

THE INSTITUTIONAL BASIS OF THE SOCIOECONOMIC SITUATION OF TURKEY IN THE CONTEXT OF GLOBALIZATION

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Abstract

We live in an age in which the consequences and tendencies of globalization are frequently debated. We witness some discourses that denote that the ideological, cultural and institutional attitudes and behaviours underpinning globalization are now backtracking, especially in the title of “global economic crisis”. In this respect, Institutional Economics gains importance. Some concepts in the box of tools of Institutional Economics make more comprehensible the situation of globalization today. Institutions are also significant in terms of Turkish socio-economic situation that is affected by global processes.

Turkey experiences the globalization process in many ways. However, some cultural and institutional features with regard to bounded rationality, like cooperation, satisfaction, collective work, family firms, religious communities, cause a paradoxical societal structure in Turkey in the context of globalization. In this context, in Turkey, Institutional Economics should be placed more importance in the light of authentic societal quintessence of Turkey, rather than Neo-classical (or neo-liberal) economics in the light of capitalist culture.

Key Words: *Globalization, Institutional Economics, Turkish Institutions.*

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Küreselleşme Bağlamında Türkiye'nin Sosyo-Ekonomik Durumunun Kurumsal Temeli

Özet

Küreselleşmenin sonuçlarının ve eğilimlerinin sıklıkla tartışıldığı bir çağda yaşamaktayız. Özellikle günümüzde yaşanan küresel ekonomik bunalım adı altında, küreselleşmenin temelini oluşturan ideolojik, kültürel ve kurumsal tutum ve davranışların geriye doğru eğilim gösterdiğini düşündüren söylemlere tanık olunmaktadır. Bu bağlamda Kurumsal İktisat önem kazanmaktadır. Kurumsal İktisat'ın alet kutusundaki kimi kavramlar günümüzde küreselleşmenin durumunu daha anlaşılır kılmaktadır. Kurumlar; küresel süreçlerden etkilenen Türkiye'nin sosyo-ekonomik durumu bakımından da önemlidir.

Türkiye pek çok yönde küreselleşme süreci deneyiminden geçmektedir. Ancak, küreselleşme sürecinde Türkiye'de, sınırlı rasyonellik bağlamında, işbirliği, yetinmecilik, kolektif çalışma, aile firmaları, dinsel topluluklar gibi kimi kültürel ve kurumsal özellikler, paradoksal bir toplumsal yapıya neden olmaktadır. Bu bakımdan, Türkiye'de, kapitalist kültürün ışığında Neo-klasik (ya da neo-liberal) ekonomiden çok, özgün toplumsal yapının ışığında Kurumsal İktisat'a daha fazla önem verilmelidir.

Anahtar Sözcükler: Küreselleşme, Kurumsal İktisat, Türk Kurumları.

1. INTRODUCTION

Globalization is a phenomenon that originated in 1970s, and is a main process in transformation of societal fabric in 1990s. There is interactivity among economic, cultural and political processes as globalization is a multidimensional phenomenon, instead of one-sided, undialectical understanding in terms of reductionism. So interactivity between economic and cultural dimension is significant with regard to the box of tools of Institutional Economics for understanding globalization well.

Turkey experiences the process of globalization and constructs capitalist system. However, certain cultural-institutional features of Turkish society are in conflict with globalization and capitalism. This implies that it is difficult to understand the socioeconomic situation of Turkey and it is also difficult that Turkish society understands and runs globalization and capitalism.

In this framework, we aim to highlight that Institutional Economics is significant on understanding the current situation of globalization and that Turkish cultural-institutional fabric can be understood in the context of Institutional Economics.

As regards, globalization is explained on the basis of multidimensionality in the first part. Secondly, Institutional Economics is evaluated in terms of the process of globalization and global economic crisis. Lastly, we describe the Turkish authentic socioeconomic situation in the context of Institutional Economics.

2. GLOBALIZATION AS A PROBLEMATIC

We live in an age in that the tendencies of globalization change gradually, especially with regard to current global economic crisis, while scholars do not agree with each other on its definition and analysis yet. The paradoxes of globalization become more evident in this age. It is often debated that some localities globalize obviously, on one hand, and some other localities can not globalize because of economic, political or cultural constraints, on the other hand.

Definitional variety and historical depth of globalization are not analyzed in this short study. We evaluate globalization in association with principal propositions.

Globalization is a phenomenon that scholars or specialists define generally according to their own occupation or specialization. So it is perceived that there are different globalization-s. This variety of understanding causes a discrepancy among the definitions and analyses of globalization.

Globalization is not a one-dimensional process, and it does not involve only economic processes or cultural processes. For instance, globalization is seen as an *integration* that emerges in terms of *worldwide dissemination* of goods and capital according to economist scholars, but also they do not consider some political or cultural developments underpinning that economic process. Yet liberalism as an ideology, modernism as a culture and their institutions underlie the worldwide dissemination and integration. In this framework, it is seen that globalization is only one process, and it is multidimensional (Robertson and White, 2007: 56-57). And there is a “complex connectivity” among the events and decision-making units in the different dimensions of globalization (Tomlinson, 2004: 12).

To comprehend globalization better, it is functional to dig its dimensions up along with grasping holistic and logical underpinning of it. In this short study, we evaluate only the cultural and economic dimensions of globalization because of the fact that Institutional Economics pays attention to socio-cultural themes along with economic concepts and themes.

Human behaviours are based on values, understandings and conditions apart from genetic basis. In this respect, there is a cultural base

that moulds the attitudes and behaviours of people, organizations and national-societies in the process of globalization. As regards, three tendencies are observed in the cultural dimension of globalization, as “*homogenization*” (cultural convergence), “*heterogeneity*” and “*hybridization*” (Robinson, 2007: 140). Homogenization outweighs the other two tendencies, and can be observed on homogeneous modes and methods of production, exchange and consumption at world scale.

Homogenization runs within the orbit of modern culture that originates in the Western world. Modernism had generated scientific-technological developments, capitalist mode of production and market system, and modernism moulds globalization today. Globalization proceeds from universalization of modern values, practices and institutions (Meyer et al., 1997). Some institutions of modernism, such as *firm*, *market*, *technology*, *constitutional state*, *nation-state*, *individualist-competitive education* and so forth, are basic factors of homogenization in the process of globalization. On the other hand, there are some scholars who claim that globalization is formed by values and practices of post-modernism (Albrow, 1996 cited in Robinson, 2007: 139; Hardt and Negri, 2000 cited in Robinson, 2007: 131). They propose that globalization is moulded by the global effects of amorphous, uncertain and unidentifiable decision-making units, especially in terms of consumerism. *Consumerism* is a significant component of culture, and facilitates the running of globalization. In this regard, the dissemination of American culture that hinged on consumption denotes the effect of post-modernism, and culturally Americanization of the entire world means globalization (Friedman, 2000: 31). Both the reflection of modernism onto production and the reflection of post-modernism onto consumption indicate that the cultural dimension of globalization underlies the economic dimension of it.

The economic dimension of globalization is related to the basic values and understandings of the cultural dimension. The main feature of the economic dimension is *transnational* practices instead of *international* practices. As regards, *internationalization* involves the simple extension of economic activities across national boundaries and is essentially a *quantitative* process that leads to a more extensive geographical pattern of economic activity, whereas *transnationalization* differs *qualitatively* from internationalization processes, involving not merely the geographical extension of economic activity across national boundaries but also the *functional integration* of such internationally dispersed activities (Robinson, 2004: 14). Bernard Rosier also explains the transnational tendency. Rosier remarks two points: For him, on one hand, national economies expand its goods, services, capital, labour and information to cross-border arena and they come open to abroad as an unprecedented event; on the other hand, the

logic of capitalist accumulation goes beyond the national borders and the strategies of giant corporations become global (1994: 103).

“Theory of Global Capitalism” is a comprehensive and instructive theory that explains the economic dimension of globalization in terms of transnationality. Two scholars of this theory are Leslie Sklair and William I. Robinson. Those argue that global capitalism is founded on three planks.

Sklair asserts that *transnational practices* realize at three levels: *Transnational capital* on economic sphere, *transnational capitalist class* on political sphere and *cultural elites* on cultural-ideological sphere. And he puts forth three institutions that are on these three spheres: *Transnational corporation* on economic sphere, *transnational capitalist class* on political sphere and *consumerism* on cultural-ideological sphere (1999: 157). In terms of Sklair’s model of global capitalism, we can represent that there is connectivity among societal dimensions in the process of globalization, and economic relations involve class relations and cultural logic.

Robinson also constitutes his theoretical approach on three planks: *Transnational production*, *transnational capitalists* and *transnational state* (2007: 130). He claims that flexible methods of production, such as outsourcing, subcontracting, merger, acquisition, generate a production network within which can be penetrated any local area at world scale, with regard to transnational production. Global production network emerges in conjunction with new technologies, such as the emergence of internet, robotization, computer-aided design, computer-aided manufacturing and so on (Robinson, 2004: 15-19). This understanding of transnational production causes new hegemony relations based on class relations: While there is global flexible working (namely global causalization or informalization) for labour, capitalists retain the power of property, decision and control over global resources and means of production within the hands of transnational corporation (Robinson, 2004: 19-21). And the class relations influence the understanding of the state: Global bourgeoisie and its project within that is aimed to build a global capitalist bloc bring about transnational state. Transnational state has two significant features: Firstly, national-states regard getting and keeping global capitalist valorisation and accumulation; and secondly, supra-national economic and political institutions get priority over national-states (Robinson, 2001: 166-167).

In this section, the multidimensionality of globalization is underlined, and the economic and cultural dimensions and the relation between them are regarded, as those are significant in the respect of the concepts and analyses of Institutional Economics. In the second section, it is examined that the culture-oriented economic and social policies weaken the neo-liberal quintessence of globalization and that the new social fabrics

occur in terms of the global economic crisis. On this basis, current crisis describes a period in which we witness that the process of globalization backtracks. New institutional and behavioural signs of this period is about to create an ideational trajectory in the context of Institutional Economics.

3. THE IMPORTANCE OF INSTITUTIONAL ECONOMICS

In this part, we aim to determine some tendencies and features that make institutionalism significant in the process of global economic crisis, instead of evaluating some institutional concepts theoretically in detail. We argue that governments and societies should consider and develop collective institutional understanding against the damages of current crisis.

Why is Institutional Economics significant in the context of globalization? This part is formed in respect of this question. Some developments related to current processes of globalization attract attention to tool box of Institutional Economics in both the methodology of economics and alternatives for economic policy.

The concept of “*institution*” is the quintessence of the theory and understanding of institutionalism (Neale, 1987: 1177). So it is useful to evaluate this concept. Institution is defined in different ways by institutional economists, but these definitions involve same substance. Thorstein Veblen’s phrase as “*habits of group and wont*”; Wesley Mitchell’s emphasis as “*widely prevalent and highly standardized social habits*” and Walton Hamilton’s definition as “*a way of thought and action of some prevalence and permanence, which is embedded in the habits of a group or the customs of people*” (cited in Neale, 1987: 1177-1178), all of them focus on the holistic meaning of society. With regard to the fact that a society takes place with the quantitative and qualitative accumulation of individuals, the concept of institution involves individualistic dimension. At this point, it is seen that John Commons’s definition is quite functional. Commons refers to the concept of institution as a “*collective action in control, liberation and expansion of individual action*” (1931: 648). These definitions signify that Institutional Economics draws attention to the principle of holism, and interaction and interdependency between individual and society.

For institutional economists, societal values, principles and rules are highly determinative over individualistic behaviours. This societal basis implies the concept of “*culture*”. Culture refers to “*a valid understanding of human and value, determining the life manner and the aspects (values, institutions and customs such as science, philosophy, language, art) of a human community for a certain age*” (Kucuradi, 1997: 42). Individuals

behave in the frame of this understanding that community or society forms. This frame means the behavioural principles and rules. As regards, the concept of *institution* amounts to the concept of *culture*. Institutional economist Walter Neale emphasizes that the behavioural scale of an institution evokes culture by teaching individuals “*what they must do*” or “*what they must not do*” (1987: 1179). Sociologist Bozkurt Guvenc also suggests the concept of “*enculturation*” by which societies transmit a certain culture to included individuals, and educate, create and control them (individuals) in the way that they (societies) expect (2007: 85). Enculturation draws a border around individualistic behaviours. In this sense, Douglas North (1993) pays attention to institutional cumulative learning by transmitting intergenerationally, and puts forward that institutions are the rules of the game and organizations and their entrepreneurs are the players.

Institutions, the core concept of Institutional Economics, are involved within the cultural dimension of globalization, and they (institutions) are cohesive in the economic dimension of globalization. Societal values and understandings concern modernism and post-modernism in the cultural context of globalization. The institutions of modernism and post-modernism are constituted in every corner of the world as one of the ubiquitous components of globalization: *Rationalism, universities, market logic, capitalist mode of production, consumerism, law system* regulating individualistic property and free trade and so on. The concrete scapes and images of these institutions disseminate worldwide, such as *transnational corporations; small businesses* linking to transnational corporations in the context of outsourcing or subcontracting; *internet; credit system; a Manchester United t-shirt with AIG advertisement* of a young African boy; *an advertisement board of Coca-Cola* in Middle East, and so forth. These images are not seen directly as signs of modernism and/or post-modernism, but also are involved by global capitalism that modernism and/or post-modernism underpin. It is perceived that it is required to organize and operate these institutions for the process of global integration. In this process, it is expected that ideational and behavioural patterns of people are consistent with global capitalist culture in the way featuring individualism, competition, utilitarianism, consumerism, and so forth. These features emerge within collective understanding that societies founded or transmitted from other societies.

Commons claims that “*collective action*” ranges from unorganized customs to the many organized going concerns, such as the family, the corporation, the trade association, the trade union, the reserve system, the state (1931: 649). Globalization is a process in which these institutions transform. Indigenous corporations morph into multinational and transnational corporations; global trade unions are formed; transnational

state emerges; there are perceptions of global risk and uncertainty, and so forth. The current crisis of globalization especially in economic dimension denotes that these new institutions are also about to transform and new ideational and behavioral patterns are about to emerge.

Today two new institutions are debated globally in terms of coping with global economic crisis: *Global regulatory system* and *protectionism* (Sak, 2009). Constituting a global regulatory system would become *global collective action* that could control the costs of free economic mobility. Just as the leaders of G-20 stated that they agree to prioritize the principles of supervision and regulation at London Summit in April-2009 (G-20, 2009: 3), considering the significance of regulative view against the drawbacks of extravagant unconstraint.

On the other hand, protectionist individualist measures that amount to transforming from transnational state to national-state would be carried out as an institutional transformation. And this would mean *local collective action*. The bailout-stimulus plans that the governments put into practice detachedly indicate that national economies are prioritized over global economy. Transnationalization during the *rising period of globalization* and nationalization during the *declining period of globalization* show us that the important thing is the prosperity of *national-society* and/or *national-state*. Some events usher in that the patterns of ideas and behaviours (namely institutions) of counter-globalization (or anti-globalization) are arising in the process of globalization. For instance, Obama suggests the campaign “buy American”; English workers organize mass meetings and demonstrations against immigrant workers; selling Turkish kebab is prohibited in an Italian city (Newsweek, 2009); President Sarkozy wants French transnational corporations to cut jobs in its overseas plants, but not in France (Tamer, 2009); some opinions that denote restriction of executive pay in transnational corporations (Icahn, 2009), and so on. It is highly probable that these ideational and behavioural patterns -in terms of global regulatory system or protectionism- become inveterate in long-term (namely institutionalization), as similar crises of globalization do not take place in the future. The phenomenon of cooperation also makes more comprehensible the process of globalization in respect of the logic of collective action, like global regulation and protectionism.

The concept of “cooperation” is evaluated more distinctively in Institutional Economics than in Neoclassical Economics. While Neoclassical Economics sees cooperation as a way for collusive and monopolistic outcomes; Institutional Economics focuses on the nature of *coordination* and *cooperation* in human interactions. The logic of *bazaar market* in Eastern societies also highlights a distinct cooperation from the market system in Western capitalist societies (North, 1990: 11-12).

We find out about the concept of “*transaction costs*” in terms of human interactions concerning cooperation. Although this concept is not defined properly, Oliver Williamson had attempted to define it, but he had been satisfied with a description. Williamson puts forth *ex-ante* transaction costs such as *draft contract, negotiation, bargain* and *regulation*, and *ex-post* transaction costs such as *discord, infringement, cease-infringement* and *security conditions* (Yilmaz, 2002: 73). Thus transaction costs can be defined as costs that derives from consistence or discord between contractors and makes human interactions conclusive or inconclusive.

We witness that many sorts of cooperation emerge in the context of globalization. Robertson’s concepts of *global connectivity* and *global consciousness* connote global interaction in any economic, political or cultural dimension. This interaction calls forth *global transaction costs* in nature. Some models of production such as outsourcing, subcontracting, merger and acquisition that are components of transnational production are concrete images of cooperation in the economic dimension of globalization. In these models, stakeholders assemble and struggle to contract and may face some *ex-ante* or *ex-post* transaction costs. If a small firm that produces for a master firm within the models of outsourcing or subcontracting is from a country that does not experience modernism and capitalism properly, there may be various transaction costs. The fact that small firm does not operate the techniques of just-in-time, lean production, robotization required by capitalist culture of production causes various discords and time-lags. Competition among small firms at world scale intensifies because of the fact that master firms condition the capitalist techniques and models, and small firms are forced to espouse modern and capitalist ideational and behavioural manners.

The other new behavioural patterns (namely new institutions) emerge in the process of consumption during the declining period of globalization. For instance, some farmers in Italy look for some ways outside of market chain because of the economic crisis, and they contact to consumers (or families) directly, and sell by making them picked up vegetables and fruits and making them drew milk from cows (Giugliano, 2008). This is an example of consumption manner that is different from consumerism without the techniques of marketing and the free price mechanism. As another example, transnational car companies, like Toyota, are troubled about dissemination of Cuba Effect that pays attention to repair and second-hand use, instead of buying new car (Lewis, 2009). Moreover it is probable to observe different institution in process of consumption in the Eastern societies which have bazaar system that involves bargain, second-hand use, favouritism, and so on, instead of capitalist market system.

Today some political leaders consider collective institutional fabrics against neo-liberal characteristics of globalization. One of them, Australian Prime Minister Kevin Rudd pays attention to cooperation in the context of the declining period of globalization: “People are anxious, people are concerned, people are afraid. And these things are true because the consequences of which we speak job losses are real. It will test our basic sense of *solidarity*. When someone losses their job -and they have and they will-, our responsibility is not just to see that person as a statistic. Our *responsibility* is to reach out and help at the level of *government*, at the level of *community* and at the level of being someone’s *neighbour*.” (The Australian, 2009).

Global economic crisis instructs that we should act socially and collectively on the global and national level, as Mr. Rudd said. As regards, Institutional Economics offers us this holistic understanding. And this understanding is already involved in the East societies that embraced the logic of market system afterward, like Turkish society. However, these societies fluctuate between their own societal system and individualist-capitalist system, like Turkish society.

4. SOCIOECONOMIC SITUATION OF TURKISH SOCIETY

Turkey also is a country that experiences the process of globalization in many dimensions: Turkey experiences the processes of production, exchange and consumption in the context of global capitalism; Turkish people live under globalism as an ideology and post-modernism as a culture; the features of nation-state are dragged down and Turkish society is moulded by the discourses of global connectivity and global consciousness. However, there is a paradoxical societal structure in the context of globalization because of some cultural and institutional features of Turkey. This paradox is seen especially in respect of economic system policy and social policy. Thus, in this section, we aim to show that it is required to consider Turkish institutional fabric for understanding the economic process in Turkey, and we describe some socio-cultural and socio-economic features that are seen frequently and intensively in everyday life in the process of being articulated to global capitalism.

In Turkish society, while “marketization”, “privatization” and “openness to abroad” that are parts of “institutionalization” of market system as required in the context of globalization are experienced, some economic behaviours realize outside of market sense, in respect of the relationships of the state, relatives, communities, neighbours and friends. Economic activities emerge on the basis of social relations; and sociality influences the

prices in market. At this point, we can talk about some examples explaining the sociality in the economy.

A labour can be employed with regard to the recommendations of relatives, neighbours or communities, rather than his/her education, success, skills and experiments that capitalism or market system regard. As another example, shopping from relatives', neighbours' or communities' shops is observed frequently in everyday life. Such economic behaviours based on sociality affect prices emotionally, rather than in the sense of market rationality. In this process, some social problems may occur, such as rent seeking, mafia, bribery, especially favouritism, and so forth. These problems may emerge in the framework of the institution of solidarity that is long-held feature of culture in Turkey. Those are some factors that call forth transaction costs in market system.

The family firms of Turkey should be reviewed, as a case related to sociality, in institutional sense. In Turkey, sociological ground of the concept of family is very strong as from the time that the Turks were living in Central Asia. A robust family is based on some sociological principles, such as *strong family ties, respect for ancestors and elder members of family, equality between son and daughter in terms of private property and decision-making process, helping each other and working together in the family* (Erkul, 2002: 104). As regards, a family firm is perceived as a device of solidarity of family, though the "firm" is an institution of capitalism. While family culture and capitalist culture are in conflict, values of family can be prioritized; even they may cause transaction costs. For a research related to this conflict; while the family members of first generation try to bring traditional values for their family firm, the members of new generations adapt more rationally to the modern corporate values and capitalist culture in Turkey (Yelkikalan and Aydin, 2004: 344). This potential stature implies that culture is preferred to economy, and is more significant in terms of the fact that 99% of total firms comprise of family firms in Turkey (Carsrud, 2006: 23).

As another example that is originated by the fact that a cultural value influences economic realm, it should be underlined that the entrepreneurs from same religious community realize accumulation and centralization of capital within an unwritten cooperative rubric. These entrepreneurs exploit the religious belief system for their economic power (Ince, 2006); on the other hand, it can be affirmed that these classes see capitalist system as an instrument for promoting their own religious ideals, even political ideals, as brinkmanship. But rather they prioritize capitalist culture over religious culture. They live in consumerism and exclude the people who agree with them in terms of religious beliefs and who live in poverty (Temelkuran, 2009). This tendency is observed especially in the conservative

entrepreneurs getting wealth from the investments of the state that the conservative party aims to transform. Besides the internal production-exchange-consumption cycle of the religious communities triggers this life manner based on consumerism off.

Turkish people satisfy with their economic and social facilities historically and traditionally. This feature originates from their life manner that they are close to nature. Satisfaction with anything that ordains by nature in rural life can be observed for some economic behaviours in urban life at the same time. The small- and middle-scaled firms (in other words, tradesmen and craftsmen) satisfy with their revenue, market share or another capitalist indicator, despite the competitive position of transnational corporations. At this point, we face the concept of family again. Families, especially the first generation members of family, perceive that they should not undertake a risk for assuring livelihood of family in their family-run firms. Because of satisfaction, there is low-capacity production in industry, and many firms can not be globalized.

Satisfaction is important in consumption manner, too. As regards, there are some motives in the consumption process, such as *consuming little by little (katik etme)*, *avoidance from waste (israf etmeme)* and *thriftiness (tutumluluk)*. In addition, repairing, second-hand use and autarchy are still widespread cultural-economic component as seen in Cuba Effect. Turkish people do not buy some industrial foods, such as bread, soup, yoghurt, jam, pickle and so on; but they cook these foods by themselves especially in rural areas and in suburbs of cities. And they repair their cars by themselves, they paint their houses by themselves; they repair the roofs of their houses by themselves, etc. They have tool box for any repairing in their houses. In this respect, they do not need any market solution that is offered by market actors. This cultural-institutional ground denotes that bounded rationality is an important principle in economic behaviours of Turkish people.

Another institutional phenomenon in Turkey is related to organization culture. Consciousness of organization that is a form of constituting a group of stake and bargain is quite spread in business sphere that involves capitalist culture especially in urban areas. On the other hand, an organization that is a form on the basis of solidarity and cooperation is seen especially in rural culture that is related to pre-modern age. In this way, some socioeconomic manners are maintained such as *collective work (imece)*, *cooperatives*; but they weaken because of the effect of globalization.

One of the actual socioeconomic issues is related to syndicalism that weakens more and more in Turkey. This tendency has two reasons: 1) The ideology of globalism, 2) Spread religious-economic organizations in respect

of rural culture. Many workers leave their trade unions and join the religious communities for protection economically and socially. This tendency is more significant in the fact that the religious communities are in conflict with the secular republic and that they aim to transform the secular state in historical terms. Even some workers react to their employer as he enrolled them in social security institution of the state because they do not benefit from the social aids of religious communities (Ince, 2008). For them (workers), social insurance is an institution that runs when it is required; but social aids of these communities are regular. It is also considered that the religious communities aim to constitute a political network due to social aids.

In 1920s, Turkish development strategy depending on private property and entrepreneurship could not succeed because of both world economic crisis and insufficiency of domestic social and economic circumstances. Thus in 1930s, the principle of *statism* arose in the context of Kemalist understanding and state capitalism was practised. Statism emerged in a pragmatist manner, and it has become complementary element for modernity. But there were some debates ideologically on statism. Ataturk explained distinctly the meaning of statism for Turkey (Tezel, 2002: 246): *“Statism of Turkey is not a system which is adopted from the ideations that socialist theoreticians assert. This is a system deriving from the needs of Turkey. Statism means to prioritize private entrepreneurship, but also to become responsible for the economy of the country. The state wants to realize all things that private entrepreneurs did not realize.”*

In this framework, Turkish economic system was neither pure capitalist nor pure collectivist. Capitalist principles and collective principles were hybridized in the context of systemic convergence. This eclectic model depended on Ataturk’s view which means that he did not accept absolute ascendancy of private property or public property. In this model, the significance and the role of the private sector increase intrinsically as the economy develops (Ulken, 1981: 225-228).

The institution of *the state* has a conventional meaning and value historically in Turkish society. As regards, the state directs and moulds social and economic order in Republic of Turkey, along with other Turkic states in the history. The principle of statism has been underpinning the fabric of society, and the meaningful presence of the state is kept today (Kepenek and Yenturk, 2005: 63).

Although Turkey has been governing by liberal-conservative parties since 1950s and this political tendency leads the parliamentarians or bureaucrats to abandon the statism, the state is still very important in public and the state must be important for public. The Turks have kept the idea of

statism from their Central Asian roots, and they see the state as a father in the function of protection against risks of the life (Erkul, 2002: 104). Today, power of the state is confided to social policy; so, for example, private insurance sector does not develop, and the state is perceived as biggest employer and protector.

The state (or national-state) tends to weaken in the process of globalization, although it is still significant for public. At this point, we can speak of a socioeconomic dynamic, with regard to solidarity and sharing, that is inconsistent with credit system of global capitalism or market system. According to The Survey for Life Pleasure of the Turkish Statistical Institute, 59% of assistance that poor families get is from their relatives, friends and neighbours; 30% of it is from The State Fund for Supporting Assistance and Solidarity and 21% of it is from municipalities in 2008. The proportions realized respectively as 67%, 16% and 9% in 2003 (Referans Gazetesi, 2009).^{*} In this structure, it is seen that poor families prioritize traditional solidarity patterns over others. This pattern can be experienced as an observable and unmeasurable borrowing mechanism in everyday life as well as the measurable assistance, and these traditional solidarity mechanisms emerge outside of credit system of financial sector. On the other hand, the increasing of shares of that the state fund and municipalities points to the fact that the principle of statism that aims to found national economic capability is about to destruct, and the fact that a new understanding of the state that aims to reduce poverty via social assistance in neo-liberal perspective, also via charity in religious sense explained above.

All institutions being examined above are reality and the cultural dynamics being rooted in the socio-economic system of Turkey, especially in everyday life of the middle-income- communities. So considering the own societal fabric of Turkey can result in accurate knowledge/information, while undertaking academic studies and researches. And this means the characteristic institutions and/or collectivistic culture of Turkish society should be concerned, rather than the institutions of capitalist system in Turkey.

5. CONCLUSION

The tool box of Institutional Economics facilitates to understand global economic crisis today because some tendencies of the crisis prioritize societal (holistic) understanding over individualistic (atomistic) view, and those indicate that cultures (in other words, “institutions”) are considerable

^{*} The sum of the proportions is excess of 100% because some people marked more choices than one in the survey. They get assistance from more institutions than one.

in terms of the results of the crisis. As regards, a new understanding emerges, making holism of society significant and sublimating anti- open society or anti-globalization. And this understanding would not be neo-liberal, but institutional.

With regard to institutionalism, Turkish society falters under the hard socioeconomic circumstances between capitalist culture and Turkey's own societal culture. Some institutional-cultural tendencies against globalization can be observed in Turkish societal culture.

In Turkey, the capitalist system does not run from time to time in the functional sense, although the planks of capitalism (or market economy), like law system, educational system and the other cultural components, have been founding. Turkish economy and society should be analyzed in the context of Institutional Economics, that claims that culture impinges on economy, by considering the value-laden arena of historical and cultural factors in the quintessence of Turkish society, like in some Eastern countries that is not capitalist historically. The cultural components of Turkish society protect them from crises, like global socioeconomic crisis of today. Turkey has already been having the institutional features that are based on solidarity and that emerge worldwide against the crisis. On the other hand, Turkey is in crisis, aside from current global crisis, while also being articulated to global capitalist system as it is in abeyance between cultural values and economic (or capitalist) values.

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