

UNDERSTANDING STATE POLICIES IN AGRICULTURE

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State policies have played a significant role in shaping the structure of agrarian economy in both advanced and under- developed capitalist societies.(1) The influence of the state over the rural sector is not simply confined to its agricultural policies but covers a large array of policies and actions that may have direct as well as indirect effects on the rural population. This paper deals with the factors that influence agricultural policies of the state in the specific case of state policies towards Oriental tobacco production in Turkey.

The state plays a particularly active role in the under- developed capitalist economies by not only promoting expansion and intensification of commodity relations, but quite often, by engaging in activities directly as the major employer, purchaser, and financier.(2) It is true that the state also plays a very significant role in the agricultural sector of advanced developed countries.(3) Nevertheless, the direct contact between the state agencies and the rural classes in the peripheral context have important economic and political consequences which can not be underestimated.

One of the common points most studies on the agricultural policies of the state share, is that these policies are historically conditioned and present an uneven course. Several factors may contribute to these variations. The most important of all is the general pattern followed in the accumulation process. Lipietz (1982), for example, mentions three modes of accumulation within the Third World context a) "export promotion", based on specialisation in the export of agricultural and industrial goods b) "import substitution", encouraging the local production of consumer goods which used to be imported from abroad; and c) "export substitution", producing manufactured goods for export (Lipietz, 1982:40). Predictably, different models of accumulation lead to different agricultural policies. While, for example, the first model may likely lead

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to promotion of certain branches of agriculture that are oriented towards exports, the second may intensify a more autarchic regime of promotion of subsistence crops. Consequently, such a choice may have an effect on what categories of producers and what forms of production will be encouraged or promoted by the state (Mann and Dickinson, 1980; Margulies and Yildizoglu, 1987).

General requirements of the accumulation process may also have varying influences on state policies towards agriculture. Classic studies have documented the role of the state in the process of dispossession and proletarianisation of the peasantry during the primitive accumulation stage of capitalism (Marx, 1976). Similar developments have been observed in the case of colonial, post-colonial or peripheral societies (Arrighi and Saul 1973; Lonsdale and Berman, 1979; Wayne, 1981). In its attempt to promote commodity relations in agriculture and transfer the agricultural surplus to other sectors, the state may choose certain policies which lead to the disappearance of certain agricultural forms.

Inconsistencies in state policies sometimes can be attributed to the fluctuations in the world economy. Depressions, or other forms of crises of accumulation result in unexpected shifts in agricultural policies. Several observers point out that significant changes occurred in state policies in reaction to the 1873 Depression (Friedmann, 1978a), or the Great Depression of 1930s (Mann and Dickinson, 1980).

Agricultural policies of the state may also vary from commodity to commodity. Policies towards crops that are consumed domestically tend to be different from those of exports. In its attempt to assure the continuation and expansion of export revenues, the state may intervene in the formation of prices within this sector and take measures to promote or discourage (to prevent over-production and consequently the decline of prices) expansion of production (Johnston and Kilby, 1975; Bates, 1984; Myint, 1984). In the formation of food policies, on the other hand, the requirements of domestic industry, concerns for self-sufficiency in foodstuffs, and the pressures of urban consumers (and also, industrial capital which benefits from lower costs of reproduction) play a role (Bates, 1984; Timmer, 1984; Mellor, 1984).

Actions of the state are not simply determined by accumulation concerns. Especially in multi-party political regimes voting-blocs may have a significant influence over the policies of the state. Under these

political and economic pressures the state is forced to articulate the antagonistic interests of dominant classes, rural producers and urban consumers.(4) The balance shifts, not only according to the economic concerns of the state over accumulation, but also according to the relative political strengths of social classes involved and the political alliances that they construct.(5)

Finally, one should keep in mind that decision making and its consequences cannot be conceptualised as purely rational and intentional processes, but rather need to be seen as ones that involve unforeseen, unpredictable results. As Leys argues, this is "generally, a continual process of options foregone, through the passage of time, and through the taking of other decisions which have often unforeseen consequences of closing off possibilities in spheres not considered at all in the context of the decision" (cited in Johnston and Kilby, 1975:156). This point tells us why some overly-zealous functionalist analyses that try to make sense out of every single action of the state and/or capital do not always make sense.

In the rest of this article I will examine the state support policies in the case of tobacco production in the Aegean region of Turkey.

The Historical Context:

The Turkish Republic was built on the ruins of the Ottoman Empire, in 1923. Industrial production was almost non-existent, trade networks were disintegrated, agricultural production was disrupted. One legacy that remained intact was the strong centralist state.(6) Disorganisation of other social forces allowed the Turkish state to play a very significant role in restructuring the economy (Keyder, 1987).

The first four decades of the Republic, which can be identified as the primitive accumulation stage of capitalism in Turkey, were marked by the state's quest for a development strategy. In 1923 the new one-party regime announced its commitment to economic liberalism. Later, however, the crisis in the world economy forced it to adopt an etatist, autarchic economic model in which the state agencies played a major role in all branches of the economy. This model was slowly abandoned during the post-WW II era after Turkey announced its commitment to economic liberalism and political pluralism (multi-party regime). Later in the mid- 1950s, as the initial velocity of post-War reconstruction began

to slow down, a more cautious import substitution model of accumulation was adopted. Despite this see-sawing, however, neither economic liberalism nor state interventionism has been completely abandoned at any point. They remained as two conflicting tendencies shaping the economic and political policies of the Turkish state.

Throughout the republican era, agriculture played a vital role in the economy. It contributed to self-sufficiency in foodstuff, fibre and other agricultural produce, kept export revenues flowing (till 1980s, sixty to eighty per cent of exports were agricultural products), supplied necessary raw materials for the domestic industry, and provided a home market for the products of the emerging domestic industry. For these reasons, the state had a special interest in agriculture.

From the beginning, state agricultural policies aimed at the promotion of commodity relations in the countryside. It was thought that the introduction of commodity relations in agriculture would -- with state aid in supplying credit, means of production, and distribution -- accelerate the accumulation process in the countryside, a process that would parallel and supplement developments in the urban industrial sector.

One of the most important changes in the agrarian sector was the replacement of the in-kind tithe tax with new in-cash taxes. This decision played an important role in the intensification of commodity relations by forcing peasants to enter into the commodity market. Another significant change was the new Civil Code which gave full legal recognition to private property rights on land that had held an ambiguous status in the previous Ottoman state. Paralleling these measures were low interest credit which were granted by the state owned *Agricultural Bank*, construction of railroads and highways throughout the country, and establishment of agricultural schools. These measures were further extended in the 1950s, supported by a limited land distribution scheme and the introduction of mechanisation in agriculture.

These developments have proven to be effective in facilitating the expansion of commodity relations in agriculture. However, they also increased the vulnerability of producers to the market forces and to natural disasters. Producers were relieved from the burden of tithe. But they now had to pay taxes in-cash rather than in-kind. Subsidised credit saved the producers from usurers (at least partly), but it also led to increasing indebtedness and, more importantly, it made indebtedness a

routine. Recognition of private property rights that was applauded by the propertied, prevented the access of landless families to land. While they could open up a farmstead on state property in the Ottoman era, they could now gain access to land only by tenancy or by ownership.

This vulnerability meant that the state had to find means to avoid major crises that would seriously disrupt agricultural production and decelerate the expansion of commodity relations in the countryside. Especially after the Great Depression, the state was actively involved in regulating agricultural commodity markets (through support buying and pricing policies) and distribution of credit.

Tobacco has been particularly important for the state. It was the most important export item from the country and has brought in vital foreign currencies necessary for the import of capital goods necessary for the industrial development of the country. Moreover, especially after the abolition of the tithe, indirect taxes coming from tobacco sales within the country constituted a significant portion of state revenues. One of the first acts of the young republican state was the nationalisation of the Regie administration (7) and foundation of a State Monopoly for the purposes of purchasing tobacco for domestic consumption and the manufacturing and selling of cigarettes and other tobacco products. Private capital, however, was allowed to buy and process tobacco for export purposes.

Another major development in the tobacco sector during the republican period was the adoption of support purchasing policy in 1946. To regulate the tobacco market and to protect the producers from the ill effects of market fluctuations, the government authorised the Turkish State Monopolies (Tekel) to carry out support purchasing of tobacco exceeding domestic consumption and exporting capacity.

The state, through the Tekel, has also tried to regulate the price level of tobacco in the market. Until 1986, every year the government used to announce the top-price to be given to the highest quality tobacco for different tobacco growing regions. As discussed earlier, although merchants were not required to follow the Tekel prices, the top-price set a precedent in the market and played a regulating function. Obviously the state's commitment to purchase all tobacco, not purchased by the Tekel and the merchants, had been a major reason why the state price policy had been effective. The producer would quickly learn what price the

Tekel was offering at the opening of the market and this would set the bottom line for him/her. If s/he could get a better deal from the merchants, he would sell to them; otherwise, s/he would return to the Tekel.

Determinants of the State Policies.

Ever since the foundation of the republic, the Turkish state has faced two major fiscal problems. The first problem has been the regular supply of revenues for the state which are designed to help pay the expenses involved in economic reconstruction. Given the weakness and lack of enthusiasm of the national bourgeoisie for investing in highly capital-intensive and low-profitability industries and infrastructural projects, the financial burdens of these investments were left to the state. Finding financial resources necessary for the development of these projects has been a major concern of the state. The second problem has been the insatiable demand for foreign exchange needed for the importation of necessary capital goods. Balance of payments problems were most acute during periods when import substitution industrialisation and statist policies characterised the dominant model of accumulation. This made the state eager to keep traditional export revenues flowing in.

Given these concerns, the state's attention to tobacco production and marketing becomes clear. Tobacco has been both a domestic consumer good as well as an export item. Facing difficulties in collecting income tax, the Turkish state has had to depend on indirect taxes, such as the taxes coming from sales of cigarettes. In 1982, for example, Tekel revenues derived from the sale of tobacco products alone, constituted 6.6 per cent of state revenues.

Export revenues coming from tobacco sales have also been very important in balancing the ever increasing trade deficit of the country. Tobacco exports have played a particularly significant role in bringing in vital foreign exchange. For decades, export revenues from tobacco continued to be over 20 per cent of the total export revenues, and occasionally climbed to higher levels in 1957 when they rose to a high of 40 per cent of all export revenues. Export revenues from tobacco began to lose significance after the 1980s when the state adopted an export-promotion industrialisation model.(8)

The Turkish state could afford to lose revenues neither from exports nor revenues from the sales of tobacco products within the country. To

keep these taps flowing, however, a continuous supply of tobacco was required. Under these conditions, the state has had to make sure that the producers are attracted to tobacco production. The support policies, however, had to be restricted to a level which would not reduce the country's competitiveness in world markets. This also meant that the state had to co-operate with the exporters and to support them in order to keep the export dollars flowing in. The state certainly has had the capacity to take the export business for itself, but because of its dependence on the flow of foreign currencies from abroad, it could not afford major structural changes with unpredictable results in this sector. More importantly, the ideological commitment of the state to private enterprise prevented serious consideration of such an option.

State policies in agriculture cannot be explained only by accumulation concerns, however. Particularly in the multi-party era, political/electoral pressures on the governments have been effective in influencing decisions over the state policies in the tobacco sector. The effects of electoral pressures in the determination of support prices has been a matter of academic debate in Turkey. Erguder (1981) argues that the governments tend to offer higher prices for tobacco during the election years. He claims that producers use political party channels to "influence governmental decision making process". "Giving or withdrawing electoral support" then becomes an important "tool of bargaining" (Erguder, 1981). In contrast, Somel (1986) and Kasnakoglu (1986) argue that economic motives have been more important than electoral pressures in determining agricultural policies of the Turkish state.(9) Neither naive pluralist nor rigid economic determinist analyses mentioned above, however, can explain the delicate balance of articulation of accumulation concerns and political pressures that tend to determine state policies. If we look at the two major price hikes which had drastic effects in the tobacco sector during the 1960-1970 period, we will have a better idea of how these concerns are reflected in the formation of state policies.

The 1963 incident:

In the early 1960s a major infestation of blue mold spread in the Balkans. There were substantial declines in the quantity and quality of the tobacco crop in the neighbouring countries. Unable to fulfil their quotas, foreign buyers increased their purchases in the Turkish market which

had not yet been affected by the infestation. Exports rose from 52 thousand tons in 1959, to 107 thousand tons in 1961. Buying in large quantities, the foreign buyers could pressure Turkish exporters to accept lower prices. Export prices declined from \$1.71 in the 1957/58 season to \$1.08 in the 1961/62 season in real terms. By 1962 the infestation had spread to all the tobacco growing regions in Turkey. Production declined from 85,999 tons in 1960 to 49,875 tons in 1962 in the Aegean region. On 17 February 1963, when the Aegean growers market was opened (for the 1962 crop), the merchants, as well as the producers were shocked to hear of a top-price of 14 TL kilogram, almost doubling the previous year's price of 8.2 TL. The merchants were outraged. Foreign buyers cancelled their buying orders. In the following two years, nearly half of the tobacco merchants in the Aegean market claimed bankruptcy. Yet, despite these developments, thanks to the support policies of the state, production rose sharply, from 49,875 tons in 1962 to 124,096 tons in 1964.

How can we make sense of the price-hike in 1963? One can speculate that a major reason for this was the state's concern with the accumulation of capital in the country. During 1960 and 1961, the demand for Turkish tobacco was rising in the world market, but despite this, foreign buyers were lowering the export price of tobacco. Seeing an opportunity for reaping the benefits of high demand, the state's intervention aimed at pushing export prices upward. High domestic prices were expected not only to increase the amount of export revenues coming to the country, but also would encourage producers to continue to produce tobacco. This was particularly important for them at a time when they were badly affected by the infestation, which lowered the quality and quantity of their crop.

Explanations based simply on accumulation concerns, however, ignore the political influences that were also instrumental in this event. On 15 October 1961, the first parliamentary election after the military coup of 1960 was held. The coup had ended the Democratic Party regime which ruled the country between 1950- 1960. Prime Minister Adnan Menderes and two other ministers were executed by hanging just a month prior to the elections. Although the Democrat Party was banned, three other right-wing parties, each claiming to be the real inheritors of the Democrats, took part in the elections. The Republican Peoples' Party, which had ruled the country from 1923 to 1950, and was

the main opposition to DP during 1950-60 period, was the choice of the junta leaders. The election results were a major surprise. Seizing the DP's rural popularity, three right-wing parties captured 62.3 per cent of the popular vote. Because of the distribution of votes among these three parties, the RPP, though short of a majority, placed the highest number of representatives in office. Under pressure from the military, a National Coalition government was formed on 20 November 1961 that lasted till the end of April 1962. A new coalition government was formed on 25 June 1962, excluding the Justice Party (JP). The minister in charge of the state monopolies was a Republican. This was an opportunity for the RPP to prove to tobacco producers, particularly to the Aegean producers, that RPP cared for them more than the DP or the JP.(10) In this atmosphere, the minister in charge boasted to a group of tobacco growers from the Aegean region, who went to Ankara for a lobbying before the opening of the market, that "they will not believe what they hear when the top-price for tobacco will be announced".

The 1974 Incident:

Another major price-hike took place in 1974 that also drastically effected the tobacco sector. On 12 March 1971 Turkey had experienced another military intervention. The Justice Party government, which had held the majority in the 1965 and 1969 elections, was forced to resign. After a two year semi-parliamentary regime, elections were held on 14 October 1973. Right-wing votes were once again divided, and the Republican People's Party won most of the seats in the parliament. However, they were, once again, short of a clear majority. There had been a major change in the RPP's political stand since the last time they were in government, in the early 1960s. Social Democrats had taken the leadership of the party. The new line of the party was summarised as being "a left-of-centre" and "working for the betterment of the masses and against the exploiters, in accordance with its principle of populism". On the agrarian front, the RPP position could be summarised with the slogan "land belongs to who tills it; water belongs to who use it".

On 25 January 1973, Bulent Ecevit, the popular leader of the RPP, formed a coalition government with an unlikely ally, the National Salvation Party which was a strong defender of Islamic fundamentalism. The minister of Customs and Monopolies was an RPP member from a peasant background, from the Aegean region. His first act was to decide the

top-price that was going to be announced in about three weeks' time. The Tekel representatives had calculated a top-price of 18 TL with a 15 per cent increase over the previous year's price which was based on a predicted \$1.85 average export price. The Minister argued that "this is a people's government. We promised to defend the rights of the producers. If necessary, we will buy and later burn the tobacco rather than leaving producers unsupported". Despite opposition from the Tekel and merchant representatives, he managed to raise the price to 25 TL, (with a minimum of \$2.02 export price).

This decision was not totally without an economic rationale. In the period following the \$1.76 export price of 1963, the average export price had stagnated around an average of \$1.24. By the beginning of 1970, foreign demand for Turkish tobacco was rising again. Exports increased and stocks declined. Furthermore, the deficit in the balance of payments was getting smaller thanks to remittances coming from abroad. It appeared that the government might be successful in driving export prices up.

Once again producers reacted with enthusiasm. Production rose drastically, but at the same time, foreign buyers reduced their purchases from Turkey. With the decline of the exports, and increasing production, stocks kept in Tekel warehouses began to rise. Toward the end of the 1970s, with the deepening fiscal crisis of the state, high support prices became burdens aggravating inflationary pressures within the country.

The friction between the Tekel representatives and the Minister of Customs and Monopolies in the 1974 incident reminds us of another dimension involved in the state's policy making process. As an administrative organ of the state, the bureaucracy had some conflicting interests and concerns with the other state apparatuses such as the executive.⁽¹¹⁾ While the executive is the organ that determines the direction of policies, the bureaucracy administers it. The way it carries out this function has a significant influence on the final outcome. This historically led governing political parties in Turkey to try to appoint individuals favourable to their positions within the bureaucracy. However, difficulties of firing tenured personnel has often resulted in over crowding, where the "undesired" bureaucrats who were considered not close to the governing party have been appointed to less privileged positions and less developed regions. Political favouritism has consequently

clogged the bureaucratic machine. Particularly in the 1970s, when a series of coalition governments formed and collapsed, smaller parties were also involved in the patronage game. As pointed out earlier, between 1 March 1977 and 1 September 1980 the number of seasonal employees had risen by 557 per cent, while the Tekel cigarette factories were operating with nearly half capacity. As several Tekel representatives have mentioned, during this period, apathy and inter-group rivalry was so serious within the Tekel that even vital information requested by one branch of Tekel from another could not be received. (12)

Tobacco policies of the Turkish state reflect this complex balance among accumulation concerns, political pressures, and bureaucratic make-up. Within this environment, based on its ideological and political commitments, and bounded by the restrictions of the world market, the state tries to articulate conflicting interests of merchant capital, producers, and of its own. This has not been an easy, non-problematic, and well balanced operation, however. Depending on the socio-economic conjuncture, and the political strengths of the parties involved, it has presented significant variations over time. The results have not always been what the policy makers desired them to be. Support policies, for example, that aimed at regulating the market, led to over production, increased stocks and worsened the already aggravated fiscal crises of the state rather than solving it. After each major price-hike during the 1960s and 1970s, stocks in Tekel warehouses increased enormously. Unable to cope with the cost of keeping these stocks in its warehouses, (13) the Tekel sold them to foreign buyers for reduced prices or destroyed them. The State Planning Organisation reports pointed out that producers' eagerness to increase production led to planting in inappropriate locations, or over-exploiting the same field, (14) using chemical fertilisers and artificial irrigation to increase the yield. (15)

These changes have led to a general decline in yield and quality of tobacco in the Aegean region (DPT, 1978: 53-55). As the pressures on land increased and the prices received by the producers declined in real terms, tobacco producers have become even more determined in expanding production within the maximum capacity of their family labour power. As they became more desperate, their pressure on the government intensified. By the mid-1960s, as a State Planning Organisation report pointed out, the state support policies have created a vicious cycle, requiring ever increasing demand for support (DPT, 1966:41).

The End of the Support Regime:

What was difficult to alter during the multi-party regime could be scrapped easily under the military rule. After the military take over of 1980, following recommendations of the international financial agencies, such as the IMF, the state gradually restrained its support policies. Real prices declined from \$7.79 in 1979 to \$4.66 in 1980 and continued to keep a level around \$5 throughout the first half of the 1980s. Finally, in 1986, the government introduced a major package of structural changes in the tobacco sector. The new regime was turning the Tekel into a state economic enterprise, requiring it to become a profitable enterprise like other private corporations. The purchasing policy was to be based on the grade system that the merchants had been using. According to this system, the government would no longer announce the top-price, but rather, would announce the prices of different grades of tobacco. The Tekel would buy selectively according to its production requirements, rather than offering a lump-sum for the whole crop of the producer. Previous policy that the Tekel would buy all tobacco "to the last leaf", was replaced by a new one which was summarised as "good price for good tobacco". Another major change was the termination of state monopoly on tobacco production and sale within the country. On 29 May 1986, using its majority in the National Assembly, the government passed a bill proposing this historic change. At this point, five multinational giants had already completed arrangements with major Turkish holdings, and newspapers were speculating that the Tekel would sell five completed but unopened cigarette factories to these companies.

From our review of the Turkish case, we can conclude that analysis of state policies in agriculture has to take into account the economic and political context under which these policies are implemented; historical, conjunctural and sectoral variations in these policies; and inconsistencies and contradictions in their preparation and implementation. Given these variations, simplistic generalisations on the pluralistic or instrumentalistic nature of state policies will not do justice to the complexity of the phenomenon.

Notes.

1. The literature on the nature and role of the capitalist state is still far from having a consensus. Nevertheless, among recent Marxist studies on the state, there is some agreement on certain issues. First, the state is seen as playing a significant role in the reproduction of the economic, political and ideological order within capitalist society. Second, in fulfilling its "functions" the state acts neither neutrally nor simply and directly as an instrument of the ruling class. "The state's class nature is expressed through the structure of capitalist development or relations of production, and that dominant-class control of the state is contested in the political apparatuses by subordinate classes and social movements" (Carnoy, 1984:250). Third, the idea of a universal theory of the capitalist state needs to be replaced with historically specific analyses.

2. Studies on the nature of the state in peripheral capitalist societies stress its uniqueness. Alavi (1982) argues that the peripheral [post-colonial] state is overdeveloped and has a relatively autonomous economic role. Saul (1974) adds to this list the important ideological function played by the state in covering up peripheral capitalism's lack of legitimacy. A fourth feature of the peripheral state is argued to be its dependency (Cardoso and Faletto, 1979). The theories of peripheral state have been criticised elsewhere (Canak, 1984; Ziemann and Lanzendorfer, 1977; Carnoy, 1984). My further objection to a general concept of "peripheral state" is that it pays little attention to the historical specificity of class struggles and state formation within each of these "peripheral" societies.

3. This is clearly apparent in the recent world food crisis, which has been alleviated by the extensive subsidies offered to farmers.

4. These policies should not simply be seen as an eclectic, "pluralistic" intermarriage of different "interests", however.

5. This issue has been the focus of attention in the debate on "rural-urban bias" (Lipton, 1977; Byres, 1982; Corbridge, 1982). Although Lipton, for example, correctly points out this contradiction between urban and rural interests, his analysis cannot go beyond a dualistic sectoral framework and also ignores the complexity of political struggles.

6. In its classical form, the Ottoman state could be characterised by the

existence of a strong centralised state with a sophisticated bureaucratic organisation receiving the surplus produced by the free peasantry in the form of a tax levied as a certain proportion of the annual product. While private property rights did not exist in this system, peasant families could have usufruct rights as long as they continued to cultivate land and to pay due taxes. Dependence of the state on agricultural revenues for its finances and maintenance of the military, and its fear of being challenged by a strong landed aristocracy led the state to resist against tendencies towards enserfment of the peasantry.

7. In connection with the increasing Ottoman foreign debt, the state monopoly on tobacco was transferred to the **Societe Regie Cointeressee de Tabacs de l'Empire Ottoman**, a consortium which was designed to raise revenue from tobacco in order to settle the Ottoman foreign debt.

8. In this new regime, exports of manufactured goods were encouraged through several incentives. Although tobacco exports did not decline, the percentage weight of export revenues from tobacco sales.

9. Both Erguder (1981) and Kasnakoglu (1986) use regression analysis of real tobacco prices on dummy coded election years. The assumption of both authors that the National Assembly elections are a good indicator of political pressures on the state support pricing policy is a serious misjudgment. There have been partial Senate elections, almost every two years during 1960s and 1970s, several municipal elections (where the same parties have participated) and three military interventions where the electoral regime was disrupted for some time in each case. None of these are taken into account. Neither Erguder, nor Kasnakoglu's analyses prove or disprove their hypotheses.

10. Adnan Menderes was a wealthy farmer from the Aegean region. His high price policy for agricultural commodities and populist politics made him popular in rural areas where commodity relations were most developed.

11. See Poulantzas (1978) and Jessop (1982) on the possibility of conflicts and contradictions between different branches or fractions of the state apparatus.

12. Another form of inter-group conflict within Tekel appears to be among the experts and the economists within the Tekel bureaucracy.

The Tekel was organised under the Ministry of Finance in 1930 and later transferred to the new Ministry of Customs and Monopolies in 1932. Due to the importance of Tekel revenues in the state budget, from the beginning, upper levels of the hierarchy were staffed with economists specialising in public financing, mostly graduates of the Faculty of Political Sciences of Ankara University. The bureaucrats in the tobacco branch of Tekel, however, have been tobacco experts who have been quite influential in determining state policies in the tobacco sector. Over the years these two groups formed two major cliques within the Tekel bureaucracy often clashing with each other.

13. During storage, tobacco bales have to be removed at regular intervals so that different sides of the bales get equally aerated. Labour costs take a bigger share than the cost of storage space in keeping tobacco stocks.

14. Although it is preferable to switch to cereals at least once in every two to three years, units with limited access to land keep planting on the same plot year after year, draining all necessary minerals and organic matter in the soil.

15. This is often used as a remedy to declining fertility of the soil. However, it often leads to leaf over-growth and reduces the quality.

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