 40,000 people are employed in the furniture and related sectors, making it a motor of the Kayseri economy. To understand where Kayseri has come from, and to assess where it is going, this sector is a useful place to start.

The market for furniture reflects the extraordinary economic and social transformation of Turkey since the 1950s. In the traditional Central Anatolian home, the central piece of furniture for sitting was the *sedir*, an elevated platform made of piles of mattresses, blankets and carpets on which guests were seated. Families would eat dinner seated on

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15 The Boydak Holding includes, among others, the furniture brands Istikbal and Bellona, the iron wires, feather spring producer Merkez Celik, home textile producer Boyteks, sponge and foam producer Form Sunger & Elyaf, electric cable producer HES Kablo, marketing companies Boypas, Bepas, Ispas, Bimeks, the exporter company Boydak Dis Ticaret, the transport company Boytrans, and the finance institution Anadolu Finans.
17 ESI Interview with Haci Boydak, Chairman of the Board, September 2005.
18 ESI interview with Ercan Sarikaya, General Secretary of the Kayseri Association of Furniture Producers, Carpenters and Upholsterers, February 2005.
20 ESI interview with Ercan Sarikaya, General Secretary of the Kayseri Association of Furniture Producers, Carpenters and Upholsterers. Given the importance of the informal sector these are only estimates.

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the floor around a low, wooden table, and sleep on mattresses stuffed with raw wool which were rolled up during the day. The blankets and carpets were woven by women at home on hand looms. The sedir was a symbol of rural self-sufficiency.

Between 1950 and 1965, Turkey’s urban population doubled, from five to ten million people. The town of Kayseri grew from 65,488 inhabitants in 1950 to 160,985 in 1970.21 Urbanisation changed lifestyles dramatically. In the new urban apartments, hand-woven carpets were replaced by machine-made products, mattresses became filled with metal springs rather than wool, and people took to dining on tables and chairs. Only in the town of Kayseri, there were 100,000 new apartments to be furnished by the end of the twentieth century.

In 1956, Kayseri municipality established its first (‘old’) industrial zone, just beyond the city limits, where all craftsmen were required to relocate (partly through fear of fire). This concentration of traditional industries proved a key factor in the city’s transition to industrial capitalism. In the close conditions of the Old Industrial Zone, new ideas and technologies passed quickly from one craftsmen to another, setting the scene for a technological revolution.

In 1959, one of the carpenters began to produce upholstered furniture, originally with dried grass as stuffing, and then later foam rubber. In the early 1960s, another company began to produce metal furniture – spring mattresses, bedsteads, frames for couches – drawing on metalworking skills introduced to Kayseri by state-owned enterprises such as the aircraft factory. New machinery, like staple guns for upholstering, was brought in from outside Kayseri, and before long these were also being produced locally. A number of wholesalers emerged to supply the growing furniture cluster. Close links between artisans and traders ensured the flow of capital and access to markets.

In 1976, a Dutch economist, Leo van Velzen, visited Kayseri to assess the region’s growth potential. Van Velzen counted 1,150 small workshops in the old industrial zone, of which 588 were engaged in woodworking and furniture production. The workshops ranged from 30 to 300 sq. metres in size, usually with no more than three workers and using “no more complicated mechanical aids than hammer, pliers and scissors.”22 Van Velzen traced the origins of this emerging cluster of furniture producers back to “a group of about 20 carpentry workshops that began operating in the 1950s, producing doors and window frames, and to some 10 wood traders with a broader commercial horizon.”23 His assessment of Kayseri’s growth potential was, however, guarded. He concluded that “at the moment there is no evidence to suggest that trade capitalism is caught up in a process of change which will yield industrial capitalism.”24 He quotes a saying which was popular at the time: “If you want to become rich, buy and sell. But if you want to go broke, produce and sell.”25

21 State Institute of Statistics, Population Census 2000, Kayseri data,
22 Leo van Velzen, Peripheral Production in Kayseri Turkey, 1977, Ankara
23 Leo van Velzen, Peripheral Production in Kayseri Turkey, 1977, Ankara
24 Leo van Velzen, Peripheral Production in Kayseri Turkey, 1977, Ankara, p.192
25 “Zengin olmak ıstıorsan, al sat. İflas etmek istıorsan, yap sat.” Leo Van Velzen, Peripheral

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In 1976, in the same year that van Velzen published his study, Mustafa Boydak and his brother went to Europe to visit furniture fairs and buy machinery. There they discovered the potential of industrial furniture production. Mustafa Boydak remembers that upon returning he told other local carpenters that they “needed to move on from the old way of making furniture by hand.”26 In time, their example – and evident commercial success – was to inspire others.

The introduction of mass-production techniques in the Boydak factory in 1976 was the first breakthrough. The second was the introduction of the çek-yat sofa in 1980.27 The çek-yat (literally ‘pull-sleep’), a sofa that folds out to make a bed, came to symbolise the emerging consumer society. In the new urban centres, families living in small apartments needed to be able to accommodate relatives visiting from the countryside. The çek-yat was the ideal solution, and it quickly became the Boydak’s top-selling product. By 1991, the company was making 1,500 sofa beds each day.

In the early 1990s, the company embarked on another important innovation: it revolutionised its marketing. In previous decades, customers and traders, often from Turkey’s east, would visit Kayseri to purchase finished furniture directly from the workshops. Each item was unique, and prices were negotiated on the shop floor. In 1993, Boydak established its flagship brand, Istikbal (‘Future’), with a catalogue and fixed prices applied across the country. Istikbal introduced a policy of exclusive sales outlets to strengthen the company brand and began to offer home delivery of packaged furniture, together with guarantees and repair services. It also lobbied the Turkish Standards Institute to introduce quality standards for furniture. In 2000, Boydak created a second, more up-market brand, Bellona, to compete directly with imported furniture. Bellona soon became the country’s second-biggest furniture seller after Istikbal. As the business grew, Boydak established new companies to handle its transport and logistics, sales and marketing, and the production of intermediary materials, from metal springs to foam rubber.

Boydak’s success inspired other Kayseri carpenters to follow suit. Saffet Arslan also worked his way up from an apprentice in the Old Industrial Zone. In 1981, together with his brother, he began to produce furniture on demand for the larger workshops, gradually building up a team specialised in sofas and armchairs. In 1986, he opened a retail outlet. In 1991, Saffet and his brother founded Ipek. By 1994, Ipek was advertising its furniture on national television and opening distribution points across Turkey. By 2004, Ipek was one of Turkey’s largest furniture producers, with production space of 60,000 sq. meters, 2,500 staff (including in its franchises) and a turnover of US$ 83 million.28

Is there an end in sight to this furniture boom? Kayseri’s entrepreneurs remain bullish. The young Haci Boydak, son of Sami and today Chairman of the Board of Boydak

26 ESI interview with Mustafa Boydak, September 2005.
27 ESI interview with Mustafa Boydak, September 2005.
28 ESI Interviews with Saffet Arslan, owner of Ipek Mobilya, in February and September 2005.
Holding, notes that, should there ever be political stability in the Middle East, nobody would be better placed to exploit the new markets than Kayseri producers. Boydak already operates outlets in the Lebanon, Syria, Israel, Saudi Arabia and Northern Iraq. Haci believes that Turkish furniture has barely begun to explore its export potential (Turkey’s total furniture exports in 2002 amounted to only US$281 million, compared to Italy’s $8.8 billion). Most importantly, Saffet Arslan expects the domestic market to continue its extraordinary growth, as incomes rise and urbanisation continues.

B. Denim for the World

The challenge of producing quality denim (the fabric from which jeans are made) is to read the minds of teenagers in Los Angeles, London and Tokyo, explains Mehmet Ali Babaoglu, former managing director of Orta Anadolu, Kayseri’s fabric giant. The high-speed weaving machines that make the denim must constantly be adjusted in anticipation of next year’s fashions in jeans, elaborates Emin Molu, its Director of Product Development. It is a vivid symbol of globalisation: Anatolian engineers rushing to keep pace with the ever-changing world of teenage fashion.

When Mehmet Ali Babaoglu and Emin Molu (who studied textile engineering in Germany and Manchester, respectively) joined Orta Anadolu in the early 1980s, this textile company was on the verge of bankruptcy. It bought Turkish cotton and turned it into inexpensive cloth sold to Turkish households to produce their own clothes. Today, Orta Anadolu is Kayseri’s number one exporter, with marketing teams around the world. When the company first began to produce denim for jeans in 1986, it produced five different types. Today it develops 300 prototypes annually, of which 100 are sold to the world’s leading jeans brands. In 2003, Orta Anadolu was among Turkey’s 25 most profitable companies.

As in so many developed countries around the world, the story of the textile industry in Turkey is the story of its early industrialisation. Rapid technological change in the production of cotton yarn and cloth launched the Industrial Revolution in Britain – as Schumpeter put it, the industrial history of Britain from 1787 until 1842 “can be resolved into the history of this single industry”. In the late 1920s, more than half of Japan’s industrial workers were employed in textiles – its only global industry prior to World War II. Hong Kong took over leadership in the sector in the mid-1970s, when textiles and clothing comprised half of its manufacturing employment. In those years, textiles accounted for 35 percent of South Korea’s exports. In recent years, China has followed in the path of Japan, Hong Kong and South Korea to achieve a dominant position in the world industry.

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29 ESI Interview with Mehmet Ali Babaoglu, March 2005. To help “read the mind of teenagers” he would sometimes take his management team to discos in the UK or US.

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In Turkey, the story of the modern textile industry begins in the 1930s, when the Turkish government put together a five-year development plan, with support from the Soviet Union. The focus of the plan, under the home-grown ideological label of etatism, was to create industrial capacity to produce consumer goods, especially textiles, and to expand irrigated agriculture, including cotton. In 1934, the Turkish state established a vast holding company, Sumerbank, to manage all state-owned industrial enterprises. Sumerbank combined the role of bank, investor and administrator. It took over old Ottoman textile plants and built state-owned spinning and weaving enterprises throughout the country. In the eyes of the state, Sumerbank “was the founder and the leader of Turkey’s modern industry, …the most important achievement of Ataturk’s economic revolution”. Its mission went beyond economics. It was to bring “civilisation to the places it went.”

In 1927, Kayseri was connected to the national railway system, allowing cotton to be brought in from cotton-growing regions further south. This made it feasible to make Kayseri the site of Turkey’s largest cotton mill, opened in September 1935. Designed, financed and equipped by the Soviet Union, the Kayseri plant was a direct replica of similar Soviet cotton plants. Located on the city’s outskirts – so far out that citizens warned of the danger of wolves – the Sumerbank textile factory was a city in its own right. It embodied the development vision of the Turkish Republic: a vast estate stretching over two hundred hectares, with production halls powered by a thermo-electric plant, and a football field, swimming pool, cinema and bakery to provide for the 2,255 workers. In the words of the company’s last director, Omer Altinay, “Kayseri was at that time – socially and economically – still in the Stone Age. Sumerbank was a sensation – a completely different universe.”

The company recruited workers by constructing 1,500 residences for single men. Men from the countryside began pouring into the area, still known as ‘Sumerbank Mahallesi’, and the city quickly grew to surround the factory. Sumerbank produced so-called ‘American cloth’, a crude, yarn-woven fabric. It exercised a sales monopoly over all textile products in Turkey, with prices fixed by the state.

Following World War II, Turkey began to open to the world, holding its first democratic elections (1946), joining NATO and benefiting from substantial Marshall Plan assistance. Shifting its ideological stance, it began to encourage private manufacturers to compete with imported goods through a programme of credits. Tariffs on textile imports were set at high levels to encourage import substitution.

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33 Murat Koralturk, *Sumerbank - In the vanguard of the Turkish economy*, 1997, foreword
34 Murat Koralturk, *Sumerbank - In the vanguard of the Turkish economy*, 1997, p.178
35 Burak Asiliskender, *(Re) Presenting ‘Modern’ Identity in Turkey: The Case of Sumerbank Kayseri*, PhD Candidate
36 ESI Interview with Omer Altinay, June 2005,
37 Mehmet Somuncu, PhD Thesis on Kayseri

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In Kayseri, various groups of merchants pooled their resources to establish private textile plants, to compete with the state-owned Sumerbank. In 1953, thirteen traders joined forces to establish Orta Aadolu, modelled very closely on Sumerbank. Offering higher salaries to attract Sumerbank engineers, the company imported its weaving machines from East Germany. This was a time of dramatic expansion for Turkish industry. In the 1960s, the manufacturing sector expanded by more than 10 percent per annum, and real wages rose rapidly. Almost a third of industrial companies were producing textiles for the home market, supported by high tariffs (reaching 109 percent in the early 1970s). Behind these high barriers, the companies were under little pressure to improve their productivity, and few could compete on the export market. Turkey had to finance its imports of machinery and raw material via remittances of hard currency from its guest workers in Europe, which in the early 1970s exceeded total earnings from exports.

During this period, Orta Anadolu prospered almost by default. The factory suffered from chronically poor management (with over 100 equity holders) and an over-sized workforce (1,400 workers to produce 5 to 6 million metres of cloth). It proved unable to adapt to new technologies. As cotton fabric ceased to be a consumer good sold to households, and became an input for the emerging clothing industry, the company proved unable to respond to the changing market conditions.

The era of import substitution in Turkey ended in disaster in the late 1970s, with a severe balance of payments crisis and hyperinflation. External debt rose dramatically, as the state tried to borrow its way out of foreign exchange shortages. Unable to obtain foreign currency to purchase inputs or machinery, the industrial sector shrank by more than 5 percent in both 1979 and 1980. The government responded with foreign exchange and price controls. Exports collapsed, and shortages of even the most basic goods became widespread.

On the back of this crisis, two wealthy Kayseri families bought out the owners of the ailing Orta Anadolu and introduced new management. Mehmet Ali Babaoglu, Emin Molu and most other members of the new team were in their early 30s. They moved quickly to stem the losses by reducing the workforce by half. As a short-term measure, they shifted production to cheap yarn and cloth aimed at the export market, earning the hard currency required for a programme of expansion. Within a few years, they had shifted their focus to producing quality denim. From that point on, the fortunes of Orta

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41 While massive public investment was sustained by costly external borrowing, private firms in 1975 were given exchange rate guarantees by the government for all external loans they could secure: “this was a signal to the private sector to borrow abroad and finance its day to day operations at the cost of the treasury. In less than two years it became clear that the government was in no position to honor the outstanding external debt stock, which had spiraled from 9 to 24 percent of GNP.” Roger Owen and Sevket Pamuk, *A History of Middle East Economies in the Twentieth Century*, London, 1998, p. 114.

42 The two families were the Karamancis and the Gazioglus, both families are originally from Kayseri but now live in Istanbul.
Anadolu and the state-owned Sumerbank factory, which had run in parallel for 25 years, began to diverge sharply.

In the early 1980s, Turkish prime minister Turgut Ozal was actively promoting Turkey as a location for joint ventures with foreign investors. In this context, representatives of the American clothing giant, Levi Strauss, visited the country, looking for suppliers for its European plants, and made their first contacts with Orta Anadolu. At that stage, the company did not have the equipment or the expertise to produce denim to Levi’s exacting standards. In 1984, with the benefit of cheap credit from Turkey’s Industrial Development Bank (part of a World Bank programme), the company began a programme of investment totalling US$70 million over five years. An American engineer from Levi’s U.S. denim supplier was brought to Kayseri to teach Emin Molu and his team the necessary techniques (Emin still speaks of him as ‘my denim father’).

The investments paid off handsomely. When the Kayseri plant showed the first ‘new’ denim to potential customers in 1986, many could not believe that what they saw was a Turkish product. To break into the export market, the company worked to meet Levi’s product specifications concerning weight, colour and tension – a process that took the engineering team another six months of experimentation. Orta Anadolu became one of Levi’s three European suppliers.

The final step was marketing. Another American (a former chief executive of Levi Strauss’s denim supplier) was hired on commission to promote Orta Anadolu’s international sales. In Turkey, Orta Anadolu teamed up with an experienced partner to set up a special fabric marketing firm (Okrar). It became the first in Turkey to produce a fabric catalogue. Its denim quickly proved popular with domestic jeans producers. In 1988, Orta Anadolu organised the first fabric fashion show in Turkey.

By 1987, after a decade of efforts, Orta Anadolu had become a highly profitable firm, going from strength to strength throughout the 1990s. It weathered Turkey’s periodic economic crises, and by the mid-90s it was supplying denim for some of the world’s most famous brands, including Wrangler, Rifle, Diesel and Mavi.

Orta Anadolu is not an isolated case of textile success in Kayseri. Another textile company established in the early 1950s (Birlik Mensucat) has undergone a similar transformation, creating brands for export and moving into home textiles. Total employment in the sector in the province is estimated at over 10,000. Of Kayseri’s top 20 exporters, 5 are in the textile sector. A strong textile sector has also been key to the rapid growth of the furniture sector.

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43 ESI Interview with Emin Molu, spring 2005. The denim teacher was Russel Lester from Westpoint Pepperel.
44 For a fascinating account of the rise of Mavi Jeans from a Turkish to global brand see Nebahat Tokatli and Omur Kizilgun, *Upgrading in the Global Clothing Industry: Mavi Jeans and the transformation of a Turkish Firm from Full-Package to Brand-Name Manufacturing and Retailing*, Economic Geography, 2001.
The sector has benefited strongly from economic integration with the European Union. Turkey’s customs union with the EU entered into force in 1996. Between 1995 and 1998, textile and clothing machinery imports almost doubled in comparison to the previous four-year period, even exceeding machinery imports by China for three consecutive years (1996-98), and has continued to grow strongly, reflecting improved macroeconomic conditions and investor confidence.\textsuperscript{45} Intensified competition from China has not displaced Turkish exports to the EU,\textsuperscript{46} which have continued to grow in the first half of 2005.

In February 2005, Orta Anadolu made new investments totalling US$20 million, and now produces 45 million metres of denim per year – a staggering one percent of the world’s denim output. The challenge remains to find the textures and colours that will appeal to U.S. West Coast consumers, as Orta Anadolu’s engineers continue to read the minds of Californian teenagers before reprogramming the machines at their Kayseri plant.

C. Ataturk’s Minaret

On a typical day in the village of Kirazli, in the southwest of Kayseri province, one can find two dozen mostly older men in the village teahouse worrying about the future. The problem of Kirazli is simple: there are no jobs. A nearby factory closed some years ago. Among a population of 300 households, there are fewer than twenty engaged full time in agriculture. Most of the younger men and a growing number of families have left Kirazli altogether, moving either to the town of Kayseri or to Istanbul. “Everybody is trying to leave”, the older men in the village tea house complain, “there is no hope here.”\textsuperscript{47}

The village of Musahacili, half an hour’s drive from Kirazli, presents a very different picture. In Musahacili, most of the 385 households own their own tractors. Emigration has slowed to a trickle, and young farmers see a future for themselves in agriculture. The men in the village tea-house take pride in sending their children (both boys and girls) to school in nearby towns, and boast of the number of villagers who have gone on to white-collar work. The elected village leader (muhtar), Ali Malkoc, stresses that better education is also key to the transition to modern farming.

What distinguishes Musahacili from Kirazli is irrigation, which enables the villagers to grow sugar beet. All 1,800 ha of agricultural land in Musahacili have been irrigated since the late 1980s. All of the households grow cash crops, the most important of which is sugar beet. The Kayseri Sugar Factory makes annual contracts with farmers and provides technical support and machinery for planting and harvesting. It provides credits for fertilisers and supplies the seed. Its agricultural engineers test the soil and advise on fertilisers and crop-rotation techniques. Because sugar beet can only be grown one year

\textsuperscript{46} Turkish clothing exports increased by 17.4 percent between 2000 and 2002, and its trade surplus increased from US$ 10.7 billion to US$ 13.6 billion during this period.
\textsuperscript{47} ESI interviews in Kirazli village, February 2005.
in every four, local farmers have begun to experiment with other cash crops, including corn, sunflower and clover for cattle feed.

Musahacili is an example of the rural transformation that was envisaged two generations ago when the Turkish State Waterworks (DSI), responsible for irrigation, and the Kayseri Sugar Factory were created. Both institutions stood for a bold new vision for the Turkish countryside: one where irrigation would draw farmers from subsistence into high-yield cash crops, and where new, agro-processing technologies would propel them into the modern economy. They also stood for a policy of tight state control over strategic industries within the agricultural sector.

Today, Turkey is the world’s fourth largest sugar beet grower, producing 8 percent of world output. There are an estimated 303,000 Turkish sugar beet growers, of which 20,000 produce for the Kayseri Sugar Factory, now the most profitable enterprise in the province. The sugar factory, and farmers in villages like Musahacili, have benefited handsomely from the dramatic changes in Turkish agricultural policy that have occurred over the past five years.

Sugar has always been central to policy makers of the Turkish Republic. In 1935, the Republic established a state monopoly over sugar production. It created the State Sugar Corporation, Turkseker, to administer its refineries from its headquarter in Ankara. Huge frescoes in the foyer show a happy beet farmer and a shiny new factory. The goal of state sugar policy was both to ensure national self-sufficiency and “to channel a ‘modern’ urban mode of living to rural areas”. As the General Director of Turkseker explained in 1957, “wherever beet is grown, modern agricultural systems are adopted within a short while, social improvements are realised. In short, civilisation is established right away.” Sugar factories came to be known as ‘Ataturk’s minarets’.

Sugar beet is a demanding crop. It needs a temperate climate with sufficient warmth, good rains and a long growing season. In the dry Anatolian summers, irrigation is therefore essential. It requires good roads and transport facilities that allow farmers easy access to the factories, since the beet rots quickly after the first frost and, once harvested, needs to be processed immediately. Above all, it requires protection from imports. No northern hemisphere sugar-beet producer can compete with cane sugar from the tropics, produced at half the cost.

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48 The Kayseri Sugar Factory was created in 1953. DSI in Kayseri was founded in 1954, Kayseri is the 26th regional office out of 26 regional offices.
49 DPT, Sekizinci Beş Yılık Kalkıuma Planı Gıda Sanayii Özel İhtisas Komisyonu Raporu Şeker Sanayii Alt Komisyon Raporu, 2001
50 On number of sugar beet farmers go to www.turkseker.gov.tr. The list of Kayseri’s Top 500 companies can be found on www.kayseri.gov.tr/ekonomik.
51 Catherine Alexander, Personal States, Making Connections between People and Bureaucracy in Turkey, Oxford University Press, 2002
52 Catherine Alexander, Personal States, Making Connections between People and Bureaucracy in Turkey, Oxford University Press, 2002, p.58
As a result, sugar policy has always been deeply political. The decision where to locate sugar factories and irrigation schemes, and which farmers to contract with at what prices, were key decisions reserved to planners in the central government. Inevitably, the creation of new factories, levels of employment and the price paid to sugar-beet farmers all became bargaining chips in the electoral process.

In the 1950s, the refineries were mostly concentrated in Central Anatolia, where the climatic conditions for growing sugar beet are the most favourable. During the 1980s, however, new sugar refineries were located in the east of the country, in areas of low employment and persistent poverty. In the high altitudes of eastern Turkey, the growing season is too short for the sugar beet to develop enough sucrose, and none of the factories could survive without heavy subsidies from the state budget. Following the military coup in 1980, the political pressure to increase employment in state industries was intense. The result was massive over-employment. In 1995, Türkseker’s 25 factories produced 1.8 million tonnes of sugar with 25,000 staff. By comparison, British Sugar produced 1.3 million tonnes of sugar with only 1,300 (plus another 700 during harvest period).

In Türkseker companies, no decision could be taken without reference to the central management and the government in Ankara. According to the 1954 Sugar Law, it was the Turkish Council of Ministers that set the price paid to farmers, as well as the wholesale price of refined sugar. Local factory engineers and managers were appointed from Türkseker headquarters. The Sugar Law guaranteed all sugar factories 10 percent annual profits. To meet this commitment, the state provided heavy cash subsidies to sugar refineries, and then bought all surplus production at huge cost to the budget (world market prices were usually at least 40 percent lower than the fixed, domestic price).

The Kayseri Sugar Factory was established in 1953. It was created as a nominally private company, under the ownership of the local sugar beet farmers’ cooperative, which in turn was part of the Union of Sugar Beet Cooperatives based in Ankara (Pankobirlik). However, it waived its right to self-management to Türkseker’s headquarters, and was governed for most of its life in the same way as the 25 Türkseker companies. As a result, all management decisions affecting the company had to go to Ankara for approval. During the 1980s, as total losses across Türkseker spiralled, the guarantee of a 10 percent profit for each factory foreseen in the Sugar Law was no longer honoured. This meant that the more profitable Central Anatolian factories were now subsidising Türkseker’s ‘political’ factories in the East.

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54 It is the sucrose that is isolated through industrial refining to produce sugar.
57 In total there were 4 nominally private refineries and 25 Türkseker refineries in Turkey.
58 Two other Central Anatolian refineries did the same: Konya and Amasya.
Since 1992, the story of the Kayseri Sugar Factor has been one of progressive emancipation from the central authorities. The first step was taken in 1992, when its board of directors (mostly representatives of the sugar beet cooperatives) decided to manage the company themselves. Though sugar beet prices continued to be set by the centre, there was one immediate effect: profits which had earlier been diverted to loss-making factories now stayed with the Kayseri plant. The company was able gradually to reduce excess employment, and to invest in increasing its production capacity from 3,500 tonnes per day in 1991 to 5,000 tonnes in 2001.59

The real turning point for Turkey’s sugar industry came in 2000. The most ambitious agricultural reforms in Turkish history completely transformed the environment for the Kayseri sugar company, and for Turkish agriculture as a whole. With one swoop, the close link between the state and most agro-processors, the supervision of agricultural cooperatives by the state and, most importantly, the decade-long policy of setting prices for sugar beet and sugar, came to an end. Turkseker was moved to the privatisation administration in preparation for sale. This was a momentous step: with its 25 sugar refineries, Turkseker was still the eighth largest Turkish company in terms of turnover. Subsidies to Turkseker were also sharply reduced. The immediate effect was a fall in Turkish sugar beet production of nearly half between 1998 and 2001.60

In 2001, a new Sugar Law was passed which ended decades of price controls over sugar beet and refined sugar. Domestic prices are now determined by the market, although external tariffs remain high, as in the EU. To prevent overproduction, annual production quotas are now allocated to all companies by a new, independent Sugar Board.

The impact of the 2000 agricultural reforms varied dramatically between state and private companies. The number of beet farmers supplying the 25 Turkseker refineries fell from 413,000 in 1998 to 303,000 in 2004. The Kayseri factory, by contrast, doubled its daily processing capacity to 10,000 tonnes, and concluded contracts with an additional 3,000 farmers. Today, it is the second most profitable sugar refinery in Turkey, producing 1.6 million tonnes of refined sugar in 2003.61 Company managers are anticipating further growth, as the Kayseri sugar factory is allocated more quota at the expense of failing refineries in the east.

D. A new era

These stories of industrial success illustrate vividly the social and economic changes that have laid the foundations for Central Anatolia’s new prosperity. Within the lifespan of one generation, this region has gone from a predominantly peasant society, largely self-

59 ESI Interview with factory Deputy Manager Adnan Yildiz and Halil Karacavus, Director for Foreign Trade, February, 2005. Daily processing capacity is a key variable (the beet’s sugar content decreases during storage), which is why EU sugar refineries have an average processing capacity of 6,000 tonnes per day.
61 Data provided by the Directorate of the Kayseri Sugar Factory, spring 2005.
sufficient in food and clothing, to an apartment-dwelling, urban society of wage earners, with modern needs and tastes. This expanding market provided opportunities which Kayseri’s entrepreneurs have been quick to exploit. In 1987, the first producers located in Kayseri’s New Industrial Zone. Today, there are more than 500 companies there, and more than 200 new production halls under construction. As in every successful development story, the cycle is self-reinforcing: firms gravitate to where large markets are to be found, and the markets in turn grow up around the new industries.

This development has given birth to a new class of entrepreneurs, engineers and urban workers. The traders and artisans which made up the local economy of the late 1970s have now shifted to mass production. The tradition of haggling over the price of unique, hand-made items has been replaced by product catalogues, sophisticated branding and franchised sales outlets. Kayseri’s industrialists now have business horizons which stretch beyond Turkey, west towards Europe and east towards the Middle East.

Despite the growth of business during the 1990s, however, the overall performance of the Turkish economy remained disappointing. From the 1980s until 2001, Turkey failed to keep up with the OECD average. As Turkish economist Mina Toksoz wrote,

“The Turkish economy went through a remarkable shift from import substitution industrialisation to a rapid export spurt and capital market liberalisation… The transformation of the Turkish economy, however, only reached the half-way point. What failed to follow in the 1990s was the privatisation of state enterprises and bank restructuring, which could have brought about a more competitive economy. Instead, from 1987 onwards, Turkish political structures could only deliver expanding budgetary spending, ever deepening problems with the state banks, and a severe deterioration of the social security and pension systems.”

Total public debt relative to GDP increased from 33 percent in 1983 to 61 percent in 2002. Almost 70 percent of total foreign debt of Turkey was also owned by the government. The 2001 crisis was “primarily a ‘public debt’ crisis” of a state that continued to spent more than it could afford. The Kayseri case studies help to illustrate why the 1990s were a lost decade, and why 2001 seems to mark the beginning of a new era.

Following the financial crisis of 1979, with its high inflation and hard currency shortages, private firms like Orta Anadolu were able to respond by changing owners, management and products. Public companies like the Sumerbank textile factory, however, remained under the direct control of the Ministry of Industry in Ankara. Its management changed at every election. The company was under constant pressure to sustain employment, irrespective of financial performance. By 1991, labour costs made up 63 percent of the

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The final value of its products (in a competitive textile factory, they should not exceed 7 percent). Losses were covered by the state; as former director Omer Altinay remembers, “the state was paying, we were spending.”

The trajectory of the policy failure in agriculture was broadly similar. By 1980, agricultural growth had slowed to a halt. Agricultural policies became a tool of patronage and vote buying, and tended to inhibit structural change in the rural economy. However, the state continued with costly interventions, including input subsidies, price supports and guaranteed state purchasing schemes. According to the World Bank, “the combination of high support prices and input subsidies, and their inconsistent use over time, slowed the agricultural sector down rather than stimulating it.”

The costs to Turkish society of these failed policies were enormous, reaching 8 percent of GDP in 1999, compared to the EU’s Common Agricultural Policy at 1.5 percent of EU-GDP.

It was the economic crises of 2000-2001 that forced a dramatic cut with the policies of the past. Confronted with the full cost of its policy failures, the Turkish state began to dismantle the institutions responsible for ‘development from above’. As Mina Toksoz wrote, “As 1999 ended, it seemed as if Turkey had waited fifteen years to begin to tackle all its issues – inflation, fiscal accounts, banking sector restructuring, agriculture, privatisation, corruption – all at once.”

One response to the crisis was to cut the lifeline to loss-making public enterprises. Though privatisation schemes have existed on paper since the early 1980s, more public enterprises have been sold over the last six years (valued at US$6.1 billion) than in the previous 15 (US$4.6 billion). The era of state-led industrialisation in Kayseri, which had begun in 1925 when two-wheeled ox carts arrived with second-hand machinery imported from Germany for the construction of Kayseri’s aircraft factory, ended in 2002 when Omer Altinay, last director of the Sumerbank textile factory, locked the gates and returned the keys to the Treasury.

The second response to the crisis was a drastic reform of agricultural policy. Hard budget constraints were imposed on state agro-processing firms and sales cooperatives. Between 2001 and 2003, agricultural input and credit subsidies were first reduced by 80 percent (bringing savings of $5.5 billion, equivalent to 2.7 percent of GDP) and then abolished. Savings of $3.1 billion were realised by cutting losses from state-financed crop purchases. State enterprises such as Turkseker were transferred to the Privatisation

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64 ESI Interview with Omer Altinay, Istanbul, June 2005.
65 Wageningen, Turkey in the European Union: Consequences for Agriculture, Food, Rural Areas and Structural Policies, 2003, p.110
66 Wageningen, Turkey in the European Union: Consequences for Agriculture, Food, Rural Areas and Structural Policies, Wageningen Ur, p.107
69 Turkish Privatisation Administration, www.oib.gov.tr
Agency in preparation for sale. Just as the giant Turkseker loosened its grip over the sugar industry, the Turkish Grain Board ceased to purchase the bulk of the country’s wheat.  

These reforms successfully put an end to Turkey’s persistent macroeconomic instability, producing budget surpluses and lower inflation and interest rates. In 2004, a group of eminent economists concluded:

“After the deep structural reforms undertaken since 2001, the outlook for sustained macroeconomic stability has never been so favourable.”

These reforms profoundly changed the nature of the state and its relationship to society. A few years ago a British academic, doing research on the Turkish Sugar Corporation, was told by a worker in the Erzurum sugar factory: “Where do you see industry? Nowhere but here, this factory. See this food, my clothes – that’s from the state, my father.” She also interviewed a villager who expressed similar sentiments.

“The government helps us a lot – hospitals, roads, schools, things like that… I don’t want the factories to be privatised, whether it’s Pankobirlik [the Sugar beet cooperative] or anyone else. Look, the state is rich but the private sector is poor so they can’t help, besides they would not want to – the private sector is very cold and unfriendly… The country is like a flock of sheep with the state as its shepherd.”

Until 2001, the notion of the state as ‘shepherd’ remained embedded in economic institutions and policies – as well as in the attitudes of an important part of the Turkish population. The rhetoric of AKP, which won the 2002 elections soon after the economic crisis and the beginning of structural reform, was a direct challenge to the idea of the state as ‘father’ of job creation. “Don’t ask for a job,” became one of the standard lines in speeches of party leader and now Prime Minister Recep Tayyip Erdogan.

In Kayseri today, there is little left to remind the visitor of the glorious past of the vast Sumerbank textile complex. Fenced off and deserted, its production halls are rusting and dilapidated. They are soon to be converted into apartments and offices for the staff of Erciyes University, expanding rapidly through donations from Kayseri’s new business elite, who welcome the arrival of a new era for the Turkish economy.

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71 Kemal Dervis, Michael Emerson, Daniel Gross, Sinan Ulgen, *The European Transformation of Modern Turkey*, 2004, p. 65. The authors stress the great importance of reform in the banking sector. This was directly linked to the shift in agricultural and industrial policy: one of the most ailing banks (and the largest bank in the country), was the Agriculture Bank, which had extended 90 percent of all agricultural credit.

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III. ISLAMIC CALVINISTS

A. Max Weber in Kayseri

No visitor to Kayseri could fail to notice that this is both a deeply religious society, and one where change and modernisation are eagerly embraced. There is a large new mosque in the centre of the university, and an even larger one in the industrial zone, where many of the workers pray on Fridays. Every company sets aside rooms for prayer; most of the older businessmen have been to Mecca on the Hajj. There are very few restaurants in the city which serve alcohol. Islamic charity is a deeply rooted local tradition, and many of the city’s educational and cultural establishments were founded with private donations.

The effects of religion on economic development have been debated intensively in academic circles for many years. Half a century ago, one of the world’s leading development economists, Arthur Lewis, argued in his textbook on economic growth,

“Some religious codes are more compatible with economic growth than others. If a religion lays stress upon material values, upon work, upon thrift and productive investment, upon honesty in commercial relations, upon experimentation and risk bearing, and upon equality of opportunity, it will be helpful to growth, whereas in so far as it is hostile to these trends it tends to inhibit growth.”\(^{74}\)

Discussing Muslims in India, Lewis made it clear that he regarded Islam as a religion that was inimical to development, with a tendency to encourage fatalism and suppress innovation. From its founding in the 1920s, the Turkish Republican elite seemed to accept this logic. In the Ottoman empire, most merchants and early industrialists had been Christians or Jews. The new Republic appeared implicitly to equate economic progress with the secularisation of society, taking strong measures to remove Islam and its symbols from public life. One well-known Turkish historian, Niyazi Berkes, linked every social advance in Turkish history to the retreat of Islam, which is seen as supporting a social system lacking the capacity for innovation. According to him and many other Turkish scholars, the problem with Islam is that, unlike Christianity, it never made its peace with modernity – never underwent its own Reformation. This view is often echoed today in European capitals by the opponents of Turkey’s EU membership.

Yet when one discusses with Kayseri businessmen the reason for their city’s development success, they characterise their culture in terms that are strikingly similar to the economic virtues listed by Lewis. Mustafa Boydak explains his approach to business with a quote from the Prophet Mohammed: “Nine out of ten of one’s fate depend on commerce and courage.” Bekir Irak, production manager in the HES cable factory, asserts that “it is


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good for a religious person to work hard”, and that “to open a factory is a kind of prayer”. He states that Muslims were told by the Prophet to acquire science and technology from wherever it can be found. Saffet Arslan, founder of Ipek furniture, says “I see no black and white opposition between being modern and traditional. By modernity, I understand that I live in my time, in my century, and I am open to innovation.” Sevket Ganioglu, assistant general manager at Merkez Celik, underlines that “our religion promotes commerce.” The Mayor of Hacilar, Ahmet Herdem, states that “even the Prophet was a trader” and that it is natural for a merchant community to be religious. These community leaders and many others stress the virtues of hard work and self-sufficiency, of saving and investing, of private charity and community service, of conservative social habits and trust within the community, of strong family bonds and investing in the education of the next generation.\(^7^5\)

Strikingly, a number of people in Kayseri describe their community by reference to Calvinism and the Protestant work ethic. The former metropolitan mayor of Kayseri, Sukru Karatepe, compared his fellow ‘Kayserili’ (people from Kayseri) with hard-working ‘Protestants’, and informed us that “to understand Kayseri, one must read Max Weber” (a reference to Weber’s celebrated 1905 essay, “The Protestant Ethic and the Spirit of Capitalism”, which argued that the “this-worldly asceticism” of Calvinism provided the spark for the rise of modern capitalism). Celal Hasnalcaci, owner of a textile company and branch manager of the Independent Industrialists and Businessmen’s Association (Musıad), explained: “The rise of Anatolian capitalists is due to their Protestant work ethic. No personal waste, no speculation, reinvest your profits.”\(^7^6\)

Over the past decade, these individualistic, pro-business currents have become increasingly prominent within Turkish Islam. The literature of the Musiad association, in which Anatolian businesses are strongly represented, enthusiastically promotes the links between Islam and free-market capitalism. Its booklet Homo Islamicus\(^7^7\) describes the life of the Prophet Mohammed as a merchant, and refers to religion to argue for limiting state intervention in the free market. Leading religious figures have argued that the search for profit in the service of the Muslim community is on an equal level, in terms of religious practice, with prayer and fasting. Esad Cosan, former leader of the largest wing of the Naksibendi religious order, called on his disciples to study foreign languages, use computers and travel abroad to acquire their knowledge.\(^7^8\)

\(^7^5\) ESI Interviews with more than 94 entrepreneurs and business people in Kayseri province between September 2004 and September 2005.

\(^7^6\) ESI Interview, September 2004

\(^7^7\) Huner Sencan, Is Hayatinda Islam Insani, Musıad 1994

\(^7^8\) Tariikats (Sufi religious orders) played a very important role in the Ottoman Empire, and the leaders of local Dervish monasteries (tekkes) often had great authority. The Naksibendi order at the time strongly opposed the Western-style reforms of 19th century Ottoman rulers. In 1925 all Dervish orders were declared abolished by the parliament in Ankara. Some of them went underground, including the influential Iskenderpasa community in Istanbul. Mehmet Esat Cosan was their leader from 1980 until his death in 2001.
“Trade is real and permanent in an individual’s life… The most pragmatic and realistic people are businessmen and merchants. If a businessman is also a Muslim, he is most in tune with his religious station in life”.

According to Hakan Yavuz, a prominent Turkish sociologist, over the past two decades Turkey has been undergoing a quiet Muslim Reformation, equivalent to the Protestant Reformation, although overshadowed by more dramatic events in other parts of the Middle East. The theme was taken up in a recent article in the serious Turkish weekly *Yeni Aktuel*: “Are Muslims becoming ‘Protestant’?” (September 2005), which describes a debate among Islamic intellectuals about the process of ‘*protestanlasma*’ – literally, becoming protestant.

Yavuz sees a growing correspondence between Islamic ideals and the material interests of the new middle classes that have emerged since the early 1980s. He points to the traditions of Sufism in Anatolia, and the huge popularity of the work of Said Nursi (1876-1960), who became the founder of the strongest and largest text-based Islamic movement in Turkey: the Nur (‘light’) movement. Nursi urged Muslims to study and employ modern Western science and technology to further the cause of Islam. He also maintained that “since understanding Islam is dependent on time, space, and circumstance, competing paradigms must not be silenced.” According to Yavuz, “without a proper understanding of the Nur movement and its societal impact, one cannot grasp the peaceful and gradual mobilisation of an Islamic identity movement in Turkey”.

The movement’s adherents in Turkey are estimated at between 5 and 6 million, meeting regularly in private rooms (*dershanes*) to analyse and interpret Nurcu texts. The number of Nurcu *dershanes* in Kayseri went from 2 in 1970 to 60 in 2000. These communities, which thrive among the educated classes, also serve as business networks, where employment opportunities and even the raising of business capital can be arranged.

It is hard to say whether the rise of ‘Islamic Calvinism’ among Kayseri’s entrepreneurs is a cause of their commercial success (as per Max Weber), or whether increasing prosperity has led them to embrace interpretations of Islam that emphasise its compatibility with the modern world. Either way, it appears that a new generation in Central Anatolia has made its own peace with modernity.

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83 Nursi wrote a volume of exegesis on the Koran known as the Epistles of Light (Risale-i Nur Küliyati). Turkey historian Eric Zurcher has called the ideas expounded in the Risale i Nur “a kind of Islamic moral rearmament, coupled with the adoption of Western technology and science” Zürcher, *Modern Turkey*, p 389.
B. The Story of Hacilar

In recent years, industrial districts have become a source of fascination for those engaged in the study of regional development. The concept of an industrial district evokes a locality in which business systems, cultural values, social structures and local institutions are all mutually reinforcing. Becattini (1990) has written about communities whose shared values include

“a life ethic based on self-help, entrepreneurship, and a sense of local belonging; a regular flow of bottom-up innovations generated by the industrial atmosphere; a culture of emulation resulting from the mobility of labor between firms.”85

The first economist to draw attention to the importance of these virtuous economic circles was Alfred Marshall, who underlined that shared social norms and values were critical for innovation and economic co-operation. In a successful industrial district, he argued, industry and local society were indivisible.86

Industrial districts also tend to share a common political philosophy. In Italy, where much of the literature on industrial districts originated, these local sub-cultures that fostered trust and cooperation were found both on the left (in communist Emilia-Romagna and Tuscany) and on the right (in Catholic Veneto and Lombardy).87 The small town of Hacilar on the outskirts of Kayseri (20,000 inhabitants) represents a further example: a self-consciously Muslim industrial district.88

The bond that unites Hacilar’s businessmen, who both compete and cooperate, is a combination of shared religion and pride in their local community. Indeed, it is hard to discern any clear division between the two. When the mufti of Hacilar speaks at an annual community gathering about the virtues of Islamic entrepreneurship, the fusion of business and culture in the minds of his audience is obvious. The same dynamic is apparent in the rich associational life of the town, and in the extraordinary success of its inhabitants in pooling their limited resources to bring about development.

At the centre of civil society in Hacilar stands the Hacilar Mutual Aid Association, whose 18 board members include the town’s most important businessmen (including the son of the mufti) and the local mayor. The aims of the Association are to promote education and religion, and it does so very effectively. It provides scholarships to 345 students from Hacilar to study at universities across Turkey each year. It is constructing 15 new apartments to house teachers from other provinces who are working in Hacilar. It pays

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86 Alfred Marshall, Principles of Economics, 1890
88 In 2004 Hacilar became part of the Greater Metropolitan Municipality of Kayseri. Before that it was a separate municipality.

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for the upkeep of the town’s mosque, and provides lodgings for the mufti. The sums involved are substantial. In 2004, the Association had a budget of more than US$1.1 million (compared to the municipality’s budget of about US$5 million). In addition, many of its members, individually or via their corporations, make further donations of their own.

The Mutual Aid Association is only one of a number of community-based organisations active in Hacilar. The road between Hacilar and Kayseri, the local health clinic, the sports centre and even the local police station have been built through private donations. One morning in September 2005, the members of the Mutual Aid Association met to discuss the performance of the town’s youth in the university entrance exams, and assess what more could be done to boost it.

Clearly, the citizens of Hacilar share a vision of the future of their community. They also have the resources to ensure that the vision is realised. Nine of Turkey’s 500 largest businesses are today owned by Hacilar families. Though the town still presents a modest appearance to the visitor, it has accumulated a remarkable concentration of wealth.

The ethic of self-help and cooperation lies at the origins of Hacilar’s economic miracle. In the early 1970s, one local son, Saadetin Erkan, who had studied engineering in Ankara, returned to the community with the idea of pooling household resources from the village to promote industrial development. At the time, there was no industry in Hacilar, and no way of obtaining external finance. Erkan encourage the leading local merchants to join forces to raise the starting capital. The result was Turkey’s first cable factory, which struggled through the 1970s and then enjoyed meteoric success in the 1980s on the back of major public investments in Turkey’s infrastructure. During the 1990s, it began using high technology to produce fibre-optic cables, and became a major exporter. By 1999, HES Cable had become a conglomerate with 2,500 staff and more than US$75 million in assets on its balance sheet.

HES Cable was founded by the pooling of resources among a group of local businessmen, who became joint owners of the company, skirting the traditional Islamic prohibition on debt-based financing. We encountered different views among the company’s founders about the legitimacy of commercial borrowing. Some said that, back in the 1970s, most members of the group would not have been comfortable with taking credits. Others attributed the strategy to necessity rather than religion, given the group’s lack of access to alternative sources of finance. In 1991, the company created its own bank, *Anadolu Finans*, which operates according to Islamic principles – that is, through profit share rather than interest. Yet when HES needed to finance expansion of its production line in the mid-1980s, it did not hesitate to obtain a credit.

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89 ESI Interviews with Hasan Huseyin Gurdogan and Ahmet Herdem, February 2005.


Either way, this method of raising capital works particularly well in a close community like Hacilar, helping it to capitalise on its successes and continue to grow. Even when the founders of HES decided to go their separate ways in 1999, the division of the company was done amicably, and the emerging units continue to prosper and cooperate with each other.

Across Kayseri province, the same pattern of pooling private resources for community purposes is repeated. According to the estimates of the deputy director of the provincial outlet of the Ministry of Education, in the past two years the Turkish state spent one third the amount on primary and secondary education in the province that was spent by private donors. On average, a new school appears every two months. Healthy competition among businessmen ensures a regular supply of funds. For the moment, Kadir Has, important businessman with roots in Kayseri and founder of Kadir Has University in Istanbul, is leading the race with five schools donated by his foundation. Through this mechanism, the success of Kayseri’s business sector translates directly into opportunities for the next generation.

It also means that Kayseri’s elites look more to their own resources, rather than to Ankara, to provide for the communities’ needs. The highly centralised Turkish state is viewed as remote. This obviously colours the community’s political preferences in favour of a smaller state and more autonomy for local government. Although demands for decentralisation cause anxiety among parts of the Turkish political establishment, they are a natural outgrowth of the social and economic conditions prevailing in places like Hacilar and Kayseri.

C. A Woman’s Place

Central Anatolian society has learnt to reconcile two apparently conflicting sets of values: its socially conservative and religious attitude to life, and its ambitions for rapid growth and modernisation. On matters such as (Islamic) banking, the elites have adopted a distinctly pragmatic outlook. However, there is one area in which at first glance this reconciliation is much less successful – the role of women in the economy. This may yet prove to be the Achilles heel of Central Anatolia’s ambitions to catch up economically with the European Union.

When one takes an overview of the economy in Kayseri today, there are three factors obviously limiting its growth potential. First, there are simply not enough people working. Second, of those who are working, too many are in agriculture. Third, much of this agricultural production (particularly outside the irrigated areas) is small-scale, semi-subsistence farming, where productivity remains extremely low.

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92 ESI Interview with Mehmet Vasi Arat, Deputy Managing Director of the Provincial Directorate of the Ministry of Education, February 2005
According to the 2000 Census, the working-age population (16 to 65 years) in Kayseri was 661,066. Of those, only 367,000 described themselves as employed. This yields a labour-force participation rate for the province of only 55.6 percent, compared to an EU average of 64 percent. This low employment rate is a direct constraint on real, per capita incomes. According to the census, nearly half of the active workforce (47 percent) is in agriculture, compared to an EU-25 average of only 5.1 percent. This is also well above the Turkish average of 34 percent. In short, employment rates and worker productivity in Kayseri are simply not high enough for the province to aspire to European standards of living.

Female employment in Kayseri province (2000 Census)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clerical and administrative workers</td>
<td>5,937</td>
</tr>
<tr>
<td>Teachers</td>
<td>4,088</td>
</tr>
<tr>
<td>Scientific and technical workers</td>
<td>3,846</td>
</tr>
<tr>
<td>Industry (non-agricultural)</td>
<td>3,369</td>
</tr>
<tr>
<td>Service sector</td>
<td>2,014</td>
</tr>
<tr>
<td>Sales (trade)</td>
<td>1,835</td>
</tr>
<tr>
<td>Entrepreneurs, managerial workers</td>
<td>176</td>
</tr>
<tr>
<td><strong>Total non-agricultural jobs</strong></td>
<td><strong>21,283</strong></td>
</tr>
<tr>
<td>Agricultural labourers</td>
<td>102,700</td>
</tr>
</tbody>
</table>

What is striking, however, is that on closer examination these issues all boil down to the position of women. The employment rate among men in Kayseri province is already just as high as in Europe (74 percent). However, the employment rate of women is only 37 percent. Of these, the vast majority are in agriculture. Across Kayseri province, there are only 21,283 women employed outside agriculture – mainly as teachers and clerical staff in the public administration. There are only 176 women in managerial positions.

In fact, while a large majority of women in the urban areas declare themselves as ‘housewives’, in the villages almost nobody chooses this description. There most women are engaged in agricultural labour. Ninety percent of them are in the category of ‘unpaid family members’.93

In a typical village like Sakaltutan, which lies 32 kilometres southeast of Kayseri and outside the irrigation zone, the importance of agriculture to the average household has declined steadily over the past generation. With mechanisation, producing a wheat crop on a small plot of land requires only a few weeks labour each year. Most families have acquired other sources of income, particularly seasonal construction work. The village muhtar, Cuma Belik, estimates that, at any given time, 150 men from Sakaltutan’s 136 households are working on construction sites around Turkey or in the Caucasus.

93 There are 42,096 men and 8,526 women who are “self-employed” in agriculture. This is close to the number of households in Kayseri who are now receiving direct income support as farmers (40,846 in summer 2005).
providing the family’s most important source of income. As a result, traditional agriculture has become less attractive. Before 1990, the village had around 3,000 head of sheep, which were tended by young or landless men over the summer months. Now, the young men prefer other work, and there are only 250 sheep left. Most families still keep five or six cows, which winter in cowsheds built beneath the family house. Because they are kept indoors, the cows are considered women’s work. In addition, women tend the family vegetable plot. Anecdotal evidence suggests that, as rural women become better educated, agricultural work becomes less attractive. One villager from Sakaltutan commented to us that a man with too many livestock now finds it very hard to find a wife.

Across Kayseri province, employment for women is largely restricted to the subsistence end of the rural economy. It is unpaid, unproductive and unattractive work. Of course, the lives of rural women have improved considerably over the past generation. Mechanisation and the extension of infrastructure into rural areas has relieved women of many back-breaking jobs, like carting water from the village well. Family sizes in Kayseri province have declined, from an average of 6 persons in 1975 to 4.49 in 2000. The traditional cottage industry in hand-woven carpets, which in the past ruined the eyes and fingers of so many women, is slowly disappearing (there are only four handlooms left in Sakaltutan) and is moving to poorer regions in Turkey’s east. Improved transport and communications have reduced the traditional isolation of village women.

However, any further increase in living standards among the rural population would require a shift from subsistence agriculture to commercial farming. This would need a major effort from the government’s side to encourage farmers to adopt new crops and agricultural techniques. The highly centralised Turkish state has traditionally been poor at communicating with its rural citizens through extension services. In any case, it is to rural women that the messages would need to conveyed, which poses substantial cultural barriers. Despite their compulsory eight years of schooling, women in the villages communicate little with the world outside the family. Social restrictions prevent them from accessing government services or being trained in new technologies. As a result, in the agricultural sector, the traditional resistance to change and innovation is still clearly present.

Moving into the industrial zone in Kayseri, where most of the employment growth in recent decades has been concentrated, there are almost no women to be seen. There are a handful of women employed in the textile industry, or in clerical positions in company offices. Wage employment in any form of manufacturing is still widely considered, by both men and women, to be the province of men. In the eyes of many Central Anatolians (men and women) for a wife to be employed carries the suggestion that the husband is unable to provide for his family. A number of employers told us that, given the choice between hiring a man or a woman, they would always choose the man – partly because the woman is likely to leave as soon as she gets married, but also because, as the main breadwinner of the family, by employing a man they are helping the family as a whole.

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Until now, this pattern has not proved a constraint on economic growth. Industry in Kayseri has grown by absorbing surplus (male) labour from the countryside, and has not experienced any labour shortage. If growth continues at the current impressive pace, however, this dynamic is certain to change. Employers may find themselves increasingly turning to women to meet their labour needs.

The most important question concerning the development potential of Central Anatolia today is whether the pragmatism displayed in other walks of life will extend to the question of female employment. Looking at the daughters of Kayseri’s new business elites, it seems that a change of attitudes is already underway. Almost without exception, Kayseri’s successful businessmen are sending their daughters to be educated at universities, sometimes even in Istanbul or abroad. At Erciyes University today 40 percent of university students are women, and the idea of women working in the service sector and in professional positions is gradually gaining acceptance.

Ikbal Cavdaroglu is a professional woman who began her career in the HES cable factory in Hacilar. She recalls that, when she started working in the 1980s, people pointed her out in the street, and she received expressions of pity from her (female) neighbours. Nonetheless, she went on to become Kayseri’s first female chartered accountant. When she married, she kept working, but opted to wear a headscarf out of respect for her husband’s parents, who were deeply religious. She was the first woman to join AKP party in Kayseri, and now runs its woman’s branch in Melikgazi municipality.95

World Bank research suggests that Turkey may be following a very similar pattern to that of other developed countries over the past century. The Bank reports that

“the downward trend in the female [employment] rate is to be expected in a country that is undergoing a transformation from a primarily agricultural to an industrial urban economy.”96

As families move into the urban areas, and the country moves from low- to middle-income status, women disappear from the employment statistics.97 In Germany, France and Italy, female employment rates declined until the 1970s; in southern European countries like Portugal and Spain, this trend continued well into the 1980s.98 In Western Europe, it was the rise of post-industrial society, with a shift of labour into the service sector, together with dramatic improvements in education, that propelled a return to female employment on a large scale. In short, with its female employment rate of 25.5

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95 Melikgazi municipality forms part of the Kayseri Metropolitan Municipality. In 2000, Melikgazi municipality had a population of 311,322, State Statistical Institute, 2000 Population Census


97 “Cross-country data shows that high income and low-income countries have the highest female labour force participation rates while middle-income countries have the lowest female labour force participation rates” Tansel Pampel and Tanaka 1986, Economic Development and Female Labour Force Participation in Turkey: Time Series Evidence and Cross-Province Estimates, Department of Economics, METU, Ankara, December 2001

percent (2000), Turkey is where the US was in the 1950s (29 percent), Italy in 1980 (26.7%) or Spain in 1988 (25.6%).

Many people in Kayseri told us that a change in the role of women in the economy was inevitable (whether or not they welcomed it). If current rapid growth is to continue, then Central Anatolia will have to follow in the path of other European societies.

IV. CONCLUSION – ABDULLAH GUL’S PARTY


> “The traditional Kayserian spends his life calculating his sales and purchases, his debts and credits, his incomes and expenses. The Kayserian knows his account… In a country where everything changes rapidly, it is not possible to produce efficient public policies with this approach. In politics everyone must expect at any moment any kind of external intervention. Anyone who goes into politics should be prepared for everything and needs to take risks. The Kayserian who builds his life upon calculations is very sceptical about politics. Instead of putting himself into trouble and risky situations, he prefers to improve his business… A community obsessed with calculation and risk evaluation can produce rich tradesmen and successful industrialists, but never successful politicians.”

Until recently, this indeed seemed to be the prevailing ethos in Kayseri. Its elite remained shy of politics, beyond their immediate community, and concentrated their attention on the commercial sphere. Their ambitions were local and community based, and their main demand of the state was that it leaves them to manage their own affairs. Yet in recent years, this has begun to change.

As mayor of Kayseri, Karatape represented the Welfare Party (Refah Party), the main standard bearer of political Islam in Turkey in the 1990s. In 1998, he was thrown into prison for remarks that were regarded as disrespectful of Ataturk’s legacy by the judiciary. In his book, he points out that his fate was shared by many previous elected mayors of Kayseri, who were imprisoned on a range of political charges in previous decades.

Yet in matters of local government, Karatape’s agenda in the 1990s appears to have been anything but radical. Together with his successors, his main focus was on balancing the municipal books, and ensuring the efficient delivery of municipal services. He reduced the number of municipal employees and privatised municipal services. As mayor, he took businessmen from Kayseri to Europe to introduce them to potential business partners. He offered the kind of common-sense policies that were likely to appeal to a

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community of conservative artisans and self-made businessmen. Today, he serves as one of Prime Minister Erdogan’s advisers on local government reform in Ankara.

One of Karatape’s closest political allies in the 1990s has travelled beyond Kayseri’s political sphere, and taken its pragmatic brand of politics onto the national stage. Abdullah Gul, elected Prime Minister of Turkey in 2002 and today (after stepping aside to make way for Recep Tayyip Erdogan) Deputy Prime Minister and Foreign Minister, has played a central role in the Turkish government’s efforts to put EU integration at the heart of its political programme.

Gul was born in Kayseri in 1950, as the son of a former worker in the old aircraft factory. As an economist trained in Istanbul, he became a professor of International Economics. From 1983 to 1991, he worked with the Islamic Development Bank in Jeddah, Saudi Arabia, an intergovernmental institution established to promote development using Islamic financial instruments. In 1991, he entered politics as a deputy from Kayseri for the Welfare Party. As well as economics, much of his political life has been devoted to foreign affairs, and he served for many years as a Turkish representative in the Council of Europe Parliamentary Assembly.

In 2001, Gul broke with the Welfare Party and joined forces with the former Mayor of Istanbul, Recep Tayyip Erdogan, to found a new party, the Justice and Development Party (AKP). He has become one of the most vocal advocates of Turkish EU membership. Already in 1999 he stated: “We realise that without integration into Europe, democratic standards of human rights cannot be achieved in this country.”

The AKP government defines its political philosophy as ‘democratic conservatism’. Prime Minister Erdogan explains the concept as follows:

“a significant part of Turkish society desires to adopt a concept of modernity that does not reject tradition, a belief in universalism that accepts localism, an understanding of rationalism that does not disregard the spiritual meaning of life, and a choice for change that is not fundamentalist. The concept of conservative democracy is, in fact, an answer to this desire of the Turkish people.”

Democratic conservatism embraces many goals recognisable from centrist political parties across Europe. It defends macroeconomic stability and fiscal responsibility. It is pro-business, and in favour of individual charity and private associational life. It supports increasing the powers and resources of local government, from which many of its key figures have emerged, and believes in the potential of development from below. It is socially conservative, but nonetheless pragmatic on many of the issues that continue to divide Turkish society. It is also pro-Europe, and has taken on a number of political taboos in its quest to eliminate obstacles to the EU accession process.

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101 Marvine Howe, *Turkey, A nation divided over Islam’s revival*, p.183

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This agenda continues a tradition established by another Central Anatolian, Turgut Ozal, who was born in Malatya, went to high school in Kayseri, and became Turkish Prime Minister and President in the 1980s. Ozal, who had worked for the World Bank, promoted the opening of the Turkish economy to the outside world, and submitted Turkey’s application to the European Union in 1987. He was also the first prime minister to go on the Hadj to Mecca, and legalised the establishment of Islamic banking in Turkey. Ozal was (and remains) very popular in Kayseri.

It is therefore not surprising that AKP, established in 2001 with a platform that revived many of Ozal’s policies, should also prove popular in Central Anatolia. The party’s Kayseri headquarters was one of its first to be established, and in the 2004 municipal elections in Kayseri it won an overwhelming majority of 70 percent, its highest in the country. As the only non-AKP member of the Turkish parliament from Kayseri, Muharrem Eskiyapan, explains, “today Turkey is governed in the way in which Kayseri was governed during the last 15 years.”

Economic success has created a social milieu in which Islam and modernity coexist comfortably. It is the Anatolia shaped by these values that is now pressing its case to join the European Union.

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103 Muharrem Eskiyapan entered parliament as an MP for the Republican People’s Party (CHP). He has since left the party and is now an independent. ESI Interview, July 2005.
About ESI

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To find out more about ESI please visit: www.esiweb.org

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Faces of Kayseri

Mustafa Boydak
Businessman

Abdullah Gül
Foreign Minister

Ikbal Cavdaroglu
Accountant

Mehmet Bey
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