

NORTHWESTERN UNIVERSITY

Technocratic Authority in Developing Countries: The Case of Economic Expertise in Turkey and
Chile

A DISSERTATION

SUBMITTED TO THE GRADUATE SCHOOL
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS

for the degree

DOCTOR OF PHILOSOPHY

Field of Sociology

By

Umud K. Dalgic

EVANSTON, ILLINOIS

August 2012

UMI Number: 3527718

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent on the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



UMI 3527718

Copyright 2012 by ProQuest LLC.

All rights reserved. This edition of the work is protected against unauthorized copying under Title 17, United States Code.



ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 - 1346

© Copyright by Umud K. Dalgic 2012

All Rights Reserved

ABSTRACT

Technocratic Authority in Developing Countries: The Case of Economic Expertise in Turkey and Chile

Umud K. Dalgic

This thesis explores the conditions in which experts gain political and policy making authority and become technocrats. After reviewing available explanations of high expert authority, it focuses on two expert teams that gained considerable political influence during free market reforms in Chile and Turkey. In Turkey, it analyses the experts gathered around Prime Minister Turgut Ozal in the second half of the 1980s. Then it compares this group, called Ozal's Princes, with the Chicago Boys of Chile – an expert team worked under the military dictatorship of Augusto Pinochet in the 1970s – to understand the group sociological factors that explain high expert authority.

The Chilean case is often cited as a “successful” case of rational and technocratic policy reform in which a group of highly qualified economists with graduate degrees played the leading role. Rather than accepting conventional views that emphasize the technical capacity of expert groups, this thesis reveals the complex historical and political processes through which experts struggle with bureaucratic, political, and institutional actors to gain political and policy making authority. Seen from this perspective, the Chilean case becomes an exception rather than the rule. As the Turkish case shows us, in addition to group characteristics, the institutional politics of development planning and the development of higher education institutions – especially the faculties of economics – play a significant role in determining the authority of expert teams.

ACKNOWLEDGEMENTS

I would like to thank Ann Orloff, Bruce Carruthers, and Chas Camic for their encouragement and support. During my field research in Turkey, Prof. Binnaz Toprak provided invaluable moral support and great help with establishing contacts for my interviews. I benefited from the grants provided by the Buffet Center for International and Comparative Studies and the Sociology Department at Northwestern University during my field research.

The whole graduate school experience and dissertation writing process would be psychologically impossible if my dear friend Yunus Sozen did not spend hours listening my tirades on the politics of academia and living abroad. His sharp and lucid perception of social sciences helped me until the very end of the process. I will always treasure Aykut Kilic's friendship and the support he gave since the time I decided to move to Chicago for a nine-year journey. I am grateful to my sister Ekin Dirik and my brother-in-law Kazim Dirik who provided the best possible environment during the writing process in Ankara. I thank Gorkem Akgoz for her support at a turning point and Selin Kesebir for her support on writing techniques. I would like to thank Greg Flanders, Ana Croegaert, Laura Veneskey, Stan Bill, and Vasileios Marinis for helping me with the final reading of the text. Special thanks should go to Rime Naguib for being on my side during the hardest times of the dissertation process. I also thank Rita Koryan, Magnus Briem, Mert Arslanalp, Gergery Baics, Arda Gucler, Banu Yilankaya, Francesco Ragazzi, Gul Ozatesler, Juan Olmeda, Hilal Eyupoglu, and Kuzi for their friendship and for staying dangerously close to an unbearably bitter graduate student.

But most of all, I need to express my deepest gratitude for my mother, who tirelessly tolerated my distress and prayed for the happy ending.

To my family

TABLE OF CONTENTS

Chapter 1: Introduction	9
1. Main Argument	9
2. A Negative Case Analysis?	22
3. Overview of Chapters	28
Chapter 2: Concepts and Approaches to Technocratic Authority	33
1. Who is a Technocrat?	33
2. A Note on Technocracy, Neoclassical Economics, and Neoliberalism	40
3. Various Explanations of the Rise of Technocratic Authority	45
3a. Exogenous Explanations	45
3b. Endogenous Explanations	66
4. Concluding Remarks	74
Chapter 3: Chile as an “Archetypical” Case of Technocratic Authority	79
1. Rise of Economic Expertise in Chile	79
2. Overview of the Free Market Reforms in Chile	91
3. Who were the Chicago Boys?	96
Chapter 4: Turkey as an Alternative Path to Technocratic Authority	110
1. Overview of the Free Market Reforms in Turkey	112
2. Turgut Ozal: Technocrat and Politician	114
3. Who were Ozal’s Princes?	125
4. The Recruitment of Princes	127
5. The Appointment of Princes (Organizational Location During Civil Service)	141
5a. Advisers to the Prime Minister	143

5b. State Owned Banks	146
5c. Central Bank	152
5d. Housing Development and Public Participation Administration	155
6. The Demise of Princes	160
Chapter 5: Story of Chicago Boys in Comparison to Ozal's Princes	168
1. Recruitment of the Chicago Boys	169
2. Appointment and Organizational Location of the Chicago Boys in Comparison to Ozal's Princes	172
2a. Ministries	172
2b. The University and the Think Tank in Chile	178
2c. Why Was the Path Divergent in Turkey? A Historical Analysis of the Turkish Higher Education (With a Focus on Economics Education)	182
2d. Organization of Development and National Planning (ODEPLAN)	213
2e. Why Was the Path Divergent in Turkey? A Historical Analysis of the Politics of Planning in Turkey	218
3. The Demise of the Chicago Boys in Comparison to Ozal's Princes	227
4. Conclusion	233
Bibliography	242

LIST OF TABLES

Table 1: Prominent Chicago Boys	100
Table 2: List of Ozal's Princes and the High Schools They Attended	128
Table 3: Undergraduate Education of Ozal's Princes	135
Table 4: Graduate Education of Ozal's Princes	137
Table 5: Governmental Positions of Ozal's Princes	143

Chapter 1: Introduction

1. Main Argument

Almost twenty years ago, prominent Western thinkers announced the “end of history” and the irreversible victory of liberal democracy in the advanced capitalist world. However, in November of 2011, every major newspaper in the world spoke of “the rise of technocracy” in Europe. Opinion makers of the world media were discussing the vices and virtues of technocracy and how the effects of deep economic crisis would shape the future political landscape of the European Union. The reason for this sudden attention to technocracy was the fact that two European countries, Italy and Greece, decided to handover their government to unelected leaders. Devastated by the global financial crises that started in 2008, governments in Italy and Greece left the task of implementing harsh austerity measures to two technocrats: Mario Monti in Italy and Lucas Papademos in Greece, both prestigious economists with careers in the European Commission and Central Bank, established technocratic governments of experts, business people, and other unelected members.

What was this technocracy about? In the simplest terms, technocracy means “the rule by experts”. In this short definition the word “rule” is crucial, because it implies power, specifically political power. Yet, technocracy is an elusive concept, because unlike a democracy or an aristocracy, historically, we have never observed a technocracy as a concrete and lasting system of political rule. In other words, we have never observed an absolute power of technocrats that persisted over a significant period of time. Thus, technocracy, rather than being a term for a political system, signifies the historical periods or countries in which the influence of experts in politics and policy making is considerably high.

Following this basic definition of technocracy we can describe the “technocrat” as an expert who becomes influential in the policy making and political process. This difference between a technocrat and an expert is important, because technocrats are not simple technicians. Technical experts are everywhere around us in our daily life, from insurance agencies to academia, whereas technocrats work with governments. Furthermore, we should too differentiate technocrats from bureaucrats. Bureaucrats are generally the staff that execute orders within the administrative hierarchy of a state. They are people of procedure and implementation rather than thinking and innovation. And generally they do not have an expert specialization that comes from higher or graduate education. The main narrative of this study pertains to the processes and conditions through which experts transform themselves and become technocrats.

Technocrats are always secondary to other important national actors such as government, military, or business circles, especially in developing countries. However, their impact mainly comes from their role as mediators of an organized view of the world. Technocrats generally travel between international economic organizations, state and corporate bureaucracy, and universities to market, and in doing so disseminate economic knowledge. As any other social scientific expert, they often define their role as being a provider of options for elected politicians when particular policies need to be decided on, and they tend to play down their influence in the political decision-making process. However, experts, when they gain technocratic authority, not only analyze the functioning of economy and society, but they also perform, shape, and format these processes. The concepts of economy and society do not represent “things out there” or they are not external configurations to individuals who analyze and define what they are. An economy or a society is actually *performed* by experts who analyze them (Callon 1998). In other words,

the history of a given society or economy is also the history of the knowledge that experts produce about them, accumulate over the time, and disseminate to the rest of the society.

For instance, assumptions about the *homo economicus* that underlie the neoclassical economic theories can actually create individuals and groups who act according to a particular economic rationality. Furthermore, the underlying assumptions of the theories created by experts have “normative” effects, i.e. they are not just simplifications of the economic or social “reality”. Analyzing the option pricing theory of Black, Scholes, and Merton, Mackenzie (2003), for example, illustrates that the “ideal world” that is assumed by the work of these economists has been institutionalized by the option trading markets in the 1970s. Certain principles of the theory have been adopted by the markets in order to fit these markets into the picture of ideal markets as represented in the theory – a phenomenon that MacKenzie calls “Austinian” performativity (MacKenzie 2004, 305). Therefore, experts provide “exemplary solutions,” that is, solutions that are perceived as successful and used to shape “reality” by political and economic actors in society (Mackenzie 2003, 834).

Technocrats are both the academic professionals of the theory and the knowledge workers of the practice; on trading floors, in banks, and, most importantly, in governments, they collectively define the limits of policy making. By determining the nature and objectives of the economic and social affairs, they indirectly demarcate what the politics should be about in a given historical moment of political decision making. This contribution is exercised most effectively when a high level of institutionalization and autonomization exists in the given field of expertise. The authority of technocrats is highly embedded within the historical development of the social science disciplines and professional organizations, which defines, in collaboration

with state institutions, what the economy and the society are and what the relationship of the political authority with the economic and social field should be (Mitchell 2005).

That technical experts are best fit to govern the polity has had a long history. The idea of rule by “the man of knowledge” was present since the time of Plato and was further promoted by the early modern philosophers such as Francis Bacon. However, it was in the nineteenth century that the value of science and technical knowledge for governing the society was extensively developed by such French thinkers as Comte de St. Simon and Auguste Comte. The term “technocracy” has been in use since the beginning of the twentieth century. Dusek (2006, 46) considers that an economist named John M. Clark, who also coined the term technocracy, promoted the technocracy movement in the United States. This small movement peaked around the mid-1920s. Fischer (1990, 66) argues that an American engineer named William Henry Smyth coined the term in 1919. Regardless of who invented the term, the movement’s ideas found a wide audience during the New Deal era in the 1930s, as well as among the politicians of the Progressive Movement. The type of professional known as a technocrat was in high demand also during the reconstruction years after the Second World War. During the planning era of the 1960s, the notion of technocracy enjoyed considerable prestige. Scholarly studies on this phenomenon mushroomed in the following two decades (Meynaud 1964; O’Donnell 1973; Ascher 1975; Billy 1975; Self 1975; Grindle 1977). In the 1970s the theories of “post-industrial society” were arguing that in a technologically driven modern society, traditional politicians were replaced by corporate and government technocrats who were beyond political ideologies and the policy making process was dominated by social and economic engineering (Dusek 2006, 51). The 1980s marked a change in the structure of professional cadres that constituted state technocracies. Professional economists joined engineers, lawyers, and public policy specialists in

determining the course of free market reforms popular around the world. The increasing authority and capacity of economic experts was particularly visible in, but not limited to, Latin American countries (Babb 2001; Dezaley and Garth 2001; see Radaelli 1999 for the European Union).

Scholarly studies often cite Chile as the most conspicuous case of the heightened presence of monetarist economists in the national technocratic structure. The rise of economists within Chilean state bureaucracy was an incremental trend that has taken place through the second half of the twentieth century (Montecinos 1998). By the end of the twentieth century, in most of the Latin American countries, the prominence of economic experts has become a commonplace in elected organs of the governing body, such as ministerial positions and even presidencies (Markoff and Montecinos 1993; Schneider 1998; Babb 2001). In Chile, one can observe the institutionalization of the type of power that comes from economic expertise even after the transition to democracy in the 1990s, which is often regarded as inimical to technocratic and top-down projects favored by experts (e.g. Fourcade-Gourinchas and Babb 2002, 561).

While the rise of the expert authority vis á vis elected politicians has been largely addressed in the literature on technocracy and politics in Latin American countries (Montecinos 1996; Centeno 1997; Centeno and Silva 1998), scholars working on Turkey often mention the parallels – without undertaking the necessary research – between the cases of “Chicago Boys” in Chile under Augusto Pinochet’s military regime (1973-1989) and “Ozal’s Princes” under the military regime (1980-1983) and Prime Minister Turgut Ozal’s military-guarded governments (1983-1989) (Onis 2004, 132). As a result, not only a systematic study of the subject matter when it comes to Turkey, but also a systematic comparative study of the Chilean case outside of ‘its region’ with similar cases like Turkey is lacking.

In its narrowest definition, the “Chicago Boys” represented around thirty technocrats who were educated in the economics department of the Catholic University of Chile. They were called “Chicago Boys” because of their graduate education in the University of Chicago under some of the founding fathers of neoliberal economic ideology, such as Milton Friedman and Arnold C. Harberger. This graduate experience was made possible through the technical assistance contract signed between the two universities in 1955. The appointment of Chicago Boys to the top positions of economic management during the Pinochet regime represented a successful implantation of economists into the Chilean technocracy.

In the Turkish case, “the Princes,” a term that generally referred to the younger bureaucrats, experts, technocrats, and sometimes the businessmen, who had a high level of devotion, shared vision, and career ambition, around Prime Minister Turgut Ozal. But in its narrowest sense the term “Princes” signified a network of experts composed of thirteen to fifteen people. The appointment of economic experts around Turgut Ozal to the top positions of economic management was an “injection” rather than an implantation since they did not replace all the top-level decision makers in the Turkish technocracy and failed to reproduce a free market philosophy to the extent that their counterparts did in Chile. Most of these economists were young and represented the “new blood” required for bypassing the traditional bureaucracy, which resisted most of the liberal economic measures, most importantly the devaluation of Turkish currency and privatization of state economic enterprises (SEEs). A few of them also provided the nepotistic and corrupted connections of Ozal family to the newly emerging export oriented bourgeoisie and the construction sector.

The fact that both the Princes and the Chicago Boys were the carriers and implementers of free market reforms against state-led development strategies, that they were called to service

under the conditions of economic and political crises, that they were highly insulated from external pressures through military tutelage, and that they held foreign credentials, presents thought-provoking symmetries. But upon closer inspection, the stories of these two expert groups are quite dissimilar in terms of their formation, structure, and experiences in state technocracy. The role of economic experts in consolidating a market-based economic and political philosophy in the Chilean technocratic regime was much more authoritative compared to other cases of neoliberalization in the developing world.¹ In fact, the Chilean case was an exception in terms of the remarkable success of its experts in becoming technocrats and techno-politicians. As I will discuss in the following chapters, in Chile, the seventeen-year dictatorship of Pinochet, the university contract made with the University of Chicago, and the strength of already existing technocratic institutions made the Chicago School economists' transformation into a technocratic group easier than any other Latin American example.

Despite the fact that Turkey started its free market reforms synchronically with the rest of the world in the 1980s and that conditions conducive to expert rule were present during the initial decade of the reforms, the role of neoclassical economists in making neoliberal philosophy hegemonic within the technocratic system was more complicated and indirect. This remained the case up until the series of global crises hit the Turkish economy in 2001 and made its economic decision making mechanisms vulnerable to restructuring through foreign pressure. But even after this date, the influence of economic expertise acquired through graduate degrees from prestigious schools and long careers in international organizations has been relatively weak in Turkish economic administration. The neoliberalization of technocratic institutions in Turkey happened after it did in most of the Latin American countries and is still going on today as a part

¹ I can also mention Mexico as a case in which this earlier and stronger technocratization had taken place (see Centeno 1997).

of a rational strategy to keep the economic growth rate high and to deal with uncertainty created by global financial crises. One could claim that the status of economists within the Turkish state apparatus is still subordinate to elected politicians and traditional bureaucracy when it is evaluated in comparison to Chile.

In this study I ask two interrelated questions, one conceptual and the other comparative, hence empirical. The conceptual phenomenon I attempt to explain is: what are the factors that give economic experts political and policy making authority? And the comparative question, from which I extract a set of conceptual outcomes, is: why did economic experts matter in Chile so much during their free market reforms, whereas they did not have a similar kind of influence in Turkey? Or to put it in different terms: why did the neoliberal economists in Turkey were less successful in becoming technocrats compared to Chilean economic experts. Answers to these questions will not only contribute to the theoretical discussion about technocracy, but, by demonstrating the presence of alternative paths to and different degrees of technocratic authority, it will also help us destabilize the Chilean case as the most studied and prominent case of technocratic authority.

This study answers the questions above by using a historical and comparative analysis and underlines a highly significant sociological phenomenon that is often underemphasized in studies on economic development and economic policy making. My argument is that the historical genesis and development of the national technocratic field throughout the twentieth century, under a set of conflictual relationships with the political and economic elite, shape the divergent conditions under which economic experts gain their authority and become technocrats.

When we compare the two cases, we see that one sociological condition and one institutional condition are particularly important in determining the authority of economic expert

groups. The factors that shape the sociological condition are the group cohesiveness of expert teams (Chiwieroth 2007, 445) and the social reproduction of the expert group. Formation of a coherent expert group largely depends on a common social class background, higher education or career experience, and political ideology or social philosophy. After their formation, expert groups must constantly negotiate, conflict, and compete with the existing bureaucratic elite, policy makers, and politicians. A cohesive team of experts has a greater chance of convincing decision-makers that their understanding of the concrete direction the economy must take during the reform process is correct. Heterogeneous groups give the politicians the opportunity to manipulate their economic philosophy in accordance with already existing nationalist political culture and populist diversions from the neoliberal reform program.

To be able to extend their authority beyond the reform period, expert groups must have resources that help them reproduce and bring about further generations of similar-minded experts. The next generation of experts can translate the power of knowledge into the realm of the political elite in which they can further acquire different forms of resources and power and become techno-politicians. Cohesiveness must be rendered sustainable through the pursuit of conditions of social reproduction. And for this purpose, my comparison also focuses on two important institutions that must have a historical existence in the national technocratic field: the autonomous university (Biglaiser 2002b) and a strong state planning agency (Huneus 2000), which provide an autonomous epistemological home for the recruitment and training of the future generations of experts with a similar type of ideology and degree of group cohesiveness.

My comparison suggests that the presence of a domestic “autonomous” higher education institution that provides incubation for the process of professionalization of alternative economic approaches can contribute to the rising authority of economists during free market reforms. The

Catholic University of Chile, through a technical cooperation agreement with the University of Chicago, provided this incubation and enforced the group identity of the Chicago Boys. In Turkey, the candidates for this task were unsuccessful in promoting professionalization and autonomization of economics. Bogazici University of Istanbul (formerly Robert College) and other USAID-supported higher education institutions founded in the 1950s failed to provide an institutional safe haven for neoliberal-minded economic experts. As a result, Ankara University, which can be compared to University of Chile in terms of its role in the reproduction of the state elite, remained the main source for top positions in the state economic bureaucracy throughout the neoliberal reforms in Turkey.

One of the most important points related to the autonomy of universities, and to my analysis, is the scientific and professional autonomy of economics as a social and policy science. The historical development of modern social science disciplines, their institutionalization within higher education, and the struggles among academic traditions within state bureaucracy shape the context of the rise of experts with a neoliberal mentality. This study conceives economics as a social institution, specializing in the production, discussion, and diffusion of knowledge about the economy. The dialectical interaction of this institution with international forces (especially with U.S. aid after the second world war) and the national state (through the history of education policy reforms and state economic planning), the economic elite (through the demands of the business world), and other social classes (through student and related social movements) shapes the national technocratic traditions that mediate the form neoliberalization takes in a developing capitalist economy. Consequently, the development of neoclassical economics as orthodoxy, and the degree that it becomes orthodoxy within the national field of technocracy, has an important influence on the design of free market reforms. Therefore, in my analysis of the historical paths

leading economics as a social science away from institutional autonomy, I give a special attention to the development of economics education in Turkey.

Finally, my comparison of Turkey with the Chilean experience suggests that the group cohesiveness and social reproduction of expert groups are only possible in an institutional context where certain characteristics of a technocratic field exist at the time of the arrival of the new expert group. But this existence in itself is not enough for the long-term survival of the new group. In other words, group cohesiveness and willingness for group reproduction are necessary but not sufficient conditions. During the period of economic reform, the central institutions in the technocratic field (most importantly, the planning agency, but also the economic ministries and the central bank) must be operative in recruitment. In other words, the politicians must be willing to utilize these institutions strategically rather than undermining them. The fact that the military dictatorship in Chile kept the planning agency (ODEPLAN) functional during the free market reforms of the 1970s gave the Chicago Boys a crucial institutional resource. In Turkey, Turgut Ozal chose to avoid utilizing the State Planning Organization and bypassed other technocratic institutions while implementing his neoliberal reforms. Moreover, as we will see in Chapter 5, the planning agency in Turkey was already degenerating before the neoliberal reforms due to the defeat of economist planners by politicians and ministries involved in economic policy making in the 1960s.

Only a coherent expert group with institutional resources is capable of reproducing itself and gaining the opportunity to generate techno-politicians who master both the power of political representation and the authority of technical knowledge. A final argument underlines this factor: the answer to the question of why Turkish neoliberal experts and economists had a lower level of authority during and after the free market reforms in Turkey should also be sought in the fact that

Ozal's Princes – like their predecessors in the 1960s, but unlike Chilean Chicago Boys – were not able to become technocrats or techno-politicians.

Inspired by Pierre Bourdieu's theory of fields, this study uses the concept of the "technocratic field" as a tool for understanding the institutional conditions and conflicts in which technocratic groups are embedded. The technocratic field is an assembly of organizations and institutions that produce knowledge and train experts in economic and social policy. The core institutions of this assembly are the economic ministries, the central bank, the planning agencies, and the universities (especially the faculty of economics).² Even though the technocratic field is one in which the economic policies of the political regime emerge, this subservient function is not the only existential purpose it has. It is also an active social field in which the struggle for the accumulation of certain forms of power takes place. The main element of power in this field is knowledge, especially the technical knowledge that is supported by and produced through a coherent philosophy that is epistemologically and ontologically in touch with other social fields: the political field, economic field, cultural field,³ and even the religious field.⁴ The goal in the technocratic field is to acquire enough social capital (political and bureaucratic connections) and cultural capital (technical knowledge) that a player can become a *techno-politician*: a type that can translate networks and technical knowledge into economic and political capital. In Chile technocratic authority was institutionalized enough to create future generations of techno-politicians, who were able to translate their authority into political or economic capital and thus

² In the Chilean case, one should also add the independent think tanks.

³ The best example is the Chicago School economic philosophy, which tells powerful actors what to do about the economy *and* how to extend these prescriptions to society in general (philanthropic social solidarity) or cultural life (complete private sector production of cultural goods). Other examples could be corporatism or Keynesianism.

⁴ In Latin America the historical influence of the Catholic Church in the production of social, economic, and political doctrines makes the contact, and sometimes overlap, of the technocratic field with the religious field unavoidable.

became prominent players in the political or economic field. In Turkey, as we will see in the example of Turgut Ozal in Chapter 4, the authority of a technocrat culminates through long years of capital accumulation in the bureaucratic field. In other words the technocratic field is heavily embedded in bureaucracy. Therefore, as in the case of Turgut Ozal, techno-politicians could become prominent players in the political field by translating their authority into political power only in exceptional circumstances. Turgut Ozal used the opportunity created by the military regime to become a techno-politician par excellence. Then, through parliamentary elections, he accumulated further political power and transformed himself into a politician. Most of Ozal's Princes were able to translate their limited authority (accumulated through the networks they established during their relatively short appointments in influential bureaucratic posts) into economic capital after their departure from civil service. But overall, compared to the Chicago Boys they were not very successful in either economic or political fields. While the Chilean case represents a rarely seen notion of “the rule by technocrats,” the Turkish case represents the “use of technocrats” by political power, which arguably is a more common experience in industrialized developing countries.

In summary, this study focuses on complex *internal* (i.e. national or domestic, as opposed to international) mechanisms and sets of relationships that shape the role of technocratic expert groups during neoliberalization in developing countries. We can narrowly define these as the national trajectory that shapes the historical formation of knowledge-producing institutions of the state, and their relationship with international and domestic social actors. More specifically, this study investigates the role of expert groups, higher education institutions, state planning agencies, and the political struggle that takes place within and among these institutions in the formation of economic policies.

In the next section, I carry out a brief discussion on methodology and finish the introduction chapter with an overview of the following chapters.

2. A Negative Case Analysis?

When evaluated according to the criteria set by standard comparative methodology, this study mainly looks like an analysis based on a “negative case methodology” (Emigh 1997). It searches for the mechanisms and processes through which Turkish neoliberal expertise evolved into technocratic authority and counterposes the findings from Turkish case against the Chilean experience.

Since the case of the Chicago Boys of Chile has been thoroughly studied and conceptualized, it is generally treated as an “archetypical case” of economic expert rule, through which the literature on technocracy singles out specific analytical aspects that contribute to the rising authority of technocrats. When considered in contrast to the archetypical Chilean case, the characteristics that are generally regarded as being peculiar to the Turkish experience and features that cannot be conceptualized within a single case study will become conspicuous. In other words, while I will be focusing on the empirical characteristics of the understudied Turkish case and presenting a collective history of Ozal’s Princes – which has so far not been written in either Turkish or English – I will be using the Chilean example as an “anchor case” that provides basic conceptual tools for understanding structural differences and similarities between different technocratic groups and the conditions under which they exist. However, by adding a new case into the literature on technocracy and analyzing it with the conceptual toolbox provided by the Chilean case, I also destabilize the easily accepted status of the Chilean case as the prime example of technocratic authority. The Turkish case proves that the factors exemplified by the Chilean case, no matter how useful they are analytically, can work quite differently when applied

to different national and political contexts, and technocratic traditions. In Turkey, institutions and historical moments similar to Chile, in their interaction with political actors, yielded a different outcome in terms of the capacity of economic experts in becoming technocrats. Detection of these characteristics in different cases of technocratic authority is essential for broader intra-regional comparative studies of technocracies and technocratic groups, carving out different typologies of technocracies, and understanding how these typologies change over time.

Fundamentally, this study uses a combination of what Skocpol calls Mill's method of difference (Skocpol and Somers 1980) and the “deviant case analysis”. In the method of difference, two cases with similar historical conditions are compared to explain the differences in an outcome. Turkey and Chile represent two cases that are mostly similar in terms of their positions in the world political and economic system, their national economic development trajectories, and the conditions under which they shifted their economic policy making paradigm from a state-led model to a free market model. Beginning in the 1920s, both countries reorganized their state bureaucracies in line with state-led technocratic approach and shaped their economic policy making after a national industrialization effort managed mainly by engineers throughout the 1930s and 1940s. The 1950s were marked by friendly relationships with Western powers (especially the United States), a gradual liberalization in technocratic policy making in both countries, and the decreasing importance of engineers as opposed to lawyers and economists. In both cases, this process went on mainly under the rule of right-wing conservative politicians who enjoyed electoral success in the 1950s. Before the free market reforms were in place in the 1970s and 1980s, both countries were influenced by the worldwide trend of industrial planning and the high prestige of state planning organizations. The following free market reforms performed under military dictatorships marked an experiment with neoliberal-

minded economic experts in both countries. This historical period brought about a divergence in terms of the rising authority of technocratic groups in both countries. While the authority of the Chicago Boys expert group reached an extraordinary peak in Chile and left an indelible imprint on Chilean policy making during this period, the experiment with neoliberal technocrats in Turkey was for the most part transitory. The technocratic authority of economic experts in Chile became an integral part of the state administration until today. However, the foreign educated experts in Turkey participated in and managed the radical free market reforms of the 1980s remained under the control of career politicians.

The main criticism of the method of difference is the difficulty of finding cases that have identical units of analysis *and* differ by a single variable (Emigh 1997, 653; also see Lieberman 1991). Therefore, the criticisms based on “the fundamental differences between the two countries” are common. However, while a certain degree of methodological self-consciousness is necessary, an extreme rigidity in terms of meeting the requirements of the method of difference is inhibiting. It is impossible to carry out comparative studies, which we implicitly or explicitly always do in social scientific research, if we were to look for absolutely identical or absolutely different country cases to compare, since they do not exist. For instance, an American Sociological Association Best Dissertation Award-winning study by Milor (1989) compares France and Turkey in terms of their development planning experiences without considering the effects of the differences between the presidential and parliamentary systems.⁵ Therefore, the purpose of a comparative design is fundamentally to examine the similarities and differences relevant to the general theories constructed to explain the phenomenon of interest.

⁵ Or imagine the more common studies that compare Argentina and Turkey (e.g. Onis 2006).

The deviant case analysis is used in sociological studies in various forms but its main purpose is to test the general theory against an unusual case. A case deviating from the expected outcomes outlined by the theory helps us discover variables omitted by the general theory, and hence develop its content and explanatory power. In addition, a deviant case with historical conditions that are in accordance with the general theory, yet still exhibit an unexpected outcome, can improve our understanding of the fundamental variables suggested by the theory. By examining under which conditions the commonly accepted factors work or do not work in a deviant case, we expand our understanding of the mechanisms, processes, and social relationships that really explain the variation in outcome (Emigh 1997, 654). For instance, when considered from a domestic point of view, foreign pressure as a widely accepted factor in reinforcing expert rule becomes a much more complex process. The actual working of technical cooperation agreements signed between U.S. universities and Chile in the 1950s were different than the agreements signed with Turkish universities in terms of their objectives and level of success. These agreements can be seen as a tool of cultural imperialism by a simplistic explanation that limits itself to the international level of analysis and assumes the rising authority of economic experts merely as a stipulation forced by neoliberal international institutions dominated by U.S. interests. However, when it is evaluated with the set of institutional relationships at the domestic level, an international phenomenon becomes an important domestic factor in explaining the low level of authority of neoliberal economists during the neoliberal reforms in Turkey.

Both the method of difference and deviant case analysis are characterized by their variable-based approaches (Emigh 1997, 656). In other words, they are used to single out a variable (an initial difference between two cases) or to add a new variable to the general theory

by focusing on an anomalous outcome. The “variables” in this study are the (often conflictual) relationships among social agents and institutions. The factors I use to explain the low level of authority enjoyed by Turkish economic experts during the free market reforms (e.g. the collective biography of experts, historical development of the universities, and institutional conflicts among the planners and politicians) are relational and historically determined. They are not quantifiable units of analysis that can be subjected to statistical tests. The arguments I propose for the explanation of Turkish experience chiefly work toward a more qualified understanding of the factors and concepts outlined by the theory of technocracy. Therefore, the methodology of this study can be labeled as a “negative case analysis,” which combines the method of difference and deviant case analysis in order to arrive at “loose” deductions (Emigh 1997, 656). Negative case analysis aims to contribute to the content and explanatory power of the knowledge acquired from various cases by investigating a single case in the light of general principles derived from the general theory. It is particularly useful in analyzing cases of unsuccessful or delayed development of a social phenomenon (e.g. economic development) (Emigh 1997, 650). Even though this study uses comparisons with Chilean case, essentially it is an extensive single case study of the negative Turkish example. The centrality of the Chilean case for this study is a result of the rich empirical literature that applies the general theory of technocracy to Chile; hence making it a suitable testing ground for the deviance we observe in Turkish technocracy.

It is generally hard to work with negative cases to try to explain why a certain thing *did not* happen in a given case. Nevertheless, social scientists always try to explain “non-events”.⁶

⁶ For example, the question of why there has not been a war between major powers since 1945 is widely studied by political scientists. One possible and credible answer to this *nonoccurrence* is the phenomenon of “nuclear deterrence.” However, we cannot use a positive case study to test

While we treat the Chilean case as the archetypical example of the positive outcome, i.e. the high authority of economic experts and state technocracy, we juxtapose Turkey as a "negative case" that satisfies what Mahoney and Goertz (2004) call the "possibility principle." In comparative qualitative research, we generally try to understand the factors that determine a dichotomous outcome (e.g. the presence or absence of a revolution) through a comparison with a negative outcome. This outcome is often a "non-event" which is represented by the millions of cases in which the phenomenon we observe did not take place. Therefore, we do not compare all of the cases in which economic experts exist yet do not have authority within the state bureaucracy. The possibility principle advises us to choose a negative case in which the possibility of a positive outcome is present (Mahoney and Goertz 2004, 653) to avoid irrelevant observations in our comparative model. Turkey, in this sense, with a historical presence of expert groups within the state bureaucracy, its experience with planning, and highly institutionalized higher education system represents a suitable negative case of economic expert authority. In other words, we have no reason to believe that the absence of a high technocratic authority enjoyed by expert groups in Turkey is coincidental or due to factors highly specific to Turkey. A parallel analysis of two countries that treats the Chilean case as a counterfactual in which a comparable historical development of technocratic institutions yielded a positive outcome would help us diagnose why and how some of the sociological dynamics present in both cases generated different results.

Finally, the history of neoliberal policy making in the 1980s is rarely written through the lens of technocratic experts. The experiences and memories of the members of Ozal's Princes are scattered through a few journalistic books, magazine interviews, and newspaper articles. One of the empirical contributions of this study is to provide a "prosopography", a synthesized history,

this hypothesis, since there has been no nuclear attack among major powers since the Second World War (Fearon 1991, 183).

of these experts as a collective body. In order to achieve this, I use long and open-ended interviews with the available members of Ozal's Princes. In addition, I support the Princes' accounts with other interviews I carried out with bureaucrats who occupied office during the same period and academic economists old enough to evaluate the role of economic expertise in shaping free market reforms in Turkey. Naturally, I include the secondary literature written in Turkish on the policy debates of the 1980s and the memoirs of high state officials of the period in my analysis. In order to create a chronological background of the 1980s, and of the position of Princes in contrast to this background, I have carried out an archival study of the newspaper *Milliyet*, which is a prominent Turkish daily newspaper that has been published since 1950. It was one of the first newspapers to introduce an economy section during the 1980s. I have browsed the archives of this newspaper for the period between 1980-2000. Finally, for Chapter 5, especially for the section on the development of Turkish Higher education, I use historical documents from USAID archives and foreign mission reports.

3. Overview of Chapters

Chapter 1 begins with the definition of central concepts used in this study. After providing a definition of the concept of "technocracy" and examining its distinguishing characteristics from neighboring concepts such as bureaucracy, I provide a working definition of the term tailored for the purposes of this study. Economists, as scientists and professionals, are at the center of my definition of technocracy. The section ends with a discussion of the notion of the "technocratic field," a concept I formulate as an allusion to Pierre Bourdieu's concept of the field. I conclude the section with a brief discussion of the relation between neoliberalism as an ideology and neoclassical economics as a current within academic economics. I then move on to a more theoretical discussion. The boundaries of the theory of technocracy are not as clear as one would

expect it to be. Various social science disciplines from political science to history have studied different aspects of technocracy and expert rule. I attempt to reorganize and analytically categorize this literature in a way that is useful for framing my hypothesis. I specifically discuss the literature that examines the factors contributing to the rising authority and prestige of technocrats during the twentieth century. I classify this literature under two labels: *exogenous* and *endogenous* explanations. Exogenous explanations are the ones that search for the reasons of the rising authority of technocrats in factors external to expert groups, i.e. the interests and motives of actors and institutions that are not experts or institutions of expertise. I discuss these explanations at two levels of analysis: international and domestic. The interests of international financial circles, advanced capitalist countries, and domestic political elite, military regimes, conditions created by economic crises, and functional complexities brought about by the modernizing society can be listed as the examples covered under exogenous explanations. This study puts the main emphasis on the second group of explanations. Endogenous explanations focus on the formation and capacity of expert groups and their conflictual relationship with other social agents and institutions. The notion of “autonomy” is central for this literature since collective self-determination and the organization of experts are crucial in terms of their access to resources that increase their capacity to influence economic decision making. Endogenous explanations highlight two dimensions of autonomy: scientific autonomy and professional autonomy. While I refer to science studies and studies on the history of economics for the discussion of scientific autonomy, for the discussion of professional autonomy I use recent literature that elaborates on the sociology of professions to analyze the professionalization of economics. This study does not claim that endogenous and domestic approaches explain the technocratic authority more effectively than exogenous and international approaches. The global

rise of economists as a prestigious and authoritative group of professionals and their increasing visibility within the technocratic decision making process is a complex phenomenon. My aim is to deal with an important and often neglected part of this complex equation as a contribution to the efforts to formulate a comprehensive theory of technocracy.

Chapter 2 introduces Chile as an archetypical case of radical neoliberal restructuring and high technocratic authority enjoyed by economic expert groups in the course of neoliberalization. I present a brief narrative of the Chilean free market reforms in order to provide the context of policy changes set free by the military coup of 1973. I then move on to a description of the Chicago Boys as a coherent expert group and lay out their collective characteristics. The class and educational backgrounds and experiences throughout which the Chicago Boys transferred neoliberal ideas from the American to the Chilean context constitute the backbone of the last section of the chapter.

In Chapter 3, I introduce Turkey of the 1980s as a case of neoliberal restructuring and provide a brief overview of the reforms as well as the economic crises that led to these reforms. Turgut Ozal's persona and career in politics are important for understanding the reasons and conditions of the formation of Ozal's Princes as an expert group. Since Ozal represents a rare example of a successful technocrat-turned-politician in Turkey, I give special attention to his biography and involvement in the policy making process at the beginning of the 1980s. Those were the formative years of the Turkish neoliberalization experience. Ozal's economic and political vision, together with his experts with a background in engineering, shaped the direction that the Turkish economic administration would take until the beginning of the 1990s. I conclude the chapter with a brief description of who the Princes were and distinguish them from the initial team of engineers around Ozal.

Chapter 3 continues with the story of the Princes in office. In the remainder of the chapter, I describe the group characteristics of Ozal's Princes and explain their processes of recruitment, organizational location, and retreat from civil service. By narrating the collective biography of the team in relation to their experiences in office, I attempt to picture how the *habitus* (historical accumulation of socially acquired dispositions, skills, and patterns of acting) of the Princes as a group interacted with the technocratic *field* during the 1980s. I divide the second half of the chapter into sections that reveal the organizational locations that define the technocratic field in Turkey during the period, with the exception of universities and planning organization, which I discuss in detail in Chapter 5. The collective characteristics of the Princes as a group are illustrated with respect to their class background, educational careers, employment careers, and the networks through which they were recruited (i.e. their social capital). These descriptions are spread throughout the chapter in order to show how they interacted with other actors with different *habitus* and stakes in the technocratic field.

Chapter 5 is the longest and final section of this study. In this chapter I go back to the Chilean case and discuss the organizational location of the Chicago Boys comparatively. The chapter presents a comprehensive analysis of the two institutional components of the technocratic field: the higher education system and the central planning organization. As the chapter illustrates, the role played by an autonomous university and a central planning organization is very important in providing institutional resources for the Chicago Boys. By tracing the historical development of the same institutions in Turkey, Chapter 5 explains why these very similar institutions in Turkey failed to serve the functions their counterparts did in Chile. First, I start with a historical account of the birth and development of higher education institutions in the Republic of Turkey. I focus on the organizations specializing in economics

education and evaluate important historical turning points in terms of their institutionalization and relations with the state. The chapter examines the aims and outcomes of the technical cooperation agreements signed with Turkish universities and the Ministry of Education to demonstrate how an identical foreign influence on its knowledge institutions produced different results than Chile. Then, I continue with the analysis of two Turkish universities that could have played the role of the Catholic University of Chile. The chapter argues that the variation in technical cooperation agreements, institutional politics, and the increasing politicization of higher education in the 1960s resulted in a divergence in the Turkish experience from the Chilean one. Eventually, the recruitment patterns dependent on the traditional university system persisted and prevented the development of an autonomous and influential school of economics that was based on neoclassical economics. The absence of a strong neoclassical school and area of expertise left Ozal's Princes deprived of an important intellectual resource during the free market reforms and against traditional bureaucracy. In the remainder of the chapter, I discuss the historical trajectory through which the planning organization of Turkey developed and went in a different direction from its Chilean counterpart. Similar to the lack of autonomy that economics as a science and profession encountered in Turkey, the defeat of the economists in the founding cadre of the planning agency against conservative engineers in the 1960s, and further degeneration of the organization throughout the 1970s, undermined another institutional resource for Ozal and his expert team in the 1980s.

Chapter 2: Concepts and Approaches to Technocratic Authority

1. Who is a Technocrat?

A technocrat is an expert, generally in engineering or economics, who works at high-level decision making offices of the government. Though they may also be employed in private sector as well,⁷ some degree of government experience distinguishes technocrats from a typical corporate white-collar employee. And yet a technocrat is different from a bureaucrat, who generally lacks the high expertise and education of a technocrat and who acquires professional experience through a long career within a bureaucracy. For a significant majority of the bureaucrats in the developing world, secondary education generally suffices for employment. Bureaucrats carry through with the top-down orders that come from within the hierarchy of the state apparatus and that ultimately refer to legal procedures. Innovation and policy formation that is only possible by highly trained professionals is what distinguishes a technocrat from a bureaucrat or a technician (Silva 2008, 5).

Technocrats can be employed in various sectors of state bureaucracy, but this research is mainly interested in experts who have experience in economic bureaucracy, given that in the era of free market reforms there is a universal tendency for economists to become the most authoritative actors within technocratic cadres (Markoff and Montecinos 1993). Williamson (1994) defines a technocrat as an economist who works for the government and who uses her professional and technical skills to create and manage an economic system that advances the common good. Williamson's definition is incomplete since not all technocrats are economists. For instance, a seminal work on the topic considers higher civil service, high military personnel, and the scientific elite to be technocratic positions (Meynaud 1968). In order to emphasize this

⁷ For a detailed discussion of the notion of technocracy in relation to organizational control and workplace see Burris 1993.

rather nuanced distinction, one can employ the term “econocrat” as the best approximation of the sociological status of economists with influential role in policy making. This concept, to my knowledge, was first introduced by Peter Self, in his 1975 book *Econocrats and the policy process: the politics and philosophy of cost-benefit analysis*. According to Self, “econocracy” is a way of thinking that attributes a particular importance to a few related technical factors in any given economic decision making moment. For the econocratic approach, the science of economics is not only an instrument that provides tools and models to analyze the relationship among different economic phenomena, but it is also a science that determines the shape and content of national welfare programs, economic behavior, and the objectives of politicians. As such, the term “econocrat” captures sense of a professional division of labor within technocratic cadres. However, in order to avoid a conceptual cacophony, in this research I will employ the concepts of technocracy and technocrats for the most part instead of econocracy and econocrats to identify neoliberal experts employed within state economic bureaucracy. Whenever I refer to a particular conflict or contrast among different professional groups within a single technocratic ensemble, e.g. engineers and economists, I will employ the concept of econocrat to highlight the distinguishing qualities and behaviors of economists from other members of technocratic cadre.

Economic experts increasingly represent the core members of the technocratic elite today.

An economist in the United States is generally an academic who is located “outside” the state agencies. She produces and disseminates knowledge about the economy mainly within a university system. The field of economic knowledge in the U.S. is separated from, but not autonomous to, the political field. Although many prestigious economists work in government agencies and think tanks, when we think of an American economist we imagine a professor with a Ph.D. ideally from a prestigious university. This is largely due to the fact that the science of

economics in the United States – with its stable professional organizations and prestigious academic departments – is strongly institutionalized and shapes the scientific direction of economics all over the world. This model is different from the “continental” model, in which a tradition of “cameral,” state, or administrative sciences establish the main professional function of an academic in close relationship with state bureaucracy (Fourcade-Gourinchas 2001). In these countries, the State is more involved in the development of the disciplines and professions of the social sciences than in the U.S. The professional role of economists in developing countries resembles more the continental model than it does the American model. A typical economist is an academic, state official and politician; or she serves in academic, public, and private sectors interchangeably throughout her professional career. For this reason, as in the case of France, a technocratic expert is considered to be “a member of the social elite at one of the prestigious and exclusive *grandes écoles*” (Silva 2008, 14). In developing countries such as Turkey and Chile, where historically the evolution of social sciences emulated the continental model, the national state invested in higher education with the goal of training a state bureaucratic elite. Although a certain amount of trained economists still are recruited in the managerial positions in the private sector, a successful expert in economic policy process is mostly considered as a candidate for top state bureaucratic positions. The ministry of finance, ministry of the economy, treasury, or the budget office generally recruit its top bureaucrats from a national university, which is founded and developed in accordance with the state-building process. The University of Chile and the Political Science Faculty of Ankara University in Turkey are good examples of this harmony of state building and social sciences. This makes the conceptualization of an economist in U.S. easier as an autonomous professional working in the field of knowledge production, as compared with developing country cases, where the

professional autonomy of economics as a social science is weak and an expert economist can more easily be considered as a civil servant working in the field of knowledge application.

Another conceptual tool I employ in this study is the notion of the *technocratic field*. Inspired from Pierre Bourdieu's concept of the *field*, the technocratic field will be central to my analysis of the historical development of technocratic traditions and its relation to state and academic institutions, especially in Chapter 5. With the notion of fields, Bourdieu aims to provide a flexible halfway point between the concepts of structure and agency, both of which occupy a central position in sociological theory. A field, for Bourdieu, is a system of relations that maps the geography of positions that agents make use of in their social relations, and that defines the objective relations between these positions (Bourdieu and Wacquant 1992, 97). However, as opposed to the concepts of system or structure in sociological theory, fields are not deterministic, nor do they define functionalistic relationships. A field is never complete, nor demarcated absolutely, it is on the contrary characterized by conflict and competition (Bourdieu and Wacquant 1992, 104). Social agents participating in a field at any given historical moment are in a constant struggle to define which type of social force is hierarchically important in determining the logic of the field, how different sources of power (Bourdieu conceptualize these as *capital*) are distributed, and the boundaries of the field – i.e. the relationship of the field with other fields. Different fields, such as the artistic field, the intellectual field, the economic field, or the bureaucratic field, have their individual autonomy, that is to say that there is a specific logic that emerges in their historical development, as social spaces. To do analytic research on a field is to investigate this specific logic, the types of capital dominant in the field, and the struggles to determine the autonomy and limits of the field in a particular historical moment.

For Bourdieu, state, in concrete terms, is an ensemble of administrative or bureaucratic fields in which different agents and groups of agents struggle for the control of the specific form of power that comes from legislative and administrative measures. Bourdieu does not specifically elaborate on a particular technocratic field or carry out an empirical investigation, apart from his research on the state elite in France who obtains its higher education in elite schools, which traditionally train top state administration (Bourdieu 1998). However, with the increasing importance of expert involvement in the administration and policy making, it is possible to discuss the genesis of a technocratic field in at least industrialized countries throughout the twentieth century.

The field of technocracy can be described theoretically as a space that exists at the intersection between the academic, economic, political, and bureaucratic fields. Of course, a good deal of overlap and transition also exist between the technocratic field and these other fields. However, the technocratic field has a certain degree of autonomy. The logic of the academic field is akin to the technocratic field, in so far as knowledge represents the most important source of power (or “capital” in Bourdieu's terms). Yet technocrats do not conduct research with the aim of contributing to a practice of collective scientific accumulation. Rather, they collect, analyze, and evaluate information in order to arrive at knowledge that is relevant for a given policy; in other words, knowledge that is relevant for the solution of a present or imminent administrative problem.

Given that the administration of the economy can be broadly considered to be the administration of capitalists and labor markets, the technocratic field is in constant interaction and tension with the economic field. Moreover, graduates of economics and engineering departments are just as frequently employed in the private sector as they are in the public sector.

With the development of managerial sciences and the changes in the organizational structure of private businesses, it is also possible to speak of corporate technocracy (see Burris 1993). Yet the logic of technocrat thinking about the economy is not the same as the logic of the capitalist or business executive. The state technocracy is often composed of highly specialized economists and engineers who possess a mentality that sees the economy as a whole, and that is separate from the interests of a singular private entrepreneur. Therefore, what is best for the healthy functioning of a capitalist economy as a whole may be in contradiction with the particular interest of an individual capitalist.

Technocrats are players in the bureaucratic field as well. In fact, they are generally employed in organizations that are integral parts of the state bureaucracy. Yet in the bureaucratic field, the scientific knowledge and the analytic capacity necessary for policy innovation are not the fundamental sources of power. Knowledge is indeed important for bureaucracy, but this knowledge is for the most part the knowledge of the rules, regulations, and procedures that are manufactured by the historical development of the state apparatus. Knowledge in bureaucracy is not the result of expert specialization based on long years of higher education, critical thinking, and innovation. Whereas a bureaucrat is expected to implement policy decisions, a technocrat is expected to come up with new policy tools.

Finally, the technocratic field is in an organic and conflictual relationship with the political field. It is important for top-level technocrats to have political awareness, because of the fact that policy making is always part of the political play of competition, the articulation of particularistic interests, and social conflicts. In addition, it is not uncommon for technocrats to enter into politics and thereby to become professional politicians. The technocratic field and the political field both are interested in the domination and administration of the polity. However,

political capital is acquired through relationships based on manipulation, persuasion, and negotiation among various categories of social agents, governmental and non-governmental. The collegiality in the technocratic field, for example, more closely resembles the academic field than it does the political field. It is very rare for agents in the political field to accumulate power by adhering to holistic worldviews that are generated through scientific theories and scholastic philosophy. One of their broader sources of power is ideology, which is one of the least valuable types of capital in the academic field. Ideology, in the academic field, is generally regarded as an impediment to the “objective” quest for the “truth” or a shortcoming that obscures the researcher’s analysis of the “facts”. The technocratic field mediates between these two different forms of cultural capital and fields: theory and ideology, the academic and the political fields.

In more concrete, or institutionalist, terms, the technocratic field is a space in which experts and expert groups struggle and compete with one another for the control of an ensemble of institutions specializing in the management of the complex and modern economy of a national state. By virtue of their specialized knowledge about a pertinent policy area, technocrats are generally recruited into these organizations during the introduction of major policy changes or economic crises. During the second half of the twentieth century in particular, organizations such as planning agencies, central banks, autonomous or semi-autonomous regulatory agencies, the policy institutes of universities, think tanks, top management of the state economic enterprises, and advisory offices or undersecretaries in ministries became the main components of this institutional ensemble.

As we will see in our case studies in Chapters 3 and 5, in order to obtain authority and influence expert groups must be able to exploit the overlaps and the transitions between the academic, technocratic, and political fields. Therefore, the concept of *techno-politician* will be

central for my explanation of the differences between Chilean and Turkish expert groups in terms of gaining access to the highest positions of power and authority within the state administration. The high level of authority, i.e. the power that comes from the technical mastery of the knowledge about the economy in particular, and about the society in general, was made possible by the process through which many economists became *techno-politicians*. These economists then went beyond their professional fields to take the risks and responsibilities inherent to political power by accepting ministerial appointments or even running for elected offices (Van Dijk 1998, 98).

2. A Note on Technocracy, Neoclassical Economics, and Neoliberalism

It has been over a decade since sociologists Miguel Centeno and Patricio Silva (1998) observed that there was a lack of systematic and comparative studies on the relationship between technocracy and economic reform. While most of the literature on free market reforms and institutional change focuses on the effects of “Western” and “Anglo-American” pressure on developing countries, they remain limited because of the lack of comparative intra-regional analyses. This leads to a shortsighted reproduction of the Latin American experience in general, and the archetypical Chilean case in particular, as characteristic of the general worldwide process. Although the dissemination of neoliberal ideas happened the way this common account informs us (from the advanced capitalist world towards the developing economies), there is a significant variation at the local level in terms of the timing, popularity, and institutionalization of these ideas. Moreover, some scholars demonstrate that the dissemination process is much more complicated than a one-way model and that there are multiple feedback and cross-fertilization processes (e.g. Mitchell 2002). This study argues that different technocratic traditions in the developing world must be accounted for in order to understand this variation.

The national organization of economic policy making as a technical and autonomous field has been taking place under global pressures since the end of the Second World War and has also been examined thoroughly (Fourcade 2008). The role of technocrats or politically autonomous expert groups within state bureaucracy in carrying out the radical reforms during economic crises, and especially at the beginning of neoliberalization, is also pointed out in the existing literature (O'Donnell 1973; Centeno 1997; Eyal 1998). Beyond the scholars working on Latin America, however, the rise of economic experts as the technocrats of free market reforms has been the subject of less study (Camp 1985; Silva 1991; Silva 1993; Silva 1996; Teichman 1997; Schneider 1998; Silva 2008).

Despite the fact that the rise of the neoliberal free market reforms and the rise of neoliberal technocrats overlap to a significant degree, analytically we have to differentiate neoliberal policy reforms from neoliberal technocracy. Technocracy, a system of political administration in which the political and policy making authority of technical experts is high, has existed before neoliberalism became globally a hegemonic ideology. In fact, historically, technocracy is very much in harmony with the administrative systems where state intervention in the governance of polity is strong. The rise of technical expertise in policy making was very visible during the "New Deal" era of the 1930s, the reconstruction years after the Second World War, and the planning era of the 1960s. Especially, the emergence of state planning agencies enabled the rise of engineers and structuralist economists to top bureaucratic and political positions. State-led developmentalism, Keynesianism, and the Latin American version of the latter, Structuralism, constitutes the ideological bedrock of the technocratic administration. The rise of neoliberalism necessitated a transformation in the nature of technocratic administration, the type of technical expertise that characterized technocratic decision making, and the economic

ideology that underpinned technocratic thinking. As an ideology, neoliberalism demanded a reduced role of the state in the economic affairs. Limiting the role of state to a regulatory body shifted the base of economic expertise from central planning agencies to autonomous regulatory agencies specialized in specific economic sectors. Monetarist policies that stipulated an autonomous central bank, regulatory institutions that organized the emerging financial markets, and technical committees that executed privatization of giant state economic enterprises were all parts of a very complex and technical decision making process, which provided a favorable institutional environment for the increasing authority of a different kind of expert knowledge. Therefore, the economic expert for the neoliberal era was mainly an economist, particularly an economist trained in orthodox or neoclassical economics. Therefore, another underlying story in this study pertaining to the technocratic authority is the historical transformation of the developmentalist technocrat of the 1950s and 1960s into the neoliberal technocrat of the 1980s and 1990s.

A study of the rise of neoliberal economic experts in developing countries can help us understand some of the mechanisms that facilitate the spread of economic policy ideas from their places of origin to the rest of the world and among developing countries. Studies on economic development, orthodox economic policy approaches, and international political economy often underline external pressures as the main source of change in economic policies in the developing world (e.g. Stiglitz 2002). International transmission, coercion, and emulation necessitated by the forces of neoliberal globalization explain most of the similarities found between the experiences of developing countries. Indeed, the international interests of the world powers, of bilateral creditors, multilateral organizations, and of multinational companies, etc. necessitate a certain type of professional, one who plays according to the rules of the game (Fourcade 2006). It is

striking that the majority of experts transmitting and implementing free-market ideas are foreign educated, especially in Anglo-American universities. However, the “Americanization” or “Westernization” of economic management in developing countries still needs further elaboration.

A branch of scholarship calling for further comparative studies in order to understand the “varieties of neoliberalism” has grown in the recent years (Overbeek 1993; Soederberg *et. al.* 2005; Plehwe *et. al.* 2006; Mirowski and Plehwe 2009). According to these scholars, neoliberalization is not a process that is uniform throughout the world, but it is shaped very much by local politics, interpretations, and institutions. Both as a policy process (Prasad 2006; Fourcade-Gourinchas and Babb 2002) and as an ideology (Harvey 2005, Blyth 2002) that redefines the relationship among the economy, state, and society, neoliberalism is increasingly being scrutinized within a comparative perspective. Most of these studies are focused on the historical development of neoliberal knowledge in individual countries (Babb 2001; Mirowski and Plehwe 2009). As a cosmopolitan, expert-created, and top-down economic and political philosophy, neoliberalism is increasingly being studied as part of transnational networks of knowledge production and in relation to the local interests of corporate and political constituencies that have a stake in the authority of neoliberal knowledge. Some of the main media for the intersection of these conditions and interests are the knowledge institutions, such as the disciplines of the social sciences, planning organizations, and central banks. Therefore, a comparative investigation of the traditions of national social science production and the national technocratic infrastructure that organizes the relations between scientific knowledge and state action (Wagner 1991) is a necessary and fruitful supplement to studies that try to understand the spread of neoliberal knowledge through the globalization wave of the late twentieth century.

Regardless of the stereotypical understanding of neoclassical economics and neoliberalism as being identical, the correlation between the rise of neoliberalism as a policy framework and the rise of neoclassical economics as an academic orthodoxy has been observed by a number of scholars (Harvey 2005; Taylor 2006, 34). These scholars either suggest that there is a set of common ethical and political assumptions that exist between neoclassical economics and neoliberalism about the relationship between the social and the market order (Valdes 1995; Gove 1997), or they argue empirically that, as in the case of Eastern Europe for instance, what we label as “neoliberal revolution” is mostly the transfer and translation into national policy making processes of neoclassical academic approaches dominant in Western universities (Aligica and Evans 2009, 75).

Leaving the specific aspects of the relationship between neoliberalism and neoclassical economics to the historians of economic thought, we believe that there is a reasonable basis for focusing on the reception and the development of neoclassical economic approaches in the developing countries as one aspect of neoliberalization. From a comparative-historical perspective, one lesser-preferred but considerably innovative way of doing this is to analyze the historical development of the discipline of economics and higher education institutions as a whole, in the context of various developing countries. The main tenet of this study is to incorporate the growing body of comparative literature that takes into account the domestic side of the story, i.e. the similarities and differences between the genesis, institutionalization, and development of economics as a social institution (Montecinos 1996; Babb 2001; Fourcade-Gourinchas 2001; Biglaiser 2002; Fourcade 2009). It is important to understand the domestic struggle between national economics and the economic knowledge received and adopted from abroad, and to analyze “the structured, dialectical relationship between institutions (political

institutions in particular) and knowledge” (Fourcade 2009, 239). Differing national understandings of the purpose of scientific knowledge, the organization of higher education, and the social struggle to define the role of knowledge institutions in general is crucial for understanding the forms of expert rule and technocratic regimes that influence the changes in economic policy making and neoliberal transformation.

3. Various Explanations of the Rise of Technocratic Authority

3a. Exogenous Explanations

Studies that are relevant for research on technocracy in the developing world can be grouped in two broad categories: exogenous and endogenous explanations. Exogenous approaches to the role of experts in economic policy making emphasize the “functional necessity” of technocrats and the structural complexities that necessitate the technical knowledge of experts. Technocrats gain authority either because powerful political and economic actors have need of them or because they represent increasingly deep and complex social-structural relationships that are necessitated by the division of labor in capitalist modernity. Exogenous explanations, in Schneider’s (1998) terms, operate in two spatial dimensions: international and national.⁸ Since they focus on external conditions, i.e. structures and actors that surround technocratic groups, exogenous approaches are characterized by their emphasis on the *pressures on* and the *functions of* technocracy as the factors that explain the level of authority of experts.

Studies that prioritize international pressures as the source of technocratic intervention treat the increase in the authority of experts as an outcome of the post-Second World War

⁸ Of course, terms like “exogenous” and “endogenous” are relative terms and depend on the analytical objectives of a given study. As long as our focus is the economic expert groups, i.e. if the technocratic groups are our explananda, “exogenous” refers to the factors outside the expert group, whereas the “endogenous” refers to dynamics related to the formation, character, and history of the group itself.

international order that came to be dominated by the United States. Because of the fact that the U.S. dominated world politics outside of the USSR-influenced regions and produced hegemonic forms of knowledge and ideas, the technocratic management model is often regarded as the export of U.S.-style capitalist rationality outside its borders. As a general rule, developing countries were the passive receivers of this model or set of doctrines. Especially through the Bretton Woods organizations (Dijck 1998) that sustained the world hegemony of the U.S., a certain type of economic governance model and economic expert consistently convinced or pressured their colleagues and policy makers all around the developing world for further participation into the international free trade regime and further promotion of private enterprise (Williamson 1994; Strange 1996, 162; and among more popular works, one can mention Harvey 2005 and Klein 2007).

The increasing complexity of global macro-economic conditions and increasingly frequent global fiscal and financial crises after the boom years of 1950s increased pressure on governments for expert rule in the developing countries. The involvement of foreign sources of capital, both private and public, in the process of economic recovery highlighted the role of econocrats, thanks to the perception of “credibility” that they created in the eyes of lenders (Schneider 1998). This was especially true for the foreign debt crises in the early 1980s, which created a huge demand for foreign exchange in the developing world. Lender countries in the OECD and private lenders were extremely selective about where they would direct their short term and expensive credits. In this fragile financial atmosphere, familiar faces served as a sign of creditworthiness, and therefore foreign educated economists, or econocrats who had experience in international financial institutions, were promoted to high positions within the bureaucracies of developing countries. For instance, despite the differences in their political regimes, the

influence of technocratic policy making had significantly increased during the economic crises of the early 1980s and the following neoliberal reforms in Mexico and Argentina (Teichman 1997). Similar to examples in Latin America, Turkey's foreign exchange crises of the late 1970s forced the government to provide a signal of its determination to rationalize the management of its domestic economy. Before releasing more resources for economic recovery, foreign lenders (OECD countries) and international organizations (IMF and the WB) insisted on technocratic interventions that would act as a broker between the government and international capital (Sayari 1992, 23) and that would ensure the implementation of structural adjustments necessary for neoliberal solutions to financial crises.

In addition to economic aid and lending, President Harry Truman announced in 1949 that technical cooperation would become an important foreign policy tool for winning the increasingly intense ideological battle of the Cold War. He declared that he "believe[d] that we should make available to peace-loving peoples the benefits of our store of technical knowledge in order to help them realize their aspirations for a better life" (Garlitz 2008, 10). Between 1952 and 1961, the International Cooperation Administration (ICA) carried out this policy of technical cooperation through the contracts that it signed with foreign universities for technical assistance, generally referred to as the "Point 4 programs."⁹ The technical cooperation policy of the United States also introduced a new front in the battle of ideas against the socialism disseminated by the Soviet Union. However, the ideological struggle that the U.S. had started during the Cold War

⁹ ICA, together with Mutual Security Agency and the Foreign Operations Administration, was a precursor to the U.S. Agency for International Development (USAID), which was founded in 1962 by President John F. Kennedy as the foreign assistance organ of the United States. Within the two years following the launch of the program in 1953, seventy-eight contracts were signed all over the world (Valdes 1995, 88). Between 1950 and 1970, ICA initiated contracts in Latin America, Africa, and Asia with the participation of more than fifty American universities (Garlitz 2008, 12).

period was not just against Marxist ideas. The geographical proximity of Latin American countries to U.S., and importance of Latin American natural resources to the U.S. economy has always made political and economic intervention in this region a priority. The risk that Latin American countries might move closer to the Soviet zone of influence and away from the ideas of free trade, made the political and economic elite in the U.S. concerned about the “structuralist” school of economic thinking, which was regarded as the Latin American version of Keynesianism. Their fears peaked in 1959 with the news of the Cuban Revolution. High state involvement in national capitalist development, nationalist aspirations of import substitution models, populist forms of state-society relationships, and the ensuing conflicts of interest that emerged between the internationally and domestic oriented factions of the national economic elite in Latin America presented a highly politicized, and therefore strategically risky, environment for the relationship between the U.S. and its Latin American allies. Starting with the 1950s, the creation of an economic approach that represented an alternative to the structuralist school became an important aspect of the political struggle between the nationalistic approach to the economy prevalent in Latin America and the understanding of economics, promoted by the U.S, as a body of knowledge that was apolitical and universal in terms of theory, methodology, and policy application.

The reception of the kind of knowledge that was promoted by the American universities created mixed reactions within the domestic policymaking and academic environments. The neoliberal ideas of the Chicago School remained rather marginal in Chile throughout the 1960s and were overshadowed by the ECLA School economics that was dominant in the University of Chile, which at that time represented the most important source of recruitment for civil servants and top-level technocrats. Even within the Catholic University, which was the host institution for

neoliberal ideas at the time, there were serious debates about the appropriateness of the individualist philosophy of the Chicago School for the social doctrine of Catholicism (Valdes 1995, 164-174). In Turkey, a different kind of conflict and dissatisfaction arose. As we will see in Chapter 5 in more detail, despite the very optimistic and complacent tone used by the New York University team in their progress report (ICA 1957), local scholars of the Public Administration and Law programs of Ankara University were rather disappointed by the results of the cooperation agreement.

Although the “international-exogenous” approaches provide us with numerous examples that demonstrate the crucial role technocrats play in translating an economic philosophy as a foreign cultural product, the literature on international and exogenous sources of expert authority tends to underemphasize the agency of domestic actors. Studies that prioritize international factors in explaining the function of technocrats often assume that the interests and intentions of the powerful international institutions are identical with outcomes at the domestic policy making level. These studies often define a model of dissemination that is based on a center-periphery axis and that gives a marginal and passive role to domestic actors. This analytical preference makes the sociological understanding of the development and forms of institutions in developing countries a difficult task. In fact, the international dissemination of institutions, and especially of ideas, is a very intricate process during which the interests and intentions of the foreign advisors and domestic economic elite can often come into conflict and contradict one another (Puryear 1994, cited in Babb 1998, 25).¹⁰

¹⁰ Babb (1998) depicts Valdes (1995) as an example of a scholar who treats the causal influence of the international regime and the U.S. as the determining factor in the rise of neoclassical economists in Chile. In my opinion, by characterizing his story as an “extraordinarily well-executed geopolitical conspiracy,” Babb is being unfair to this seminal and very well executed study for the sake of being controversial (Babb 1998, 26). Valdes’ account is excellent in terms

Empirically, the policy decisions brought about through foreign pressure at the local level can turn out to be quite different from the original intention, and can therefore produce something known as “decoupling” in organizational sociology (Meyer and Rowan 1977), i.e. the disconnection between the rational or formal models of action (policies) and the intended consequences of this action. In order to properly grasp the complete picture of international dissemination of economic knowledge and expert authority, particular attention must be paid to the divergent forms of interaction between the international and local levels in different regions of the world, rather than merely assuming that the rise in importance of economists is the mechanical result of international pressure, or subscribing to the belief of the existence of an “extraordinarily well-executed geopolitical conspiracy” (Babb 1998, 26). We will pay attention to these subtleties and try to provide a more nuanced analysis of the reception of the Point 4 programs when we evaluate the higher education institutions in Chile and Turkey in a comparative manner in Chapter 5.

Additionally, if the international pressure and the intentions of a dominant player alone could shape the technocratic structure and policy decisions of a developing country, it would be reasonable to expect that the regime of economic policy advice by foreign experts that emerged during the late nineteenth century would continue in the twentieth century to be the only possible

of demonstrating the complexities that were in play during the transfer of neoliberal ideology from the University of Chicago to the Catholic University of Chile. Relying on an extensive empirical study of documents from the institutions involved in the transfer, Valdes accepts and demonstrates the role of the U.S. government and nonprofit organizations such as the Rockefeller and Ford play in developing “both” developmentalist and monetarist economics (see Chapter 8, especially pp. 187-196). Valdes uses the “communications model” to suggest that there is a simple conceptual toolbox that can be used to understand the chronological development of the University of Chicago – Catholic University relationship. The rest of the book is a very carefully woven historical account of the period after the Second World War up until the Pinochet Coup. The book actually addresses most of the weaknesses that Babb attributes to Valdes.

state of affairs in international economic relations. Before the post-Second World War period, the form of cooperation and influence between the U.S., dominant European economies, and their allies in the developing world was limited to economic advisory missions carried out by “money doctors” who were invited during times of debt crises. In Chile, the world-famous economists, such as Jean Baptiste Courcelle-Seneuil or the Princeton economist and a former president of the American Economic Association Edwin Walter Kemmerer were among the pioneers of this highly influential global profession in the late nineteenth and early twentieth centuries (Flandreau 2003; Drake 1994). However, global economic growth after the Second World War, the second wave of decolonization, and the rise of numerous industrialized countries in the developing world created a motivation to build national knowledge institutions in the periphery of the world system. The intervention and advisory role performed by the foreign expert became problematic as the economic development goals started to be defined in a highly nationalistic framework. During the 1960s and 1970s, domestic economists in the developing countries were replacing the foreign advisor. The authority of the local expert, who generally served in economic planning agencies and had some form of foreign career experience, started to contest the authority of the foreign expert.

The “national” version of exogenous explanations examines the effect of external factors on expert authority, but they stress the role of *domestic* actors and coalitions. The power and interests of politicians and other national elite generally explain the presence and authority of economic experts. Regardless of the source of the political power of the ruling group, technocrats merely execute the economic model and ideology that represent the interests of the national ruling coalition. Therefore, economic experts merely act as “yes-men” to the national political

elite, especially the internationally connected fractions within the national bourgeoisie and government.

The involvement of foreign sources of capital, both private and public, in the processes of economic recovery tends to increase the authority of technocrats, who provide a sense of “credibility” in the eyes of the lenders (Schneider 1998).¹¹ This was especially true during the foreign debt crises in the early 1980s, which created a huge demand for foreign exchange in the developing world. Lender countries in the OECD¹² and private lenders were extremely selective about where they would direct their short term and expensive credits. Given this fragile financial atmosphere, familiar faces served as a sign for creditworthiness, which led to the promotion of foreign educated economists, or econocrats who had experience in international financial institutions, to high positions in the bureaucracies of developing countries.

For instance, immediately after the military coup in Chile and the first period of reforms in 1973-1975 – characterized as erratic and devoid of any systematic value by Richards (1997, 142) – the ruling coalition was dominated by the producers of internationally competitive fixed-assets, who took advantage of the former import substitution (ISI) policies during their maturation period in domestic markets, but who also resented the high tariff policy of the ISI. Gradualist policies, they thought, should slowly provide them with access to new export

¹¹ However, this phenomenon mostly pertains to sovereign lending. Other forms of capital flows, such as foreign direct investment, requires a much more complicated interaction with the state bureaucracy of the receiving country. Although an official with a technocratic mentality would make a better collaborator for the investor, in most of the cases of investment in developing countries, intricate political connections and pressures of a diplomatic kind also play a considerable role.

¹² The Organisation for Economic Cooperation and Development was established in 1961. It was born out of the evolution of The Organisation for European Economic Cooperation founded as an initiative of European powers in 1947 to administer the Marshall Plan that was financed by the United States. In the 1960s, U.S. and Canada participated in this global development organization, and today it has thirty-four member countries. Turkey joined the OECD as a founding member in 1961. Chile joined the organization in 2010.

opportunities and total elimination of the state control over the economy should be avoided.

Kurtz (1999, 404) argues that there was nothing particularly neoliberal about the first period, since there was no clarity from the military about how policy should be directed. Neoliberal policies came to dominate state institutions after 1975. Corporatist tendencies still existed among policy makers, however, especially in relation to agricultural policies (Kurtz 1999, 410).

Furthermore, economists linked to the Christian Democratic Party (PDC) were still advocating a more gradual transformation while supporting the use of monetarist tools and expecting that the military rule would end as soon as economic and political stability was ensured. The struggle between the external and domestic oriented factions of the economic elite, as well as the nature of their capital, i.e. whether they owned liquid/financial or fixed/physical assets, were important aspects in the increasing authority that was granted to Chicago Boys. Chicago School technocrats were not just a closed group of monetarist economists; they had close ties to the internationalist businesspeople (Silva, 1993: 546). Silva argues that the radical neoliberal policies that started in 1975 were a work of a coalition composed of “internationalist” capitalists, Pinochet’s political power, and technocrats (i.e. Chicago Boys) against “gradualist” or moderate factions of the industry.

Despite the differences in their political regimes, the influence of technocratic policy making had significantly increased during the economic crises of the early 1980s and the following neoliberal reforms in Mexico and Argentina (Teichman 1997). Similar to Latin American examples, the foreign exchange crises of the late 1970s in Turkey forced the government to show a sign of its determination to rationalize the management of its domestic economy. Before releasing more resources for economic recovery, foreign lenders (OECD countries) and international organizations (IMF and the WB) insisted on technocratic

interventions that would act as a broker between the government and international capital (Sayari 1992, 23) and that would ensure the implementation of structural adjustments necessary for neoliberal solutions to financial crises. In the absence of former party leaders on the political stage, Turgut Ozal's ANAP aimed to unite different tendencies within the political right and created a domestic capitalist clientele around its export promotion policies. His export-led strategy actually served the needs of an economic coalition among the center-right political forces in the country (Waterbury 1992). The military regime swept away the political left and the labor opposition, and established an electoral system with a ten percent threshold, which made the victory of a coalition of center right parties the most probable result. In the economic field, Ozal's policies of export promotion created a "new breed" of businessmen. This circle of beneficiaries was composed of the "yuppies," namely the managerial class in the private sector, entrepreneurs in the construction sector, and businessmen who entered into the import-export business after the loosening of trade barriers. The network of businessmen was connected to the government through Ozal's Princes in the economic administration, and through personal relationships with the Ozal family (Kurkcu 1996, 6).

Economic experts may also be appointed to increase the *domestic* legitimacy of the regime or the public confidence in the leaders. The social and economic inequalities created by a regime change or by economic transition can be dissimulated behind a curtain of scientific necessity and can be legitimized in the eyes of the public as a necessary outcome of rational policy solutions. Whether they are autocratic or elected, if leaders can present the technical needs as a necessity for the public interest, they can use the technical issues to legitimize practices that are actually motivated by other purposes. Credible experts play a key role in turning "political" decisions into "technical" ones. In Latin America, most of the leaders who lack parliamentary

majority bypass the party structures by claiming that a specific measure, which may not be supported by all parties in the parliament, is actually dictated by technical conditions (Markoff and Montecinos 1993, 44).

The political reforms in Latin American countries in the 1970s were often controversial and the unequal distribution of the costs of transition created dissatisfaction in the disadvantaged social classes. The mobilization of elite interests by military juntas and the institutionalization of these interests through frequent military dictatorships was the case for the economic development in Latin America in particular. Therefore, the increase in the capacity of technocrats in Latin America owed much to the political power of authoritarian regimes that generally had more of a broad vision of social engineering than a simple plan for recalibrating the economic system (O'Donnell 1973). For instance, similar to Franco dictatorship in Spain in the 1950s, the military regime in Chile in the 1970s sponsored the radical economic transformation that was promoted by the technocrats to veil the “new authoritarian” regime Pinochet wanted to build and to justify it through the most immediate success criteria based on “efficiency and output” (Huneus 1998, 179).

Thanks to the insulation provided by the military regime, the Chicago School economists were provided with an opportunity to implant neoliberal ideas into the Chilean technocratic structure. With the majority of the Chilean intellectuals either executed or sent to exile, the Chicago Boys encountered almost no opposition from the social groups of knowledge production. After 1975, Chicago School economists occupied all major economic policy making posts. As Pinochet enforced his position within the military government as the supreme leader of the country, the Chicago Boys gained full immunity from external pressure or criticisms. Both in

Chile and Turkey, free market oriented experts were appointed to the managing positions of the national economy after the military coups.

This supports the national exogenous argument that emphasizes the interests of the military regimes that seek legitimacy and administrative capacity. However, as Biglaiser (2002, 90) demonstrates in his comparative study on the military regimes and neoliberal reforms in Chile, Argentina, and Uruguay, the historical characteristics of the military and its strategies for survival when taking over the government, influences the form that policy making institutions take, and hence the appointment of economic policy makers during the military regime. When the factionalization in the military is low and one-man rule is established we see, as in the case of Chile, a more radical set of neoliberal policies (Biglaiser 2002, 59).

Biglaiser's argument problematizes approaches that assume an immediate relationship between the authoritarian regimes and neoliberal reforms within the Latin American context. But when evaluated through the Turkish case it loses its explanatory power. It can be argued that the 1980 military intervention in Turkey had one of the lowest degrees of factionalization in the Turkish Military. Compared to the military coup in 1960, this intervention was undertaken following a strict chain of command and the possibility of juntas within the military was near zero. Despite this fact, the institution of radical reforms in the name of neoliberalization was not one of the top concerns for the military rulers. With the encouragement from industrial manufacturers they chose Turgut Ozal as the head of economic policy making, one of the main architects of the "January 24 measures" immediately preceding the coup. In the 1980 military coup, it is difficult to find examples of the military's efforts to legitimize its rule, to insulate its decision-making experts, or to use technocrats to control the relationship between the government and industrialists. For the National Security Council, Ozal, an engineer with a long

standing career in Turkish technocracy and close ties to international financial circles, was the man to be trusted, but there is little evidence to show their inclination to appoint a wider group of economic experts. It was Ozal who envisioned the appointment of economic experts to policymaking positions after the transition to democracy under military tutelage in 1983.

The national elite, both civilian and military, is often fragmented politically and ambivalent about policies that lead to rapid economic development. Technocratic rationality can play an ideological role in mobilizing an elite coalition around a modernization project that would eliminate the gap between the developing country and the developed world. The fragmented nature of the national elite is generally better appreciated in political-scientific studies that try to understand the political regime through the struggle between different factions of the ruling class and the hegemonic coalitions or historical blocs that grow out of these factions. As Silva (1993) has shown, the rise in the internationalist sections within the Chilean bourgeoisie during the Pinochet dictatorship explains the rise of the neoliberal technocrats to the top offices of the economic bureaucracy. But the same explanation is less useful when considering the Turkish case, given that the internationalist bourgeoisie is more the result of neoliberalization than it is its producer. The political science branch of the national-exogenous explanations goes a long way in explaining the variety of social factors in determining the authority enjoyed by technocrats today. In addition, it provides us with conceptual tools that are generally ignored by the international-exogenous explanations. The national state that appears as a unitary, closed, and socially homogeneous entity when observed from the international level, becomes a field in which the political cleavages and struggles among social classes determine the authority of a specific economic philosophy in a given country.

Another group of scholars that can be categorized under the national-exogenous approach are the historians who are interested in the emergence of modern national states in the nineteenth century and the technological tools (or technical knowledge) that were put together by these states to enforce their administrative capacity. Major inspirational notions for these scholars are Weber's "bureaucratic authority" and Michel Foucault's "governmentality." Both during the nation-building process and later during the economic crises of capitalist development, a techno-economic approach with a coherent capitalist rationality endows the state with a considerable power to see, calculate, regulate, and govern society. In order to increase their administrative capacity, modern states turn to state of the art scientific methods (Desrosieres 1998; Scott 1998; Tooze 2001). Stable, intensive, and calculable administration is the most efficient mode of governance for the modern state, and it is represented by the rational bureaucratic administration. As Max Weber notes, "bureaucratic administration means fundamentally domination through knowledge" (Weber [1922] 1968, 225). What differentiates the modern state from the traditional state, which governs mainly via physical force, is the capacity of the former to transform information gathering practices that were aimed mainly at fiscal administration prior to the nineteenth century into a tool for comprehensive social-engineering projects that were concerned with "knowing" economy, society, and population in its whole complexity (Esperland and Stevens 1998, 321). Censuses were essential for taxing and conscripting the population even before the modern state's emergence. However, the emergence of sophisticated social science techniques, especially in the field of political economy (Daunton and Trentmann 2004), and the development of statistics as an academic discipline (Desrosieres 1998; Hacking 1991) concretized the population as a "social fact" in the Durkheimian sense and defined an

autonomous social field called “the economy” as the new “objects” of science and state power (Mitchell 2002, 3-9; 2005).

The emergence of these techniques in the developing world followed a parallel timeline that the Western countries in the late nineteenth and early twentieth centuries, because of the fact that countries in the periphery were still the parts of various empires. In fact, in the case of overseas colonial empires the emergence of statistical bureaus and similar measurement agencies occurred even earlier than in the center of the empire. Australian and Indian statistical bureaus were established and centralized decades before the British Bureau of Statistics, which wasn't established until the 1920s (Tooze 2001).¹³ The institutionalization of measurement agencies within the state bureaucracy and systematic implementation of calculation techniques all around the national territories took place within the decade following the Second World War. In Chile this state of the art American technology was first put into practice by a team led by American educated Chileans between 1964 and 1967 (Harberger 1996). The technical tools for observing, understanding, and governing society had been viewed, especially by developing countries, as a form of “technology” that had to be imported alongside the machinery necessary for rapid economic growth. During the 1960s, when developmentalist planning was a global fashion, the most advanced “technology” in the form of economic knowledge was being produced in the U.S. economics departments. Beginning in the 1960s, the effects of import substitution strategies could be seen in the knowledge production. Economic planners in the developing world began to regard economics as a piece of technology that had to be produced domestically and emphasized the formation of national economics faculties and departments.

¹³ The need to control and manage, as well as to systematically extract resources from the colonies, necessitated the introduction of rational calculation technologies earlier in the core than periphery.

Even though the agency of economists as a professional group does not fall into the immediate interest area of the history of science branch of national-exogenous explanations, studies that investigate the rise of technocratic governance as a discourse and ideational paradigm help us to understand the importance of technocrats as instruments useful for the enhancement of the administrative capacity of the national developmental state.¹⁴ This literature provides us with a very powerful view into the emergence of technocratic power of the national state and shows how the political interests of the national state autonomously determine the nature and content of the social scientific knowledge. But they are limited in understanding the change in the nature and form of this power throughout the twentieth century and especially the changing character of the relationship among the state power, social classes, and different capitalist formations such as “embedded liberalism” or “post-Fordist capitalism.”

Apart from granting rational administrative skills, technocrats are instrumental in the realization of modern ideologies and visions of the founding and ruling political elite of the national states in the periphery. As a part of national technocracy, economic experts can provide the elite with the ideology of Western rationality or modernity. The ideals of professionalism and expertise are central for the technocratic state administration and for a consistent framework for capitalist development (Krause 2001). In other words, the rise of expert authority can be a result of the ideologies, modernist convictions, or developmental models held by the political elite. For instance, the political elite in Turkey promoted free market reforms in the 1980s as a necessity for a “leap forward” that would enable the Turkish economy to catch up with the modern Western standards, a goal that has dominated the development discourse since the foundation of

¹⁴ See Mann 1988 for an elaboration on administrative capacity and infrastructural power of the state. Administrative capacity contributes to the infrastructural power of the state and briefly defined as the capacity of the central state to permeate itself throughout the society in order to implement its strategic policy goals.

the Republic in 1923. Foreign educated technocrats during these modernization periods are the embodiment of professional, rational, and state of the art technical knowledge as well as the culture and lifestyle of the “Western” world. The name “Ozal’s Princes,” similar to the Chicago Boys of Chile, generally had a derogatory connotation in Turkey in the 1980s. However, in the eyes of the political and economic elite they also represented a new, cosmopolitan, consumerist, and conspicuous lifestyle. Their appearances in the media were often ostentatious and exemplary of the new, “modern,” free-market capitalist life-style. The ideologies of Westernization, modernization, or “catching up with the modern world” are the primary elements of ruling elite coalitions in the developing world and cannot be realized without the identity of scientificity and the cultural reputation that these experts enjoy.¹⁵ The technical knowledge of technocrats can still play a role in their appointment to top government offices. Nevertheless, one of the main sources of technocratic authority is the “symbolic function” that economic experts play for the political elite. Since economists represent a scientific authority as part of a transnational culture, they are often appointed to serve in the “ceremonial display” of the national political elite (Markoff and Montecinos 1993).

The final approach that can be evaluated under the national-exogenous explanations is a logical extension of the *modernization approach* or, more specifically, the *structural-functionalism* school within social sciences. Almost all of the studies we can consider under this approach were inspired in one way or another by the research programme led by the economic historian A. W. Coats (Coats 1981; 1986; 1993; 1996).¹⁶ This approach characterizes the first

¹⁵ One should also mention that the appropriation of modernity and technical expertise in the periphery, as the Chinese example makes clear, could be quite selective.

¹⁶ These works generally present descriptive-empirical surveys on the status of economists in the Western countries, international agencies, and certain developing countries. There are no explicit references to the “modernization school” in the works by Coats *et. al.*, or to any other theoretical

wave of studies on the increasing role and functions of economists in the division of labor in modern societies. Modernization scholars observe that as societies become more complex or functionally diverse they need experts at increasingly more and diverse levels of the government and policy-making institutions. Regardless of the shifting interests of the national and international elite, social development necessitates a certain degree of rational administration, which becomes more advanced as the society develops. In other words, the emergence and functions of technocrats come about as a natural evolutionary process of a modernizing society.¹⁷ The works by Coats *et. al.* stimulated a new generation of sociologists specializing on the subject of economics and economists and were seminal in the sense that they investigated economics as an autonomous profession. They provided the empirical material on how economics was organized and institutionalized in various country contexts. However, research by Coats *et. al.* lacks a coherent conceptual framework that can be used in a comparative sociological study on the genesis and development of economics in developing countries. This is partly because of the fact that the researchers involved in the modernization school explanations are “insiders,” i.e. economists who reflect on their own discipline. Formal members of a particular system are rarely in a position to see the wider picture or able to provide a meta-theory or narrative of the system in which they function. They are more interested in fixing the conjunctural problems that hinder

literature for that matter. Nevertheless, when we consider the project as a whole, it is possible to discern a historiographical framework that dovetails harmoniously with the natural and stage-like evolution hypothesis of the modernization school studies in development (Coats page ref.).

¹⁷ While discussing the relationship between technocracy and industrial society Patricio Silva (2008, 12) gives Meynaud (1968) and Fischer (1990) (two of the most often cited authors on the concept of technocracy) as an example to this “Weberian” approach to technocracy. Silva includes Galbraith (1967), Putnam (1977), and Gouldner (1979) (authors of seminal works on industrial society, but not specifically on technocracy) into the same school as well.

the smooth functioning of the dominant system and the reproduction of its institutional life.¹⁸ As a result, changes in academic approaches to economics or in policy models in general are considered to be the natural outcome of the successes or failures of the community of economists in solving problems created by the scientific progress of the discipline. Extreme reliance on the generalizations of “insiders” about the system leads us to see the “modern,” contemporary, or contemporarily dominant approach as a necessary improvement on the approach that was dominant previously. For instance, a prominent member and one of the founders of the Chicago-school economics, Arnold Harberger, in a Coats-promoted symposium, had no problem labeling the dominant economic paradigm before 1960s in Latin America as “ideological, political, and low-quality,” and therefore, as “bad economics.” The “good economics” represented by American Universities, according to Harberger, fortunately put the academic and policy-oriented economics on the right path and professionalized Latin American economics (Harberger 1996).

¹⁸ Of course, to say that the intellectual inclinations of every economist follow this model would be an overgeneralization. There are very powerful studies written by “insiders” on economics as a social science discipline, its rhetoric, and analytical strategies. However, these studies partly signify the politics of the discipline and are stimulated by the increasingly marginalized position of certain subdisciplines – mainly the history of economics and economic history – vis à vis orthodox economics. The intellectual motivation that led these scholars to their prolific body of work is partly their problems with the scientific authority that mainstream economics enjoys especially after the 1970s. For instance, Philip Mirowski is an institutionalist economist whose controversial work represents his unease with the scientific monopoly claimed by the neoclassical economics (Gordon 1991, Rizvi 2001, also see Mirowski 1988 for his institutionalism). Deirdre McCloskey, a former University of Chicago economist who is deeply troubled by the disappearance of historical approaches from the economics curriculum, criticizes the “scientific” pretensions of quantitative economics and locates herself academically somewhere very close to humanities (McCloskey 2002). For McCloskey, economists, like other scientists, create “texts with intent,” and they are therefore in the business of the old and venerable tradition of “rhetoric.” In spite of the reactions from various schools of mainstream economics, she believes that being aware of the metaphors economists employ while they construct the “rhetoric of economics” is the only way to ensure its respectable place among other sciences (McCloskey 1985, 1994, 1995).

The modernization version of national-exogenous explanations shares the Eurocentric optimism of the modernization school of social sciences in general. According to this model, the economic and social development of non-Western countries follows natural stages of evolution that mirror the historical development of Western Countries. As a result of this line of thinking, developing countries that were lagging behind should set about training and employing experts of Western standards once they reached the Western level of social complexity and development. Modernization explanations are valuable in the sense that they bring the analysis to the level of society and enable us to use social factors in explaining the rising authority of technocrats.

However, modernization explanations are problematic because of a fundamental, yet nevertheless weak, assumption. In order to observe that the scientific and rational principles of economic thinking in developing countries evolve naturally in a stage-like, and linear process that emulates the Western example, first, one have to assume that economics has evolved in a linear fashion in the West as well. This empirical assumption generally results from the impression created by the introduction to economics textbook-narrative on the development of the science of economics in the West (Yonay 1998). According to this narrative, every mainstream economic approach is an improvement on the former approach; hence, the neoclassical orthodoxy today represents the cumulative summit of the historical achievements, findings, and laws of economics in general. Thanks to numerous recent studies in the history of economic thought that are inspired by science studies,¹⁹ it is hard to consider the status of orthodox economics today as an end point of an intellectual evolution that has been going on since the emergence of classical economics in the eighteenth century Europe. Rather than being a natural outcome of a process of scientific perfection, the determination of which economic model

¹⁹ These studies will be mentioned below under the section on “endogenous explanations”.

will become authoritative depends upon a social process of epistemological and institutional struggle among multiple groups of scientists. Therefore, even if we assume that developing countries emulate the West in their economic thinking, it is hard to sustain the modernization school's assumption that economics as a science and field of professional expertise follows a linear-evolutionary path in developing countries.

Secondly, it is hard to sustain the assumption that the developing countries historically emulated and followed the modernization path of the West. The historical research about the emergence and persistence of technocratic ideas and practices in the Latin American examples shows us that a scientific and positivistic approach to policy making in the developing world has existed since the last decades of the nineteenth century. In Latin America, as well as in the Middle East (see Mitchell 2002 for Egypt), the scientific ideas were emerging and interacting with the administrative models of the political elite almost simultaneously with the colonial states at the core of the world system. By simply assuming that the periphery countries follow the evolutionary path created by the core countries, modernization approaches would have a hard time explaining cases like the nineteenth century Mexico in which experts with positivist mentality (*científicos*) were heavily influential during Porfirio Diaz's government (Centeno 1997; Silva 2008, 12). In the Chilean case, which we will examine in detail in the following chapters, historical studies show us that the roots of the technocratic ideology extended back to nineteenth century and the emergence of a technocratic state apparatus occurred as early as the 1920s. As Silva (2008) demonstrates, in late nineteenth century Chile, the technocratic government did not emerge as a result of the complexities brought about by the industrial society, but as a reaction of middle class intellectuals who embraced Comptean ideals against the oligarchic rule of the upper

classes. The rise of scientific administration in many periphery countries was a result of political struggle rather than the teleological development of the society towards modernity.

3b. Endogenous explanations

Thus far, we have summarized exogenous explanations of the rise in expert authority, i.e. the explanations that give priority to the factors that are external to economists as a group of professionals. While accepting the influence of exogenous influences on the rising authority of technocrats, this study puts its main emphasis on endogenous explanations, which shift focus to the internal qualities of economic expert groups in their historical emergence and the trajectory of the development of professional economics.

The first approach we will examine under the title of endogenous explanations is adopted chiefly by scholars of science studies and the history of economics. According to these scholars, the main quality that explains the high authority of economists compared to other social scientists is the “epistemic authority” that the science of economics enjoys today. Thomas F. Gieryn argues that “epistemic authority” arises at the expense of other types of authority through a contentious process that requires “boundary work.” Scientists define and redefine the content of science to demarcate what science is, protect their field against what they deem as non-science and political pressure, and therefore justify their claim to resources and authority (Gieryn 1983). It is clear, therefore, that its authority as a science does not originate from its rationality or its connection to nature and technology. “Science is rational because it has acquired power to define the bounds of rationality; science is connected to nature because it has authority to determine what nature is; and scientists connect their work to the benefits of technology or the urgency of political action in particular situations when they are seeking epistemic authority” (Sismondo 2004, 30).

One of the most significant aspects of this struggle is the actors' effort to frame the knowledge they produce as *natural*, or to designate objects they study as external to social and political processes. This aspect of the history of science has become especially salient in the recent scholarship on "objectivity." Scholars of different periods of the history of science in Europe are now focusing on how a certain type of objectivity, starting from the seventeenth century became prevalent. Labeled as "mechanical objectivity" by Lorraine Daston and Peter Gallison (1992; also see Daston 1992) this perception was mainly characterized by the rise of the scientific authority that depended on empirical results that "were generated and represented without (apparent) human intervention." (Alder 2002, 313)

Theodore Porter in *Trust in Numbers* (1995) extends this process to different historical periods and professional fields. Ranging from British accountants to U.S. Army Corps of Engineers, Porter argues that it is when expert professionals were weakened under the pressures of mistrust and scrutiny by the public or by state authority that they tended towards standardized and objectified ways of generating and presenting their knowledge. In order to assert their autonomy and authority, the experts used strategies that quantified and suppressed subjective discretion within the scientific profession, letting the "facts" speak for themselves, immune from political, social, and therefore subjective "distortions." The work by Porter is crucial since he emphasizes quantification as the main strategy of various expert fields in their struggle for the authority that comes with standardization and scientific "objectivity."²⁰

The historians of economics have studied the epistemological rise of scientific "facts" within economics as well. One of the most important challenges for social sciences like economics is how to determine the status of what is "really out there." For this purpose,

²⁰ For the extension of his work to exclusively economics see the brief article by Porter in Morgan and Klein (2001)

economists use certain analytic techniques. Starting from the late nineteenth century economists measured social “things” and created new categories of phenomena. These measuring instruments for economists were mostly analytical devices. Aggregating “weighted averages” to create index numbers, constructing indicators to map out the movements of economic activity over time, or collecting survey data on budgets, poverty, and wages are examples of the strategies of economic measurement (Morgan 2001).

In addition to measurement, as a way of constructing the economic object rather than just reflecting it, economists use various strategies to analyze the relationship among economic entities. The beginning of the twentieth century witnessed the adoption of statistical methods and the rise of quantitative economics. Econometrics and econometric models not only served as measurement devices but also evolved into elaborate techniques after the 1950s to define causal relationships (Morgan 1990). In the process of the emergence of mathematical economics not only a mathematical language has been adopted but economist also imagined a new mode for representing the world, and the social relationships that characterize it, in mathematical models (Morgan 2004). The growing success and prestige enjoyed by sciences in many countries throughout the nineteenth century encouraged the debates to turn economics into a mathematical science by the beginning of the twentieth century. The widespread attitude was that “for economics to take its place as the queen of the social sciences, it needed to emulate the queen of the sciences itself.” (Weintraub 2002, 37)

Mathematics was not the only science that economists turned to in their quest for professionalization, credibility, and authority. In his influential study about the reliance of neoclassical economics on physics, Philip Mirowski (1989) argues that economists, from *Physiocrats* to Adam Smith, have directly translated, in their pursuit of scientific rigor, their

economic models using metaphors taken from physics. These theories, in the form of metaphors, were imposed upon reality as if the economic facts were identical to the facts of natural sciences. For instance, the moral authority that originates from empiricism and Franklin's theories of electricity; the adoption of the conservation principles of electrical charge; and imagining the economy through the natural laws that regulate the flow of electricity was crucial for the eighteenth century French political economy (Riskin 2002, Ch. 4).

A recent study on the economic experts and economic knowledge in the United States argues that the authority of economists does not derive from their scientific credentials (Reay 2004). Most of the "textual" or discursive studies of the scientific authority of economics fail to explain why in the first place the assertions of "objectivity" must give economics legitimacy in the eyes of the society in general. For this reason, Reay rejects "*just* intrinsic qualities, *just* textual features, or *just* metadiscourses of demarcation"²¹ as the source of authority. He also suggests that Shapin's (1995) classification of the three vectors of credibility: "relations between experts and lay people, relations within a single expert community (or within an academic discipline), and relations between different groups of experts."²² (Reay 2004, 210)

An attempt to explain the authority of economics merely with epistemological qualities of the discipline would, of course, be limiting, since economics as a profession and a scholarly discipline is embedded in the social and political processes described by exogenous explanations above. Especially in the contemporary "economy of qualities" (or the service economy) the role of professional economists is embedded in a "public forum," in which the organization of

²¹ The first two can be associated with the works of historians of economics. The latter refers to Gieryn's work on "boundary work" that was mentioned earlier.

²² A useful piece of scholarship on the economic orthodoxy in the late nineteenth century Britain and that covers the latter two vectors is Maloney 1985. Maloney's main focus is the professionalization of economics in Britain under the charismatic influence of Marshall. He very generically refers to sociology of professions and borrows loose categories from it.

markets is constantly being negotiated. Multiple schools of thought, other social science disciplines, economic actors, international organizations, specialists such as intellectual property and management experts and so on are all joining professional economists in the continuous debate on the form and organization of the economy (Callon *et al* 2002). Science studies teach us that scientists are *social* actors. They behave socially, they are affected by the social, they organize socially, and they affect certain *social* outcomes. Economists are the scientific or expert professionals that construct the economy. However, they are one of the crucial actors *among others* with authority to frame what the economy is.

It is not only a matter of the “essence” of the field per se that gives it a scientific or professional authority. Bruno Latour’s project for science studies, for instance, suggests five different “loops” for studying the “circulation of scientific facts.” “Autonomization”²³ for Latour represents the way we analyze the scientific “professions.” It pertains to the question of how a discipline, profession, or clique becomes independent and forms its criteria of evaluation and relevance (Latour 1999, 102). According to Latour, however, this process of autonomization does not take place in isolation. It is never merely an introverted in-group quest for coherence. It is a combination of internal and external processes that take place simultaneously. During the process of professionalization, formalization, and institutionalization scientists attempt to garner support from various “allies” beyond the existing boundaries of their field. This is especially true for the sciences that have immediate policy consequences for the powerful constituencies. Economists need alliances; for without the backing of industrial and financial capitalists, and most importantly the state, it is impossible to talk about institutions that produce economics –

²³ The other four are mobilizations of the world, alliances, public representation, and links and knots.

universities and business schools – or the power to enjoy social credibility and legitimacy (Fourcade 2009).

The second group of scholars we categorize under endogenous explanations focus more on who the technocrats are, what they historically do, and how they interact with other social actors and institutions. The strength of this approach comes from its evaluation of the role of experts within an institutional framework that underlies the state-society relationship. These studies emphasize the role of economic experts in the complex international order, but unlike the political scientific approaches they do not draw explicit causal links between the expert groups and policy dynamics. Rather, they are interested in explaining the emergence, autonomization, and transformation of economic expert groups, their networks, the institutions with whom they are affiliated, and the economic ideas that surround these institutions (Montecinos 1996; Centeno 1997; Babb 2001; Fourcade-Gourinchas 2001; Fourcade 2006; Fourcade 2009).

One of the primary inspirational sources of the new sociological literature on experts is A.W. Coats, who was mentioned above as a scholar of the national-exogenous approach. Coats provided an important empirical starting point for the sociological studies on Anglo-American economists. Beginning from the late 1970s, Coats carried out and sponsored a number of studies that invited historians of economics to focus more on the interaction between academic economics and their function in policy making (Coats 1978). Although he is a very respected scholar of the history of Anglo-American economics,²⁴ his works on economists as professionals and their roles in governments and international agencies are without a doubt the most important influences on the current generation of sociologists interested in comparative studies on economics. His two earlier projects are largely descriptive, representing a systematic effort to

²⁴ Coats was awarded a very prestigious honorary membership to European Society for the History of Economic Thought in 2003.

document the first-hand accounts of professional economists who worked in the national governments of ten countries, (Coats 1981) and in international organizations like the World Bank and General Agreement on Tariffs and Trade (GATT) (Coats 1986). The outcome of these empirical projects became the basis for the first sociological studies that went beyond the conventional interests in the history of economic theory. It thereby stimulated further studies on the interaction among the economic ideas, their historical context, scientific and professional institutionalization, and national economic policy-making (Coats 1993).

A second important reference point for the sociological literature is a certain branch of the studies on professionalization inspired by the works of Andrew Abbott. The primary goal of these scholars is to examine the professionalization of economics in the advanced capitalist countries (Montecinos 1996, 281) and to extend Abbott's conceptual framework and findings on the development of the classical professions such as medicine and law in the U.S., France, and England (Abbott 1988) upon the economics profession (a fine example is, Fourcade-Gourinchas 2001). Drifting away from the exogenous factors that characterize the legitimacy of professional fields, sociological studies of expertise focus on the authority and social legitimacy that is derived from "the delimitation of a coherent and widely shared domain of knowledge" (Fourcade-Gourinchas 2001, 432). Rather than looking at the epistemological development of economics as a science, these scholars investigate the professionalization of economics and economists. In a similar manner to Abbott's formulation, the new generation of sociologists emphasized the social, political, and cultural forces that sustain and transform economics as a profession in relation to other professions.

According to professionalization scholars, the immediate necessity for successful professionalization is the construction of organizational structures. The emergence of academic

disciplines and the organization of these disciplines under a faculty system, with academic and professional journals to disseminate the knowledge about the profession, an accreditation system for electing members to the profession, and associations for protecting the interests of the members of the profession are all necessary organizational structures for a successful monopoly over the performance of certain tasks. Professions such as Architecture, Law, Engineering, and Medicine have these types of organizations everywhere in the world (Montecinos 1996, 281; Krause 2001).

In addition to the organizational requirements, “legitimacy” plays a central role in this approach. Legitimizing ideologies, or “organizational myths” in Westerlund *et al.*'s (1979) terms, work internally as solidarity-enhancing principles for the members of the professional field. By offering certain symbols of belonging, beliefs, values, and norms, professional ideologies provide a shared identity and camaraderie for the members of the profession (Montecinos 1996). However, if a professional group wants to claim further authority, the monopoly over a certain field of knowledge must be institutionalized and legitimized by *convincing* its constituency, i.e. the state, economic elite, and the public.

A crucial aspect of this process is the demonstration of the utility of group's abstract knowledge in the solution of practical policy problems. In addition, the elimination of possible contenders, i.e. other professions producing knowledge of the similar problem areas, is necessary to delimit the legitimate field of authority. As a result, the emergence and development of professions for this approach fundamentally depend on the process of struggle within a specific professional domain and the struggles among related professional groups for social legitimation. Historically the most important contenders for economics were law (Babb 1998, Dezaley and

Garth 2001) and engineering (Porter 1995).²⁵ At the beginning of the twentieth century, economics classes were taught mainly in law faculties. Especially in the continental tradition, economics was seen as an administrative subject under which the laws and regulations pertaining to the organization of economic life by the state were the most important topic. Similarly, especially after the Great Depression, scientists and policy makers in the industrialized world believed the possibility of engineering a whole new economy. The operation and design of systems became the priority of economic restructuring and policy advice for the developing world (Morgan 2003, 276). Only after gaining its autonomy from law and adopting the technical tools of engineering did economics become a strong competitor against other policy relevant social sciences.

Professional ideologies entail arguments about the necessity of the knowledge and methods of professionals not only for the solution of a certain problem at hand but also a rational organization of the conditions and environment that would prevent the emergence of similar problems in the future. Hence, they indirectly determine, as Self's definition of econocrats suggests (1975), how the systematic relation among the political decisions and policy institutions should be.

4. Concluding Remarks

In the case of technocracy, *authority* is a form of power that is mainly realized through extensive or specialized knowledge about something. In the political and policymaking field, it exerts itself as expert power. Economists as social scientists have been enjoying an increasing authority since the end of the Second World War, especially in the developing countries. This study attempts to

²⁵ Of course, in different countries and under differing historical conditions of higher education there were other contenders among the social sciences, such as public administration, international relations, or sociology. For instance the schools of public administration in South Korea and Turkey had been very influential in shaping bureaucratic cadres.

shed a light on the processes through which the science and profession of economics have become an important aspect of elite politics in developing countries. As a contribution to the explanations based on the effects of international forces and functionalist explanations that treat economic experts merely as a policy tool of the national political elite, this study examines two examples of the development of national technocratic traditions in their cultural specificity.

The autonomization of a particular discipline should be understood in its interaction with particular problems of social order interpreted from the perspective of a particular social power configuration. These different power configurations are historical in character and political in their selection of certain institutional means to solve the problem of authority and order. As Shapin and Schaffer's (1985) widely cited argument explains: "different practical solutions to the problem of social order encapsulate contrasting practical solutions to the problem of knowledge." Of course the causal arrow is not unidirectional – one from social, cultural, and political to professional spheres. Practical solutions to the problem of social order can only be shaped through the available technical knowledge and expertise.

Economics is one of the most important among them. Through the process of establishment of the boundaries of the expert authority, economists institutionalize their profession and exert pressure on the economic policy. They carry out the boundary work and struggle for authority by utilizing the sources provided by the modern state. To the extent that a particular approach to economics becomes authoritative it contributes to the creation of further authority, by its models, methods, and performance, as well. But the boundary work and labor for authority requires alliances to be influential; powerful actors that are already present in a particular social order. Academic disciplines are social institutions that serve as the spaces where

these alliances historically solidify; and in these institutional moments the division between exogenous and endogenous become blurred.

As Carruthers (2006) reminds us, the institutions that interest economic sociologists are profoundly shaped by past developments and are inexplicable outside of their historical context. The institutions used by economics to interpret the economy are not exceptions. The actions of economists are also influential in shaping the capitalist economic order as a historical configuration. “The economy” did not evolve as a natural outcome of the progress of economic relations; an impression partly created by the standard narrative on the development of academic economics. Therefore, a historical approach that is rigorous in heterogeneous actors involved in the autonomization process of the study of economics is the most fruitful and comprehensive one. This study aims to investigate how relations of power and the struggles over authority establish different national traditions of economics (history of economics), circulate them through a field of economic and technocratic knowledge (history of state sciences), and are limited by other fields of politics and other fields of power (sociology of institutions).

Unlike the explanations based on the effects of international forces and functionalist explanations that treat the economic expert merely as a policy tool of national political elite, this study examines the development of national technocratic traditions in their cultural specificity. More specifically this study suggests that the relationships within a national technocratic field and historical development of economics in relation to the existing technocratic tradition has an influence on the increasing authority of economists within the state administrations of the developing countries.

The Chilean case represents an exceptional example of professionalization of a social scientific discipline in the developing world. The relationship between the policy oriented social

sciences and the state in the developing world is generally a very close one. Similar to the continental or “state sciences” tradition in the continental Europe, in the developing countries social science disciplines are more dependent on the modernizing or developmental goals of the state and economic elite. This phenomenon results in a frail professionalization and autonomization of the social science disciplines, which in turn reduces their potential to play influential roles within the technocratic field of the country. Historically the strongest players in the technocratic field are bureaucrats, lawyers, engineers, and businessmen. This is still the case for most of the state administrations around the world. However, especially in the Latin American countries, academic economist with a Ph.D. became natural contenders to the traditional players in the technocratic field. The current president of Chile, Sebastian Pinera,²⁶ is an economist who graduated from the Catholic University of Chile and has a Ph.D. in economics from Harvard University. This was the case for an overwhelming portion of the members of the cabinet in former president Michelle Bachelet’s administration.

Depending on the observations from the Chilean and Turkish case and in the footsteps of endogenous explanations, this study aims to evaluate the importance of “autonomy” in determining the level of expert authority. The studies that focus on the epistemological autonomy of economics as a scientific field and the studies that investigate the institutionalization of economics as an autonomous profession are in harmony with Bourdieu's notion of fields we discussed at the end of the first section of this chapter. As Bourdieu suggests, the autonomy of a field is important in shaping the hierarchical relations of domination within a field. The social actors constantly struggle in the field through the interaction of their historical accumulation of dispositions and various forms of capital, which Bourdieu conceptualizes as the *habitus*, with the

²⁶ Sebastian Pinera is the younger brother of the famous Chicago Boy Jose Pinera, who is still known as one of the biggest proponents of the privatization of pension systems.

logic and rules that shape the field. As an intersection of the academic (or scientific) field, bureaucratic field, economic field, and political field, the autonomy of the technocratic field is influential in the level of authority economic experts retain in a given national context. Relationships of struggle carried out by expert groups within the technocratic field and with other fields determine their historically specific level of authority. The collective background and character of the neoliberal experts, the level of scientific authority enjoyed by the neoclassical economics in Turkey before the neoliberal reforms in the 1980s, and the level of professionalization of economics in relation to policy making in Turkey will be the main pillars of analysis in this study. The institutions that support professionalization of economic knowledge, i.e. the higher education and development planning, will also receive special attention as the politics of these institutions determine the development, logic, and limits of the technocratic field in Turkey.

In the next chapter, I will introduce Chile as a prominent case of neoliberal restructuring and start identifying who the Chicago Boys were as an economic expert team within the context of free market reforms. In Chapter 3, I will present the context of free market reforms in Turkey and collective characteristics of Ozal's Princes as a group. In Chapter 4 I will continue demonstrating how Ozal's Princes were positioned within the field of Turkish technocracy during their years in office.

Chapter 3: Chile as an “Archetypical” Case of Technocratic Authority

The goal of this chapter is to examine the Chicago Boys of Chile closely and delineate their group characteristics, function, and career within Chilean economic administration during the free market reforms of the 1970s. In this study, the Chilean case is selected because it is the best and most studied illustration of the Latin American trend that became particularly pronounced in the last three decades. The Chicago Boys as a team represents a case of the increasing authority of economists as a professional and scientific community within technocratic decision-making processes. However, as we will see in the following chapters, if we compare Chicago Boys to Ozal’s Princes in Turkey, we see that most of the phenomena presented by the Chilean case is a result of exceptional historical conditions rather than being a generalizable example.

1. Rise of Economic Expertise in Chile

During the second half of the twentieth century, Latin American economists gradually demarcated themselves from other professional groups and acquired considerable access to financial and political power resources. These resources mostly came from the state bureaucracy and other members of the political elite. However, Latin American economists also gained significant legitimacy at the social level by proving that they were able to manage the problems of economy and society that increasingly became more sophisticated during the 1970s. This increasing legitimacy contributed to the rising symbolic power of the economists as an occupational group (Montecinos 1998, 128). When this increasing authority at the national level converged with the increasing globalization of the world economy and integration of economics as a global profession, Latin American economists started to enjoy an elite status as policy makers and strategic players (Fourcade 2006). This increasing level of authority, i.e. the power

that comes from the technical mastery of economic knowledge in particular, and social knowledge more generally, was made possible by the process through which many economists became techno-politicians who go beyond their professional field and take risk and responsibility with political power by accepting ministerial appointments or even running for elected positions (Van Dijk 1998, 98).

The presence of foreign educated experts has always been particularly significant in Latin American countries. The geographical proximity of Latin American countries to the U.S. mainland, along with a long history of colonial ties to Europe, and the strategic importance of the economic resources of these countries for U.S. interests, made the exchange of economic ideologies and expert teams a frequent phenomenon from the late nineteenth century on. Especially after World War II, when the Cold War became the main reality of international relations during the 1950s and 1960s, the ideological and human resource transfer from U.S. to Latin American countries gained momentum (Dezalay and Garth 2002, 6). The Cuban Revolution of 1959 was the historical moment that carried the fears of U.S. political elites to a climax. In Chile, a year before the Cuban revolution, the presidential candidate of the Marxist Popular Action Front lost the election to the right wing candidate Jorge Alessandri by a small margin. The size and potential of socialist and communist movements was manifested by these election results "badly scared the traditional political parties, Catholic Church, and the policymakers in the United States" (Loveman 2001, 230). The risk posed by the Soviet-influenced Marxist economic ideas pressured the U.S. political and economic elite for further military, political, and ideological intervention into the region. However, the ideological battle prompted by the United States in the region was not just against the Soviet-inspired policy ideas. The "structuralist" school, which was seen as the Latin American version of the world-

hegemonic Keynesianism at the time, posed a threat against the free market oriented developmentalism promoted by the U.S. and many international economic organizations. Characterized by protectionism, high state involvement in the development of a national capitalism, nationalist aspirations of import substitution industrialization (ISI) models, populist forms of state-society relationships, and the ensuing conflict of interest that emerged between the internationally and domestically oriented factions of the national economic elite, the structuralist policy framework presented a highly politicized, hence strategically risky, environment for the relationship between the U.S. and its Latin American allies. Therefore, the creation of an alternative framework for the production of economic knowledge became an important part of a political struggle between the Latin American way of nationalist thinking about the economy and the U.S.-promoted understanding of economics as a body of knowledge that was “universal” in terms of theory, methodology, and policy application. Despite the fact that historically there were various competing economic approaches among American economics departments and their varying degrees of influence in different Latin American countries (Biglaiser 2002b), the Chicago School economics beginning in the 1970s, became the most prominent economic philosophy because of peculiar historical conditions.²⁷ More importantly, one can argue that the Chicago School economics managed to become a fully-fledged scientific approach thanks to its exportation to and practical implementation in Latin America.

²⁷ Babb (2001) discusses this phenomenon as a twofold process (138-140). First after World War II, the dominance of the U.S. as the primary economic knowledge producer emerged at the international level. Second, a core in American economics at the same period started to form around a mainstream theory and methodology, which inherited a lot more from the neoclassical school of the interwar period than the institutional school of economics. This twofold process (and the McCarthy era hostility against Keynesianism as a leftist school of thought) made the American schools of economics more conducive to highly mathematical and neoclassical oriented versions; the archetype of which, perhaps, was developed and spread by the Chicago School economics.

The transformation of national knowledge infrastructure (universities, policy inventing government institutions, think tanks etc.) in Latin America through bilateral technical cooperation agreements was the main policy that accompanied U.S. military and political cooperation in the region. In the hundred-year period before World War II, the form of cooperation and influence among U.S., dominant European economies, and their allies in the developing world was limited to economic advisory missions carried out by “money doctors” who were invited during the times of debt crises (Biglaiser 2002b, 271). World-famous economists, such as Jean Baptiste Courcelle-Seneuil or the Princeton economist and a former president of the American Economic Association Edwin Walter Kemmerer were among the pioneers of this highly influential global profession in the late nineteenth and early twentieth centuries (Drake 1994; Flandreau 2003). Beginning with the 1950s, numerous technical cooperation agreements, informally referred to as the Point 4 agreements, introduced a new resource for expertise.²⁸ Hundreds of Latin American students were educated in the graduate programs of American universities and went back to their home countries to work in private and public bureaucracies.

Chile was one of the main battlegrounds for this new form of intervention, since the center for the production and distribution of structuralist economic ideas, The United Nations Economic Commission for Latin America (ECLA), was located in Santiago. In order to keep Chilean policy making on a free trade and private property oriented path, the U.S. government initiated a policy to alter the national knowledge institutions through bilateral technical aid and cooperation agreements. In 1955, the U.S. government’s International Cooperation

²⁸ Between 1950 and 1970 International Cooperation Administration of U.S., initiated contracts in Latin America, Africa, and Asia with the participation of more than fifty American universities (Garlitz 2008, 12). Within the two years following the initiation of the program in 1953, seventy-eight contracts were signed all over the world (Valdes 1995, 88).

Administration (ICA), which in 1961 became the U.S. Agency for International Development (USAID), started an exchange program with Chile. Defined by Valdes (1995, 41) as an “organized transfer of a formal cultural product”, this agreement was also supported by Ford and Rockefeller foundations. Its aim was to provide talented Chilean university students with a graduate degree in the U.S., and upon their return, support their efforts in establishing a “scientific” understanding of economics in their home institutions. The U.S. signatory of the contract was the University of Chicago, with the exclusive participation of the two founding fathers of the Chicago School economics Milton Friedman and Arnold Harberger. The Chilean side was represented by the Catholic University of Chile, which, from 1955 until 1963, sent thirty young economics students to U.S. to carry out graduate studies in mainly economics via the grants provided by University of Chicago. Almost all of these students became influential private sector executives, businessmen, and academicians in the future. But more importantly, they constituted the group of experts who shaped and implemented the neoliberal reforms under the military regime, from 1975 to 1982 (Silva 1991, 390).

As we will see in detail in Chapter 5, Turkey after the Second World War was another important ally of U.S. in its quest for containing the Soviet influence zone. Already in 1947, U.S. and Turkish governments signed a treaty named the “Fulbright Treaty” that established a joint commission on education. Alongside the significant military and economic aid of the U.S. government, a number of American Universities signed Point 4 technical cooperation contracts with Turkish higher education institutions during the 1950s. Among these were the agreements with Political Science and Law Faculty of Ankara University in 1954, an agreement with Nebraska University to establish a land-grant type university in the east of Turkey – which resulted in the foundation of *Erzurum Atatürk Üniversitesi* in 1957, and a cooperation agreement

between Harvard University and Istanbul University about the creation of a business administration program in 1954. During the high period of technical assistance programs (1950s and 1960s), other contracts were signed between American higher education institutions and Hacettepe University and Middle East Technical University.

In Latin America during the twentieth century, a dual process of change in state management characterized the evolution of national technocratic systems. First, a process of technocratization of policy making has been in progress since the end of the nineteenth century. Mostly implemented by foreign “Money Doctors”, new economic policies were designed abroad in the United States, Great Britain or France. After the Second World War, highly specialized advisers and decision makers of Latin American nationality with academic degrees began to replace the foreign experts that determined the course of capitalist development in economically more advanced Latin American countries. Second, during the second half of the century, among this body of technocrats, a particular professional group started to gain importance and authority. Professional economists gradually replaced other main groups of technocrats, i.e. engineers, lawyers, and businessmen to become the most influential actors in determining the direction and ideology of economic and social policy making (Dezalay and Garth 2002; for Mexico see Babb 2001). Today, economists with high levels of academic training, who then became career politicians, occupy several ministries as well as presidential offices in Latin America (Markoff and Montecinos 1993).

The Chilean case vividly illustrates the rise of economists as a prominent policy-making expert with political and administrative authority in Latin America. Throughout the first three quarters of the twentieth century, the Chilean economy was characterized by the important presence of the state in processes of production, industrial policymaking, and financial

regulation. Parallel to the ISI model, in which the government assumed directive and regulatory responsibilities for the goal of developing domestic markets and industries, the Keynesian consensus in postwar Europe on the “mediatory” role of state institutions in welfare provision and the coordination of economic redistribution in society marked the political economy in Chile.²⁹

Quite similar to the Republic of Turkey, founded in 1924, the modernization of Chilean economic policies in the 1920s and the management of subsequent policy reforms by the state elite and political parties were influenced by the ideological dispositions and expertise of technocrats. Under the military dictatorship of Carlos Ibanez (1926-1931), Pablo Ramirez became the Minister of Finance and established a group of technocrats with a nationalist and developmentalist mission. The initial cadre of technocrats, including Ramirez, was mainly composed of engineers and envisioned a modern, state controlled, industrialized economy for Chile (Silva 1998; Silva 2008, 62). The modernizing and technocratic aspirations of the Chilean political elite was interrupted with the 1931 World Depression, however, with the foundation of *Corporation de Fomento* (State Development Agency, CORFO) in 1939 (Silva 2008, 2-3) the leadership function of the state in investment, development, and planning reemerged in order to develop a “a national bourgeoisie... [that would]... confront feudal agrarian structures and imperialism” (Valdes 1995, 101).

When evaluated from the perspective of the Chilean state elite’s mission and guidance in modernization and industrialization, the political economy of Chile from the 1920s to the 1950s looks quite similar to Turkey’s experience with state-led development. The demography of the

²⁹ Chile didn’t have a corporatist welfare regime like Argentina or Mexico with widespread social services and securities. The state provided capital-labor harmony with interventionist tools like a wage-index, consumer good subsidies, and a modest welfare regime (Taylor 2002, 48), which had been developing since the 1930s.

young Republic of Turkey was born from the rubble of the Ottoman Empire after World War I and was composed of an agricultural population and migrants from the former lands of the Empire. Similar to the Chilean case, economic policies of the early Republic aimed at industrialization, creating a modern national economy, and developing a national bourgeoisie. The first heavy manufacturing industrialization attempts in the 1930s were realized according to a development plan in which the role of educated middle class professionals (lawyers, engineers, and the bureaucratic elite) played a crucial part. However, a key difference from the Chilean case was the one-party regime that ruled Turkey until the first multi-party elections in 1946. Within the electoral presidential system of Chile, technocratic teams (composed mainly of engineers) played an important role, especially at times of crises and turmoil, by creating an apolitical, disinterested, and rational administrative field that enabled the President to negotiate and manage conflicting interests of various political elite groups (Silva 2008).³⁰ In Turkey, it is hard to argue that these initial cadres composed of professional, urban middle class, and bureaucratic groups served a similar mediatory function. Similar to most of the Latin American countries, during the state-led economy years of the 1930s and the First Five Year Development Plan, which was prepared in 1933 in cooperation with the Soviet experts, Turkish engineers rose to the top administrative posts and controlled the management of state economic enterprises. However, under the one-party rule, experts and engineers became the carriers of the top-down modernizing

³⁰ However the difference should not be exaggerated. The Chilean electoral democracy did not expand to include universal suffrage until the second half of the century. Moreover, during the 1920s and 1930s, the electoral participation in Chile was around only fifteen percent. Conceptually we can regard the Chilean democracy at the time as an oligarchy where the rural elite rotated within the institutions of political power. The one party regime of the Republican People's Party in Turkey (between 1920-1946) was not a competitive electoral system despite a short-lived attempt in 1930 to allow an opposition party in the parliament. But the nature of elite politics among the land owning class, urban professional classes, and bureaucratic elite in Turkey at the time was comparable to Chilean political setting.

mission of the state (Gole 2008, 113) rather than the impartial mediators of oligarchic political competition.

During the presidency of Jorge Alessandri (1958-1964), the government branches and technical offices connected with the management of Chilean economy began to host economists as ministers and directors (e.g. in the Ministry of Economy and the Directorship of the Budget). The right-wing entrepreneur, engineer, and industrialist Alessandri, in conjunction with the American Klein-Saks Mission in 1956, took the first steps to create an entrepreneurial state and initiated a program, commonly referred to as “the managerial revolution” to alter the developmentalist tradition of the country, which dated back to the 1930s. His goal was to locate private entrepreneurs at the center of developmental policies (Silva 2008, 106). Traditionally, a mixture of lawyers, engineers, and businessmen occupied the governmental posts related to economic issues. The liberal economic policies of Alessandri created an opportunity for private sector economists with free market orientation to have a say in the administration and create a balance against the technocratic cadres populated by the developmentalist engineers (Silva 2008, 86). Similar to Chile, a relative weakening of engineers as the top-down modernizers was a visible trend in the Turkey of 1950s. The initial liberal economic policies of the Democratic Party (1950-1960) shifted economic decision making from the engineering cadres of modernizing engineers to the lawyer-businessman cadres of the first government of Turkey that won over the Republican Peoples Party in 1950.

The trend continued in Chile under President Eduardo Frei (1964-1970). An economist became the head of the Central Bank and both economists and engineers dominated state planning and investment agencies. During the Presidency of Salvador Allende (1970-1973) the

appointment of economists to government posts related to the economy was almost complete (Markoff and Montecinos 1993).

At this point, one should consider the meaning of being an economist both in Chilean academia and the state bureaucracy of the 1960s and early 1970s. The economists working in government posts were mostly coming from the economics program of the University of Chile and were under the influence of the “structuralist” school of economics. One difference of the structuralist school from monetarist economics, which was based on highly complex mathematical methods of microeconomics among other things and is regarded as “the scientific” economic approach in many countries and universities today, was the structuralist school’s integrated nature with other branches of social sciences (sociology, political economy, economic history) and its emphasis on macroeconomic tools like unemployment rates, national production, and international trade balances. In other words, from the point of view of the mainstream economics today, the structuralist school was not “scientific” or professional. For the structuralists, the fields of national culture, politics, and economy (both national and international) were inseparable and the working of the economy in each country was determined by its endogenous and historical trends of development and connection with the world economy. Structuralists were also very much concerned with policy making, which was an object of criticism by the monetarists who claimed that a real scientific economics should be detached from politics.³¹

The transformation of the Chilean national knowledge institutions started with the agreement between the University of Chicago and Catholic University in 1953. The technical cooperation agreement was one of the most comprehensive and systematic inter-university

³¹ Ironically, under the military regime of Augusto Pinochet, monetarist economists were willingly swamped in politics and policy making for about fifteen years.

agreements of its kind. One of the targets for the program was the United Nations Economic Commission for Latin America (ECLA) in Santiago. Founded in 1947, this institution supplied the ideological backbone of the “structuralist” school of economics. ECLA had strong and organic ties with the University of Chile and many scholars that advocated a nationalist economic policy framework were affiliated with this institution. Hence, in order to be able to transplant the free market economic policies promoted by the internationalist factions of the Chilean bourgeoisie and U.S. policy makers, the ideological hegemony of the ECLA had to be weakened and an alternative base for economic knowledge production had to be created (Biglaiser 2002b, 273).

Among the hundreds of students that participated in the exchange program in the University of Chicago, an academic nucleus that could carry out the transplantation of the Chicago School economic ideology started to graduate in the 1960s. Although the Chicago School economists presented their approach as “scientific”, “universal”, “objective” and anti-ideology (especially anti-structuralist and anti-Marxist) their theories were actually rooted in the politically conservative and economically liberal theory cultivated by Fredrick Von Hayek and Milton Friedman (see Mirowski and Plehwe 2009). Chicago School economics was one of the strongest weapons in the arsenal of the military regime and conservative bourgeoisie represented by the newspaper *El Mercurio* and it was fiercely used in their battle against the structuralist approach after 1975.

As the Catholic University of Santiago started to host a new type of economist and an economic ideology and as the Chicago School economists gained authority in the academic field, the authority of economists started to increase within the state bureaucracy and economic administration. During the past administrations, the Finance Ministry had always been separate

from the economists' domain of authority. After the military regime of Augusto Pinochet (1973-1990) the transformation of all offices including the Finance Ministry was completed: economists occupied all of them. After the transition to democracy, the ubiquitous influence of economists as bureaucrats, technocrats, and politicians reached a peak under the presidency of Patricio Aylwin (1990-1994) economists headed "the ministries of Finance, Economy, Planning, Public Works, Education, and Labor and even ... the highly political post of Minister Secretary of the Presidency... Economists also have been appointed to head such specialized agencies as the Central Bank and the Budget Bureau and hold various under-secretaryships" (Markoff and Montecinos 1993, 38).

Compared to the Turkish case, the implantation of monetary economics and neoliberal ideology into the governing structures of Chile was much more systematical and drastic. The economists that dominated the Chilean economic bureaucracy were not only successful in terms of implanting the neoliberal ideology into the Chilean state tradition but they also institutionalized the role of economics as the main form of expertise within the state administration. In the decade following the transition to democracy "the *Concertacion* governments of Patricio Aylwin (1990-1994), Eduardo Frei (1994-2000), Ricardo Lagos (2000-2006), and Michelle Bachelet (2006-2010) have privileged the formation of powerful technocratic teams in charge of the economic policies. These governments have also adopted, in different degrees, a technocratic discourse based on the modernization of the economy and the public sector, the search for efficiency, and a government 'of the best'" (Silva 2008, 175).

In the rest of the chapter, I will first give a brief history of Chilean neoliberalization. Then I will focus on the recruitment, group characteristics, and careers of the Chicago Boys and carry out a preliminary comparison with the story of Ozal's Princes, which I will present in detail

in the following chapter, to show how two different institutional settings and collective biographies interacted in a national context to determine the level of authority of the Chicago Boys and Ozal's Princes.

2. Overview of the Free Market Reforms in Chile

The sources of social and economic crises that culminated in the military coup of 1973 went back to the Christian Democratic Presidency of Eduardo Frei (1964-1970). However, the backlash from the right wing faction of the political elite (in collaboration with the Christian Democrats) was mainly a reaction to the post-1970 policies. Right before the military coup, the socialist *Unidad Popular* government (1970-73), led by Salvador Allende, saw the solution to the global crisis of ISI and Keynesian policies, in a state-socialist policy within a capitalist framework. Allende realized extensive agrarian reforms, the nationalization of manufacturing firms and banks, and the restructuring of property rights, which were against the interests of the Chilean conservative political and economic elite. Allende's reforms were not capable of solving the crisis of the ISI mode of capitalist accumulation. And the ideological direction of the regime resulted in a firm resistance from the Chilean capitalist classes. Increasing capital flight and investment strikes deepened the crisis (Taylor 2002, 50). The initial objective of the radical free-market reforms during the Pinochet dictatorship (1973-1989) was to bring back the order, economically and politically, and transcend the crises of state-guided development policies that were prevalent all over the world during the late 1960s and early 1970s.

The sociological explanations of the radical free market reforms in Chile can be summed up in three broad frameworks: coalitional, institutional, and ideational approaches (Kurtz 1999). Coalitional theories prioritize conflict and negotiation among the economic elite during the restoration period after 1973. Depending on the economic sector in which the dominant member

of the policy coalition operates, the direction and priorities of neoliberal measures changes. In Chile this variation was embedded in the struggle between the external and domestic oriented factions of the economic elite as well as in the nature of their capital, i.e. whether they owned liquid/financial or fixed/physical assets. Institutionalist approaches underline the insulation that the military regime provides for state administrators. The relative autonomy and isolation that Chilean neoliberal administrators enjoyed under Pinochet's brutal military control of social forces gave them a capacity to effect radical and controversial measures without any confrontation from the opposition. Lastly, the ideational approaches emphasize the transfer of neoliberal ideology from the U.S. by a group of technocrats and academics called the Chicago Boys. They were given the control of ministries connected with economy and the central planning agency ODEPLAN. According to this approach, monetarist economists based in the Catholic University of Santiago and who had strong ties to the financial sector, were the main providers of radical neoliberal policy direction for the military regime (Kurtz 1999, 403). This part aims to review briefly the consolidation of neoliberalism in Chile (1973-1989) by using the concepts and analytical tools of these three approaches.

Silva (1993) classifies the Chilean neoliberalization process into three periods: gradual (1973-75), radical (1975-82), and pragmatic (1982-89).³² These three policy periods each corresponded to a different set of policy initiatives and an elite coalition among dominant capitalist factions that supported a specific policy direction. Silva argues that the radical neoliberal policies that started in 1975 were the work of a coalition composed of

³² Kurtz (1999) uses a similar periodization but calls 1973-1975 as the first, 1975-1978 as the second, 1979-83 as the third, and 1983-89 as the fourth period of neoliberal experiment. None of these periods for him reveals a complete, ideal-typical example of neoliberalism as such, but incremental adaptations to contingent political economic factors under a broad neoliberal umbrella.

“internationalist” capitalists, Pinochet’s political power, and the technocrats against the “gradualist” or moderate factions of industry. During the first period of reforms, which is characterized as erratic and devoid of any systematic program by Richards (1997, 142), the internationally competitive fixed-asset producers (industry and landowners), who took advantage of the former ISI policies during their maturation in domestic markets, but also resented the high tariff policy of the ISI, dominated the coalition. Gradualist policies, they thought, should slowly give them access to export opportunities without removing total economic control. Kurtz (1999, 404) argues that there was nothing neoliberal about the first period, since on the military’s side there was an ambiguity about the policy direction to go in. Anti-communism and national security were the only definite items on the military’s agenda. A negatively defined set of measures to overturn the Allende-period policies was the backbone of the changes introduced right after the military coup (Kurtz 1999, 402). Furthermore, in order to achieve economic stability and fight inflation, there were alternative policies that were being discussed among state administrators. Neoliberalism was historically a marginalized economic ideology in Chile. Therefore, the initial phase of economic restructuring regarded neoliberalism with suspicion. Despite the fact that there was a consensus among the capitalists for a moderate or gradual opening of the economy, as Silva (1993) suggests, there was nothing to gain for the private sector from free market policies, since they were better off under the risk-free environment provided by state protection. Instead of a free-market destination, the signs for policy direction pointed toward a corporatist path along which the state’s interventionist institutions would ensure stability and order while blocking the penetration of leftist social forces into economic and political fields (Kurtz 1999, 409).

The radical neoliberalization in Chile began after the balance of payment crises that followed the recession in 1975 and continued until 1982. The consensus among the economic and state elite on a gradual liberalization of the economy did little to bring about stable economic growth; and inflation remained around 300%. By mid-1975, sectors in Chilean capitalism with the strongest ties to international business had gained control of the reforms. This faction of the economy was composed of internationally oriented liquid-asset holders (banking, real estate, and trade) that were in an ideal position to direct the “petrodollar” funds that accumulated in the international market after the Oil Crisis. The financial capitalists increased their leverage by mediating private international credit badly needed during the credit crunch of 1975, and therefore, became the dominant group in the capitalist coalition. The rapid privatization efforts of the financial sector in 1975 along with the subsidized selling of state banks encouraged the building of financial conglomerates. Drastic deflationary policies and a sharp reduction in the protection of industry followed (Silva 1993, 557).

The dominance of neoliberal policies within state institutions emerged also after 1975. There were still corporatist tendencies among policy makers, especially those dealing with agricultural policies (Kurtz 1999, 410). Furthermore, economists connected to the Christian Democratic Party were still advocating a more gradual transformation while agreeing to monetarist tools and expecting that the military government would come to an end as soon as economic and political stability was ensured. Also, discordance among the military branches was noticeable. The economic arena was delegated to the Navy, whereas the labor and social issues were managed by the Air Force. The 1975-1978 period was the one in which most of the contentious issues were resolved and dominant factions among the state and economic elite emerged decisively. Pinochet’s power was consolidated over the other branches of the military,

and the financial faction of the Chilean economy became dominant over other factions especially due to the increasing availability of international funds by 1978.

External economic dynamics brought about another change in direction in 1982. The debt crisis caused by the international conditions resulted in the Chilean financial system's collapse. GDP fell by 16.7% and official unemployment skyrocketed to 26% (Taylor 2002, 55). The last phase of the Chilean neoliberal experience took place between 1982 and 1988. Silva refers to this period as the phase of "pragmatic neoliberal policies" (1993, 548). In order to replenish shrinking foreign reserves and continue debt recycling, in the pragmatic period, the military regime had to do some fine-tuning to neoliberal policies. In certain areas neoliberal policies had to be terminated. Liquid-asset holders fell into the background; most of the financial conglomerates that emerged during the radical neoliberalization period were dissolved. Fixed-asset producers for international markets became influential again since they were the foreign exchange earners. Industrialists producing for domestic markets constituted a minor but important faction of the coalition, especially since they provided employment and kept the Pinochet regime under pressure.

The appointment of new ministers connected to economic and interior affairs weakened the hegemony of the Chicago Boys in state institutions. They were temporarily removed from key offices and were no longer the only policy voice in public debate. The basic principles of neoliberalism still constituted the rules of economic policymaking, but state elites started to discuss alternative measures again. Large scale social protests supported by various social groups - unemployed, poor, working poor, middle-classes, but also the factions of the bourgeoisie that were excluded from the ruling coalition - started to put pressure on Pinochet (Taylor 2002, 56), and urged the government to focus more on domestic economy. But there was also the pressure

from international lenders on the government to deepen the integration of the Chilean economy into the world economy.

Economic policy remained largely neoliberal but had to be implemented in a more pragmatic style, sometimes even in an anti-free market or ISI fashion. Pinochet's goal was to reassemble a supporting coalition behind the new and relatively restrained neoliberal model (Kurtz 1999, 422) and to gain public support for the national plebiscite that was scheduled for 1988 (Taylor 2002, 56).³³ On the one hand, almost the entire banking sector was once again under government control yet on the other, a second wave of privatizations (the first one was in 1975 and mainly in the financial sector) began with the selling of strategic industries to international capital and in part to the workers of the firms. The military government socialized the costs of economic crises by taking over the debts of the bankrupted financial capitalists. The external debt notes could be used to buy public enterprises (debt-for-equity swaps). Therefore, in reality, the state subsidized the international and domestic private business sectors that now jointly controlled the industrial production. The privatization of agricultural land had been completed, but the subsidies and price floors for the producers for the domestic markets were reintroduced. "During 1983–8, average government spending as a proportion of GDP was 25.1%, which was 1.5% higher than in the populist period 1967–72" (Taylor 2002, 55).

3. Who were the Chicago Boys?

Valdes defines the Chicago Boys as group of economists that must be considered as a part of the Chilean economic elite in the second half of the twentieth century. In different parts of his study, he also refers to the group as an "ideological elite" (Valdes 1995, 38). Chicago Boys were a team par excellence; a group of economists with a common educational background,

³³ The plebiscite was asking the Chilean people whether to continue with the dictatorship for another eight years or to return to civilian rule. The military regime lost, 56% to 44%.

ideology, esprit de corps, and state bureaucratic career. At many points in the history of the formation of the group, in the 1960s, and their involvement in the Chilean neoliberalization processes of the 1970s, the term came to define a wide network of various influential individuals in ideological, political, and economic debates. Some of the members of the group had links with “internationalist” business circles (e.g. the Edwards’ group) others were politically connected with an ultraconservative political circle called *gremialistas*.

Today, in the collective memory and the academic literature on the political economy of Chile, as is the case for Ozal’s Princes in Turkey, the term Chicago Boy designates any elite individual (a businessmen, bureaucrat, or policy expert) affiliated with the military government and its radical economic reforms in the 1970s and 80s. Throughout their seventeen years of direct influence on the military government regarding economic decisions, expert economists with a clear Chicago School economic approach and ideology provided the core and cohesion of the group.

Patricio Silva (2008, 154) lists twenty-six Chicago Boys who served in important posts during the military government. The main figure and the leader of the Chicago Boys team was Sergio de Castro. He served as the dean of the Faculty of Economics in Catholic University between 1965-1971. He began his government career as an adviser to the Minister of the Economy. He was appointed as the Minister of the Economy in 1975 and then as the Finance Minister in 1976. He held this post until 1982 as the longest serving Minister of Finance in the history of Chile. Another prominent Chicago Boy was a Catholic University faculty member Pablo Baraona, who replaced de Castro as the Minister of the Economy in 1976, and before that served as an Adviser to the Ministry of Agriculture and as the President of the Central Bank. Later in his government career, he also served as the Minister of Mining. Alvaro Bardon started

his career as a CORFO official, than became the president of the Central Bank. He also served as the Deputy Minister of Economic Affairs and as the president of Banco del Estado. Some other important members of the group were: Rolf Luders (Minister of the Economy), Miguel Kast (Minister of Planning, Minister of Labor), Sergio de la Cuadra (President of the Central Bank, Minister of Finance), Emilio Sanfuentes, Manuel Cruzat, Juan Braun, Luis Frederici, Manuel Cruzat. Some of the lesser-known Chicago Boys were: Juan Carlos Mendez, Alvaro Donoso, Ernesto Silva Baffaluy, Jorge Selume, and Alvaro Saieh (Valdes 1995, 19).³⁴

A Common Educational Background

If we examine the group more carefully, we realize that the principle sociological element that gave the Chicago Boys a group identity was their higher education: the Faculty of Economics at the Catholic University, and then the graduate program at the University of Chicago. Between 1955 and 1963, thirty Catholic University students went to U.S. to take advantage of the Point 4 exchange program and receive a graduate degree from the University of Chicago (Biglaiser 2002b, 274; Silva 2008, 148). The first cluster of Catholic University economists who were educated at the University of Chicago came back to Chile and started working in the private sector, local universities, and the Frei government's (1964-1970) economic bureaucracy. As the technical cooperation agreement between the Catholic University and the University of Chicago was extended every three years, more generations of Chicago School economists joined this group.

Not all members of the group collectively referred to as the Chicago Boys had graduate degrees from the University of Chicago. For example, Jorge Cauas, who served as the Finance

³⁴ See Table 1 for the full list provided by Silva 2008. Prominent names by Valdes (1995) and Silva overlap to a significant degree, but the lesser known names differ a lot. This is probably due to the large number of Chicago Boys who worked in civil service. It is likely that both lists are missing many names.

Minister in the early years of the Military Government, took courses at Columbia University, and Jose Pinera,³⁵ the architect of the labor plan and other social reforms, studied at Harvard. However, these men fully supported the Chicago approach and actively participated in neoliberal reforms.³⁶ Also, not all economists that graduated from the Catholic University, studied at the University of Chicago, and worked under the military regime were solely affiliated with the conservative ideas of the Chicago Boys. For instance, Alvaro Bardon, J. L. Zabala, Andres Sanfuentes, and Juan Villarzu were associated with the Christian Democratic Party of Frei (Valdes 1995, 19) but later influenced by the neoliberal program of the Chicago boys and joined the group (Hira 1998, 90).

³⁵ He is the older brother of the current President of Chile, Sebastian Pinera.

³⁶ Biglaiser (2002b) observes that the commitment of students who studied in American universities other than the University of Chicago, to neoliberal ideas might have been lower. However as his interviews indicate, in one way or another, they all had courses that questioned Keynesianism. Pinera, in his interview with Biglaiser, also argues “economists trained at any American university after the 1950s shared similar philosophies because of the use of Samuelson’s textbook in introductory economics courses” (Biglaiser 2002b, 285).

Table 1: Prominent Chicago Boys

<i>Name</i>		<i>Government Post</i>
Pablo	Baraona	Adviser to Ministry of Agriculture, President of Central Bank, Minister of Economic Affairs, Minister of Mining
Alvaro	Bardon	CORFO Official, President of Central Bank, Deputy Minister of Economic Affairs, President of Banco del Estado
Hernan	Buchi	Minister Director of ODEPLAN, Banking Director, Minister of Finance, Deputy Minister of Health
Carlos	Caceres	President of Central Bank, Minister of Finance, Minister of the Interior
Jorge	Cauas	Vice-President of Central Bank, Minister of Finance
Martin	Costabal	Budget Director
Sergio	De Castro	Adviser to Ministry of Economic Affairs, Minister of Economic Affairs, Minister of Finance
Sergio	De la Cuadra	President of Central Bank, Minister of Finance
Julio	Dittborn	Deputy Director of ODEPLAN
Alvaro	Donoso	Minister Director of ODEPLAN
Juan Adres	Fontaine	Chief of Study Department Central Bank
María Teresa	Infante	Adviser to ODEPLAN, Minister of Labor, Deputy Minister of Social Security
Miguel	Kast	Minister Director of ODEPLAN, Vice-President of Central Bank, Minister of Labor
Felipe	Lamarca	Director of Tax Agency
Christian	Larroulet	Adviser to ODEPLAN, Chef de Cabinet at Ministry of Finance
Joaquin	Lavin	Adviser to ODEPLAN
Rolf	Luders	Bi-Minister of Economic Affairs and Finance
Juan Carlos	Mendez	Budget Director
Jose	Pinera	Minister of Mining, Minister of Labor
Alvaro	Saieh	Adviser to Central Bank
Andres	Sanfuentes	Adviser to Budget Agency, Adviser to Central Bank
Jorge	Selume	Budget Director
Ricardo	Silva	Chief of National Account Central Bank
Alvaro	Vial	Director of National Institute of Statistics
Juan	Villarzu	Budget Director
Jose Luis	Zabala	Chief of Study Department Central Bank

Source: Silva 2008, 154.

There are two generations of Chicago Boys who worked for the military government before and after the 1982 economic crises. This generational classification follows the pattern of the Chilean neoliberal experiment from 1973 to 1989 under the military government. The first generation of Chicago Boys had to serve in a mixed team of economists from the Christian

Democratic tradition³⁷ during the “gradualist phase” of the Chilean neoliberalization process (1973-1975). The first generation of Chicago Boys became fully authoritative within the military government during “the radical period of the Chilean neoliberalization process”; namely, from 1975 to 1982. Valdes refers to the same period as “the naïve phase of Chilean neo-liberalism” (Valdes 1995, 10). During this period, the Chicago School economists were in full control of the economic administration and the dictator Augusto Pinochet, without any opposition, implemented their radical neoliberal economic policies.

The second generation of Chicago Boys consisted mainly of the Catholic University students who went to Chicago after the prominent figures in the first group lost control of the Faculty of Economics for a brief period of time in 1971. Some of these economists were Miguel Kast, Juan Carlos Mendez, Juan Ignario Varas, Martin Costobal, Ernesto Silva, and Alvaro Donoso. Most of these Chicago School economists were appointed after the economic crisis of 1982 and they had to continue their career within bureaucratic offices that were occupied by Christian Democratic economists. Within these mixed teams, they produced more cautious,

³⁷ The Christian Democratic tradition goes back to the late nineteenth century. It is closely linked to the development of Catholic political and philosophical doctrine in Chile. It is based on the assessment by the Catholic Church at the beginning of the twentieth century that social class divisions in Chile were a serious problem and that a Christian and communitarian utopia in which the poor, the working class and peasants would live in peace and harmony could be attained. Many progressive Catholic priests and intellectuals became interested in the worker and peasant conflicts that increased in the 1920s and 1930s and worked as union organizers. They opposed the idea of the labor market and especially the idea that the market should determine the wages. They argued for the role of the state, local solidarity networks, neighborhood associations etc. in maintaining social welfare and harmony. Christian Democrats started an anti-Marxist campaign against rising socialist and communist mobilizations in the 1950s. They thought that the materialist basis of communism posed a great threat to future generations. But they were also against the materialism promoted by free market ideas and consumerism. Right before the 1958 presidential elections, along with other progressive intellectuals and politicians joining the party, Christian Democrats became the most serious alternative to Marxist mobilization for achieving equality and liberty. Eduardo Frei Montalva won the presidential elections in 1964 and implemented a comprehensive and radical reform program called “revolution in liberty”.

nevertheless still liberal, economic policies that accommodated state control and guidance. They did not have the radical neoliberal viewpoint of the first generation of the Chicago Boys.

A Common Class Background

One factor that increases the cohesiveness of technocratic teams is their collective biographical and social background. Almost all of the Chicago Boys members were the graduates of the Catholic University. Since the independence of Chile in 1810, the Catholic University constituted the “private” pillar of the Chilean higher education system together with the University of Chile, which was public. While the University of Chile represented the “national university” model that could be seen in many twentieth century nation-builders, like the Ankara and Istanbul Universities in Turkey or National Autonomous University of Mexico (UNAM), Catholic University catered to the higher education of the upper classes. The national university was characterized by a mass enrollment of students from different social classes and gender and a curriculum susceptible to changes enforced by broader social events, such as the student movements of 1968 (Austin 1997, 33). Catholic University was more resistant to the pressures of social forces coming from below because of its upper class character. Historically in Chile, the students of Catholic University were the members of the rich, land-owning classes (Valdes 1995, 122). Moreover, Catholic University was particularly hostile towards “critical” studies in social sciences and humanities.

A Common Conservative Ideology and “Political Mission”

A common political imagination, orientation, and activity gave the expert group another resource for unity. The Chicago Boys advocated conservative political positions even before they established connections with the military government and economic policymaking process. The first cluster of Chicago Boys who completed their program at the University of Chicago and

returned to Chile openly welcomed the election of the right-wing candidate Jorge Alessandri as the president in 1958.³⁸ Their reaction to the leftist student mobilization within the Catholic University's student union was a battle during which they intensified their political mission and group identity (Hira 1998, 89; Fischer 2009, 312). The only faculty that was not occupied in Catholic University during the 1967 student protests was the Faculty of Economics. Beginning with the dean Sergio de Castro, all members of the faculty expressed an exceptional reaction towards the protesting students. They wanted the Catholic University students who had participated in the events to be immediately expelled from the school. The ideological battle fought in alliance with the Christian Democratic Party members against Allende government in the early 1970s was another contributing factor in the formation of Chicago Boys conservative identity. This reactionary collaboration was influential in convincing some Christian Democratic economists such as Jorge Cauas and Alvaro Bardon to join the Chicago School team of experts (Hira 1998, 90).

The global demand for social change in 1968 was expressed in Chilean politics as President Frei's the reform program, "Revolution in Freedom". A majority of the students and faculty at the economics department were anti-reformists. They opposed reforms both in the university, and in the country in general. Around the same time, some of the Chicago group members were in touch with the ultra-conservative *gremialista* movement, which was also based in Catholic University's Faculty of Law (Valdes 1995, 201-3). This group was founded and led by Jaime Guzman, a student in the Faculty of Law, and supported corporatism and later a "Christian-libertarian type of philosophy based on individual rights and freedom from state

³⁸ This group consisted of twelve people and only Frei supporters Ricardo French-Davis and Carlos Massad among them did not think positively about Alessandri (Valdes 1995, 170).

intervention in all aspects of life” (Hira 1998, 90).³⁹ Sergio de Castro, Jorge Cauas, Pablo Baraona, Miguel Cast, Cristian Larroulet were the Chicago School economists who were explicitly in relationship with *gremialista* movement (Fischer 2009, 322-3). *Gremialista* supporters controlled the student union in Catholic University during the late 1960s.

Conservatives in the Faculty of Law and the Chicago School economists socialized in the student union, and their collaboration continued during the military regime.⁴⁰

As the Chilean example illustrates, however, early socialization with conservative ideas was not enough for the social and ideological reproduction of the economic expert teams imported from U.S.. A number of Chicago Boys, despite the fact that they were graduates of the Catholic University, were affiliated with the Christian Democratic Party in the late 1960s, but became neoliberals during the battle against rising socialism in the early 1970s. The Sense of a “political mission” was quite strong among the Chicago Boys. During the Allende presidency (1970-1973) Sergio de Castro, Luis Frederici, Manuel Cruzat, Pablo Baraona, and Juan Braun were working as advisers for the private business organizations. This group of Chicago Boys was active in preparing an alternative economic program against the Allende government at the

³⁹ There is not a consensus about the degree of association between the Chicago Boys as an economist team and the *gremialista* as a political group. While Hira (1998) believes that there was a “fascinating hybridization of the ideas” of the two later on during the military regime, Huneeus (2000) argues that there was a strong and organic political collaboration between the two groups during college and then the Pinochet years. Silva (2008) disagrees with the idea that the ideas of the two groups were intertwined to a significant degree and argues that the political and ideological agenda of these two groups were different.

⁴⁰ Actually the roots of the *gremialista* movement went back to the ideas of corporatism supported in the journal *Estudios* in the 1930s. The Catholic and business community in Chile at the time criticized the traditional party system and proposed a system of *gremios* (guilds) in which the society (employer, worker, farmer etc.) was organized in these intermediate organizations between the state and civil society (O’Brien 1983, 21). It would be an interesting comparison with the journal *Kadro* in the 1930s’ Turkey. The *Kadro* movement was a collective of intellectuals who supported the state intervention in economic affairs and provided the Turkish government with a set of theoretical arguments that justified a state-led, nationalist, and to some degree, corporatist economic model (see Toprak 1995).

beginning of the 1970s. This program was called, because of its size, *el ladrillo* (the brick) and was used by the military government after the coup in 1973 (Valdes 1995, 249-52).

Relying on interviews he carried out with prominent Chicago Boys such as de Castro, Bardon, and Baraona, Valdes assesses Chicago Boys' political mindsets during the military government as follows: They gave full support to the state of exception created by the military regime. They found authoritarianism a necessary condition for stability. Also, they thought that the authoritarian regime would be neutral towards different people, social groups, and ideologies, and that real freedom was only possible in this environment free of ideologies. According to the Chicago Boys, the old democratic system was in fact a quasi-dictatorship in which the members of parliament and congress were not held accountable for their decisions. In the old democratic system the interests of the political classes were above the general interest of the public and state intervention into the social realm created inefficiencies. They sincerely supported the "scientific and technical authoritarianism" the military regime imposed on the country and considered the heavy crimes that the military regime committed to be "unfortunate" and "inevitable" events (Valdes 1995, 30).

The political ideology of the Chicago Boys and their support for authoritarianism went hand in hand with an economic philosophy that was supposedly apolitical and anti-ideology. In fact, Chicago School theories on the economy and social policy were the source of "the ideological strength of their mission" (Valdes 1995). The ideas that the Chicago Boys transferred were not just technical policy making proposals, there was a well-refined philosophy and ideology behind the radical social transformation they implemented between 1975-1982. The Chicago Boys employed the rhetoric of "scientific economics" as a powerful legitimization

instrument to justify the privatization and financialization of the Chilean economy and to establish the foundations of a future consumerist society.

For the Chicago School economic ideology, economic freedom was the necessary condition for political freedom. A limitless faith in the self-regulating market and its capacity to solve the problems of society in general represented the political essence of Chicago School economics. One of the leading figures of the Chicago Boys, Baraona, claimed “the market is the economic manifestation of freedom and the impersonality of authority” (Valdes 1995, 31). In other words, for the Chicago Boys the market was essentially a political institution. Jose Pinera, an influential member of the Chicago Boys group without a University of Chicago degree, directed the team that prepared the drastic 1979 reform program called “seven modernizations”. The Chicago School experts designed a completely new political vision for future Chile, and Pinochet adopted it without any hesitation. According to Pinera, traditional values such as democracy or egalitarian socialism had completed their lifetime, and the future polity would be led by consumer choice. People would identify themselves as consumers rather than citizens, and their consumer choices, which they vocalized through the free market mechanism, would be their votes and the means through which they participate equally in public life. Consumers would vote for the party that maximized their interest, regardless of their ideological preferences (Hira 1998, 82).

As a result, the Chicago Boys team internalized the political subtext of the Chicago School neoliberal philosophy, manufactured by Arnold Harberger, Milton Friedman, and Fredric Von Hayek, and they believed that the future Chilean society should be constructed by a top-down technocratic design that had a limitless faith in markets. Of course, neoliberalism as an ideology, an economic policy framework, and a political philosophy was, and still is,

experienced differently in different parts of the world. Chilean neoliberal process unfolded also in the company of these historical and geographical exceptions. Political aspects of the neoliberal philosophy interacted with national political interests and organizations and took its particular shape in this negotiation between foreign ideas and local realities. For instance, a political and philosophical approach, which later on merged with the Chicago School ideology, was developing in a particular strain of the Chilean conservative right during the 1960s. The Chilean right was losing ground against socialist, progressive, and redistributive political programs. As a defense strategy against the rising global leftist mobilization and the popularity of the socialist candidate Salvador Allende (but also against the progressive Frei), politicians from the Liberal, Nationalist, and Conservative currents founded the Nationalist Party in 1966. This new right party referred back to the conservative authoritarian tradition that had emerged at the beginning of the century and had maintained that impartial experts should rule the Chilean polity according to an authoritarian model. The new right criticized the oligarchic structure of the traditional right and the interest struggles among elites that weakened the defense against the harmful effects of rising Marxism, which to their view could only be fought by a strong authoritarian nationalism (Fischer 2009, 311).

In conjunction with these nationalist and conservative currents in the student movement and party politics, the Chicago Boys transformed their economic philosophy and reform suggestions into a fully-fledged ideology that was embraced by the military regime in which they became key policy makers. Throughout their collaboration with the military regime they began to view authoritarianism as a necessary condition for the survival of economic liberalism and used consumerist economic expansion as a mask against the military control of the political regime (Silva 2008, 143). Towards the end of their career in Chilean bureaucracy, the Chicago

Boys completed their transformation into techno-politicians who coherently synthesized an economic and political philosophy and reproduced their group identity for a long period of time.

In the next chapter, I introduce the Turkish case and provide a portrait of Ozal's Princes as a group of economic experts. Chapter 4 introduces a detailed analysis of the Turkish case based on group sociology and intra-bureaucratic struggle. While Chapter 3 compares Ozal's Princes to Chicago Boys in terms of their collective biographies and mindset, Chapter 4 focuses on the organizational location of Princes as a group, in other words their experience within Turkish technocratic institutions.

Chapter 4: Turkey as an Alternative Path to Technocratic Authority

The case of Ozal's Princes in Turkey is often compared to the case of the Chicago Boys in Chile (e.g. Onis 2004) because of its character as a U.S.-educated expert team, their involvement in the first wave of free market reforms in Turkey between 1983 and 1989, and the conditions under which they carried out their tasks (i.e. the state of exception guaranteed by the military regime to the Prime Minister Ozal). Despite the fact that in the 1990s the Princes were portrayed in the Turkish media, and later in public opinion, as very influential figures, compared to the Latin American examples the authority and prestige of the economists in the Turkish technocratic field as a professional group was considerably lower during both the initial free market reforms in the 1980s, and the gradual deepening of free market reforms in the following decades. The status and authority of professional economists are still comparatively modest with regards to economic policy making in today's Turkey.

This chapter tries to understand why Turkish economists could not obtain a high level of expert authority and take control of the technocratic field through a comparison with the archetypical Chilean case of high expert authority. The previous chapter introduced the collective background of the Chicago Boys. In this chapter, we will present the findings about Ozal's Princes in Turkey and contrast them with the Chilean experience to understand the group sociological factors that influence expert authority. After providing a brief account of the context in which Princes were recruited I will explain the role of Turgut Ozal in fostering a technocratic mentality and recruiting a team of young economists.

Ozal's Princes as a group signify a new generation in Turkish economic thinking and policymaking. They represent a substantial circle of experts that can be compared with similar generations of economic experts in other developing countries. In this chapter, I will describe the

recruitment process, appointment, career, and general characteristics of Ozal's Princes as a group. We can examine the actors of economic policymaking during the free market reforms in Turkey in relation to three interlocking social networks that emerged around Turgut Ozal over the course of his career as a technocrat and politician. The first network layer established the foundations for the rise of Ozal's personal political authority. It was composed of his family, school friends, colleagues from the State Planning Organization (SPO), international contacts, and private business relations from the 1970s. The second network comprised the founding cadres of the Motherland Party (ANAP), which initiated the radical neoliberal reforms and was the basis for the amalgamation of his technocratic and political authority. The third layer constitutes the team that maintained the technical knowledge, economic ideas, and more importantly, the nepotistic regulation necessary for the emergence of a new economic elite via novel methods of capital accumulation. This third network was the 'brain-team' recruited by the Ozal family during the first ANAP government (1983-1987) established after the military coup of 1980. The appointment of U.S. educated economic experts to top bureaucratic posts took place at the beginning of the second ANAP government (1987-1991). The core subject of this chapter is Ozal's neoliberal expert team, which we specifically label as Ozal's Princes. In the next chapter, I will juxtapose the story of the Princes with the "Chicago Boys" episode in Chilean history between 1975-1982.

The collective commentary on the economic policy making process in Turkey is that it is heavily dependent on local political dynamics and foreign pressures. For the majority of the intelligentsia and academia in Turkey the weight of expertise and technical decision-making is minimal in the management of the Turkish economy. Populist preferences in government spending, which traditionally result in large budget deficits, especially in election years, as well

as dependence on IMF stand-by agreements in the decades following the transition to a free market economy in the 1980s, create the impression that while macroeconomic blueprints are laid out by foreign experts, local politics is mainly in the business of by-passing or bending these provisions in accordance with the national political conditions. While this broad description has validity, enmeshing the policy process of a long-standing OECD economy, which is listed among the twenty largest economies in the world, in an oversimplified dichotomy of “logical foreign advice v. illogical local response” is sociologically unimaginative. On the one hand, like every other industrialized developing economy, Turkey has a distinctive technocratic system, which is defined by historical and national rules and logic; on the other, without systematic and structured comparison these characteristics can seem unique or exceptional, hence we risk parochialism.

Of course, no polity in the world is characterized by a hundred percent technocracy (i.e. rule by experts) or a hundred percent rule by politicians. Technocracy is a “state,” a balance between expert rule and rule by politicians in a given historical period. The emergence of the Turkish technocratic system as a part of the bureaucratic structure can be dated back to the 1930s. The short experiment with liberal economic policies after the foundation of the Republic of Turkey in 1924 left its place to the “National Economy” model, which was characterized by the first experiments with development planning and state leadership in building heavy manufacturing industry with financial and technical help from the Soviet Union and Great Britain. However, the second development plan was interrupted by the Second World War and reached institutional maturity only in the 1960s. The military intervention of 12 March 1960 and the Constitution of 1961 established a number of new bureaucratic organs in the legal field (e.g. the Constitutional Court), as well as in the economic field. The State Planning Organization

(SPO) was the primary organ for the management of technocratic system. We can think of the creation of SPO as an “organ transplant” into the bureaucratic body of the state; and organ that went through a period of failure and degeneration in the 1970s. The expert group invited to Turkey after the 1980 military coup to execute free market oriented policy reforms can be characterized as an “injection of new blood” into the already existing technocratic system. To extend the analogy, we observe that the existing technocratic system rejected the “new blood” and the resistance from the established bureaucracy, senior civil servants, and politicians resulted in the departure of young and inexperienced experts from their offices by 1992. In this chapter, I will examine how the Turkish political elite attempted to tilt the balance between expert rule and rule by politicians in favor of technocracy during the free market reforms.

1. Overview of the Free Market Reforms in Turkey

Throughout the 1980s, Turkey went through a series of policy and institutional reforms that can be labeled as economic liberalization. The free market reforms of the 1980s demanded a particular type of professional that could provide policy options in accordance with the highly popular “neoclassical” or “monetarist” economics, which was beginning to enjoy global popularity at the time. Before 1980, Turkish politicians and civil servants did not attempt to recruit experts with a free market orientation systematically to carry out reforms based on economic liberalization. Only after the 1980 Military Coup did the generals in charge of all forms of policy making for three years and the subsequent Motherland Party (ANAP) government of the new-right political cadre attempt to replicate the worldwide phenomenon of replacing the existing top bureaucrats with a “new blood”.

In the last years of the 1970s the Turkish economy experienced the delayed but deep consequences of the 1973 Oil Crises. Turkey managed to finance the increasing cost of oil with

remittances of guest workers in Germany and short-term loans. The second oil shock in 1979 and 1980 left the Turkish economy under the pressure of short-term loan repayments, severe three-digit inflation, and foreign exchange reserve crises. The unemployment rate rose to fifteen percent and industry was operating below capacity. Due to the shortage of basic consumer goods, long customer lines in front of gas stations and food suppliers were common. Political circumstances also complicated the situation. Armed struggle between the militant left and far-right groups in big cities, gridlock in parliamentary politics, and rising ethnic and religious tension in a number of provincial cities deeply depressed the stability of middle-class life in the country. Growing armed and intra-parliamentary conflict resulted in a military takeover of the government in September 12, 1980 (Kazgan 2002, 117).

After the coup, the National Security Council decided to implement the “January 24th measures,” which had already been proposed by the civilian government a few months earlier. The reform package proposed a series of free-market adjustments, starting with the devaluation of Turkish currency, liberalization of commodity trade, and deregulation of labor markets. When the Deputy Prime Minister responsible for the economic policy of the military regime (1980-83) with “full authority”, Turgut Ozal (who later became Prime Minister between 1983-1989) and his Motherland Party (ANAP) emerged victorious from the 1983 parliamentary elections, “Turkey’s first-generation economic liberalization” (Cizre and Yeldan 2005, 388) gained momentum. The first wave of neoliberalization in Turkey can be dated from 1981 to 1988. From an import substitution industrialization (ISI) model that was common in many Latin American countries after World War II, the economic development strategy of Turkey has gradually shifted towards an “export-led growth” strategy. Major tools of structural adjustment and stability measures were the regulated exchange rates and export subsidies. The aim was to integrate with

global markets through trade liberalization. The first phase also brought about strict wage controls and the repression of labor politics under a military controlled transition to parliamentary politics. The first phase sought to deal with the macroeconomic instability brought about by unsustainable foreign debt levels and aimed at monetary and fiscal stability, controlling inflation, and increasing investor confidence in order to stimulate productive sectors and economic growth in general (Cizre-Sakallioglu and Yeldan 2000).

By 1989, financial liberalization was complete with capital account deregulation and liberalization of capital movements. The Turkish experience in the 1980s was celebrated as a success, similar to the optimism about neoliberal reforms in Chile in the 1970s and Argentina in the 1990s. Even though the stability measures initially brought about some positive results, the first phase also created persistent problems. Optimism about the success of free market reforms in Turkey ended first with worsening inflation figures in 1989, then with the financial crisis of 1994. Similar to Argentina and many other neoliberalization cases, the development model of Turkey after free market reforms relied heavily on short-term capital flows and significant foreign borrowing (Onis 2006, 239), which proved to be unsustainable and crisis prone with the 2001 financial crisis. Also, the fiscal discipline that could not be achieved during the 1980s continued to be a fundamental problem throughout the 1990s.

2. Turgut Ozal: Technocrat and Politician

Turkey's transition to the neoliberal development model cannot be fully understood without making sense of the rise, actions, and ideas of the technocrat-turned-politician Turgut Ozal. He can be compared to Carlos Menem of Argentina in terms of his primary goal of introducing free market reforms and making these reforms legitimate and favorable to elite groups and middle classes (Onis 2004, 113). Turgut Ozal was the highly charismatic and

controversial leader of the initial phase of Turkish economic liberalization between 1981 and 1989. The literature on the period of neoliberalization in Turkey almost exclusively focuses on Ozal as either the visionary or villain single handedly responsible for the policy transformations. His charisma, talent, nepotism, informal connections to business and political parties on the right, without a doubt, played a huge part in the story. He was the architect of the “January 24th measures” and he was chosen by the military regime to administer the reform package under military government.

The peculiarity of the Turkish technocratic structure during the free market reforms was very much determined by the political mentality and career features of Turgut Ozal, since he was the mastermind behind the attempt to bring a new generation of foreign educated experts into Turkish economic policy making. The contradictions in his ideological outlook, economic vision, and personal professional career explain a lot of the Turkish technocracy’s divergence from the archetypical case of Chilean technocracy during free market reforms. He was an engineer with a long career in state technocracy and a brief experience at the World Bank. He had the mentality of an expert but also the pragmatism of a politician and an entrepreneur. He was a creation of the planning and state-led development era of Turkey, i.e. the 1960s, with great respect for Turkish state tradition and bureaucracy, but at the same time eager to transform this tradition, which has historically been hostile to liberal ideology. He came from a nationalist conservative ideological background, but dreamed of opening the Turkish economy and society to foreign, especially American, influences. He was respected by the conservative and religious sectors of the society and elite, but his family and “Princes” represented a lavish lifestyle based on import consumerism.

Ozal's personal background gives us some clues as to his popularity in political and business circles (see Onis 2004 and Colasan 1989). He had a modest lower middle class family background. He was born in Malatya in 1927 and completed his secondary education in a number of other provincial cities in Anatolia. He graduated from Istanbul Technical University (ITU) as an electrical engineer in 1952. Although the majority of bureaucrats historically came from Ankara University, located in the capital of the country, ITU in the 1950s was also a home to a number of prominent future politicians.⁴¹ As a technical university with a major specialization in engineering, ITU (together with another technical university in Ankara, Middle East Technical University) became an important institution providing technical experts for the SPO. After a long career in economic bureaucracy most of these experts with conservative political leanings became politicians in the Motherland Party in the 1980s.

During his college years in the late 1950s, Ozal was a member of a conservative circle of students that interpreted the political issues of the time through a nationalist and religious framework.⁴² There is an interesting similarity between the first generation of the Chicago Boys and Turgut Ozal's early exposure to conservative ideas. We see that in both cases the initial cadres that later introduced neoliberal ideas had contacts with a nationalist conservative movement during their higher education years (mostly in the 1950s and 1960s). In Turkey,

⁴¹ For instance, Suleyman Demirel, who was one year ahead of Ozal, was a graduate of ITU. Demirel started his political career in the 1960s and later became an iconic figure in Turkish right wing politics. He served as prime minister several times since the 1960s and as president after Ozal's death in 1993. Demirel was one of the most important facilitators of Ozal's rise in the bureaucratic hierarchy. He became Ozal's biggest rival in the late 1980s and probably the most important reason for Ozal's departure from competitive politics.

⁴² This suggests a very interesting parallel with the *Gremialista* movement in Chile. This conservative movement originating in the Catholic University of Chile in the 1960s was the political socialization platform for the Chicago Boys (Huneus 2000). The leader of the movement Guzman later became the legal advisor of Pinochet and the author of the military constitution.

Turgut Ozal and especially his younger brother Korkut Ozal was associated with a nationalist conservative movement when they were engineering students in ITU in the beginning of the 1950s. The organization named Turkish Cultural Hearths controlled the ITU Student Union, and Korkut Ozal was among the founders of the Union (Birand and Yalcin 2001, 20-22). Similar to the *gremialista* movement in Chile, this circle endorsed an economic view based on Islamic religious principles and corporatism.⁴³

In the early 1960s he was a mid-level technical expert in state bureaucracy. With the help of this network and his close relationship with Suleyman Demirel, in a few years he became the Undersecretary of the SPO in the late 1960s. The SPO was the apex of Turkish economic policy making during the ISI development years and Ozal was the Undersecretary of the SPO from 1967 until the military intervention of 1971. After his short career in the World Bank he returned to Turkey in 1973, started working in the private sector, and established a number of private businesses. During the 1970s, alongside his business career he maintained his close ties with right wing parties and even ran unsuccessfully as a parliamentary candidate for the Islamist National Salvation Party in the 1977 general elections. During these years he preserved his connections with Islamist groups and the conservative intelligentsia.⁴⁴ He became an influential bureaucrat again right before the military coup of 1980 with his appointment as the Deputy Undersecretary for the Prime Minister Suleyman Demirel and Acting Undersecretary for the State Planning Organization.

⁴³ However, as we will see in Chapter 5, conservative students did not control the student unions during the mobilizations of 1968 in Turkey. Even in the universities with liberal and pro-capitalist tradition the influence of leftist students in the unions was ubiquitous. This is a fundamental difference with the Chilean experience, a difference, which was going to curtail the chances of neoliberal economic approach finding an institutional shelter in Turkey.

⁴⁴ He was the president of the conservative National Culture Foundation.

After the 1980 military coup, all political activity was stopped and all political leaders, including those on the political right, were banned from political activity. Ozal's technocratic career, popularity in business circles, and supposed political non-affiliation as a civil servant brought him a position as the Deputy Prime Minister Responsible for Economic Affairs in the military government. The military government's decision to appoint Ozal as the boss of the economy relieved big business circles since they were very familiar with him from his tenure as the President and board member of Metallic Commodities Industrialists Union (MESS) in 1976. This employers' union at the time represented the manufacturing industry and was responsible for all major collective bargaining agreements. The willingness of the Turkish industrial bourgeoisie to support Ozal's appointment was visible in a letter written by business tycoon Vehbi Koc to the leader of the military government Kenan Evren:

“Certain rumors about the Minister and Deputy Prime Minister Turgut Ozal have been started. Turgut Ozal is not a genius. He may have his faults. Nevertheless, given the circumstances, in this delicate period, he is the one who knows our problems the best. It is to our advantage to ignore the rumors and keep him in office.” (Koc 1987 as cited in Cemal 1989, 35)

During the initial measures to reverse the crisis situation in the early 1980s, Ozal's personal credibility was essential for gaining the confidence of international organizations and borrowers such as the OECD countries, the IMF, and the World Bank. He managed to establish private connections with very important private financial players during his tenure at the SPO (1960s) and the World Bank (1971-1973). For instance, he had personal relations with Rodney

B. Wagner, who was a USAID officer when they met in 1962. Ozal visited Washington D.C. as a representative of the SPO. Wagner worked for J.P. Morgan before his service at USAID and rejoined this prominent finance firm in the 1970s as the Vice Chairman of the Board. Their close relationship continued throughout the 1970s and 1980s, during Ozal's term as the Prime Minister of Turkey.⁴⁵ Among his other personal connections were Frank Zarb, a prominent partner in the American firm Lazard Freres, which worked as a consultant for the Turkish Government in 1978, and John H. Bernson, the chairman of the Citibank in Turkey, which was the first foreign bank to come to Turkey in 1980 (Cemal 1989, 120-121).

The conditions created by the military regime's reorganization of the electoral laws helped Ozal and his Motherland Party's (ANAP) electoral victory in 1983. All political parties and political leaders of the pre-1980 period were banned from politics and a ten percent threshold was introduced for the parliamentary elections. Thanks to his party's decisive parliamentary majority after the 1983 parliamentary elections (45.14% of the votes and 212 out of 400 seats), he became the only politician to unite the opposing groups and bring stability to the economy. He managed to maintain the conservative social and political networks he had developed during his university years and civil service up until the 1970s and used this social capital to merge competing positions on the political right to build a hegemonic coalition, which benefited significantly from neoliberal reforms. In the absence of former party leaders on the

⁴⁵ Rodney Belknap Wagner (1931-2005) was a prominent representative of J.P. Morgan and USAID and helped the negotiation of loans for various developing countries, including Mexico in the late 1980s. He had a special interest in Turkey. He was a trustee, from 1968, and served as the chairman of the board of trustees of the Robert College of Istanbul from 1979-2002 (Saxon 2005). Colasan (1989, 62) states that there were various rumors at the time that Wagner was collaborating with the CIA and a frequent visitor to the American Embassy. During his studies in the United States, Turgut Ozal's son Ahmet was a guest at Wagner's house and the person who would be appointed as the director of privatization during Ozal's term, Cengiz Israfil (one of the Princes), had worked with Wagner at the Morgan Guaranty (Colasan 1989, 62).

political stage, Ozal's ANAP aimed to unite different tendencies within the political right and created a domestic capitalist clientele around its export promotion policies. ANAP's export-led strategy actually served the needs of an economic coalition among the center-right political forces in the country (Waterbury 1992). In the economic field, Ozal's policies of export promotion created a "new breed" of businessman. This circle of beneficiaries was composed of the "yuppies," namely, the managerial class in the private sector, entrepreneurs in the construction sector, and businessmen who entered into import-export business with the loosening of trade barriers. The network of businessmen was connected to the government through Ozal's "Princes" in the economic administration and through personal relationships with the Ozal family (Kurkcü 1996, 6). With a top-down decision making process that was immune to obstacles of institutional checks and balances – conditions created by the 1980 Military Coup – Ozal managed to implement radical free market reforms.⁴⁶

Turgut Ozal's technocratic background shaped his policy-making mentality. More importantly, his career as an engineer constituted the basis of his technocratic style. The literature on his political career after 1980 and interviews with his colleagues reveal constant references to his "unique way of thinking." Giving priority to "concrete" ways of thinking, limitless curiosity about the details of technical processes, scientific theories, technological devices, willingness to learn new things, thinking through a "mathematical" mindset, are recurrent themes that show up in the accounts of his attitude towards political problems. One high-level technocrat, for instance, immediately underlined his propensity for listening to experts. Another remembered the long hours Ozal spent listening to him and learning about

⁴⁶ The total number of decree-laws issued by ten successive governments in the 1970s was only 34, while two ANAP governments under Ozal issued 186 (Ministry of Finance 1994; cited in Unay 2006, 123)

human resources theory and being warned by Ozal's personal doctor to cut it short at around three o'clock in the morning (*interview*). One author notes his curiosity towards the "gadgets" his consultant Adnan Kahveci brought back from his trips abroad (Birand and Yalcin 2007, 336). Ozal was also the first to employ certain modern campaigning techniques in Turkish political history. Before the 1983 general elections, he hired a marketing firm to conduct research on his image in public opinion and to devise strategies to market his new party, ANAP (*Milliyet*, 11.12.1984).

Three interlocking networks made the rise of Ozal to the top of the economic decision making hierarchy possible. The first network evolved and transformed itself throughout his career. It was a combination of his relatives and bureaucrat friends with a conservative/Islamist orientation. The most important part of the network was a group of people that had maintained their ties with Ozal from college and then over the SPO years of the 1950s and 1960s.⁴⁷ In the years following his SPO career, when he was building a second career in the private sector, he made a personal effort to land important private sector positions for his bureaucrat friends, sometimes by personally negotiating their salaries (Cemal 1989, 94). Later in the 1970s, this network expanded to include his business partners and a few influential foreign advisors. Also during the 1970s, a number of his former conservative friends and relatives became influential in

⁴⁷ Colasan (1989, 41) lists the prominent figures that worked under Ozal during his Undersecretary of the SPO years (1966-1971) as follows: Mehmet Dulger, Hasan Celal Guzel, Kutlu Savas, Kazim Oksay, Temel Karamollaoglu, Yilmaz Ergenekon, Yahya Oguz, Nevzad Yalcintas, Ahmet Remzi Hatip, Sukru Akgungor, Zafer Ozkaynak, Mehmet Aydin, Yildirim Akturk, Ekrem Pakdemirli, Yusuf Bozkurt Ozal, Husnu Dogan, Avni Akyol, Ahmet Selcuk, Vehbi Dincerler, Vahit Erdem, Metin Emiroglu, Sadi Pehlivanoğlu, Agah Oktay Guner, Ekrem Ceyhun. According to Colasan these names had politically a right wing orientation and constituted the founding cadres of the right wing and Islamist political parties of the 1980s. In the 1980s, some of these names became closer to the major political competitor of Ozal, Suleyman Demirel. Others remained close to Ozal and became the founding figures of ANAP.

the political field. The stability and continuity of his bureaucratic career was mostly possible through this diverse but closely maintained network.

Second, a group of people formed a network around Ozal in the early 1980s when he decided to establish a political party and enter into electoral politics as its leader. This group of people was the founding cadre of the Motherland Party (ANAP). Because of the ban on political activity under military rule, applicants for the new party were closely monitored and could be easily rejected by the Council of National Security (CNS). There were thirty founding members of ANAP who had backgrounds in either bureaucracy or politics, or both. A technocratic career was a plus for CNS approval since it represented a neutral position, clean from the “corruption” of pre-1980 politics. The second network layer was not exactly a technocratic ensemble, but rather the initial political cadre that had captured the power and laid the ground for technocratic neoliberal interventions of Ozal and ANAP throughout the 1980s. Some of them were heterodox figures from the traditional bureaucracy while others were invited personally by Ozal from the private sector.

The narrower group within the founding members of ANAP was composed mainly of engineers. This was a significant contrast with the tradition represented by the lawyer, provincial notable, and businessmen based cadre of Suleyman Demirel’s center-right Justice Party.⁴⁸ In fact, the first appearance of the term “Princes” was in reference to this group. On November 12, 1984, the daily newspaper *Milliyet* listed six names under the headline “Introducing the Princes”: Ekrem Pakdemirli, Hasan Celal Guzel, Adnan Kahveci, Saffet Arıkan Beduk, Mehmet Kececiler, Selim Egeli. This “brain trust” of Ozal was accused at that time of giving political speeches, an

⁴⁸ Justice Party was the main party on the political right from the 1960s and after the 1971 military intervention. Suleyman Demirel was the leader. It is considered as the continuation of Democratic Party, the first liberal conservative party in Turkey. DP was in government during the 1950s.

action that the main opposition party thought was against the constitutional prohibition of civil servants from engaging in politics. The names accused of engaging in politics were all appointed by Ozal as the Undersecretaries or Advisers to the Prime Minister in the first Ozal cabinet (1983-1987). Other engineers, such as Tinaz Titiz, Vehbi Dincerler, Husnu Dogan, Ismail Ozdaglar, and Yusuf Bozkurt Ozal (brother of Turgut Ozal), were added to this list by the press later on as members of Ozal's brain-team.

“When you look at the founders of ANAP you see that those individuals were very open to concrete thinking. We can say that the only other available cadres at the time were Justice Party who relied on the ‘my worker brother, my peasant brother’ discourse, who relied on the small-scale tradesmen, and, who, at the very most, were composed of lawyers as professionals. And then there was Turgut Bey,⁴⁹ perhaps because of his own professional formation, recruiting mostly engineers to ANAP. One of the most concrete thinkers for example was Tinaz Titiz, who I admire very much. He is an engineer, worked on human resources; a person that looks at the world through mathematical facts. Vehbi Dincerler is an engineer; Husnu Dogan is an engineer, Ekrem Pakdemirli likewise. One can say in a humorous way actually that there were no economists among those who made the economic reforms... Thus, as if it was proving the words of Keynes that the economy was too important to be left to economists, the case was that there were too few economists among them. This created social problems later, namely other fields were ignored with the mentality ‘if we fix the economy other fields would be fixed as well’” (*Interview*)

⁴⁹ “Bey” is a Turkish suffix used with the first name in place of “Mr”.

The ideas and policy imagination of this core group within the founding cadre of ANAP provided a coherent mentality for Turgut Ozal's policy decisions. Most of them were his associates from his Undersecretary of the State Planning Organization years (1966-1971). The group contained no professional economists, while the names that come from the SPO tradition were exclusively engineers.⁵⁰ This phenomenon was also reflected in the first ANAP government, which was cited as the "cabinet of engineers"; there were nine engineers in this cabinet other than Turgut Ozal (Zurcher 2000, 412). Ozal's cadre of engineers and former bureaucrats were the initiators of free market reforms and in terms of mentality and working habits were very similar to Turgut Ozal. Ozal is remembered by his close associates as a "workaholic" who spent his entire time, other than sleeping, in his office and working on various project drafts. One interviewee from the early years of the ANAP government remembered Ekrem Pakdemirli (a PhD in mechanical engineering from Imperial College London and a colleague of Ozal from the SPO) as a brilliant mind who was addicted to his work and hyperactively performed it until very late at night. Within the three years that followed the 1983 elections Ozal began to replace the core members of the cadre forming ANAP and to shape the inauguration of free market reforms with a different generation of Princes.

As we mentioned before, "the Princes," as a general term, referred to the younger bureaucrats, experts, technocrats, and sometimes businessmen around Ozal with high levels of

⁵⁰ Vehbi Dinçerler, Hüsnü Doğan, Ekrem Pakdemirli, Husnu Dogan, Yusuf Bozkurt Ozal, and Tınaz Titiz were the main figures of this close associates. They all graduated, in the early 1960s, from Istanbul Technical University and Middle East Technical University and were engineers. Adnan Kahveci, an engineer with an American Ph.D., was a younger but very promising member of this group as well. Kahveci was a young, "genius" figure who had become close to Turgut Ozal in the 1980s and provided a bridge between the older SPO bureaucrats and the U.S. educated Princes.

personal devotion, shared vision, and career ambition. However the main figures that colored the picture of the Princes in the press in the second half of the 1980s and that are still vivid in the public memory today were the group of U.S. educated experts invited again on the personal initiative of Ozal. This group constitutes the third network that shaped the free market reforms in Turkey and was appointed to high official posts related to economic affairs regardless of their youth and inexperience in traditional state bureaucracy.

3. Who were Ozal's Princes?

“When we were putting the government together in 1983, even before that when we were thinking about how to decide about the MPs, I remember Adnan Kahveci saying ‘actually, we need seventeen technical men to appoint as ministers... the rest will just raise their hands!’”

Says Turgut Ozal in an interview (Cemal 1989, 128). There are a very few sources explicitly listing the names and the number of the Princes. Cemal (1989) gives the number of Princes as “seventeen or eighteen” by quoting Ahmet Ozal, son of Turgut Ozal. An article published in August, 1988 in the Wall Street Journal reports that the Undersecretary of State Planning, Ali Tigrel (who was also considered as a Prince) was informed by an official that the total number of consultants and assistants brought in from abroad was around thirty and they all worked as a “closed circuit” that was tied directly to Ahmet Ozal (Cemal 1989, 149). Tokatli (1997) thinks that Turgut Ozal started the trend in 1983 by personally inviting Ahmet Ozal's friends in U.S. to serve in the top bureaucratic positions. His son's admiration for the American system had developed during his stay in the U.S. as a student and IMF bureaucrat in the 1970s.

These were the years in which he met some of the Princes who would be invited to occupy government posts in the 1980s (Colasan 1989, 90).

The initial number of Princes invited as consultants to Prime Minister Ozal was eight, but it gradually grew to fourteen during the first ANAP government (Tokatli 1997; 1999). The list of names provided by Tokatli is as follows: Adnan Kahveci, Bulent Semiler, Rusdu Saracoglu, Bulent Gultekin, Cuneyt Ulsever, Cengiz Israfil, Cem Duna, Can Cangir, Ahmet Soylemezoglu, Turgay Ozkan, Yilmaz Arguden, Okkes Ozuygur and Coskun Ulusoy (1999, 86). Tokatli's list is identical with the one in, and probably taken from, Akar and Ozgenturk's (1994) *Bir Prens in Hisseli Hikayesi* (a Joint Venture Story of a Prince), a collection of their newspaper stories centered on a controversial Prince, Engin Civan. Cem Duna can be excluded from the list since he was originally a diplomat working at the Ministry of Foreign Affairs and served as a consultant for Prime Minister Ozal in 1985. He did not have any posting related to economic policy making.⁵¹ In place of Duna, Engin Civan, who served as the chairman of the board of directors of one of the biggest state-owned banks, *Emlak Bankasi*, should be added to this list. He was one of the most prominent figures among the Princes in public memory since his name was associated with a big corruption case that today still symbolizes the nepotistic capital accumulation strategies encouraged by Turgut Ozal.

In the next section, I will continue with the description of the Princes as an expert group but with more emphasis on the relational characteristics. The collective biography of fourteen experts surrounded Ozal during free market reforms will focus on the educational and career background or the group (i.e its cultural capital), the networks it mobilized during their recruitment and civil service (i.e. its social capital), its organizational location within the

⁵¹ He was appointed as the head of Turkish Radio and Television Corporation (TRT) in 1988.

technocratic field, and the conflictual relationships it established with other agents active in the technocratic field.

4. The Recruitment of Princes

The main group of Princes consisted of thirteen top officials that were appointed to civil service through various personal links with Turgut Ozal, his family, and other Princes. Adnan Kahveci was a young and gifted academic in engineering who came out as the highest scoring student in his high school and in the central university placement test in 1966. He worked as an adviser to Turgut Ozal's younger brother Korkut and became one of the closest advisers to Turgut Ozal after 1980. He was personally recruited by Ozal during his plans to put together a core team to manage free market reforms. Therefore, he preceded other U.S.-educated experts in terms of recruitment. Since his name was excluded from the list of the founding members of ANAP by the military government as being too "Islamicist", he was appointed as the Head Consultant to the Prime Minister in the first Ozal government. Kahveci, together with Turgut Ozal's son Ahmet Ozal, is one of the most devoted people to Turgut Ozal's project of creating a brain-team of advisers similar to the system practiced in the U.S. Presidential Office.

Table 2: List of Ozal's Princes and the High Schools They Attended

<i>Name</i>	<i>Birthdate</i>	<i>City of Birth</i>	<i>Secondary Education</i>
Can	Cangir	1958	<i>Not Available</i> , U.S.A.
Yilmaz	Arguden	1957	<i>Not Available</i> , Tarsus American College; Tarsus, Turkey
Okkes	Ozuygur	1957	<i>Not Available</i> , Tarsus American College; Tarsus, Turkey
Ahmet Irfan	Soylemezoglu	1956	Sivas High School; Sivas, Turkey
Engin	Civan	1954	Istanbul High School, Robert College; Istanbul, Turkey
Bulent	Semiler	1954	Lefkosia, Cyprus Ankara College, Sedat Simavi High School; Ankara, Turkey
Cuneyt	Ulsever	1951	<i>Not Available</i> , Robert College; Istanbul, Turkey
Coskun	Ulusoy	1950	Tekirdag, Turkey Darussafaka High School; Istanbul, Turkey
Adnan	Kahveci	1949	Trabzon, Turkey Kabatas High School; Istanbul, Turkey
Rustu	Saracoglu	1948	Trabzon, Turkey Ankara College, Ataturk High School; Ankara, Turkey
Bulent	Gultekin	1947	Ankara, Turkey Robert College; Istanbul, Turkey
Cengiz	Israfil	1942	Bursa, Turkey Kabatas High School; Istanbul, Turkey
Turgay	Ozkan	<i>Unknown</i>	Warsaw, Poland Kadikoy Maarif College; Istanbul, Turkey

One of the common characteristics of the Princes was that they were one way or another connected to Turgut Ozal's son Ahmet (Akar and Ozgenturk 1994, 15). Engin Civan was a friend of Ahmet Ozal from the United States and was a junior World Bank bureaucrat. Bulent Semiler was also a friend of Ahmet Ozal from the United States and Cuneyt Ulsever was recruited and introduced to Prime Minister Ozal as a human resources expert by Semiler. Ahmet Ozal remembers a day in 1983 when he was still working in IMF as follows:

“(We listened to the election results in Turkey with Turkish friends in the United States)... Friends working at the IMF and Word Bank. Among these friends there were names that would come to Turkey later and assume offices. Rustu Saracoglu for instance.

Rustu was at the IMF in those times. We were not in the same department but at the same floor. We were working with Rustu at the ninth floor. That's where we met. He was older than I and had been working at the IMF longer than I had. Ahmet Soylemezoglu was there too. He was at the World Bank at the time and he was doing his Ph.D....” (Birand and Yalcin 2007, 194)

Of course, there were cases in which Turgut Ozal used his personal friendships to discover young talents. Can Cangir, for instance, was a name that Turgut Ozal personally invited to Turkey. Ozal met his parents, who were both doctors, during his visit to the United States for a heart condition. He found Cangir as a bright mind and convinced him to return back to Turkey and appointed him as one of his advisers. He must have taken the career of Cangir in Turkey as a personal matter that even after the government changed in 1991 and the Princes were swept away from their posts, Ozal appointed him as an Adviser to the President.⁵²

Other exceptions to personal connection were the cases of technical competence. In spite of the fact that their personal relationships with Ozal family played an important role for the length of their tenure, the successful academic and business careers of the names such as Yilmaz Arguden, Bulent Gultekin, Adnan Kahveci, Turgay Ozkan, Rustu Saracoglu, Bulent Semiler, Coskun Ulusoy, and Cuneyt Ulsever played a crucial role in the selection for civil service. Gultekin was a respected professor of finance at Wharton, with a Ph.D. in economics from University of Pennsylvania. He could accept the offer to manage privatizations of Turkish SEEs only with a sabbatical granted by his academic institution. Ozkan was a young and successful economist with a Ph.D. from M.I.T. and worked at the World Bank between 1980-1987.

⁵² Ozal was elected by the Parliament as the eighth President of the Turkish Republic. He had carried this title until he died in 1993.

Saracoglu, a Ph.D. in economics from the University of Minnesota, had a long career at the IMF before he was appointed as the Director General for Research of Central Bank of the Republic of Turkey in 1984. It is true that most of these names knew Ahmet Ozal from the 1970s while he was studying and working in the United States or they were introduced to him shortly after their return to Turkey. It is also true that, as one of the interviewees mentioned, Turgut Ozal had a naïve confidence in the young and U.S.-educated brains. However, the technical credentials of most of the Princes were at a world standard and played an important role in their recruitment.

Coskun Ulusoy, during his tenure as the CEO of *Ziraat Bankasi*,⁵³ and Rustu Saracoglu as the Governor of the Central Bank (both in 1987) gave weight to nontraditional recruitment and training programs in order to build teams of foreign educated experts in their respective institutions. However, the only systematic and official effort to expand the recruitment of U.S.-educated experts was carried out by Cuneyt Ulsever in 1985 and 1986. With the sponsorship of Adnan Kahveci, Ulsever carried out a more systematic effort later to recruit U.S.-educated Turks to stimulate a “reverse brain drain” trend. Ulsever, who had a Ph.D. in human resources management from Harvard, and Ugur Tandogan, a Ph.D. in industrial engineering and managerial sciences from Northwestern University, went to the United States to survey Turkish students and find out if they would be willing to return for the government service.

⁵³ *Turkiye Ziraat Bankasi* (Agriculture Bank of Turkey) is the oldest SOB in Turkey. It dates back to the nineteenth century Ottoman Empire. It was reformed with a new statute in 1924 and throughout the history of Turkish Republic functioned as the locomotive of the Turkish banking industry.

“We first developed this project for the Bank;⁵⁴ when we talked to Turgut Bey about it, he said ‘why don’t you expand this project with the assumption that you are also looking for people to be employed at the other agencies of the state?’ I remember that Ugur Tandogan, from Northwestern, and I toured around the United States for twenty-three, twenty-four days; New York, Chicago, Michigan, L.A. Before leaving Istanbul, we would send a note to the consular official at the city we were going to visit. For example, we were going to Chicago. All Turkish students in Chicago would be informed and gathered in a lecture hall of a university. Thankfully, Some students there would also help us spread the word. We’d sit down and tell them what we do. Of course, they’d be surprised; there wasn’t much of an age difference between a Ph.D. student and us, they’d think that we were one of them. And we’d tell them, just like the slogan ‘America needs you’, that Turkey needed them; that the Prime Minister had a very different vision and they should come and lend a shoulder. Everywhere we go students greeted us with warmth and gave us quite a lot of CVs, I can’t remember now but we received 100-150 CVs. At that time I saw one thing very clearly there, I think a European would not think this way. Even if they live in the West, even for the most American style-educated kids, the sentence ‘come and make a difference, serve your country’ has an emotional effect, namely the phrase ‘your country needs you’. Because I remember in our conversations, they would come and say ‘man, we talked yesterday and I couldn’t sleep’, ‘my conscience is distressed’, ‘I felt strange, there is Husam who says he’d never go back to Turkey, let’s find and talk to him’. Since we had similar ages we’d go and have a few

⁵⁴ He is talking about *Anadolu Bankasi*. A state owned bank that was merged with *Emlak Kredi Bankasi* later and took the name *Emlak Bankasi*. *Emlak Bankasi* literally meant the “Real Estate Bank” and became one of the biggest state owned banks in Turkey.

drinks after the conferences, they'd ask me 'why did you return? What did you do there?' Everyone had question marks in their heads about the livelihood, whether they could survive in Turkey. At the end of the day, the kids we have talked with were living there on fellowships. They weren't the children of rich families, who would just come and say hi to us, they wouldn't feel like coming and listening our talks... We recruited some of these people, it wasn't a very significant number, to the Bank." (*Interview*)

Akar and Ozgenturk (1994) think that the number of people Ulsever interviewed was 40 and another Prince, Bulent Semiler, interviewed 120 people. Results were reported to Adnan Kahveci, who was the Chief Adviser to Prime Minister at the time. Eventually, 8 people were brought to Turkey as a Prince and appointed during the first ANAP government. However, when we look at the names and backgrounds of the Princes they listed in their book, we see the recruitment of 13 Princes was through personal connections they had with Ahmet Ozal, other Princes, and certain bureaucrats within the government technocracy.⁵⁵ They were all in their thirties, therefore, were younger compared to the main figures of the founding cadre of ANAP, who were in their forties during the first ANAP government. But still, all 13 of the Princes had completed their education and had already had several years of work experience in the international agencies and private sector before they were recruited. Therefore, the 8 names initially invited as a result of the survey could not be the 13 names mentioned as *the* Princes in the literature. The Ph.D. students Ulsever interviewed and convinced to come back were a part of Princes' efforts to create their own cadres with whom they could communicate their new vision

⁵⁵ For instance, Cengiz Israfil, who was the director of privatizations from 1987, had been a Morgan Guaranty employee and had worked on the Privatization Master Plan before the time Ulsever carried out his survey.

and methods. They should rather be considered as “second degree Princes” (Interview with Ulsever in Birand and Yalcin 2007, 304). Some of the junior technical experts working under the Princes were recruited also from domestic universities. As Ulsever informs us, before expanding their search to overseas, he and his human resources experts tried to recruit students from Bogazici University in Istanbul (BU) for *Anadolu Bankasi*, which historically was an uncommon phenomenon for the state-owned banks.

“First, domestically, we opened a stand at BU, together with the people we know from here and there, who happened to be from BU (including my wife with whom I worked with at the time and who is also a BU graduate). And for the first time in a public bank we started a management-training program that recruited special students and gave them a special training in the fashion private banks did. I believe it was Professor Ustun who told me this:⁵⁶ it was the first time BU gave so many students to public service... We went there, sat and talked with people... our only slogan was ‘the country needs you friends’, namely, no bigger salaries no bigger nothing, but the country needs you.”

(Interview)

A Common Educational Background?

Contrary to Chicago Boys in Chile, before they were appointed in government posts the educational links between the core team of Princes were weak. They did not have a common educational career and their educational history was determined by personal choices and

⁵⁶ He is talking about Professor Ustun Erguder, who was a professor at the Faculty of Administrative and Economic Sciences at the time. He became the president of BU in the late 1990s.

opportunities. However, we can still talk about certain homologies in terms of their educational background. 9 out of 13 Princes had one form of economics education at undergraduate or graduate levels. 7 out of 13 Princes had a Ph.D. degree. The unifying character of the Princes was that their educational and career paths crossed through the United States before their appointment to civil service. 10 out of 13 received a graduate degree in the United States and the remaining 3 had an American undergraduate education. All 13 of the Princes had some form of higher education in U.S., however, unlike their Chilean colleagues in the Catholic University, they were not educated or employed as scholars in a single higher education institution.

Another important commonality was their connection to Bogazici University (BU) in Istanbul. 6 out of 13 Princes received their undergraduate degrees from BU and travelled to U.S. for a graduate degree. Only 2 Princes had an undergraduate degree from an institution other than BU or a U.S. university.⁵⁷ BU was a descendant of one of the oldest American colleges overseas: Robert College. Founded in 1863 in Istanbul, Robert College had a higher education division, which was turned over to the state in 1971 to be reinstated as *Bogazici Universitesi*. During the 1960s the College had an economics program with a faculty of three. In the 1970s, BU as a public university was the major provider of economists and business administrators for the private sector, especially the private banks, which were mostly located in Istanbul (*Interview*). The number of students it sent to Ankara for the state economic bureaucracy was negligible. Becoming a public university ended the fiscal and administrative autonomy of Robert College. However, after becoming BU, the institution kept its intellectual autonomy to a certain degree. The fact that the education was in English and the faculty was required to hold a foreign

⁵⁷ Saracoglu got his BA from Middle East Technical University, another semi-autonomous Turkish university modeled after the U.S. higher education system. Kahveci studied at Istanbul University as an undergraduate.

(preferably an American) Ph.D. degree conserved, and still conserves, the liberal and pro-American intellectual environment in BU.

Table 3: Undergraduate Education of Ozal's Princes

<i>Name</i>		<i>University</i>
Can	Cangir	<i>Not Available</i> , Economics, U.S.A.
Yilmaz	Arguden	Bogazici University, Istanbul
Okkes	Ozuygur	Robert College/Bogazici University, Istanbul
Ahmet Irfan	Soylemezoglu	Bogazici University, Istanbul
Engin	Civan	John Hopkins University in Florence
Bulent	Semiler	Darthmouth College, U.S.A.
Cuneyt	Ulsever	Bogazici University, Istanbul
Coskun	Ulusoy	Robert College/Bogazici University, Istanbul
Adnan	Kahveci	Istanbul University, Istanbul
Rustu	Saracoglu	Middle East Technical University, Ankara
Bulent	Gultekin	Bogazici University, Istanbul
Cengiz	Israfil	Columbia University, U.S.A.
Turgay	Ozkan	Massachusetts Institute of Technology, U.S.A.

A Common Ideology and “Political Mission”?

In terms of ideology, Princes were all liberals with a common belief in free markets. Their experience in the U.S. made them sympathetic to these liberal notions foreign to Turkish political culture. For the ones who visited U.S. after finishing their undergraduate degrees in Turkey, an education at BU, with its culturally autonomous and American-style education system, provided an orientation, familiarity, and openness towards these ideas. However, ideology must also be understood as a common language that ties the members of the expert group together. Regardless of their academic specialization, Princes believed that to be familiar with the American system and culture meant a shared vision based on liberalism.⁵⁸ Liberalism as an ideology at the time was little known in the Turkish public opinion and among the political elite in Ankara. “Liberal” as a term was a hateful adjective and had horrible connotations.

⁵⁸ This was visible in the attitude of Princes towards me during the interviews as well. When they learned that I was doing my Ph.D. in an American institution, all of the Princes I interviewed assumed that I shared their liberal and free market ideas. There was a very strong “we speak the same language, so you would understand me” tone in their responses.

“In a sense, it was an alliance of ideals. At the time, around 1985, market economy was a terrifying word in Turkey. It was very challenging to say ‘I am for market economy.’ The term liberal was not used; Turgut Bey had banned the use of the term. For a long time Turkish public understood the word liberal something like *mon chere*.⁵⁹ In other words, a person who is a proponent of free market economy is so liberal that he wouldn’t care if his wife slept with another man. Ultraliberal. There is not even a word in Turkish for it. The notion of a liberal person meant religiously weak, admirer of the West, ready to be the servant of the West, no notion of morality, the only thing he worships is money. A person who disregards the discourses, which Ankara was used to; such as being in support of the poor and the weak... For this reason, a person who accepted and digested the free market economy becomes a comrade; you feel that way... At the time there were too few of those... I remember that we used to discuss whether to utter the phrase market economy. Whether we should add something in front of it like ‘planned market economy’... Privatization was a terrifying word. It was a taboo. To say that you would privatize a state bank was an act of treason. We used to call it *etatism*, it was unbelievably strong at the time. To say ‘let’s privatize *Ziraat* or *Emlak Bankasi*’ was to say ‘let’s sell a part of the motherland’. Since we could find the men who would act against this mentality or dare to say the opposite only in U.S. we became comrades with them. To say that ‘I am a supporter of liberal economy or free market economy’ in the 1980s’ Turkey was similar to say ‘I am a communist’ in the Turkey of 1940s and 1950s.”

(Interview)

⁵⁹ Historically, the French word *mon chere* was a derisive word in Turkish culture, which was used for overly Westernized and genteel individuals.

Table 4: Graduate Education of Ozal's Princes

Name		Graduate School
Can	Cangir	<i>Not Available</i>
Yilmaz	Arguden	RAND Graduate Institute, Strategic Analysis, Ph.D.
Okkes	Ozuygur	Columbia University, Management, Ph.D.
Ahmet Irfan	Soylemezoglu	<i>Not Available</i> , MA and Ph.D. in U.S.A. *
Engin	Civan	George Washington University **
Bulent	Semiler	Fletcher School of Law and Diplomacy, Tufts University, MA
Cuneyt	Ulsever	Johns Hopkins University, International Relations; Columbia University, Economics, MA; Harvard University, Human Resources, Ph.D.
Coskun	Ulusoy	University of Pittsburg, Economics, Ph.D.
Adnan	Kahveci	Purdue University; University of Missouri, Electrical Engineering, Ph.D.
Rustu	Saracoglu	University of Minnesota, Economics, Ph.D.
Bulent	Gultekin	University of Pennsylvania, Finance and Statistics, Ph.D.
Cengiz	Israfil	<i>Not Available</i>
Turgay	Ozkan	Massachusetts Institute of Technology, Electrical Engineering and Economics, MA and Ph.D.

* He worked at the State University of New York in 1985 as a professor of economics and finance, therefore his Ph.D. degree should be in economics.

** Whether he received an MA or a Ph.D. degree and his field of study is not certain.

In terms of social class background, Princes were less advantaged compared to the Chicago Boys of Chile. The Chicago Boys' social background was much more upper class and conservative. The background of Princes was more diverse. The majority of Ozal's Princes had middle and lower-middle class upbringings and completed their higher education at state universities or on fellowships if they attended private secondary schools. For instance, Civan and Ulusoy were children of lower ranking military officials and similar to Gultekin and Ulsever, who also was coming from modest income families, relied on fellowships for their secondary education. In fact, the only member of Princes that comes from a significantly elite background was Saracoglu, whose grandfather was a prime minister in the early years of the Republic. Their overlapping educational experiences at Bogazici University was an atypical one: Bogazici University was approving of liberal ideas and American style educational values,⁶⁰ but it had not been an institution of class privilege since 1971, when it became a public university free of

⁶⁰ Because of its Robert College (one of the oldest American colleges abroad) past.

charge. Therefore, ideologically Bogazici University could foster neoliberal philosophy and conservative politics but it did not because the sociological base for the incubation, promotion, and promulgation, i.e. a student body that came from privileged and conservative social classes, was lacking.⁶¹ Moreover, only a number of Ozal's Princes held explicitly conservative political ideas before they were appointed to civil service, and some of them even had leftist and socialist political orientations during college years.⁶² In terms of ideological background, they were more comparable to the Chilean Christian Democratic economists rather than Chicago Boys, and compared to the Chicago Boys, their ideological dispositions were more diverse.

Obviously, Ozal's Princes had to share a minimum of conservative political ideology with Ozal. As a right wing, pro-private sector politician, Ozal would not recruit economic experts with Keynesian or socialist orientations. But the fact that the Princes' political maturation followed various paths originating from various social class backgrounds failed to play into a common political mission or philosophy. A common conservative political mission was the case for the initial cadre of engineers that Ozal mobilized to initiate his career in party politics and neoliberal reforms. However, the same cadre did not have the common economic philosophy and technical knowledge to shape Turkish technocratic institutions according to free market principles. The belief in state's, or at least the state bureaucracy's necessity for economic planning, stayed alive in engineer and ex-bureaucrat circles that founded the Motherland Party. The Princes came to Turkey later and replaced most of the initial names of the engineer-dominated team. They were more familiar with free market ideas and their technical expertise on privatization and finance was more advanced compared to the engineers. However, the sense of

⁶¹ I will elaborate on this point more in Chapter 5.

⁶² For example Bulent Gultekin's nickname during his undergrad years was "Mao". Also, during the student mobilizations of 1968, some of the most radical Maoist groups were founded at the Robert College.

political mission was very weak among Ozal's Princes, and they did not have a chance to develop one after they became involved with the neoliberalization process initiated by Turgut Ozal and his Motherland Party in the 1980s.

We cannot argue that Ozal's Princes in the Turkish case had a political mission as a team. It is possible to say that they had sympathy for the right-wing ideology of Turgut Ozal, but were not interested in following his lead to become techno-politicians. Moreover, they did not have organic ties, as the Chicago Boys did, with the political elite of the time. Individually, the Princes had relationships with the political and economic elite based on pragmatic and short-term interests. However, as a group they failed to establish persistent and organic relationships with the interests of the newly emerging export-oriented bourgeoisie. In conclusion, despite their relative similarities in terms of a collective biography based on a common alma mater or private business career, the strength of Ozal's Princes' political mission was weaker when compared with the strength of Chicago Boys' political mission.

The Princes' faith in the free market, private entrepreneurship, and consumer society was unreserved. However, they were devoid of a political philosophy that could help them translate these economic predispositions into a holistic political vision. Since the Chicago Boys fully digested the Chicago School philosophy and managed to merge the political vision of this philosophy with the political vision of the new right actors and the military in Chile, they managed to transform an apolitical expert team into a team of techno-politicians. In addition to the influential bureaucratic and ministerial posts they occupied, most of the Chicago Boys learned how real politics worked through their pre-neoliberalization affiliation with the Christian Democratic Party (e.g. Juan Villarzu, Jorge Cauas, Carlos Massad, Alvara Bardon, Andres Sanfuentes) or their membership in other political parties before and after the military rule (e.g.

Pablo Baraona, Sergio Underruga, Emilio Sanfuentes: members of the National Party; Hernan Buchi: Pinochet's candidate for the presidential elections in 1989; Jose Pinera: independent candidate in 1993 presidential elections). In the Turkish case, the inclination of the Princes towards politics, at neither a philosophical nor a practical level, was next to nothing. The main ideologues of the neoliberal process were the military that synthesized nationalism and Islamic conservatism in a very pragmatic manner to establish order, and Turgut Ozal, who annexed free market and consumerist ideas to this equation.

There was not any emphasis on the "scientificity" of the policy ideas in the neoliberalization process of Turkey either. Military leaders constantly used the rhetoric of impartiality, and even claimed that they sought a balance in the numbers of left-wing and right-wing nationalist militants they executed. However, this so-called political impartiality was different from a scientific or technocratic neutrality. Neither the military government that put the January 24th measures into effect, nor did Turgut Ozal, who extended these reforms, attempt to legitimize the neoliberalization process by referring to scientific economic approaches. Ozal used a discourse on the combination of modernization ("leaping an epoch forward") and technical administration based on engineering principles. However, this discourse was different from one based on economic expertise, scientific administration, and a faith in the capacity of market mechanisms to self-regulate.

In the next section I will move on to the organizational location and experiences of Princes within the Turkish technocratic structure to see how the group characteristics I described interacted with the political forces and bureaucratic establishment of the time. In Chapter 5, I will go back to the Chilean case to explain the recruitment process and organizational location of

the Chicago Boys to figure out the institutional and political factors that influence the level of expert authority enjoyed by Ozal's Princes in Turkey.

5. The Appointment of Princes (Organizational Location During Civil Service)

The organizational positions of Princes within the technocratic field were concerned with three areas of free market reforms: financial liberalization, export promotion, and privatization. Unlike the Chilean case, ANAP government did not utilize the expertise of Princes for the reforms in labor law, agricultural sector, or social security system. The main institution for financial liberalization and monetary reform was the Central Bank. For export promotion, Ozal government needed a new faction in Turkish bourgeoisie and a new capital accumulation strategy for encouraging this faction to compete internationally. The institutions necessary for this purpose were the state owned banks (SOBs) and Housing Development and Public Participation Administration of the Prime Ministry (TKKOI), which was established in 1984. For privatization, TKKOI was again the central institution. In 1990, this government agency was separated into two and Public Participation Administration, under the control of Princes, continued to be the broker of the privatization of SEEs. For Turgut Ozal, appointment of Princes to these institutions was one of the ways in which he tried to undermine the influence of traditional bureaucracy on politics. He set aside the principle of seniority in traditional appointment and promotion system (Ozbudun 1993, 264) and used the offices reserved for the Advisers to the Prime Ministry as a bridge between the Princes from abroad and high administrative positions in economic bureaucracy.

These appointments revealed a series of conflicts within the Turkish elite. The first conflict was the one between the experts working under ANAP politicians and the economic elite. All sorts of nepotistic demands besieged state resources, some of which were controlled by

the Princes, during the first and second ANAP governments. This conflict was happening mainly at the domain of SOBs and the main broker in this matter was Turgut Ozal and his family. Ozal family generally had the last say in the method and destination of preferential distributions of state resources. The second conflict that took place mainly about SOBs but also visible at the Central Bank reform and privatization of SEEs was the one between traditional bureaucracy (generally associated with French school) and the “American School” represented by the Princes.

⁶³ This conflict reached its peak in 1987 and left Ozal undecided between the engineers who he founded ANAP together and the U.S.-educated Princes who represented a “fresh blood” in policy making. The disagreement within the bureaucratic cadres about the phase and degree of market liberalization spread into the administration of the Central Bank the same year and resulted in the victory of “American School” that insisted on the necessity of full capital accounts liberalization and international convertibility of Turkish Lira.⁶⁴ The third conflict was concentrated in TKKOI and took place among the Princes. It was mainly about the method, phase, and goals of privatization. Next, we will examine these institutional locations further and assess the role of Princes in the conflict-prone reform process administered by these institutions.

⁶³ “American-style banking” at the time represented the new way of organizing banking activities whereas the “French-style” represented the traditional way. None of the styles were exact replicas of how these two nations organized their banking system. French-style gave priority to laws and banking regulations. Banks were considered as sound institutions where integrity and reputation were given primacy over profitability. Seniority and experience were the most important factors for the bureaucracy of French-style banking. American-style was viewed as a new spirit coming from abroad with Ozal’s reforms. It valued profitability and efficiency over anything else and regarded the banks through the lens of corporate management. Professional practices and rational organization of management was more important than legal practices and institutional reputation. Young and ambitious bankers who were more inclined to risk-taking were preferred against experienced and cautious senior staff.

⁶⁴ Meaning, the value of Turkish currency should be fully determined by international exchange rates.

Table 5: Governmental Positions of Ozal's Princes

<i>Name</i>		<i>Governmental and SEE position</i>
Can	Cangir	Erdemir Steel Corporation (member of the board of directors circa 1990); Tobank (member of the board of directors circa 1991); Housing Development Administration (TKI, director, 1990-1992); Adviser to the Prime Minister and adviser to the President
Yilmaz	Arguden	Housing Development and Public Participation Administration (TKKOI, deputy director responsible for privatizations, 1988-1990; Head consultant to the Prime Minister, 1991; Tobank (member of the board of directors circa 1991)
Okkes	Ozuygur	Housing Development and Public Participation Administration (TKKOI, deputy director responsible for public participation, 1988); Public Participation Administration (director, 1989-1991); Erdemir Steel Corporation (member of the board of directors circa 1990)
Ahmet Irfan	Soylemezoglu	Defense Industry Development and Promotion Administration (deputy director circa 1988); Sumerbank (director general 1990-1991)
Engin	Civan	Emlak Bank (technical consultant); Denizcilik Bankasi (director general); Emlak Bank (director general, 1989-1991)
Bulent	Semiler	Finance and Banking Adviser to the Prime Minister, 1984; Anadolu Bank (member of the board of directors, and deputy director); Emlak Bank (director general); Chief Adviser to the Prime Minister; Impexbank
Cuneyt Coskun	Ulsever Ulusoy	Emlak Bank (deputy director) Halk Bankasi (director general, 1987); Ziraat Bankasi (director general, 1988-1992);
Adnan	Kahveci	Head consultant to the Prime Minister; Minister of State Responsible for the Treasury and State Planning Organization (1987); Minister of Finance (1990-1991)
Rustu	Saracoglu	Central Bank (research department, 1984-1985; deputy governor, 1986; governor, 1987-1993)
Bulent	Gultekin	Emlak Bank (1985); Central Bank (director general for research, 1986-1987); Chief Adviser to the Prime Minister, 1987-1989); Housing Development and Public Participation Administration (TKKOI, director, 1987-1989; Sumerbank (director general, 1988)
Cengiz	Israfil	State Planning Organization (technical consultant for the Privatization Master Plan, 1986); Housing Development and Public Participation Administration (TKKOB, deputy director, 1988); Adviser to the Prime Minister; Teletas Communication Corporation (director)
Turgay	Ozkan	Adviser to the Prime Minister, 1987; Eximbank (chair of the board of directors, 1988 until circa 1992)

5a. Advisers to the Prime Minister

In the Turkish state tradition, advisory posts in the Ministries had always been a stop, occasionally the last stop, in the career of top bureaucrats. The advisory posts during Ozal's term were also mainly a "waiting room" for the higher civil servants. Top names of the state bureaucracy such as the undersecretaries, directors of the SEEs, and mayors were appointed as

advisers to ministers when they were temporarily removed from their posts and waiting for a new appointment. However, for Ozal's Princes, the advisory offices in the Prime Ministry was the starting point and a "decompression chamber" at the moments they got under pressure from the media and politicians.⁶⁵ During the period that Turgut Ozal served as the Prime Minister there was an increase in the number of people appointed to this post. In 1989, the number of advisers (*Musavir* in Turkish bureaucratic terminology) to the Prime Minister was around 100, however around 90 of these individuals were merely receiving salaries and not influential in shaping policy decisions of the Prime Minister. However, the remaining 11-12 names were advising Turgut Ozal in foreign policy, intelligence, media relations, and legal affairs and were more influential in Ozal's policy decisions than ministers in his cabinet (*Milliyet, 01.15.1989*).

The entrance point to a civil service career for the majority of Princes was the Office of Advisers to the Prime Minister. Adnan Kahveci, a senior Prince that initially thought of recruiting more foreign educated experts, was an adviser to Turgut's brother Korkut right before the military coup of 1980, in the Ministry of the Interior. He then became the first Chief Adviser to Turgut Ozal until he was elected to the parliament and appointed as a Minister of State in the second ANAP government (1987-1991). Turgut Ozal's one of the first Princes Bulent Semiler was initially offered a position as an Adviser to the Prime Minister in 1984 and then appointed as the director of *Anadolu Bankasi*, with a mission to merge the two of the biggest state owned banks (*Anadolu* and *Turkiye Emlak ve Kredi Bankasi*) and then to expand this merger to all SOBs.

⁶⁵ Today this office is still a grey area in which top bureaucrats and experts close to the government are kept under salaries and in close relationship to the Prime Minister. The names of around 100 advisers to the Prime Minister and the Prime Ministry are not visible in the media other than occasional allegations of nepotistic appointments.

These initial appointments in the Office of Advisers to the Prime Minister served three purposes. First, the legal requirements concerning the management of SOBs and SEEs stipulated a certain number of years of experience in the Turkish public sector, a requirement that was not satisfied by the Princes who started their careers abroad. Older and more established institutions like the Central Bank already had an office for experts in the research department, which bought some time for Ozal before he could appoint his Prince as the Governor. Until the legal arrangements for Rustu Saracoglu's appointment as the Governor of the Bank were made, he had to wait between 1984-1987 as the Director General for Research (*Milliyet* 07.29.1987). The by-laws of the newly established autonomous government agencies such as TKKOI and SOBs such as Turkish Eximbank were more flexible and open to amendment via government decrees. Nevertheless, Princes still had to wait for some time before they could have access to the administrative authority. The Office of Advisers at the Prime Ministry provided a salary and proximity to Turgut Ozal until necessary legal arrangements and finally appointments became possible.

Second, a majority of the Princes were invited to carry out reforms in the areas in which they had less than full expert authority and experience. The Princes that were appointed as the directors of SOBs were initially under the payroll of the Office of Advisers and managed the banks as a deputy director until they learned the task and figured out how foreign models of merger and privatization could be applied to Turkish context. Bulent Semiler, for instance, had a World Bank experience and he was partly familiar with the financial sector due to his experience in American Express Bank. However he had no experience in bank mergers at all (*Milliyet*, 02.10.1990). Cengiz Israfil, the "privatization expert" of Ozal confessed that he had no experience and expertise in privatization. Nevertheless, he thought that, since there were no such

field of expertise in the country and no other expert who has ever done a privatization, his knowledge and experience as an “internationally known financial banker” would help him figure out how privatization is to be done in Turkey (*Milliyet*, 02.06.1990).

Finally, the Office of Advisers provided a kind of “insulation” for the Princes. Whenever there was a conflict among the experts, politicians, and the media about a newly introduced privatization plan, a public construction contract, or a corruption allegation Ozal would remove a Prince away from the public eye and wait for the headlines to change before he appoint him to a different but similar position. However, this function was different from the “bureaucratic insulation” described in the state centric scholarship on “embedded autonomy” (e.g. Evans 1995). Rather than providing a protective environment for the bureaucracy from social pressures and enhancing the capacity and effectiveness of policy initiatives, The Office of Advisers provided a temporary escape from the political and public criticism while reducing the authority, influence, and responsibility of Princes. Once in the advisory office, the influence of young technocrats was limited to their personal relationship to Ozal and his family.

5b. State Owned Banks

The budgets of SOBs for office expenses and stationary items were massive. Contracts they made for the purchases of office paper, personnel transportation, or advertisements were very lucrative and were often distributed to the names close to the Ozal family. Every section of political and economic elite had some form of stake in especially *Emlak Bankasi*. The Ozal family, MPs, the local directors of ANAP, the military officials, and businessmen were all looking for an opportunity to use Bank’s resources (Akar and Ozgenturk 1994, 34). However the most crucial aspect of *Emlak Bankasi* was its contribution in the creation of a new faction in the domestic capitalists class. *Emlak Bankasi* was central for the distribution of one of the most

important forms of rent: the state-owned real estate.⁶⁶ A legacy from the Ottoman Empire, Turkish state owned significant amounts of real estate and land property. Since there had never been a land reform in the history of the Turkish Republic, state owned, and still owns, a large and profitable amount of land, which during Ozal's period became an easy source of income for the state banks and a stimulation tool for the new type of businessmen in synch with export oriented free market economy. *Emlak Bankasi*, as the second biggest SOB at the time, was one of the main sources of capital for this newly emerging bourgeoisie tied with Ozal through nepotistic connections. The Bank would occasionally buy property from the private sector and the conglomerates close to government would not have difficulty in selling their unprofitable firms to the Bank at prices above their market value. Of course, the rent and profit from public construction contracts were provided through other connections as well. The businessmen that joined Ozal's right wing political coalition were constantly asking for privileges. Sometimes, a small change in the legal status of a piece of property by local ANAP authorities supplied astronomical profits to allies. Ozal and his Princes regarded these preferential benefits as a necessary assurance and take-off capital for the section of bourgeoisie that was hesitant to enter the internationally competitive export markets.

9 out of 13 Princes served either in the executive board or as the director of a SOB and all of the Princes other than Adnan Kahveci served in the executive board of an SEE operating in the financial and other sectors. The main purpose of these appointments was to facilitate the reform, merger, and privatization of the state owned financial institutions. The majority of

⁶⁶ *Emlak Bankasi*, which functioned as the financier of the real estate sector, used fictitious sales between different SEEs to fix the year-end deficits in Bank's accounts. These deficits indeed originated from the subsidies to the construction sector and other corrupt transfers to the businessmen close to Ozal government.

appointments was in *Turkiye Emlak ve Kredi Bankasi*.⁶⁷ The main reason for this concentration was Turgut Ozal's sympathy for one of his earliest Princes' (Bulent Semiler) project to merge all SOBs and create a unified Turkish Bank (*Milliyet*, 02.10.1990). Semiler was initially appointed to the executive board of *Anadolu Bankasi*, a SOB founded in 1961 to promote foreign trade. His task was to merge *Anadolu Bankasi* with *Turkiye Emlak ve Kredi Bankasi*, which he managed to accomplish in 1988. As a result of this merger, the body of profitable *Turkiye Emlak ve Kredi Bankasi* blended with the governing board of the defaulting *Anadolu Bankasi*. The goal for the Princes was to replace the traditional "French school" banking with an American-style banking (Akar and Ozgenturk 1994, 18). Part of the merger project was to reform and create a rational management system for the most profitable SOBs so that they would become either internationally competitive or attractive for private, preferably international, investors. The recruitment mission carried out by Cuneyt Ulsever in the U.S. and at Bogazici University, which we described in detail in section 4b, was originally formulated for *Turkiye Emlak ve Kredi Bankasi*.⁶⁸ Another Prince, Coskun Ulusoy, carried out a parallel personnel reform at *Halk Bankasi* in 1987, and at *Ziraat Bankasi* in 1988.⁶⁹ On the one hand, Ulusoy was trying to put together his own team of managers with a private sector mentality. On the other, he was trying to introduce organizational reforms such as changing the name of *Halk Bankasi* to *Halkbank* – a

⁶⁷ *Turkiye Emlak ve Kredi Bankasi* (The Real Estate and Credit Bank of Turkey) was founded in 1946 with the incorporation of *Emlak ve Eytam Bankasi* (The Real Estate and Orphans Bank) that was founded in the initial years (1926) of the Republic of Turkey. The function of this SOB was to finance the housing development projects, construction of official government buildings and construction of lodgment estates for public employees.

⁶⁸ The Princes who worked in *Emlak ve Kredi Bankasi* were: Bulent Semiler, Bulent Gultekin, Cuneyt Ulsever, and Engin Civan.

⁶⁹ *Turkiye Halk Bankasi* (People's Bank of Turkey) was founded in 1933 to support and encourage savings among small and medium scale businesses owned by artisans and tradesmen.

more familiar name for the international financial sector – (*Milliyet*, 01.16.1988) and starting a “banking school” at *Ziraat Bankasi* in 1989.

The actions of Princes during their careers in SOBs were often criticized in the media. Most of the suspicious banking operations carried out by the Princes was essentially transfers of surplus from one SOB to another. And from the Princes’ point of view they were legitimate since the efficiency criteria necessitated by free market economy were very short-term oriented and required practical solutions. They used these “make-up” tactics to balance the accounts of the state banks they were responsible for. For instance, if a bank was in deficit by the end of the financial term a real estate or land property that belonged to the bank would be sold to another SOB-owned firm and the profit gained from this transaction would be added to the first bank’s account to balance the deficit. Hence, without receiving any actual revenue the bank would close the year with a surplus profit (Akar and Ozgenturk 1994, 39). However, the same operations were seen as big corruption scandals in the press. Ozal and the Princes saw these non-traditional ways of banking as a necessary compromise for the fundamental reforms in Turkish economy. When evaluated together with other complicated transactions of the SOBs under the management of Princes these operations indeed looked suspicious.

During their tenure in SOBs, Princes played by ear in their relations with demanding businessmen and the politicians with crony connections. Some of the technical and managerial changes they wanted to achieve in SOBs necessitated informal methods for bypassing existing banking procedures and senior civil servants. Ulsever remembers inventing a nonexistent article in banking laws to intimidate a treasury bureaucrat in *Emlak ve Kredi Bankasi* when he refused to sign off for the merger of *Anadolu* and *Emlak ve Kredi Bankasi* (Akar and Ozgenturk 1994, 34). While zigzagging through the “informal structures of formal bureaucracy” (see Selznick

1943 for the term), Princes were following Turgut Ozal's signals to decide how to respond outside pressures. And in many occasions they resisted irrational demands that would put their institutions into trouble. Nevertheless, some Princes saw corrupt practices also as an opportunity to enhance personal prospects and went beyond Ozal's directives during their careers in SOBs. For instance, one of the well-known Princes of Ozal, Engin Civan, during his tenure as the Director of *Emlak Bankasi* entered into a \$5 million bribery arrangement with Selim Edes (owner of one of the rising construction companies at the time) to process \$250 million dollars gained from the sale of a land property by the Bank in 1990. When Civan failed to satisfy the terms of this personal agreement, Edes unsuccessfully asked for a refund and employed an infamous mafia hit man to punish Civan. Civan was shot several times, survived, and had to go before the court on corruption charges when the deal surfaced after the shooting in 1994 (*Milliyet*, 09.20.1994).

Some of the Princes who lost access to Ozal family and became disappointed with the pressure from politicians and the media chose to go back to their careers abroad. The ones who decided to stay were appointed to the executive boards of newly established SOBs and SEEs included in the privatization plan. Other than the biggest three SOBs (*Emlak Bankasi*, *Ziraat Bankasi*, and *Halk Bankasi*) the Princes served in the executive boards of *Sumerbank*, *Tobank*, *Denizcilik Bankasi*, and *Turk Eximbank*.⁷⁰ Among these SOBs, *Turk Eximbank* was an important novelty in terms of export promotion policies. The purpose of the Bank, which was founded in

⁷⁰ *Sumerbank* was founded in 1933. It was a commodity producing corporation and a bank at the same time. It realized the first public investment of the Republic in textile production with a credit from the Soviet Union in 1935. It also invested in steel, cement, and cellulose industries. The decision to privatize its banking functions was made in 1987. *Tobank* (*Turkiye Ogretmenler Bankasi*/Teachers Bank of Turkey) was founded in 1958 to provide housing credit for public employees of the Ministry of Education and teachers; it later invested in dairy, insurance industries and public infrastructure companies. *Denizcilik Bankasi* (Maritime Bank) was founded in 1951.

1987 with a cabinet decree-law, was to increase the share and variety of exports in international trade, to supply credit for exports and the construction companies investing abroad, and to provide insurance and guaranty for export firms by raising foreign financial resources (*Milliyet*, 08.27.1987). The discussion about the appointment of a director for this new bank was a good example of the conflict between the newly developing American-style banking and the traditional banking approach in Turkey. After the general elections of November 29, 1987, the new government (second ANAP government) decided to change the management cadres of several SOBs. One of the senior Princes, Adnan Kahveci, and Turgut Ozal's brother Yusuf Bozkurt Ozal became ministers in the second ANAP government. Yusuf completed his higher education in Britain and worked at the World Bank between 1979-1984; he was the Undersecretary of State Planning Organization during the first ANAP government. Yusuf Ozal was concerned with opening up new positions in SOBs for the Princes and young foreign-educated bankers. However, SOBs were under the control of Kaya Erdem, a senior bureaucrat who have been serving as the Deputy Prime Minister Responsible for the Economic Affairs since the beginning of the first Ozal government in 1983 and he was appointed as the Minister of State in the second Ozal government. Erdem was in favor of keeping directors with a bureaucratic background in the management positions of SOBs. Eventually, one of the youngest Princes of Ozal, Turgay Ozkan, a Ph.D. in electrical engineering and economics from M.I.T. and a World Bank employee between 1980-1987, was appointed to the management of *Eximbank* and most of the directors of other SOBs that were from the Kaya Erdem group were demoted to advisory positions in the ministries (*Milliyet* 04.15.1988).⁷¹ The result of this conflict was determined by

⁷¹ Turgay Ozkan was not "appointed" since the founding laws of the bank required a level of experience in SEEs. Therefore, Ozkan directed the bank as the "acting" director while staying under the payroll of the Office of Advisers in the Prime Ministry.

the increasing political power of pro-Prince and internationalist names within the second ANAP government and Turgut Ozal's increasing tendency to side with foreign educated experts against the engineer politicians who founded ANAP. However, there were also pressures coming from the World Bank alongside the \$400 millions credit, which was released in the second month of 1988. The World Bank underlined the importance of the "American style" for the management of SOBs and demanded "nonintervention in the management of SOBs, the management of SOBs within a commercial mentality, and not using SOBs for public financing" (*Milliyet*, 07.04.1988), also provided a support for the politicians in the government who wanted to increase the number of foreign educated economist working in the Turkish financial sector.

5c. Central Bank

Established in 1931, The Central Bank of the Republic of Turkey has historically been one of the most prestigious economic institutions in the country. It recruited its personnel from the most talented students of Ankara University Faculty of Political Science through a challenging examination procedure. It had a credible research department and compared to other technocratic state institutions it gave more weight on sending its experts abroad for a graduate education. Its institutional prestige, its field of operation that required high specialization, and its connections with the international finance and institutions, gave the Bank historically a certain degree of autonomy. In many occasions, the Governor of the Bank could conflict with and win over the Ministers of Finance or Treasury. However it must be emphasized that this autonomy was different from today's understanding of the Central Bank autonomy. Even today, it is very important for the Governor of the Bank to be in synch with the general policy direction of the government and to avoid a confrontation with the Prime Minister.

During the crisis-prone years of the 1970s, and before the late 1980s, the time it went through a major modernization, the Central Bank was a little more than a foreign exchange deposit of the state with an empty coffer. The Governor of the Bank was consulted only at the pressing times of foreign debt or interest repayment (*Interview*). Similar to the other Central Banks in developing countries, foreign financial relationships and demands played a relatively stronger role in the reform process of the Bank. Since the priority of foreign borrowers was to ensure a stable debt repayment and to open up Turkish economy to international financial investments, the appointment of one of the most internationally connected Princes as the Governor in 1987 was an important turning point in the history of free market reforms in Turkey. The appointment of Rustu Saracoglu,⁷² an expert with a Ph.D. in economics and statistics from the University of Minnesota and a respectable career in the research department of IMF, as the Governor of the Bank was a signal given to the international lenders, a signal that the financial management of Turkey was definitely on a free market track. He had taken classes from Stanley Fischer when he was doing his Ph.D. between 1972-1977 and referred to Ann Krueger as one of his professors with whom he still was in contact.⁷³

⁷² The grandfather of Rustu Saracoglu, Sukru Saracoglu was the Minister of Finance in the 3. Government of the Republic of Turkey and he was the leading actor in the founding of the Central Bank. Ironically the biggest obstacle in front of the free flow of finance, The Protection of Turkish Money Law, which was repealed during Rustu Saracoglu's governorship of the Central Bank, was enacted by Sukru Saracoglu in the 1930s.

⁷³ Stanley Fischer is a world-renowned economist who worked as the First Deputy Managing Director of the International Monetary Fund, from 1994 to 2001. At the time Saracoglu was doing his Ph.D. studies, he was an Associate Professor of Economics at MIT. Saracoglu must have been referring to a course Fischer offered as a visiting scholar. Ann Krueger was the World Bank's Vice President for Economics and Research from 1982 to 1986. She also served as the First Deputy Managing Director of the International Monetary Fund from 2001 to 2006, right after Fischer. Krueger worked at the University of Minnesota from 1959 until 1982 as a professor of economics, a time period that covered Saracoglu's Ph.D. studies at the institution.

Throughout his career, Turgut Ozal had tight relationships with international financiers and when he was looking for foreign exchange for debt repayments in 1980, he promised them that he would liberalize the exchange regime and get rid of the old Protection of Turkish Currency Law (*Interview*). Saracoglu's priority was to modernize Central Banking in Turkey and realize Turgut Ozal's dream of liberalizing exchange regime, which was achieved in 1989. The year Saracoglu was appointed as the Governor – a decision which created a “shock effect” within the banking circles –was the moment at which “American School” came out victorious from the battle between two different mentalities of banking. Similar to the case of SOBs, the management of the Bank was under the control of the team of bureaucrats around Deputy Prime Minister Kaya Erdem. This group of bureaucrats was comprised of free market proponents too, but they were much more cautious about a fully liberalized exchange and interest rate system, especially because of their memory of the big banking scandal and the financial crisis erupted in 1982. With Saracoglu's appointment, bureaucrats who supported a more gradual transition to free market economy had to step back and the team of experts gathered around the Princes Adnan Kahveci, Bulent Semiler, and Rustu Saracoglu gained a victory for the “American School” of banking, which called for a lesser intervention in private banks' decisions on interest rates (*Milliyet, 07.29.1987*). The meaning of “American School” was not perfectly clear in the Turkish public debate. However, it definitely represented a contrast between an “old school,” which was resistant to a full-scale liberalization, and a pro-liberalization circle represented by the U.S.-educated Princes. This difference could not be overcome during the second ANAP government and resulted in the departure of the majority of Princes from civil service.

5d. Housing Development and Public Participation Administration

Housing Development and Public Participation Administration (TKKOI) was established by the first ANAP government in 1984 to manage the Housing Development Fund,⁷⁴ to provide credits to individuals and cooperatives for housing development projects, and to issue revenue partnership bonds for the revenues of public enterprises such as dams, bridges, and highways. Starting from 1987, TKKOI became the center from which the privatization of SEEs was administered. The “April 30, 1987” decisions were the kick off for the privatizations that began with the cement production sector and twenty-two other SEEs in various sectors. Privatizations were to be carried out according to the “Privatization Master Plan” prepared by Morgan Guaranty Trust on behalf of the SPO in 1986. One of the prominent Princes Cengiz Israfil played an important role in this partnership as a former employee of Morgan Guaranty. It was during this collaboration Israfil decided to return to Turkey and join the adviser team of Turgut Ozal. In 1987, Ozal selected Bulent Gultekin as the new director of TKKOI. A year later, in 1988, Israfil was appointed as the Vice Director of TKKOI Responsible for Privatizations under Bulent Gultekin. At the time Gultekin was invited to Turkey, he was teaching at the prestigious Wharton Business School of the University of Pennsylvania. He received his Ph.D. at the same school on finance and statistics after earning a BA degree in mechanical engineering at Bogazici University. He worked with the Prince team at *Emlak Bankasi* in 1985 and became the director of the research department at the Central Bank after Rustu Saracoglu was appointed as the Governor. During his tenure between 1987-1989 in TKKOI, he was mainly responsible for the

⁷⁴ The creation of independent “funds” outside the state budget that were controlled by the Prime Ministry was an advise from international development organizations all around the world as a part of Structural Adjustment Plans. These funds were created via taxation from a wide base of the society as opposed to the taxation of big business. Taxes from certain consumer products such as alcohol and tobacco, profits of SEEs, gambling, export taxes and many others were the financial resources that filled up the Fund.

Housing Development Fund and remained as the Chief Adviser on Economy to the Prime Minister. Right after he assumed the post, Gultekin confronted a heavy disapproval from economic and political pressure groups, especially the construction sector, because his first action at the office was to review all housing development credits granted since the founding of the institution and to suspend a large majority of them. According to his inspection, in three years, less than half of the 589 thousand projects funded by TKKOI could be completed. Moreover, he realized that the Administration set aside the original goal of providing housing credit for low-income families and transferred funds to private banks, which distributed them regardless of applicant's previous home ownership or income status. The freezing of credits by Gultekin made the interest groups within the construction sector and their political connections in ANAP furious. When he had to transfer 20 billion Turkish Lira from Housing Development Fund to Public Participation Fund, under the orders from the minister, media's attention turned against him as well (*Milliyet, 02.09.1990*).

Before the appointment of Gultekin and during the first ANAP government, Vahit Erdem, an engineer with a graduate degree from Britain, was the director of TKKOI. Despite the fact that Erdem represented the traditional bureaucracy, the change of office between Erdem and Gultekin was not controversial since Erdem was reappointed as the director of another big and important fund, Defense Industry Support Fund. Moreover, a Prince of Ozal, Cengiz Israfil, had already been working under Erdem as the vice director responsible from privatizations. However, replacement of Erdem with Gultekin and keeping Israfil at his former post as the vice director was a clear indication of Ozal's intention to accelerate privatizations. This initiative revealed another kind of conflict within the top economic bureaucracy.

When Turgut Ozal inaugurated his privatization plan in August 1987 with a special press conference, he gave the foreign investors the lowest priority and described the goal of privatizations as follows:

“The capital will stretch out to the base of the society; an opportunity for our people to become partners in ownership will be provided for the first time. The income generated by the sale of shares will be spent for new investment and service areas; this will decrease the unemployment. The partnership of the people in ownership will strengthen the democracy... The employees of SEEs that supplied their labor for the factories will be partners in them; and for this, assistance will be provided. By using their voting right through their shares, workers will participate in the administration. The people who live in the region will have an opportunity to have a share in the enterprise that provided them with employment for years. The savings of the ones working abroad will be allured to the country and by this way they will also become partners in country’s wealth. The privatizations we achieve will be the biggest reform in the history of the Republic... [SEEs will be sold] first to its employees, i.e. people working in the company, workers, then to the people living in the region where the company is located and our workers abroad; only after that, the remaining portion can be sold freely to the rest of Turkey...” (*Milliyet, 10.01.1989*).

From the beginning, Israfil, who was know as the “privatization expert” of Turgut Ozal had opposing views against Gultekin about the phase and method of privatizations. Gultekin thought that they had to wait until the inflation and other economic indicators were stabilized and

preferred block sales rather than public offerings. Moreover, Gultekin was against the privatization of *Teletas*, a Research and Development company under the Turkish Telecommunication Corporation. Israfil attempted to privatize this SEE in accordance with Ozal's promises about the goals of privatization, however, TKKOI had to pull back the shares right after they were put on the market since their values plummeted quickly. In an environment where stock exchange market institutions have not grown roots yet, the public sale of shares had to be reconsidered and, as a result, block sales became inevitable. Developments proved Gultekin right; hence, he continued the privatizations by a block sale of the public air transportation subsidiary to Scandinavian Airlines and signed another agreement for the sale of a cement production company to a French investor. The disparity between promises and the implementation resulted in a public criticism and reaction (*Milliyet*, 02.09.1990). Two years after Ozal's announcement, the results of the initial privatizations showed that Ozal's Princes were set to do exactly the opposite of his promises and it was evident that not a single share of the SEEs would ever be sold to their employees. Outcome of the first privatizations reinforced the impression that the block sale of the SEEs was actually designed for the payment of foreign debt and fixing the budgeted deficit. The Princes responsible for privatization had to answer these criticisms and suspicions until the time ANAP government moved out of power in 1991.

At the personal level, Gultekin's attitude, character, and expertise earned a positive response of the media and the business executives from the private and public sector. The arrogant attitude of the Vice Director Israfil and his weak command of Turkish (he was living in U.S. since the high school years and carried a U.S. passport) generated an antipathy of the public opinion (Aytar 1995). As a matter of fact, Gultekin was also a U.S. citizen, however, his credibility among the international finance circles, his profession as an academic in one of the

most prestigious business schools in the world, and his even-tempered expert impression conveyed more confidence to the public than Israfil did. Israfil's career as a banker in Morgan Guaranty brought to minds his biased compliance with American interests. In the following months, it was even speculated that he was in fact a C.I.A. agent (*Milliyet*, 02.07.1990). However, as the criticisms from the media and opposition parties increased, these individual differences began to erode and the image of corrupt Princes selling public property to foreigners became highly accentuated. In January and February of 1989 both experts had to resign successively from their office in TKKOI. Upon their resignation, Israfil was thinking about continuing his career in the private sector and Gultekin was going back to his position in Wharton.

After these resignations from TKKOI, a younger Prince Okkes Ozuygur was appointed as the director of the Agency. Another young Prince, who was an Adviser to the Prime Minister at the time, Yilmaz Arguden became the Vice Director Responsible for Privatizations. Ozuygur had served as the Vice Director under Bulent Gultekin and implemented his decisions to limit credit supply for housing development. In the field of privatizations, the criticisms were growing, this time to include even ANAP MPs (*Milliyet*, 12.23.1989). The final turmoil erupted because of the executive board appointments at *Erdemir*, the Iron and Steel Production Corporation. In October 1989, Ozal was elected as the President of the Republic of Turkey. The power vacuum created by his departure from the Prime Ministry could not be filled and ministers such as Gunes Taner started a fierce patronage battle regarding the appointments to high bureaucratic posts, especially the executive boards of SEEs. Originally set for privatization, *Erdemir*'s executive board became a "boiling pot" (*Milliyet*, 02.14.1990). Ozuygur and Arguden were first to resign from the board due to the breach of their principles in terms of the privatization procedure. Arguden also

resigned from his position at TKKOI and transferred to a private sector mogul *KOC* holding. Ozuygur continued to struggle within the Administration among privatization projects have been investigated by the Parliament and Higher Court of Appeals, until Suleyman Demirel, the arch-competitor of Turgut Ozal, came to power in 1991 and discharged him.

6. The Demise of Princes

The Princes of Ozal had been under pressure since the first time they stepped on the stage of civil service. The media and public opinion shared the suspicion against them within the traditional bureaucracy. The Princes who served under the first ANAP government were criticized for going out of line by giving political speeches. Nevertheless, some of the innovative projects they developed before the general elections of 1987 (public participation bonds, reform in SOBs, privatization of SEEs, housing development projects, and so on) gave rise to a sympathy mixed with curiosity in the media. The economic imbalances created by the election atmosphere and the following stabilization measures adopted by Ozal's economic team turned this sympathy into suspicion. The inflationary pressure created by the election atmosphere resulted in price hikes by 1988 and the Princes became the target of opposition from all sectors of the society. By the end of 1988, Princes were the subject of several allegations: receiving excessive salaries due to multiple appointments in bureaucratic offices, advisory posts, and executive boards of SEEs (*Milliyet*, 02.09.1989); selling SEEs covered under the privatization plan for prices incommensurate with their real value (*Milliyet*, 04.03.1989); or receiving nepotistic benefits in exchange for preferential favors to economic and political elite. Especially the last accusation became increasingly highlighted as the ban on the former politicians was lifted in the September 6, 1987 referendum.⁷⁵ When new political parties with senior political

⁷⁵ Ozal was campaigning for "no" in the referendum and lost by 49.76 to 50.24.

leaders entered into the Parliament after the early elections of November 29, 1987, opposition MPs started to attack ANAP increasingly on grounds of corruption.

1987 and 1988 were the years during which the battle of Princes against the traditional bureaucracy and ANAP politicians reached at a peak. The influence of the Ozal family (the brother Yusuf, the son Ahmet, and the wife Semra) over party politics increased considerably during the second ANAP government established at the beginning of 1988. With the appointment of Yusuf Ozal as the Minister of State Responsible for Economic Affairs, a position previously occupied by Kaya Erdem, and the inclusion of the most senior Prince of Ozal, Adnan Kahveci into the new cabinet, fronts in the battle for the management of economic institutions became clear. Kaya Erdem was the Deputy Prime Minister in the new cabinet but he was no longer in charge of economic affairs. At the beginning of 1988, most of the politicians and technocrats from engineering and state bureaucracy backgrounds were shifted from their positions with high resources and responsibility to the less influential ministerial and bureaucratic positions. At the time, Kaya Erdem, who was the closest advisor to Turgut Ozal during his ministerial tenure in the Military government of 1980-1983, was defined as the “the last supporter of the classical bureaucracy within the government” (*Milliyet*, 01.07.1989). The patron of the U.S.-educated educated economists was the brother, Yusuf Ozal.

The media reflected this battle as involving personal animosity and a competition between Kaya Erdem and Ozal’s Prince Bulent Semiler. In 1988, Bulent Semiler investigated the banking scandal that took place in 1982 and leaked Kaya Erdem’s name to the media as one of the perpetrators. This was the last drop in the bucket for already weakened Kaya Erdem. He chose to give an ultimatum to Turgut Ozal and demanded Semiler’s resignation as he placed his own resignation letter in the pocket of his suit. Ozal decided to discharge Semiler as the director

of *Emlak Bankasi* but kept him as his economic adviser responsible for SOBs. Although Kaya Erdem seemingly won this “chicken game” he was also disillusioned by the somewhat neutral position Ozal took regarding this incident. After all, when he was accused by the military government of the banking scandal in 1982 and resigned, it was Turgut Ozal, the minister responsible for economic affairs “with full authority,” who refused to serve without Erdem and resigned after him. Six years of ANAP government and reforms changed Ozal’s commitment to Erdem a lot. At the beginning of 1989 Kaya Erdem resigned from his position as the Deputy Prime Minister (Cemal 1989, 93).

It was hard to say that the Erdem-Semiler dispute was clearly resolved in favor of Princes. It was true that important positions in SOBs, the Central Bank, SPO, TKKOI, and several SEEs were transferred to the young experts promoted by Yusuf Ozal and Adnan Kahveci. However, in order to keep the political balance within ANAP, Turgut Ozal had to act hesitantly and did not support Semiler unconditionally. This incident also showed that the Princes walked on a very thin ice (*Milliyet*, 12.29.1988). The traditional bureaucracy received a heavy blow from the appointments to top bureaucratic positions in 1987 and 1988 but did not cease to play a role in state economic administration. Moreover, from 1989 on, the Princes who understood that they could not depend on the full protection of Ozal against outside pressures began to leave civil service one by one. The weakening political power of ANAP and the decision of Ozal to run for Presidency, after General Chief of Staff Kenan Evren stepped down in November 1989, contributed to this impression. The Princes who managed to stay in the office, after Ozal’s tenure as the Prime Ministry was over, were Rustu Saracoglu, who served as the Governor of the Central Bank until 1993, and Coskun Ulusoy, who served as the director of

two biggest SOBs under five different governments for seven years until the end of 1994
(*Milliyet*, 11.18.1994).⁷⁶

We have a lot of clues to believe that a number of Princes had in their minds the personal gains and opportunities that emerged during this historic transition period. However, the majority of them were talented experts with international credentials and careers in international organizations. As in the case of Can Cangir and Engin Civan, some Princes were content with the dependent relationship and proximity with Ozal family, while others were disappointed by the lack of opportunities and institutional infrastructure for implementing their expertise. However, none of them were disillusioned by the personality of Turgut Ozal, which in their opinion was definitely technocratic and visionary. Ozal never gave up his optimism about and trust in the Princes during his career, regardless of how discredited they became in the public opinion. He was trying to keep the balance between the proponents of nepotistic capitalism necessary for the creation of an export oriented bourgeoisie and the Princes that promoted a rational capitalism with institutions similar to the West and in accordance with free market capitalism. Ozal's technocratic side knew that new institutions and mechanisms were necessary for the fundamental reforms and the Princes were the only ones that could build them. Because of this, with the exception of Bulent Semiler, he never dismissed any Prince willingly. After he was elected as the 8th President by the Parliament in 1989, he kept some Princes as his advisers. However, the politician side of Ozal had to keep the political coalition around the fundamental reforms by using economic and political perks. Ozal was unwilling to construct rational market institutions during two ANAP governments. He rather wanted to manage the redistribution of

⁷⁶ Bulent Gultekin returned to Turkey to head the Central Bank in 1994 but could stay in the office for only three months before he had disagreements with the Prime Minister Tansu Ciller, who was a professor of economics at Bogazici University.

economic resources himself and avoided the task of institution building necessitated by free market capitalism.

The only method Ozal could devise to protect the Princes against outside pressures was a contradictory one in terms of the politics of technocracy: full embeddedness. As early as 1983, he asked Princes to enter into parliamentary elections as founding members of ANAP. Especially before the 1987 general elections, he advised Princes to become MPs and protect themselves by using parliamentary immunity and ministerial powers. In fact, this was not a very unrealistic suggestion given the electoral and party system in Turkey. The political party law of Turkey enforced the complete mandate of the party leader in determining the local lists of electoral candidates. Ozal could easily place his Princes into the lists of the districts where ANAP had a clear majority of votes. Nevertheless, only 3 out of 13 Princes answered this call and 2 of these 3 did it much later in the 1990s, after Ozal's death in 1993. Only the oldest Prince of Ozal, Adnan Kahveci was elected and appointed as the Minister of State during the second ANAP government. As it was the case for experts in general, Ozal's Princes were not interested in politics. Their professional career and economic conditions were much more important for them (*Interview*). The culture they acquired abroad was also an obstacle for their acculturation in the traditional political structure based mainly on seniority and charisma. The individualizing and compartmentalizing formation they got in U.S. made it harder for them to establish nepotistic networks that required long years of bureaucratic career based on knowledge in various areas of state administration and personal attachment to the superior.

We can safely say that there was a patriotic sentiment in the Princes' discourses. Going back to their motherland and doing good for their country was something that had always been in their mind during their career abroad. They must have also been attracted by the prospect of

unprecedented influence at a relatively young age, and despite non-elite family backgrounds. Naturally, “doing good for your country” is a notion open to interpretation and dependent on one’s ideological disposition. Compared to the common nationalism dominant in Turkish political elite’s ideology, the patriotic aspirations of the Princes ran into a fundamental paradox. A nationalism based on anti-imperialism and anti-Americanism constantly looks for a conspiratorial interest behind foreign cultural products. Therefore, the rejection of American style administration and policy making regardless of their potential for efficiency was an intrinsic element in the policy-making mentality of traditional politicians and bureaucracy. In other words it was almost impossible for the Princes to convince administrative elite that the interests of global capitalists were beneficial for the interests of one national state. The advantages of free trade, privatization, and free flow of financial capital for Turkish citizens were not immediately visible for the public, media, and the traditional policy makers. Moreover, the validity of the latter proposition was in question even for the liberal politicians that founded ANAP. Ozal had a sincere confidence in neoliberal policies but deep inside he still was a nationalist conservative politician with a career in traditional bureaucracy. Free market policies for him were a means to an end: a modernization strategy with “a great leap forward,” which would help Turkey to catch up with the Western World. Therefore, the ambivalent position the Princes found themselves was understandable. A development strategy that required a full interdependence with the Western capitalism required a reinterpretation of the notion of “national” wealth. Reducing the loss of a SOB by selling its property was cost-effective for the Princes, hence beneficial to the country. But for the national elite, selling a property owned by the state (and theoretically by the public) to private business and, even worse, to foreign capital was a loss for the state and the public.

The Princes could not develop a strong *esprit de corps* as a team that would buttress their liberal ideology. Their common sympathy for liberal values engendered by their *Bogazici* education and U.S. experience was not enough to garner a common discourse and a holistic economic philosophy. Because of this incapacity and the strong pressure they received from the traditional bureaucracy and public opinion, they failed to institutionalize their authority within the technocratic field of Turkey. Ozal's ambivalent position created by his dual personality as a politician and a technocrat was not assuring for the Princes either. The election atmosphere in 1987 and 1989, and the competition from old politicians decreased Ozal and ANAP's capacity to insulate liberal technocrats, hence prepared the demise of the Princes.

In this chapter I portrayed the collective characteristics of the Princes, their organizational experiences and intra bureaucratic conflicts that determined their destiny as an expert group. In the next chapter, I will investigate the reasons for the failure of Turkish experts to become techno-politicians through a historical and institutional lens. I will trace back the conditions and historical turning points of the development of Turkish knowledge institutions in comparison to Chilean case. The role of the relatively autonomous university in the development of neoclassical economics and the role of the central planning organization in the development economics as a profession will be tested in the Turkish case in order to understand how institutional politics and relations of conflict provide technocrats with, or prevent them from obtaining, technical and political authority. By comparing Ozal's Princes with the Chicago Boys of Chile I will try to accentuate the important group characteristics and institutional environment in which these characteristics could be translated into a high technocratic authority.

Chapter 5: The Story of Chicago Boys in Comparison to Ozal's Princes

In Chapter 5, I continue to search for the reasons for the weak authority of Turkish neoliberal experts in organizational, historical, and institutional factors. I will show how Turkish institutions diverged from the path followed by Chilean technocratic institutions throughout the twentieth century. The chapter begins with a brief comparison of the recruitment and appointment process of the Chicago Boys and Ozal's Princes during free market reforms. I argue that the striking differences between the two cases points at three features that are influential in expert authority: the character of the expert team before recruitment, i.e. whether it has a common identity and set of ideas; the ties that are established between experts and political economic elite; and whether the recruitment is made through formal or informal channels, in other words by institutions or persons.

In the Chilean case, the presence of the technocrats was, and still is, very significant in ministerial positions and other top positions of economic administration. The comparison between the emergence and development of technocratic institutions suggests that the necessary infrastructure and human resources similar to the Chilean case were present in the Turkish case since the foundation of the republic in 1923. However, these institutions could not develop into the state of affairs that existed in Chile by the end of the century because of the outcomes of institutional politics that shaped the technocratic tradition of Turkey in the 1960s and 1970s. The different status of ministerial positions in parliamentary and presidential systems was the main determinant of these institutional politics.

Further on, I observe the crucial function of Chilean higher education institutions and the central planning organization in elevating technocrats to top administrative positions during the free market reforms in the 1970s. The presence of a relatively autonomous university (Catholic

University) and a deep-rooted planning organization in the Chilean case was instrumental in the rise of the Chicago School economists to the top of the economic bureaucracy and successful evolution into techno-politicians. There were institutional counterparts in the Turkish case: a number of special status higher education institutions and the State Planning Organization.

Following up on this observation, I will continue with the historical development of Turkish higher education institutions in general, and economics faculties in particular, in a comparative fashion. The Chilean case points at the Catholic University as the location for the birth and development of neoliberal experts. In addition, the technical cooperation agreements between the Catholic University and the University of Chicago that started in the 1950s played the leading role in the formation and technocratic authority of the Chicago Boys as a group. As the previous chapters of this dissertation have shown, the collective biography of Ozal's Princes points to Bogazici University as a common institutional background. Therefore, I focus in particular on *Bogazici* as the possible candidate for the role played by the Catholic University in Chile. I also evaluate other higher education institutions that could serve the same function due to their historically special status. I argue that the nature of technical cooperation agreements signed with Turkish universities, state control over the development of social science disciplines, and outcomes of the student movement in the late 1960s weakened the organizational capacity of Turkish universities to accommodate a deep-seated neoclassical economics tradition.

The Chilean planning organization was the main recruitment and promotion location for the Chicago Boys during the neoliberal reforms. In the final part of the chapter, I describe the foundation and historical development of the State Planning Organization and the institutional politics that led to its demise, and hence to its decreased potential to serve as a recruitment and training location for free market technocrats. Again, the historical turning point is to be found in

the 1960s. The clash between the modernizing planners, the traditional economic bureaucracy, and politicians, who mediated the pressures coming from the private sector, resulted in an organization largely incapacitated and by-passed during the free market reforms in the 1980s.

1. Recruitment of the Chicago Boys

The recruitment of the Chicago Boys for civil service was a gradual process that began in 1970 and continued until 1975. But the emergence of the Chicago Boys as a well-formed expert group had already taken place in the 1960s and the influence of its members continued beyond the economic crisis of 1982, when the leader of the group, Sergio de Castro, was dismissed from office. Different from Ozal's Princes, the formation of the first generation of the Chicago Boys team was complete before the military government decided to leave the administration of the economy in its hands. In Turkey, the military government appointed Turgut Ozal as the head of the economy for the sake of continuity; he was the architect of the January 24th austerity program prepared in 1979, just before the military coup, to deal with the escalating economic crisis. He had strong ties with, and the confidence of, the industrial bourgeoisie and international lenders. However, he did not gain his authority together with the economic team that was already formed before his appointment; his ties were mainly personal. In addition, military leaders' confidence in him was also rather personal and they regarded most of his collaborators with suspicion, especially because of their Islamist and conservative leanings. The phenomenon of Ozal's "Princes" as an expert team emerged during his tenure as the Prime Minister, especially during the second Ozal government that was established after the 1987 general elections. The departure of Ozal from the government to become the President in 1989 marked the end of Ozal's Princes as a team. Compared to Ozal's Princes, the recruitment of the Chicago Boys was a much more formal process. The type of collaboration they had during Christian Democratic and Popular

Unity governments with business and conservative circles was much more systematic and institutional. Ozal's Princes, with one or two exceptions, were connected to the economic bureaucracy mainly through their personal relationships with Ozal family, especially with Turgut Ozal's son Ahmet Ozal. Their ties with the military leaders, prominent politicians, and leading businessmen were weak. Therefore, their capacity and destiny was strongly tied to the popularity of Ozal.

The degree of collaboration between the Chicago Boys, the Chilean conservative elite, and the internationalist bourgeoisie was developing during the late 1960s and reached a peak after the socialist Popular Unity government came to power in 1970. When the right-wing candidate Alessandri came in second in the elections (the centrist Christian Democrat, Tomic came in third), it became clear that the extent of polarization in Chilean politics was growing. During the initial years of Allende's presidency, the Chilean conservative elite, in collaboration with U.S. intelligence officers, considered a civilian parliamentary coup against him and started to draft alternative propaganda and policy proposals. The economy was still in crisis despite the radical measures and reforms undertaken by the previous Christian Democratic Frei administration. The manufacturers' associations (Society for the Promotion of Manufacturing or *Sociedad de Fomento Fabril*), conservative newspaper *El Mercurio*, and right wing sectors of the military (especially the Navy) turned towards the Chicago Boys and their radical Chicago School prescriptions for assistance. The core of this network was Edwards' Group and the informal meetings held under the name "the Monday Club." Edwards' Group constituted an economic empire with strong U.S. ties and also owned the newspaper *El Mercurio*. During these meetings of non-party-affiliated conservative intellectuals and scholars, two members of the Chicago

Boys, Emilio Sanfuentes and Manuel Cruzat became closely associated with this conservative elite (O'Brien 1983, 34).

After the military coup of 1973, General Pinochet initially selected his economic team among the economists with a Christian Democratic orientation, military officials, and new right Nationalist Party members (Silva 1991, 392). The Chicago Boys were appointed to the secondary and lower offices of various ministries and state agencies as advisers and research experts. Later on, other members of the Chicago Boys circle started to join The Office of National Planning (ODEPLAN) and recruited their fellow Chicago School economists (Silva 2008, 149). In 1972, when the main figures of the Chicago Boys, De Castro and Baraona, directed the team that drafted *el ladrillo*, they took the first step towards an increased collaboration with the political figures in the military. *El ladrillo* was originally commissioned by the Navy, which had been given the control of the economy after the military coup. Roberto Kelly was the person who put together the team that prepared *el ladrillo*. He was a retired naval officer and appointed as the director of ODEPLAN after the military coup. As the leader of the Chicago Boys, de Castro's first appointment in the military government was an advisory position to the Minister of the Economy. He worked on an anti-poverty program contracted to the Catholic University by ODEPLAN. In addition, another important Chicago Boy, Miguel Kast, was appointed to ODEPLAN a couple of weeks after the coup. He was the most reliable man of Roberto Kelly and later became the Director of the Office. Later in his career Kast also served as the Minister of Labor and the Director of the Central Bank. Known as the "great recruiter," Kast was very influential in the infiltration of the future generations of Chicago Boys into ODEPLAN. He was a young, energetic, and charismatic figure who had been the president of the Student Union of the Faculty of Economics and the general secretary of the Catholic University Student's

Federation between 1969-1971.⁷⁷ His political activities and close association with the *gremialista* circle made him the bridge between the Chicago Boys and conservative political advisors within the military government (Hunneus 2000, 464-5).⁷⁸

2. Appointment and Organizational Location of the Chicago Boys in Comparison to Ozal's Princes

2a. Ministries

Ministries constitute the apex of the national technocratic field. Economic ministries are the positions in which the technical knowledge about the economy and the networks among the experts are translated into political capital. Governmental technocratic institutions, such as planning agencies and central banks, produce techno-politicians and especially techno-politicians with authority – a special form of power based on the mastery of knowledge. Ministries are the locations in which techno-politicians broker their authority into political power. Ministries are part of both the political field and the technocratic field, and their capacity to translate authority into political power depends on the type of political regime into which they are installed. What

⁷⁷ Kast can be compared to Adnan Kahveci in terms of his persona and function in the technocratic team. Kahveci was the “young genius” of Turgut Ozal who had the idea of systematically recruiting U.S.-educated experts in civil service and creating a “reverse brain-drain” trend. He also had connections with the conservative circles since he worked as an advisor to the Minister of Interior Affairs in the right-wing Second National Front government before the military coup in 1980. The younger brother of Turgut, Korkut Ozal, was the Minister of Interior Affairs and his connections with the religious and conservative circles since the 1960s were well known. Adnan Kahveci was rejected by the military government for being “too religious” when he wanted to become a founding member of Ozal's Motherland Party and participate in the parliamentary elections in 1983. Interestingly enough, their bad fortune was similar as well: Kast died unexpectedly of cancer in 1983 and became a martyr for the right-wing politics in Chile. Kahveci also died at a young age in a car accident in 1993.

⁷⁸ Advisory positions are typical in that they provide an entrance point for technical experts to civil service. As it was the case in Turkish experience, economic expert groups started their career in advisory offices before they were appointed to positions with more authority. This preference on behalf of the politicians was sometimes necessitated by the regulations that set the criteria for civil service. But advisory offices also functioned as the insulation positions for experts in times of intra and extra governmental pressure. They also provide a station for experts while the politicians shift them from office to office and obtain flexibility against traditional bureaucracy.

we see in our two cases is that the Presidential systems and their ministerial designs are more conducive for technocratic decision-making and production of techno-politicians, whereas the Parliamentary systems are dominated by the politicians who only occasionally leave authority (but never political power) to techno-politicians, especially during the times of economic crises.

In Chile, the mixed policies of gradual neoliberalization period right after the military coup of 1973 ended in the economic crisis of 1975. With the falling prices of copper (historically the main export item of Chilean economy) and the increasing price of oil, Chile experienced a serious foreign exchange crisis. This was an opportunity for the Chicago School economists to climb up to the higher posts in economic bureaucracy. As a first response to the crisis, Pinochet appointed Jorge Cauas as the super-minister in charge of the ministry of finance and the coordination of all ministries related to the economy. Cauas was the Director of the School of Economics in Catholic University in 1971. Although he was not a Chicago School economist he sympathized with their views. To team up with Cauas, the Ministry of the Economy was given to de Castro and Baraona became the head of Central Bank. The control of ODEPLAN was under Roberto Kelly and his right-hand man Miguel Kast, a prominent Chicago Boy.

The dominance of the new team in politically important government offices also meant a power transfer from the Ministry of the Economy to the Ministry of Finance. Chicago School economists' appointments into ministerial posts paralleled the increasingly important role that monetary tools played in the administration of the economy. It also brought about the transformation of economic administration mainly into the administration of money. After 1975, the function of the Ministry of the Economy was restricted to the regulation of privatizations. During the 1960s, when Keynesian economic policies were dominant, the Ministry of the Economy was in control of every aspect of the economy: "it had controlled fiscal policies, set

prices and subsidies, regulated industrial and commercial activity, intervened in businesses, and doled out public credit through CORFO” (Hira 1998, 81).

In the Turkish case, the Princes could not take control of the ministerial positions. Other than one Prince, Adnan Kahveci, neoliberal technocrats occupied no ministerial positions during Ozal’s two governmental terms. Turgut Ozal himself was as a techno-politician, serving as a super-minister responsible for the economy and planning during the military rule (1980-1983). However, he could not entertain the idea of promoting neoliberal economists for other ministerial positions during the military rule. This was a reflection of political realities: the military government heavily limited his authorities and certain members of the junta were skeptical about him because of his Islamist and conservative background. After his Motherland Party took power in 1984, Ozal opted for *Mulkiye* graduates and former SPO bureaucrats with engineering degrees from METU and Istanbul Technical University as the ministers responsible for the fields related to the economy. We have evidence that shows Ozal’s uneasiness about his decision to work with techno-politicians with careers in traditional bureaucracy. For instance, Hasan Celal Guzel, a conservative techno-politician from *Mulkiye*, remembers in an interview:

“One day we were at a meeting with him; Mesut Yilmaz and Mehmet Kececiler were also present. Veysel Atasoy joined us later. He stopped talking and was spaced out for a while. He then turned his head and said ‘well, we made a big mistake’. I said ‘what is that sir?’ And he turned towards me and replied ‘why are we stranded by *Mulkiyelis*⁷⁹ while we were trying to run away from them, and left the State in your hands?’ This should be

⁷⁹ *Mulkiyeli* means a person from the *Mulkiye* tradition. All names mentioned in this interview, including the interviewee Guzel, were the graduates of Ankara University Faculty of Political Science, historically known as the *Mulkiye*. They were all graduated in the 1960s, when Turgut Ozal was working in the State Planning Organization.

around 1984, I was the Undersecretary of the Prime Ministry then. He continued: ‘Here is my spokesperson for the government, my right arm Mesut Yilmaz. We left the Party (ANAP) in Mehmet Kececiler’s hand. Here is an important minister Veysel Atasoy; he also is a *Mulkiyeli*. In short, we left both the party and ANAP government in the hands of *Mulkiyelis*’. I thought he was joking but he was actually quite angry while he was making this remark. I then replied to him: ‘Sir, what is there left in us as *Mulkiyeli*? We are the *Mulkiyelis* who were engineerified a little bit. In other words we are the *Mulkiyelis* who grasped and are used to the notion of project making and practical thinking.’ (Birand and Yalcin 2001, 220-221)

Ozal had neither the desire, nor the political capacity to fill the ministerial posts with Princes in his second government (1987-1991) either. The main reason for this limitation was the status of ministries in parliamentary systems. Like any other parliamentary system, in the Turkish case a ministry was a political position with authority and responsibility. Although it was legally possible to appoint unelected ministers from outside the parliament, this was a dangerous move that could shake the intra-party politics of the Motherland Party, if it were taken too far. The rank and file politicians within the parliament could challenge the legitimacy of unelected ministers and undermine their authority as a part of political competition. In contrast to parliamentary systems, in the presidential systems like Chile's the ministerial positions are recruited from outside the parliament and they are largely advisory positions without political authority or responsibility, as these were ultimately granted to the President. For this reason, the employment of experts as ministers is a more common practice in Presidential systems (see Lijphart 1992, Riggs 1997, Cheibub 2007 for the differences between two systems).

In addition to this difference in the political system, the fact that Turgut Ozal was a techno-politician who was from a state bureaucratic background prevented him from handing over these influential positions to young technocrats from an unfamiliar career path. No matter how annoyed he was by the bureaucracy, he had great respect for the state tradition and traditional bureaucrats. However, it is also important to see that as a group, the Princes did not have the expert authority and prestige that Pinochet's economists enjoyed in Chile. The Chicago Boys already held positions in one of the most prestigious universities of their country. They were able to found and institutionalize a monetarist school against the traditional structuralist school that dominated the state technocracy. They had strong scholarly connections with American academics who started to have influence in U.S. policy making circles. And they had organic political connections with the domestic political and economic elite. In sum, the Chicago Boys had enough cultural and social capital to assume ministerial – hence political – exposure. Ozal's Princes had neither the political capital nor the level of experience of the Chicago Boys. As we explained in Chapter 4, Ozal's Princes did not have the willingness, self-confidence, and political assurance to run in the parliamentary elections. In other words, Ozal's unwillingness to fight for their appointment in ministerial positions was paralleled by the Princes' own lack of capacity and willingness to fight traditional *Mulkiye* bureaucracy and to take political risks against rank and file politicians. As we will see further along in this Chapter, the expert team of the planning era in the 1960s was equally incapable against the traditional bureaucracy and politicians. We can say that the *Mulkiye* tradition is still quite influential in determining the top positions in Turkish state bureaucracy today.

2b. The University and the Think Tank in Chile

An autonomous knowledge institution that provides a home for the recruitment and training of expert groups and their future generations is essential for technocratic authority. These extra-governmental knowledge institutions (knowledge institutions apart from the planning agencies and the central bank) guarantee the flourishing of new groups of experts and increase their cohesiveness through production of new ideas that bind them as a group. While governmental knowledge institutions, such as planning organizations and central banks, are essential for the recruitment and training of new generations of techno-politicians, universities and think tanks recruit and train new generations of experts who potentially become techno-politicians if the politicians choose to strategically employ governmental knowledge institutions (mainly the planning agency) during reform periods. Moreover, the university is a social institution where a relatively coherent life view and social philosophy is developed, appropriated, and shared by at least some majority of its students in an insulated environment. The Catholic University in Chile provided this environment both before and during the appointment of the Chicago Boys to important administrative posts in the 1970s. It provided the initial set of unifiers for the Chicago Boys and served as a home and an employment opportunity when they came back from their graduate education abroad. In addition, the Catholic University continued to serve as a recruitment and training ground for the future generations of Chicago School economists after the majority of the Chicago Boys migrated into the civil service in 1975.

As I explained in Chapter 4, Ozal's Princes in Turkey had a diverse background in terms of graduate education. The homogenizing factors for the group were the affiliation of the majority of the Princes with Bogazici University during their undergraduate education, their familiarity with the American way of life and graduate education system in general, and their

careers in the government. It is difficult to speak of a common early career for the Princes, apart from the fact that a number of them worked in the World Bank and IMF before their appointment in the civil service. The situation for the Chicago Boys was considerably different. Not only did they share a common educational experience in the Catholic University before they started their careers, but they also returned to their home institution as faculty members in the 1960s. The Chicago Boys obtained a tight network before establishing ties with the private sector and taking over management positions in the economic administration two years after the military coup of 1973.

The Catholic University was a conservative institution that traditionally enrolled students from privileged classes. But this did not mean the institution was naturally accommodating towards the Chicago School economic doctrine. In fact, the Catholic University had been, in the 1920s and 1930s, the training location of many future Christian Democrat politicians (e.g. Eduardo Frei) (Loveman 2001, 232). Therefore, the Chicago School economists first had to fight for the control of the Faculty of Economics and against the Catholic Church's economic doctrine, which was in fact resistant to extreme individualistic foundations of the free market economy and materialism of the consumerist ideology (Valdes 1995, 124).

The battle for creating an institutional safe haven for the Chicago School economic ideas took place throughout the 1960s. When Sergio de Castro became the director of the department in 1965, the control of the economics program passed over to the Chicago Boys and Faculty of Economics became crucial for the "social reproduction" of the team. The first generation of the Chicago Boys was quite successful in keeping their stability intact as a group. Prospective future generations of the Chicago Boys continued to return to the Catholic University from Chicago and formed the future cadres of the military government. In 1967, there were sixteen full time faculty

members at the Economic Research Center of the School of Economics and ten of these were Chicago graduates (Valdes 1995, 198). The same year three prominent Chicago Boys controlled most critical positions of the Faculty, de Castro became the Dean of the Faculty of Economics, Pablo Baraona was the director of the School, and Rolf Luders was the director of the Research Center.

At the height of the Chicago Boys hegemony in the Faculty of Economics, the 1967 student mobilizations exploded and pushed for university-wide reforms against which Chicago Boys strongly argued. With the reforms in 1971, the Chicago Boys temporarily lost control over the Faculty. The Faculty of Economics was forced to add alternative courses to its curriculum, the Dean's office was abolished, and a Christian Democrat economist replaced de Castro as the director of the School. When they lost their battle against the reforms, de Castro and Baraona left the School, but their defeat was short lived. Jorge Cauas, who was not a Chicago Boy at the time but who was sympathetic towards their project, became the director the same year. After Cauas' term, another Chicago Boy, Dominique Hachette, became the director of the School and the control of the Chicago School in the economics department was restored (Valdes 1995, 216-7).

The Popular Unity government of Allende recruited several Marxist social scientists into the government bureaucracy between 1970 and 1973. One of the first tasks of the military regime after 1973 was to fire leftist professors from the faculties of economics while keeping the conservative ones in their posts. Plenty of academic positions emerged after the forced exiles and resignations; and most of these positions were filled with the second generation of Chicago-trained economists. During the military regime, even the control of the Faculty of Economics in the National University (University of Chile) was transferred to Chicago school economists (Biglaiser 2002a, 151). The military regime dealt a profound blow to the social sciences in Chile,

through, in part, its desire to punish the sociology and anthropology departments, which were historically under the influence of Marxist ideas. While the sociology and anthropology departments received large cuts in funding and were reduced in importance, the Economics Department in the Catholic University was favored and continued to receive support from government agencies in form of research projects and training programs. The economics faculty at the Catholic University continued to flourish under the military government with the support of its alumni who were now in the control of the Chilean economy and policy research (Garretton 2005, 379).

Another distinctive characteristic of the Chilean policy making tradition was the presence of extra-governmental knowledge production institutions. Chile has one of the longest traditions of think tanks in the world. Right after its foundation, the United Nations sponsored a research center on Latin America called the Economic Commission for Latin America (ECLA/CEPAL) under the directorship of the Argentine economist Raul Prebisch. Starting in the 1940s, ECLA was the most influential institution in the production of “structuralist” economics – the Latin American version of Keynesianism. ECLA was located at the capital city, Santiago, and was central to the economic planning processes of Eduardo Frei (a "moderate CEPALian") and Salvador Allende (a more radical CEPALian and a sympathizer of the *dependencia* school) (Silva 2008, 113). When ECLA reached the peak of its influence in the 1960s, the first generation of the Chicago Boys were just returning from graduate studies in the United States and completing their composition as a coherent team, a process very much assisted by their competition with ECLA. In 1968, neoliberal economists founded a think tank named the Center for Socioeconomic Studies, which prepared the economic program for the right-wing presidential candidate Alessandri’s campaign (Hira 1998, 91). After the military coup, this time the

structuralist economists created a think tank against the Chicago School economics in 1975. The *Corporacion de Investigaciones Economicas* (CIEPLAN) was not only a center of resistance against neoliberal ideas but was also a survival strategy for economists in the opposition. Under the harsh authoritarian conditions, “it would be difficult to argue that deep divisions in ideas separated the economists in Chile in the 1970s and 1980s” (Biglaiser 2002b, 276). CIEPLAN economists used similar methods of research with Chicago School economists to appear neutral while at the same time raising their opposition to neoliberalism with a scientific discourse. During the “pragmatic period of neoliberalism” after 1982 and the transition to democracy in 1989, CIEPLAN economists once again began to occupy influential administrative posts (Silva 1991). On the Chicago Boys’ side, the ideological battle to create a favorable public opinion during the military rule was carried out through the important think tank *Centro de Investigaciones Economicas*, “which was a fruit of the decade long cooperation between Catholic University and the University of Chicago” (Silva 2008, 119). It was directed by the visiting scholars from Chicago such as Arnold Harberger, Simon Rottenberg, Tom Davis, and Martin Bailey and served as a site for propaganda during the neoliberal reforms by inviting well known neoliberal proponents such as Milton Friedman to Chile to speak on behalf of the “Chilean miracle” in economic reform. Therefore these autonomous research institutions served a similar function as the Catholic University in terms of providing Chicago School economists with employment opportunities, location for common activity, and prestige.

2c. Why Was the Path Divergent in Turkey? A Historical Analysis of the Turkish Higher Education (With a Focus on Economics Education)

The Chilean case shows us that the social science departments in the 1950s were crucial for the emergence of technocratic cadres and for institutionalizing the legitimacy of social sciences for state policy making. The fact that ECLA was located in Santiago and it was the

birthplace of the “structuralist” school was an historical exception. The involvement of University of Chicago in Chilean Point 4 technical cooperation program also enhanced the hegemony of neoliberal economics and policy-making paradigm in Chile. However, we have to evaluate these historical exceptions not as functional mechanisms that merely provided leverage for international pressure but as historical moments that served as a stage for the interaction of international influences with the domestic technocratic field. This type of understanding would make the comparison among different forms of international interaction easier and more meaningful. In order to be able to do this we have to understand the historical evolution of the institutions of higher education and economics education in Turkey and how the similar international influence as Chile interacted with the existing structures and institutionalized in universities.

The importance of higher education in economics was first emphasized during the 1923 Turkish Economy Congress in Izmir. This was the year in which the new Republic of Turkey was founded over what was left from the Ottoman Empire and its institutions. Despite the romantic and optimistic speeches given by the high officials about the importance of economics education and the suggestions from the commercial elite about the partial autonomy of the High School of Commerce in Istanbul from the government, the Congress did very little to foster autonomous higher education in economics. Three important higher education institutions that were related to economics education and that were inherited from the Ottoman Empire were the High School of Commerce (*Ali Ticaret Mektebi*), the Law School of the State University (*Darulfunun*),⁸⁰ and the School of Civil Service (*Mekteb-i Mulkiye*). The science of economics

⁸⁰ *Darulfunun* was founded in 1846 in Istanbul. *Mekteb-i Mulkiye* was founded in 1859 in Istanbul. Both were imperial initiatives for training state bureaucracy and elite in general. After

was mostly embedded in the Faculty of Law at the time and some courses were offered in *Mulkiye*. The 1920s were characterized by a series of reforms concerning the status and nature of economics education in these institutions (Ilkin 1972, 4-8).

High School of Commerce (*Ali Ticaret Mektebi*)

Originally founded in 1883, the High School of Commerce was the first to be reformed, a process that was carried out mainly in accordance with French style economic and commercial education. The first reforms were mainly related to economics education. New courses such as comparative economy, history of economy, economic law, and Turkish economic geography were added to its curriculum, and two specialization areas, economics and accounting, were introduced in its last two semesters. But throughout the 1920s, the direction of education gradually shifted towards a commercial sciences education. In 1925, it was renamed after the French *Ecole des Hautes Etudes Commerciales* and its curriculum was reorganized. After this reorganization, the School now housed academic positions of professorships and assistant professorships (docent). Throughout the 1930s, the School reformed its curriculum to incorporate analytical teaching techniques and published a journal, which was important for the discussion of how to develop higher education in commerce. Initially, the School was under the control of the Ministry of Economy. In 1938, the School was moved out of the Ministry of Economy, which was the ideological center of statist economic policies, and placed under the authority of the Ministry of Education, which was closer to “liberal” thinking (Ilkin 1972, 22). The School’s name was changed to the High School of Economics and Commerce. Other schools of Economics and Commerce were opened in Izmir (1945), Ankara (1954), Eskisehir (1958) (Aslan 2004, 289), Adana (1967), Bursa (1970), and Trabzon (1979) (Guvemli 2003).

the foundation of the Republic of Turkey, *Darulfunun* became Istanbul University and *Mulkiye* became the Ankara University Faculty of Political Science.

By the end of the 1940s, the Schools of Economics and Commerce had independent faculty status but were not considered universities (Arslan 2004, 289). In fact, from the beginning the Schools of Economics and Commerce were in constant conflict with the universities. They had been left out of major higher education reforms and their attempts to gain legal status from the state in order to be able to provide academic credentials had been curbed by the universities. Universities never wanted the Schools to provide equivalent degrees and the traditional academic establishment saw the development of the Schools as a threat to their prestige and career security. Several initiatives by the Schools to obtain equal legal status in the 1960s were fought back by the universities. They took the legal amendments that granted a higher status for the Schools to the Constitutional Court and won.

During the conservative and free market oriented rule of the Democratic Party (1950-1960), the universities were largely in opposition to the government. At the beginning of the Democratic Party period, the relationship between the government and the universities was good. The Democratic Party supported the idea of the autonomy of the universities. But after it came to power, and especially after the Democratic Party government's amendment of university law, conflicts started to arise. This amendment prohibited any kind of political speech and activity by the academic personnel. By the end of the Democratic Party period the party and universities had become enemies (Arslan 2004, 213). In order to balance the opposition rising from the universities, the Democratic Party government strengthened the Schools by granting scientific and administrative autonomy. The Schools were governed by a special regulation and organized in the same way as universities carrying out academic research and teaching. After a change in legislation in 1959, the Schools of Economics and Commerce became the “Academies” of Economics and Commerce.

Throughout their evolution, the schools of Economic and Commercial Sciences became schools that specialized in business and management sciences. Especially during the Democratic Party government, the liberal economic policies promoted the development of private enterprises and the need for personnel in finance, marketing, accounting, and human resources departments of the firms. The gap in the supply of corporate bureaucrats was mainly filled by the graduates of the Academies, which had evolved in the 1960s into faculties controlling several high schools of vocational training.

The need for management training for the expansion of the private sector in the 1950s became a top agenda item for the Ministry of Education and the USAID office in Turkey. Towards the end of the Point 4 technical cooperation era in mid-1960s, Michigan State University signed a contract with the Turkish Ministry of Education for a Participant Training Program that aimed at transforming Academies of Economic and Commercial Sciences into modern business schools. This was different from the standard Point 4 agreements because there was no inter-university agreement and the contract did not include any provisions for institution building through the involvement of foreign academic advisors. Dozens of faculty members from Turkey went to East Lansing between 1964 and 1970 to pursue a master's degree in business administration (Garlitz 2008, 214). The officials considered the Participant Training Program as successful. However, there were some problems encountered by the participants, the biggest of which was again the resistance that came from the established scholars in the universities against the equivalence of a master's degree acquired in a foreign country to the degree provided by a Turkish university. Michigan State University officials tried to solve this problem by proposing that the master's degree acquired in their institution be accepted in place of required coursework in the participants' doctoral studies in Turkey. The senior professors in the home universities

resisted this idea as well, thinking that equating a foreign degree even with a partial requirement of their program would lessen the prestige of their own doctoral training (Garlitz 2008 233-34).

Academies successfully evolved into institutions that provided quality business education and training for the future corporate bureaucrats demanded by the private sector emerged under the liberal economic policies of the 1950s. In 1960, the student population in four Academies (around ten thousand) and the number of graduates (around seven hundred) doubled the number of students who were enrolled in, and who graduated from, the business administration faculties of three major universities. In 1980, the number of graduates from seven Academies was around five thousand compared to 2,616 graduates from thirteen universities that provided education in business administration (Guvemli 2003, 46-51). With the higher education reform immediately following the military coup of 1980, the Academies were incorporated into the universities, some of which were younger than the faculties founded by the Academies. Academies became the Faculties of Economic and Administrative Sciences under major regional universities and completely lost their organizational, fiscal, and scientific autonomy under the new central and hierarchical Higher Education Council regime.

As we can see from their historical development, the Academies of Economic and Commercial Sciences carried the larger burden of supplying managerial bureaucrats for the developing private sector of Turkey. However, despite being called Academies these higher education institutions were largely designed for vocational training in business administration. Historically, academies in the world at large are institutions established by scholars, scientists, state elite, and philanthropists outside of the universities to carry out independent intellectual and scientific discussion based on experiment and research (e.g. Academy of Sciences in France or Royal Society in Britain). Contrary to their counterparts in Turkey, they do not provide higher

education. In this respect, the notion of Academy in Turkey was adopted in an exceptional manner mainly due to the conflict between the Democratic Party and traditional universities in 1950s (Guvemli 2003). Academies could possibly develop into autonomous higher education institutions in which state technocrats with alternative economic philosophy. However, the resistance from establishment universities prevented them from developing graduate programs that trained experts on economics. Instead, they provided the masses of employees that were demanded by the corporate and banking sector throughout the 1960s and 1970s. They became institutions of science, research, and expertise only after they were incorporated into the university system in the early 1980s. Rather than hosting scholars from neoclassical economic approach, we might expect that the Academies would train a large number students in the French style (for example, extreme meticulousness in tax regulations and corporate law, conservative management in terms of risk taking, and corporate hierarchy based on seniority), that is, the corporate bureaucrats with whom the American educated Princes clashed in regards to the business administration philosophies of the 1980s.

School of Civil Service (*Mulkiye*) and the Faculty of Law in Istanbul University

During the 1920s, a few minor reforms were carried out in two of the most important higher education institutions in Turkey: the School of Civil Service (*Mulkiye*) and the Faculty of Law in Istanbul University. In *Mulkiye*, the number of course hours and the variety of classes on economics were increased in 1925. Moreover, the introduction of administration, finance, and politics departments in the senior year enabled further specialization. These changes were largely adoptions from the French higher education system (Ilkin 1972, 8). Istanbul University, to a large extent, continued to use the same curriculum as the one it had before the foundation of the Republic. Under the Faculty of Law, the majority of the professors of economics was

sympathetic towards a liberal economic approach, with a few also admiring the German economic policies and higher education system. During this period, the rejuvenation of the war-torn economy of the Republic was the top priority. For this reason, discussions in the public sphere on the necessity of a scientific economics education for the formation of a national commercial and entrepreneurial class were not unusual. In the 1920s there was no faculty of economics in Turkey, and the main actors of policy discussion were the bureaucrats from the ministries of education and economy, columnists, intellectuals, and politicians from a military background who effectively ruled the country during the War of Independence. The debates on the economy were related to its policy aspects rather than scientific exchanges among the economists. Should the policy direction of the new Republic be a liberal, extraverted path or a national developmentalist path? The dominant approach was to cultivate a domestic entrepreneurial class through building economic institutions and developing within the confines of the capitalist system.

With the Great Depression in 1929, suspicions among Turkish policy makers and academic circles about the Western models of economic policy making increased. A majority of the Western industrialized world, which was seen as the beacon of progress, was shaking under the devastating effects of the Depression. Under these circumstances, an anti-imperialist, nationalist, and developmentalist school of thought emerged outside of the academia. This unique Turkish political economic approach was a combination of dependency school type theories with Listian type⁸¹ developmentalism. It could be considered as the predecessor of the post-Second World War dependency approaches (Ozveren 2002, 143). Gathered around the

⁸¹ Georg Friedrich List (1789-1846) was an economist from the German historical school. He is famous for his “national economy” theory. As opposed to Adam Smith he based his theories on nation states, which according to him were the primary actors in the economic system. His approach was very popular among the proponents of state involvement in economic affairs.

journal entitled *Kadro* (1932-1935), this group of intellectuals argued for a “national economy” and a “national politics” which was to be independent from Western influences and unique to national questions of the new Republic. They carried out polemics with the liberal economists of the Istanbul University who were mainly under the influence of French liberal economists Ch. Gide and Colson (Ilkin 1972, 14). *Kadro* intellectuals attacked the mentality dominant among the Istanbul University economists as being an extension of international interests and domestic bankers who were subservient to the latter. They rejected the idea of a “universal” science of economics and Western schools of economics, which, according to *Kadro* movement, were operating under the assumption that society was divided into classes whereas the Turkish Republic was made of one nation immune to class conflicts. The *Kadro* movement did not put forward an alternative economic theory or a method for economics education but did provide a sound criticism of the existing economic mentality dominant among the intellectuals of Turkey and the way economics was being taught in Istanbul University.

As the Western countries were utilizing state intervention to get out of economic depression, the Turkish government was giving up the liberal economic tendencies of the 1920s and turning towards a nationalist developmentalist path that was closer to what the *Kadro* journal was advocating. Bureaucrats from the Ministry of Education were raising criticisms against the economics education that was being provided in Istanbul University. The first major reform in the university system was made in 1933 according to a report prepared by Albert Malche, a Swiss pedagogy professor from the University of Geneva. The reform specifically concerned Istanbul University and ratified its foundation under this new name. The Malche Report proposed nothing more than a department of social and economic sciences under the faculty of literature. This was still far from the idea of an independent faculty of economics that would give

a specialized and scientific higher education. The main impetus for the institution of a separate faculty of economics was a historical incident: in 1934 several German professors fleeing Nazi suppression took refuge in Turkish Universities. Four of the economists (W. Ropke, A. Rustow, G. Kessler, F. Neumark) were immediately appointed to professorships under the Faculty of Law.⁸² An ineffective Economic and Social Sciences Institute under the Faculty of Law gave way to a Faculty of Economics in 1936. The initial objective of the Faculty of Economics was to train economists for state economic enterprises that were mushrooming during the 1930s with the move towards state-led industrialization. Another important goal of the Faculty was to train experts who would be employed in the ministries dealing with the economy. Directing graduates towards careers in the private sector was a secondary objective, according to the founding statement of the Faculty of Economics (Ilkin 1972, 19). During the initial years of the Faculty, the curriculum was still heavy in law courses partly because of the low number of economics professors and partly due to a lack of autonomy of economics from law as a science.

The School of Civil Service *Mulkiye* moved to the new capital of the Republic Ankara in 1936 in order to be closer to the state bureaucracy. Its name was changed to the School of Political Sciences, as it had been called two years earlier, but among its departments, finance carried the top priority over administration and politics departments. Three quarters of its graduates had a compulsory service requirement in the Ministry of Finance, which was stipulated by law. Despite these organic ties with the state bureaucracy, its curriculum was no richer or any better than the Law School in terms of the weight of economics courses in the 1930s. In the early

⁸² These professors from Germany helped the emergence of several modern scientific disciplines in Turkish Universities in Istanbul and Ankara. Departments like agricultural sciences, chemistry, history, and modern conservatories for opera and ballet were established thanks to the efforts of German professors. For a detailed account of this episode in Turkish history of higher education see Reisman 2006.

1940s only a few courses in economics were added in the curriculum of Faculty of Economics in Istanbul University and the School of Political Science in Ankara. The School of Political Science would later become a faculty under Ankara University in 1950 and carry on its function as the main provider of personnel for the state bureaucracy, a function it still maintains to this day. At the time of its incorporation into the Ankara University system, there were discussions within the government about changing the School's name to the Faculty of Economics, an action that would satisfy the need of Ankara University for a Faculty of Economics and homogenize the organizational structures of Ankara and Istanbul Universities. However the proposal was rejected on the grounds that the name of the School was a bequest from the founder of the Republic Mustafa Kemal Ataturk.

Technical Cooperation or Point 4 Agreements

The 1950s were marked by the ten-year rule of the conservative Democratic Party, which mainly represented the interests of the land-owning and commercial bourgeoisie. The liberal economic policies of Democratic Party were gaining hegemony with the help of financial, technical, and military assistance coming from the United States. The Democratic Party government was definitively pro-American and determined to foment the spirit of private entrepreneurship in Turkey. “Making Turkey a little America in thirty years” and “creating a millionaire in every neighborhood” were the main populist slogans that the Democratic Party politicians put forward in the media.

With the end of the Second World War, the principle of “peaceful coexistence” shifted the nature of conflict between the superpowers to the domain of cultural and ideological struggle. The Middle East, like Latin America, was one of the most important locations of struggle between capitalist and socialist ideologies. The encounter between the American technical

cooperation initiative and the Turkish higher education system took place within this international context. One of the important factors that made social science disciplines an important aspect of international politics was technical cooperation agreements between American universities and universities in allied countries during the 1950s. Informally referred to as Point 4 agreements, these contracts also represented the altruistic motives of several American universities that participated in the program. Participating American institutions were eager to share the technical progress they had made with the underdeveloped countries of the world and enrich their cultural knowledge with the experiences they acquired internationally. The motives of the American higher education institutions overlapped with the U.S. government's goal of countering Soviet cultural influence during the Cold War. This goal led the government to provide American universities with abundant financial resources such as those granted to area studies programs. With the Rockefeller Foundation, Carnegie Corporation, and Ford Foundation cooperating with the government's international strategy, technical cooperation agreements produced millions of dollars of extra funding for participating universities. Officials of the International Cooperation Administration defined the Point 4 programs as follows:

"Technical Cooperation programs - known also as Point 4 - consist largely of teaching, training, and exchange of information. They include provision of supplies and equipment only to the extent necessary for effective educational and demonstration purposes. They do not include the supplying of capital needed for economic development, but they do help create the conditions and local skills that will encourage private investment. In addition to projects in agriculture, industry and mining, and transportation, Technical

Cooperation offers assistance in the fields of health, education, labor, public administration, and community development." (ICA 1957, ii)

Already in 1949, the Thornburg Report prepared for the Twentieth Century Fund pointed at the necessity of the training of expert consultants who were familiar with the American approaches to fiscal and commercial matters.⁸³ A report prepared for the International Bank of Reconstruction and Development by a mission led by James M. Barker in 1951 evaluated the status of higher education in Turkey at the time as follows:

"The quality of professional education is very uneven. Turkey is well supplied with competent engineers who received their education abroad, particularly in Germany. As a result, its own technical universities are relatively well equipped to offer high-quality professional training in the engineering field. On the other hand, as we pointed out in Chapter V, the agricultural colleges give all students the same general training and offer few opportunities for specialized study. Similarly, legal training appears to be poor and students are far in excess of either needs or teaching resources. Since many law students take legal training simply as a stepping-stone to government employment, it would be desirable to divert a substantial part of this student body to courses of study in public and business administration. This would require the establishment of more chairs, faculties and courses in public administration, business administration and industrial management.

The Faculty of Political Science of the University of Ankara, which has been a major

⁸³ Max Weston Thornburg was an influential American oil executive and consultant to the State Department of the United States. He played important roles on Iran's Planning Organization; a central planning body that wrote the country's first two comprehensive development plans (1949-54; 1955-62) (Garlitz 2008, 249).

source of government administrators, would be an excellent place to begin this development." (Barker 1951, 174)

Similarly, in 1952 an expert team from the Ford Foundation interviewed the professors in the Faculty of Economics in Istanbul University and granted them financial and technical assistance for the creation of a business administration institute. In 1954 the Istanbul University Institute for Managerial Economics was established with the contributions from Ford Foundation and technical assistance from Harvard University. The same year a technical cooperation agreement between New York University Graduate School of Public Administration and Social Services and Ankara University Faculty of Political Science signed a Point 4 contract. The main objective of the agreement was summarized in a progress report as follows:

“The terms of the contract permit a wide range of activities intended to strengthen the resources of the Faculty of Political Sciences in the pre-service and in-service training of governmental officials and employees. They also include other activities intended to stimulate governmental research and service programs by the Faculty in the interest of improving central and local government administration.

Public administration needs support from sound accounting and sound statistical methods, effective legal and legislative research, the contract also provides for development within the Faculty of Political Sciences of the fields of accounting and statistics and the encouragement of accounting professionalization throughout the nation. In addition, a legal and legislative research bureau is provided for the Faculty of Law of the University of Ankara, and commercial teacher-training is to be developed under the

Ministry of Education with the cooperation of the Faculty of Political Sciences." (ICA 1957, 2)

As we can follow from the Progress Report, the NYU team gave a special emphasis on the introduction of tools and methods that enforce accounting education and make public administration more rational. Previous reports we mentioned before underlined the lack of a standardized accounting method for the fiscal policy of the state and the presence of different accounting practices for different offices of the state bureaucracy as one of the main problems facing economic administration in Turkey. The technical cooperation contract planned a series of conferences and an academic journal to address this problem. The NYU team carried out a research project together with Turkish Finance Ministry entitled "Turkish Budgetary Process" and organized seminars and workshops for the local governors in the West Anatolian region of the country. In addition "to provid[ing] a higher degree of professionalization and expertise in the Turkish public service, the Faculty of Political Sciences introduced a graduate program at the beginning of the academic year 1956-1957, with the assistance of the New York University group, by offering advanced seminars in public administration, economics, international relations, and related areas. The seminars in public administration, comparative legislative systems, economics, and statistics mentioned previously [were] the American contribution to the effort." (ICA 1957, 15)

The Point 4 team spent most of its energy for the foundation of an institute that trained teachers for the High Schools of Commercial Education. Rather than providing general and theoretical education of economics, this institute was designed for training low-level clerical staff for private and state enterprises and the first generation of teachers that would train these

future white-collar workers. Among its important contributions were the recommendation and development of a standardized Turkish typewriter keyboard and a standardized national shorthand writing method (Tutak Jr. and Lanza 1956).

Besides these efforts to develop accounting, business administration and low-level corporate bureaucracy training programs, New York University team had a certain degree of cooperation with the Law Faculty as well. In order to lessen the influence of the Continental, especially the French, tradition on Turkish Law and to familiarize Turkish lawyers with the Anglo-American common law tradition, the contract organized a training conference with the participation of the majority of (forty-one of the forty-three) the bar associations in Turkey (ICA 1957, 32).

Within the terms of the contract between New York University and Ankara University, two groups of scholars visited New York University in 1955 and 1956. These scholars studied in the United States for a year and were from various disciplines. For instance three of the five participants who went to New York in 1955 were academics in the field of law. Seven people in the second group were law and public administration scholars, bureaucrats from the Ministry of Justice and teachers from newly instituted Higher School for Commercial Education Teachers. In the list provided by the report we can only see two names interested in the fields directly linked to economics: an assistant from the Faculty of Political Science who was interested in “American financial institutions and economic organizations” and a law docent who was interested in “government operation and regulation of business” and “economic theory” (ICA 1957, 63).

On the New York University side, we can see that the American experts were optimistic about and content with the results of the technical cooperation agreement.⁸⁴ One of the few shortcomings they mentioned was related to the shortage of experienced professors in the group that visited New York for participant training. We cannot see any evaluation of their efforts as they were perceived by the Turkish side. However, we have evidence that the scholars at the Turkish side had several suspicions and grievances about the cooperation agreements. For instance, Garlitz quotes Turhan Feyzioglu, a former dean of the Faculty of Political Science at Ankara University and later a member of Turkish Parliament: "We soon realized that these were not the first rate scholars that New York University had promised us. With possibly one exception, they were mediocrities". Members of the Istanbul University in their cooperation with Harvard University were equally disillusioned: "It is evident that Harvard uses this program as its dumping ground. It sends up people who would never be permitted to teach on the Cambridge campus" (Garlitz 2008, 36).

Between 1949 and June 1960, 1,542 people went to United States as a part of USAID initiated participant training program. Among the ones who responded to USAID's 1964 survey, government employees constituted the overwhelming majority. Of the 1,206 respondents, 1,159 were working for the government before going abroad for training. The largest number of government employees came from the Ministry of Agriculture; followed by the ministries of Education (195), Public Administration and Public Works (118), and Transportation (101). Only thirty respondents were students and seven were working in private businesses before the program (USAID 1964, 1-3). A very large majority of the participants (%86) were selected for

⁸⁴ This positive tone is most probably due to the type of documents I use to investigate their account. It can be expected that the experts receiving grants for a project would reflect their experience on the evaluation reports positively in order to prove that they deserved the grant money.

the programs by their job and university supervisors and the Ministry or government officials (USAID 1964, 20).

Turkish nationals that went to the United States for graduate education and training ended up for the most part in three universities. The Point 4 universities that signed contracts with various Turkish universities and received participants between 1949 and 1960 were New York University, University of Nebraska, and Michigan State University. The Michigan State contract was mainly focused on the enhancement of Academies of Economic and Commercial Sciences and the training of personnel for a central planning office at the Ministry of Education (see Snyder 1980 for the latter). The University of Nebraska contract was the most extensive contract in terms of institution building and the transfer of American ideas of higher education to a Turkish context. Lasting from 1955 to 1967, the University of Nebraska contract was aimed at building a land-grant type university in the east of Turkey and at training its faculty for agricultural extension education programs. As a result, the Erzurum Atatürk University was founded as the first university to the east of the capital in 1958. The agreement was a success in terms of building a new university specializing in agriculture, similar to the land-grant universities in the United States. But it was a failure when it came to the transfer of the land-grant notion. Although the governing Democratic Party was fully and the faculty of newly founded Atatürk University was partly pro-American,⁸⁵ the majority of the established academic circles were resistant to the influence of American experts and the full implementation of the American higher education system. When the relationships between the United States and Turkish governments became tense over the Cyprus issue, the negative attitude towards the

⁸⁵ By 1968 Atatürk University sent two hundred Turkish students to the United States (Garlitz 2008, 144).

American technical assistance reached its peak.⁸⁶ The rising anti-American militancy among the Turkish university student movement and public opinion throughout the 1960s contributed in the negative attitude towards the technical cooperation.

The Point 4 contracts made with Turkish higher education institutions were to a large extent based on the deficiencies observed by the mission reports prepared by the American experts at the beginning of the 1950s. These reports underlined two major issues: the rationalization of agriculture (based on the principles of industrialized farming) and the rationalization of state administration (based on the principles of business administration). In fact, the observations about the needs of the developing world fell within the same framework all around the world by the 1960s. They were largely under the influence of the then popular development paradigm, the modernization theory (Fischer 2009, 309; also see Gilman 2003). Agricultural techniques and public administration were the main topics about which the majority of the Point 4 contracts were prepared. The organization of state bureaucracy, the breakdown of the hierarchical nature of the existing organizational structures, and the initiation of reorganizations that would increase the efficiency of public administration were essential for the United States policy of promoting electoral democracies based on free market capitalism. Neither in Istanbul University nor in Ankara University can we see an institution building effort to enhance the production of economics as a science and knowledge of policy making. In the Turkish Point 4 experience we see that greater emphasis was put on the training of lower-level

⁸⁶ See especially the straightforward letter written by the President Johnson on June 5, 1964 telling the Prime Minister of Turkey about the impossibility of using the military equipment provided by the United States in a possible military intervention in Cyprus. The letter outraged the public opinion and raised doubts about the dependence created by the United States technical assistance. Garlitz (2008, 163) establishes an excellent parallel between the letter written by the USAID official to Ataturk University administration about the auditing of the office equipment bought with the contract money and the Johnson letter.

technical personnel with a vocational mentality. Contrary to the Chilean case the economics departments were not affected by a comprehensive model or school of economics. The formation of an expert group with a specific economic philosophy was not the primary object of the Point 4 contract with Turkish universities.

In fact, the contracts designed for Chilean universities were not primarily concerned with the education of economists or the reform of economics programs either. Initial demands for technical cooperation between the University of Chile and a United States university in 1955 were concerned with the design of courses on public administration and management. The difference from the Turkish context was the United States diplomats' observation that the Chilean economic policymaking was dominated by a "leftist" mentality since the late 1930s (Valdes 1995, 89-92). In terms of the state's role in economic development, Turkey and Chile looked similar in the mentioned period; however, in Chile the center-left Radical Party was in power for more than a decade and Marxist and socialist ideologies were stronger and more legitimate at the socio-political level. Even in the initial suggestions for the shape of technical cooperation contracts, preventing the Marxist influences, preventing plurality and therefore instability in the political party system, and preventing expansive welfare programs were specifically mentioned in the Chilean case. In Turkey, Marxist parties and scholars were heavily weakened by periodic interventions of the ruling Republican Peoples Party. The Kemalist ideology that dominated the one party regime until 1950 was heavily nationalist developmentalist and anti-ideology, that is, against both socialism and free market capitalism. It resisted the hegemony of both Western powers and Soviet influence. As a result, in the initial reports concerning the contents of technical cooperation with Chile we see a greater emphasis on the dangers of left-leaning economic policies and the primacy of economic field over the

political field as the main source of risk for United States-Chile relations. Throughout the 1950s, the development of economics as an autonomous scientific discipline in Turkey was still very limited. The fact that most of the original debates on the economy were conducted outside of academia, in journals like *Kadro* and *Forum*,⁸⁷ suggests that the influence of universities on government economic policy making as an inspiration or opposition was very limited in Turkey in the era of the Point 4 technical cooperation contracts.

The policies during the Democratic Party government in the 1950s that aimed at the foundation of vocational schools for business administration boosted the efforts to establish a few more universities as well. Attracting a certain degree of support from the USAID and Point 4 programs, some of these institutions were the best candidates for becoming autonomous incubators for the emergence of alternative, especially neoclassical, economic ideas. Similar to the Alessandri government in Chile, the liberal economic and pro-American atmosphere created by the Democratic Party government was conducive to the recruiting and training of cadres that could replace the top technocratic cadres dominated by state-led developmentalist mentality. In fact, looking at the careers of Ozal's Princes, we can say that two American-style higher education institutions Bogazici University in Istanbul and, to a lesser extent, Middle East Technical University (METU) in Ankara played a role worth mentioning. However, none of these institutions became powerhouses of neoclassical economic philosophy due to historical and institutional developments throughout the 1960s. METU succumbed to the rising student movements and influential socialist ideas that were dominant among its faculty. Bogazici University gradually lost the financial support of the United States government during its Robert College years in the 1960s and became a public university in 1971. Although it preserved its pro-

⁸⁷ *Forum*, a journal published between 1954 and 1970 was an important journal in the dissemination of Keynesian economic ideas in Turkey.

American and liberal heritage from Robert College, its autonomy gradually lessened and its influence over the state policy making remained limited. None of these institutions could provide an appealing opportunity for their graduates who went abroad to pursue postgraduate studies in social sciences and failed to generate the hegemony of neoclassical economics within their respective faculty, at least up until the 1990s. But why did these two special status universities not evolve into relatively autonomous institutions that would serve a similar function to Catholic University in Chile? In the remainder of this section I will elaborate further on this question.

Middle East Technical University and Bogazici University: Possible Candidates for the Role Played by Catholic University in Chile

From a broader point of view, in the second half of the twentieth century, METU and Bogazici University played a crucial role in the dissemination of the Anglo-American approach to economic science in higher education (Senses 2007). Existing University Law was shaped according to the continental European model. Along with Erzurum Ataturk University, which was founded in 1955, METU was founded in 1956 as a technology institute and organized according to the American higher education system in the next few years. The special law prepared for the foundation of METU as a university by the former president of University of Minnesota, Harrold Stassen, accepted the American state university model (Ersoy 2009, 619) and went into effect in 1960. It was founded as a UNDP project to develop a university which would provide education in English for the students coming from all over the Middle East region. Anglo-American educated Turkish professors and foreign professors constituted the initial academic cadres of these institutions.

Despite the fact that METU was founded solely with the financial aid of UNDP, the Ford Foundation and USAID also provided financial assistance during its initial years. However, the assistance from Ford and USAID remained around only ten percent of its budget and the amount

mostly spent for technical equipment and salaries of foreign faculty. The assistance from American institutions decreased further during the 1960s. A large majority of its budget was covered by state funding (Mertoglu 1971, 6).

METU was initially designed as an institute that specialized in regional and urban planning and architecture. In the following years it grew to include several faculties as a university. The 1960s were the "golden years" of METU, which was characterized as the "window opening to the West", a reputation only to be overshadowed by the student movement that exploded towards the end of the decade (Kuran 2002, 7). One of the first faculties added into the structure of METU was the School of Administrative Sciences, which hosted the economics, management, and public administration departments. In addition, the Institute for Economic Development Research was founded and an economic development course was added into the curriculum for the first time in the history of Turkish higher education (Ilkin 1972, 34).

As the founding statutes showed, Democratic Party officials imagined METU as an institution that would earn prestige for Turkey in the Middle East region and a fortress of American allies against the expanding cultural influence of the Soviet Union. The University was going to have an American citizen as a consultant vice-rector. At the lower administration positions, American academics could serve as directors, under the condition that they chose a Turkish vice-director. The organization of the University was modeled after the American system and the language of education was English.⁸⁸ The University was to be administered by a board of trustees chosen by the government. The Prime Minister himself was the first chairman of the board. One of the most prominent businessmen in Turkey, Vehbi Koc, was also in the board of trustees. Within the academic and policy circles, METU was seen as conservative and pro-

⁸⁸ The founding statute noted in particular that courses would be taught in American English.

American prime minister “Menderes’s University” (Ersoy 2009, 621). Since the language of education was in English the founding statute of the University put special emphasis on the graduates of the private colleges (*kolej* was a term used in Turkey to indicate private secondary education institutions) as the primary target. In other words, the government officials aimed at forming an elite institution that would provide higher education to upper classes that could afford to send their children to private colleges (Ilkin 1972, 33).

Within the atmosphere of the rising student movement in the late 1960s, in Catholic University of Chile, the conservative nationalist *gremialista* students and future members of the Chicago Boys were elected in the leader cadres of the student union. METU in the mid-1960s took a different turn. Students from the Socialist Ideas Club, which later became one of the biggest mass movements of Turkey under the name of Revolutionary Youth (*Dev-Genc*), took control of the Student Union in May 1965 elections (Mertoglu 1971, 7). This turning point determined the future and reputation of METU as the “castle of the left”. Moreover, some of the prominent names of the socialist left, represented by the Workers’ Party of Turkey (TIP) in the 1960s, were faculty in METU.⁸⁹ One of the founders of the Socialist Culture Association, Kemal Kurdas, even served as the President of the University.⁹⁰ The dean of the Faculty of Administrative Sciences, in the late 1960s, was also a leftist professor; a significant contrast to the Faculty of Economics in the Catholic University where the decision-making posts were controlled by the Chicago School oriented professors.

⁸⁹ Another example would be Prof. Nejat Erder who was a member of the executive committee of TIP. He taught courses on constitutional law and served as the Head of Social Planning Department in the State Planning Organization.

⁹⁰ Later in 1969, when the student movement was significantly radicalized and became anti-American, socialists labeled Kurdas an agent of American imperialism. This was due to his invitation to the United States Ambassador Robert Kommer who previously served in Vietnam. He visited the campus on January 6, 1969 and socialist students burnt his car.

Bogazici University was a more probable candidate for the role that the Catholic University played in Chile. In the beginning of the 1960s, foreign schools were the most autonomous schools from the authority of the Ministry of Education. Robert College was one of them. Robert College had classes on commerce in its curriculum. Moreover, in Robert College courses on business and commerce constituted a four-year specialization program (Lanza 1961, 49).

Robert College was founded in 1863 in Istanbul and was thought of as a higher education institution but it remained as a secondary education school during the first three decades of the Republic. In 1957, The High School of Robert College was founded with the approval of the Ministry of Education and the assistance from USAID, Ford Foundation, and Rockefeller Foundation (Kuran 2002, 9). The High School offered bachelor and masters degrees in the departments of Science and Literature, Administrative Sciences, and Engineering. Founded as a private high school, Robert College functioned rather as a university. When the Constitutional Court outlawed private high schools in 1971, the College, like all other private high schools was closed and then transformed into a university (Kuran 2002, 3-4).

In fact, the decision to be incorporated under the Ministry of Education was first shaped within the board of trustees in order to find a solution to financial crisis the College was passing through. In the very beginning of the 1970s, the Western economies were struggling with crisis, the support of the United States government, via USAID, was diminishing and the budget of the college had a large deficit (around a million dollars) partly because of the costly High School (Kuran 2002, 13).⁹¹ Initially, the board of trustees discussed the option of closing the High

⁹¹ USAID warned the College several times in the second half of the 1960s about the budgets prepared carelessly and cut the financial assistance that College took for granted over the years. The United States government in the late 1970s thought that Robert College was a private

School completely but the directors of the College and some members of the board vetoed this option. The next proposal was to close the Engineering Department in order to eliminate the majority of costs incurred by the expensive engineering training and to shift resources to cheaper departments such as business administration and economics. This proposal was also defeated by the angry engineering faculty and students (Kuran 2002, 17). Combined with the pressures coming from the College students, and the student movement in general, to transform the College into a "national university", the decision of the Constitutional Court to ban all private high schools in the country marked the end of the College as an autonomous higher education institution. The options under this new legal landscape were to become a freestanding faculty, to become a university, or to annex with an American-style national university (namely, with METU or Hacettepe University,⁹² which were located in Ankara). If the latter option was implemented, the liberal-oriented department of economics of Robert College could thrive under the aforementioned universities with plenty of resources. Especially the free-market friendly president of Hacettepe University, Ihsan Dogramaci,⁹³ who jumped on the idea of annexation in order to gain a graduate program and a campus in Istanbul that offered degrees in administrative and social sciences. The director of the College at the time John S. Everton⁹⁴ was also very enthusiastic about this idea. However, neither of these plans were implemented due to the military intervention of March 12, 1971. The non-partisan technocratic government established

school, therefore, had to guarantee its self-sustainability and resources as it was the case before the mid-1950s (Kuran 2002, 24).

⁹² Hacettepe University was another American-style university founded in 1967. Since it was designed as a medical school and had minimal influence in the development of social and economic sciences in Turkey we will not enter into details of its development here.

⁹³ He would become the mastermind behind the free market oriented university model after the 1980 military coup and found the first private university of Turkey, Bilkent University, in 1984.

⁹⁴ John Scott Everton was an academic and a diplomat with a career in Ford Foundation and U.S. State Department. He was the director of the High School of Robert College between 1968 and 1971.

after the coup by the Prime Minister Nihat Erim chose to grant a university status to the High School section of the Robert College, hence, established Bogazici University (Kuran 2002, 29). The Minister of Education, Sinasi Orel, was planning to transform the High School section of the College into a high-quality university, specializing mainly in graduate education (Kuran 2002, 31). The new university separated the departments of economics and social sciences under the Faculty of Administrative Sciences and founded a new Applied Economics Institute.

With the decision to become a university, the decreasing importance of American tradition within the institution, and hence its autonomy in terms of academic culture as well as its financial autonomy from the state began to become apparent. The five-year transition period ended in 1976. Bogazici University became a state institution subordinate to the University Law. In becoming a state university, Bogazici started to expand both in terms of student and faculty number. Conflicts erupted between the old and new faculty in the different departments. The old faculty from Robert College resisted the hike in enrollment numbers and the appointment of non-Robert College-background professors to administrative positions. They did not want Bogazici to grow bigger, but keep its small, elite, and specialized education tradition. Similar disputes arose around the emblem of the university and the date of its foundation. Robert College faculty wanted the old emblem and 1863 as the foundation date. Eventually, a new, modern emblem was accepted and 1971 became the foundation year of Bogazici University. Serif Mardin, who was among the non-Robert College newcomers,⁹⁵ was elected as the dean of the Faculty of Administrative Sciences in 1976 (Kuran 2002, 70-72). The Dean of the Faculty of Administrative Sciences before Mardin was a Robert College graduate Emre Gonensay. He was

⁹⁵ Mardin was an American-educated social scientist. He wrote for the *Forum* journal, which was influential in transferring Keynesian ideas into the Turkish public debate, between 1954 and 1966.

an economist who served in Bogazici University Department of Economics later and was the head coordinator of the economy under the Prime Ministry in 1994-1995. These years marked the second wave of neoliberalization in Turkey under the neoliberal-minded Prime Minister Tansu Ciller, who, before her tenure, was a professor of economics in Bogazici University as well. The transition from a pro-market economist to a social democrat sociologist as the dean of the Faculty of Administrative Sciences was striking. In other words the Robert College background faculty of the Bogazici University was definitely more free market friendly compared to those who took over after the changes in 1976. Had Robert College stayed as a private higher education institution and retained its autonomy the economics department could become a stronger base for neoclassical economic approach.

Another striking difference between the Catholic University of Chile and Bogazici University was the ideological atmosphere that embraced the student population in the late 1960s and 1970s. Contrary to the conservative Catholic orientation of the majority of Catholic University students, the student body of Bogazici University, despite the fact that it was mostly composed of upper class students, was dominated by a "social democratic" ideology represented by the left of center tendency of the Republican People's Party in the 1970s (Kuran 2002, 72). Catholic University, especially the Faculty of Economics, was largely isolated from and immunized against the radical demands of the student movements that exploded in 1968 thanks to a long-standing commitment to conservative ideology. It was therefore a convenient residence for the neoliberal economists who controlled the influential positions and who created job opportunities for the future generations of Chicago School technocrats. The atmosphere in

Bogazici University was not favorable for conservative ideologies. Moreover, the influence of socialist student organizations and "Maoists" over the student body was not negligible.⁹⁶

The weakening of the Robert College faculty's control over the University in general, and the Faculty of Administrative Sciences in particular, the decreasing autonomy of the institution after becoming a public university, and the disappearance of funding from the pro-free market foreign and domestic actors prevented Bogazici University from becoming a host institution for foreign educated neoliberal technocrats. Despite this decreasing capacity, the Robert College tradition proved that it could play, no matter how limited, a role in training free market oriented technocrats of Turgut Ozal in the 1980s. If neoclassical economics could become and remain hegemonic in its economics department and its resources were sufficient for the task, at least the academically oriented members of Ozal's economic team would act less motivated in quitting their posts in the late 1980s and returning to their former careers abroad.⁹⁷

By the 1970s, the economics education in Turkey was weakly institutionalized and its autonomy was limited. Despite the efforts of the right-wing governments to Americanize the higher education system, the developmentalist paradigm, intermingled with the macro level political economy, was still dominant. A stable national professional organization and a journal for economics were lacking. In April 1970 economists from Ankara University Faculty of

⁹⁶ Remember that one of the prominent Princes of Ozal, Bulent Gultekin, was interested in socialist politics during his Bogazici years and was nicknamed as "Mao" by his friends. He was neither a leader nor zealously active in the student movement but it was an interesting fact that highlighted the ideological and class background differences between Ozal's Princes and the Chicago Boys.

⁹⁷ A neoclassical approach could not become hegemonic in the economics department of Bogazici University until the 1990s. Throughout this period the department followed the universal trend and pushed away most of its prominent faculty (e.g. Professors Ziya Onis, Oya Koymen, and Ayse Bugra) specialized on historical and institutionalist approaches (Interview with a former faculty).

Political Sciences, Istanbul University Faculty of Economics, Hacettepe University Faculty of Social and Administrative Sciences, METU Faculty of Administrative Sciences collaborated for a symposium on the teaching of economics in Turkey. The symposium had never taken place but the papers prepared for it were published in a 1972 book edited by Fikret Gorun of METU. Eleven economists from the collaborating universities had written papers that sketched the picture of economics in higher education at the beginning of the 1970s.

The general consensus on the quality of economics education in Turkey in those years was that there were various problems and inadequacies. A number of economists found the development of economics as a science in Turkey also as limited (Kazgan 1972, 110). According to the participants, the blindfolded transfer of economic theories from Western sources was the main problem. Accordingly, the economics education was not relevant or interesting for the students of economics and not functional for the resolution of wider economic problems. Reminiscent of the structuralist schools analysis of the Chilean economy in the 1950s, references to institutional structures that were specific to Turkey were common in symposium papers. The main issues in economics education that provoked the attention of economists that wrote about their disciplines were the lack of emphasis on the culturally specific behaviors of units in microeconomics and the institutional framework that encapsulates these behaviors. According to the participants, few examples from the Turkish context are given in the classrooms; hence, the traditional textbooks in Turkey were characterized by synthesis, not analysis (Karacan 1972, 96). Rather than using the stock of knowledge that had been derived from empirical research on Turkey over the last 20-30 years, introduction to economics courses addressed the empirical observations of different types of economies that were mentioned in fundamental introduction books written abroad. Therefore, there was a little connection between economics as taught and

the actual economy in Turkey (Gorun 1972, 90). A useful introduction to economics course, according to Gorun, should accept the fact that economics is a universal science. However, without understanding the historical state and concrete conditions of the economy of Turkey, this was irrelevant. Abstract mechanisms taught by foreign textbooks should be used in a dialogue with the reality of Turkish economy. Structures such as monopolies, price levels determined by collective bargaining and employment in agricultural sector were rarely analyzed in introductory economics classes. The conclusions of micro and macroeconomics theories were inadequate mostly because of their abstract assumptions. For instance, the role of state economic enterprises in Turkey in the beginning of 1970s was considerable. The price mechanisms that governed these types of firms could not be accounted for without stepping outside of the universal microeconomic framework (Karacan 1972, 99). Unorganized money and capital markets, price substitution mechanisms in the agricultural sector, the banking system, foreign trade patterns, namely the institutions and economic behaviors that are specific to Turkish context should be the basis of analysis.

Most of the economists who reflected on their discipline in this period appreciated the importance of institutional factors and were suspicious about theory creation based on theoretical and mathematical models that did not empirically consider the local characteristics of economic behavior. According to them, the Turkish economy was a developing economy; therefore, the utility of developed-country economics was limited. Mathematical methods were necessary but they should not be fetishized. The conclusions that came from mathematical models depended heavily on restricted assumptions; however, in Turkish academia they were treated as certainties. The participants of the symposium on economics education thought that fashions in economic

thinking should be avoided; they should rather be treated as a means to solve and understand local reality.

We can conclude that a good number of economists from the prominent faculties of economics in Turkey, in this period, were Keynesian oriented and similar-minded to the ECLA economists of Chile in the 1950s and 1960s. According to Chicago School economists, economics was a universal science with laws applicable to any part of the world. Regardless of the historical and local specificities and institutional structures, the tools of economic science could be adopted to Chilean conditions and policy debates (Valdes 1995). A strong school of economics comparable to the monetarists of Chile, a faculty of economics that would host such a school and a think tank tradition that would link these ideas to policy making was historically lacking in Turkey. The idea of Keynesian solutions to the issues such as full employment and the necessity of national economic planning was still popular among the economists in Turkey during the years preceded the first neoliberal experiment of the 1980s.

2d. Organization of Development and National Planning (ODEPLAN)

The functions of state planning agencies in industrialized developing countries for engendering a technocratic tradition are fundamental. Together with the central banks and other developmental institutions, planning agencies constitute a main component of the technocratic field. The picture we have drawn through the comparison of our two cases supports this proposition. The ideas that economic teams bring in from abroad can only take root in a national context if they manage to effectively control the places where most of the developmentalist policies emerge. Planning agencies provide an institutional base for the recruitment, training, and infiltration of technocratic cadres into the state apparatus. Early attainment of this goal enables the initial cadres of experts to recruit and train techno-politicians that can garner both technical

and political authority that is necessary for the implementation of radical free market reforms along with the social reproduction of the expert group. As we see from the comparison between the Chilean and Turkish cases, a particular expert team with considerable group cohesiveness can gain access to governmental offices, hence the offices of influence and authority, if the rulers choose to strategically employ the planning agencies as the focal point of reforms and for the recruitment of cadres that carry out the reforms. In both cases a technocratic tradition that laid its foundation in the 1930s brought engineers as a newly emerging professional group to the top echelons of the political hierarchy.

The precursor to ODEPLAN in Chile was the public Production Development Corporation (*Corporacion de Fomento de la Produccion de Chile*, CORFO), which was established in 1939 to manage the investment sources of state-owned economic enterprises (SEEs) and to develop industrial sectors such as steel, power, oil, and sugar among others. The young CORFO cadres of engineers provided the state elite with an ideology that was based on industrialization and helped Chilean entrepreneurs conceive of an "industrializing ethos" (Valdes 1995, 102). Similarly, the General Directorate of Electrical Power Resources Survey and Development Administration (*Elektrik Isleri Etud Idaresi*, EIEI) was established in 1935 in Turkey to plan the country's energy policies. EIEI was an autonomous institution that made its financial decisions according to the needs of projects managed by a highly qualified staff of engineers. EIEI staff was composed of electrical, construction, and mechanical engineers as well as geologists and a few graduate of Political Science Faculty of Ankara University for the administrative posts. The head of the organization was an engineer and economists were almost nonexistent among the personnel (Turkcan 2010, 120). Both of these agencies were important in training the initial technical cadres of the planning agencies that were to emerge in the 1960s.

But more importantly, these prestigious agencies served as an institutional leverage for young engineers against the traditional bureaucrats and top ministerial cadres and gave them an opportunity to later become techno-politicians of the planning era. Two legendary figures of Turkish political history, Suleyman Demirel and Turgut Ozal, became colleagues at the EIEI after graduating from Istanbul Technical University in the early 1950s. As Suleyman Demirel became the leader of Justice Party (a successor to Democrat Party of the 1950s) and then the Prime Minister in 1965, Turgut Ozal climbed from a minor position in State Planning Organization (SPO) to the highly prestigious Undersecretary of Planning in 1967.

Both countries' planning agencies were founded in the 1960s and their initial goal was the rationalization and the expansion of a state-led import substitution industrialization (ISI) strategy. This was to be achieved through mathematical methods used in engineering and economics, which reached scientific maturity internationally in the two decades following the Second World War. Planning agencies were the most prestigious components of their countries' economic administration and were dominated by the experts with developmentalist and Keynesian or, its Latin American reflection, structuralist orientation in their initial years. In the Turkish example, the diversion from state controlled industrial development strategy (the original purpose of the institution) towards a preferential stimulation of private business through investment credits, took place during the peak of Turgut Ozal's career in the SPO (1967). However, the military intervention in 1971 ended the conservative Justice Party government and forced him to resign from his position as the Undersecretary of the Planning Organization. Ozal's conservative and free market economic ideas and the experts he recruited into the Organization diluted the original rationale of the agency, but these ideas failed to take root after he left civil service in the 1970s.

In the Chilean case, the state planning agency went under the complete control of the Chicago Boys after 1975 and was used very effectively to reproduce the future generations of neoliberal economists. Thanks to ODEPLAN's institutional infrastructure, Chicago School economists could penetrate into every state institution and have their say in every policy field. ODEPLAN was founded in 1967 as an institution that advised the President Eduardo Frei on matters concerning the economy and social planning. The preparation of the national development plan, the training of the state personnel, and the coordination of the research projects on the effectiveness of the state development process were among its responsibilities. There were many brilliant experts from CORFO among its initial staff. During the "Revolution in Liberty" years of President Frei, ODEPLAN was closely associated with the advisors to the President and the social activist and redistributive ideas of CORFO and ECLA. In fact, in many agencies of the state dealing with the development process, ECLA and CORFO experts were employed (Hira 1998, 45).

During the Allende government (1970-73), ODEPLAN lost most of its functions because the socialist oriented economic policies were developed in the Ministry of the Economy. The institution regained its function after the military coup and became a gateway office for several Chicago Boys looking for civil service positions. Initially the offices occupied by the Chicago Boys were insignificant, low-level positions. Later, especially under the directorship of Miguel Kast between 1978-1980, ODEPLAN recruited a significant number of Catholic University graduates. In the late 1970s, the agency became very important for the political recruitment of Chicago School economists as well as the creation of Chicago School inspired social policies in the fields of labor, social security, and education. At the beginning of the 1980s, ODEPLAN made a number of training program agreements with Catholic University. These agreements

provided an opportunity for Catholic University students to do graduate studies abroad (especially in the United States) and ensured the continuation of the reproduction of Chicago Boys cadres in the government (Huneus 2000, 485-491).

The reasons behind the lack of technocratic authority for the neoliberal technocrats in Turkey and their inability to obtain solid political positions in Turkish economic administration, unlike their Chilean colleagues, must also be investigated in similar ISI policy making and planning traditions. In both countries there was a technocratic tradition dated back to the 1930s. The technocratic tradition that extends from CORFO to ODEPLAN in Chile left its imprint on Pinochet years and helped technocrat-turn-politicians to dominate ministerial positions up until today. The planning experience in Turkey was largely a failure. Despite the fact that the discussions on planning that started in the 1950s bequeathed an important institution to the Turkish technocratic field in the 1960s, it was not as successful as ODEPLAN in terms of autonomous institutionalization and the generation and reproduction of techno-politicians. SPO was definitely a possible candidate for providing human resources for the central management of neoliberal reforms and training of economic experts who would carry out these reforms in the 1980s. However, the institutional politics of economic bureaucracy in the 1960s (see Batur 1998) led the Turkish experience to part from the one followed by Chilean institutions. In the Chilean case, the military regime chose to use ODEPLAN as a center for the production of neoliberal economic policies as well as social policies that derived from Chicago School philosophy. During the Turkish free market reforms, Turgut Ozal chose to undermine the initiative and authority of SPO experts and left the economic policy decisions to the High Economic Council – the executive branch of SPO where ministers controlled by Ozal dominated over the technocrats – instead. Established as the most prestigious institution of Turkish economic policy making,

SPO gradually degenerated between the late 1960s and the neoliberalization years of the 1980s. The attitude against the role of technocrats in devising an overall development strategy during the 1980s was partially a continuation of the negligence and contempt displayed by the right-wing conservative governments since the foundation of the SPO.

2e. Why Was the Path Divergent in Turkey? A Historical Analysis of the Politics of Planning in Turkey

In order to understand the weak capacity and initiative of SPO during the free market reforms in the 1980s, we have to examine the emergence of the institution and its defeat against the political and economic elite. The institutional battle that took place within the technocratic field in the 1960s was the determining historical moment for the different path SPO took in contrast to ODEPLAN in Chile.

In fact, there was an overall consensus over the idea of planning in the late 1950s. Both liberal intellectuals and business circles were supporting the policies of ISI development and their version of planned capitalism. In particular, the manufacturing industry was very uneasy about the economic policies of the Democrat Party (DP). Despite the economic crisis that exploded in 1957, the DP was channeling economic resources that were obtained by inflationary measures in the agricultural sector. There were external pressures on the DP as well. The external debt of the government was growing and the need for some sort of planning, at least some form of rationalization of the government expenditure, was a view shared by the international lenders and financial institutions (Milor 1989, 147).

Policy advisors from the United States believed that the irrationalities in state expenditure, investment incentives, and subsidies could be remedied by planning. The leader of the Democrat Party, Prime Minister Adnan Menderes, was against planning, and any top-down intervention that could, to his mind, hurt the economy (Ozden 2004, 35). However, the

government could not withstand the worsening economic conditions and agreed to implement an adjustment program in 1958. The first official studies on planning started as a part of the adjustment program. The social consensus on the necessity of planning was not the case for the discussion on the structure of a prospective planning organization. Business circles demanded a comprehensive planning council composed of businessmen, their organizations, and a minority of experts. Prof. Jan Tinbergen, who was invited by the government to work on the first five-year plan, and the influential Forum journal that brought structuralist intellectuals together, were in favor of a central planning organization staffed by a small group of high-skill technocrats (Ozden 2004, 32). The dispute around the structure of the central planning organization was resolved after the May 27, 1960 military intervention that implemented extensive institutional reforms during the year National Unity government stayed in power.

Three competing proposals for the organization of the planning agency were put forth. These were Prof. Timbergen's proposal, a proposal by Colonel Sinasi Orel of the National Unity Council, and Sefik Inan's⁹⁸ proposal. The founding cadre of SPO gathered around Prof. Timbergen imagined a planning agency that was similar to French example. Composed of a small group of elites (around ten members, the majority being economists), a planning office would authorize the state enterprises' investment projects and provide incentives for the private sector investment projects. As opposed to elite economist planning agency of Timbergen, Inan's proposal foresaw a planning bureau that coordinated temporary committees on special issues. Inan's proposal put the planning agency under the complete control of the private sector. The private sector represented the majorities in both the ad hoc committees and the staff of the planning bureau. Out of the sixty-six personnel he suggested for the agency, only twenty were to

⁹⁸ Sefik Inan was the General Director of Statistics under Democrat Party government before the coup and then a member of the military cabinet.

be economists or experts on economic planning (Milor 1989, 155). In fact, Inan did not propose a planning agency per se. As opposed to Timbergen's technocratic agency that would perform strategic planning and retain a policy making authority, he imagined a bureaucratic agency that would merely register the demands from the private sector and facilitate the delivery of solutions to difficulties experienced by the business circles.

In the end, Colonel Orel's proposal, which was similar in spirit to Timbergen's draft and to a great extent prepared with the help of his young technocrats, was accepted. The major differences of Orel's proposal from Timbergen's were the two new components in the organizational structure. These were, a more narrowly defined High Planning Council in which technocrats represented a majority against politicians and an Economic Council with a broader base of participation (seventy members). Imagined as an organ of democratic legitimacy, the Economic Council included business representatives and even representatives from labor unions. The military government excluded the Economic Council from the final bill and reshaped the High Planning Council so that the politicians would have the final say in planning decisions (Milor 1989, 157). This final tuning performed by the military government laid down the first obstacle for the planners on the road to their defeat against the politicians and private sector.

Turkish experts who collaborated with Tinbergen and his assistant Dr. Jan Koopman during the preparations for the first five-year plan constituted the founding cadre of SPO. This small group of young technocrats was the important third pillar of the planning bloc together with the domestic industrialist bourgeoisie and foreign capital (Milor 1989, 151). Similar to the Chilean Chicago Boys in 1975 and Ozal's Princes in 1984, the first generation of SPO planners took civil service posts under the military rule. The National Unity government had modernizing goals in mind and organized the economic and legal institutions in accordance with a capitalism

that was embedded in egalitarian (i.e. inclusion of union bureaucracy in the policy process and emphasis on social justice), developmentalist, and state-controlled framework. The political mentality of SPO technocrats was similar to modernizing military government. On one hand they respected their position in the bureaucratic hierarchy and accepted the advisory role they played under the Prime Ministers authority. On the other hand, they saw the military intervention as an opportunity to achieve radical structural and institutional reforms that were required for rapid economic development (Ozden 2004, 51). The influence of young reformist technocrats over SPO's stance during the initial years lasted only two years. This activist outlook of the young technocrats was obstructed by the return to multi-party politics in 1961.

Even though the SPO had a special legal status and prestige within the economic bureaucracy, as the debate about the tax reform revealed, it still was weak against the political power, especially the Ministry of Finance, which after 1961 "continued to occupy a 'conservative' and dominant position inside economic bureaucracy" (Batur 1998, cited in Ozden 2004, 73). In addition, SPO was responsible for preparing the yearly plan, whereas the responsibility for preparing the budget still rested on the Ministry of Finance; and the latter was reluctant to take into account the former while fulfilling its responsibility. Partly because of this clash with the politicians in general and between the two bodies in particular, the initial cadres of technocrats resigned from office in 1962 and 1963.

“The conflict between the two institutions stemmed from the difference of their norm systems. The classical fiscal theory prevalent in the ministry of finance and the growth-oriented norm system of the SPO could not be reconciled. The cadres of the Ministry of Finance were trained in practice and they reacted against the new methods and

developments in economic theory. The SPO, on the other hand, was staffed by young experts perfectly trained both within the organization by qualified foreign experts obtained through the UN and AID and in a foreign country for one or two years. So the conflict between the young SPO and the Ministry of Finance, which was one of the mainstays of Turkish bureaucracy along with the Ministry of Foreign Affairs, can be also read as a struggle of the latter to protect its prestige and position of dominance” (Saylan 1981, cited in Ozden 2004, 75).

The battle between SPO technocrats and the Ministry of Foreign Affairs was yet another important struggle. In the late 1950s, a state organ that oversaw the economic affairs in a holistic and macro fashion did not exist. The Ministry of Finance only controlled the domestic state revenues and expenditures. Although there was a newly established Coordination Ministry and a General Directorate of the Treasury, international economic matters were mainly handled by the Prime Minister in collaboration with the Ministry of Foreign Affairs. The relationships with the Organization for Economic Cooperation and Development (OECD) and newly emerging European Economic Community (EEC) were under the discretion of Economic Relations Bureau of Foreign Affairs. There were no serious conflicts between the first generation planners and foreign affairs experts in the first half of the 1960s, however, when the control of the institution shifted to Turgut Ozal and his conservative nationalist technocrats in 1967 this situation changed. SPO under the conservative technocrats was reluctant to accept Turkey's accession to EEC, which brought to the agenda in the late 1960s by the Ministry of Foreign Affairs. SPO and the Ministry of Finance did not want to lose the economic resources at their disposal to the rules set

by international trade that was being institutionalized under EEC; neither did they want to share these resources with each other (Ozden 2004, 105).

The only way for SPO technocrats to consolidate their authority over the established bureaucracy was a comprehensive administrative reform. In order to achieve this, SPO included this item in the first, and also the following, plans and highlighted it in yearly programs from 1962 to 1966, until the last group of initial cadre of technocrats resigned from office. However, the Justice Party (JP) government during the late 1960s, along with the governments that followed it in the 1970s, neglected the detailed reports for administrative reform prepared by the first generation of SPO technocrats. Without administrative reform, SPO started to lose its autonomous technocratic authority against the pressures from the politicians and private sector in a few years following its foundation. The pro-private sector and anti-planning JP (a descendant of the Democrat Party of the 1950s) won the 1965 parliamentary elections under the leadership of Suleyman Demirel. In 1967, Demirel appointed Turgut Ozal, as the Undersecretary of Planning and a conservative, pro-private business cadre replaced the initial young modernizer technocrat cadres of SPO. A second generation of technocrats with a different political mentality replaced the resigning cadre and the original modernizing goals of SPO began to deteriorate.

The challenge posed by the JP government against the autonomous authority of SPO experts was not an outright attack. Instead, JP chose to neglect SPO propositions and inject the organization with a redundant amount of experts, most of whom were under-qualified engineers. The economists and planning experts of SPO saw these engineers as puppets of the JP, who were ready to rubber-stamp any nepotistic project ordered by the government and lacked a mentality of macroeconomic efficiency and strategic planning (Ozden 2004, 81). Under the new recruitment policy, temporary and contract employees became the norm. At the time of its

foundation the ratio of permanent employees in SPO was 100%. By 1969, this ratio fell to approximately 10%. An organization founded with a staff of forty-eight permanent experts grew to about six hundred employees by 1967 (Ozden 2004, 100). Moreover, a majority of the new recruits were appointed at the newly established Incentive and Implementation Department in 1968 and assumed the task of establishing private relations with business circles in order to alter the function of the Organization from macro planning to a subservient collaboration with the private sector. In fact, JP's aim was not to destroy SPO but to terminate its autonomy and take it under its control and subject it to the needs of the private sector. This goal was in line with the original intention of the political and economic elite (as it was represented in Inan's proposal) in terms of economic planning in the late 1950s. By 1966, the structuralist economists of Turkey lost the battle for the control of economic administration definitively.

Until the foundation of SPO, top cadres of economic administration were recruited from the Ministry of Finance bureaucracy and the graduates of the Finance department in Ankara University Faculty of Political Science, i.e. the *Mulkiye*. The managers in the private sector were also mostly recruited from the top bureaucracy in SEEs. After the first half of the 1960s SPO technocrats became highly popular in the private sector as well. They were well educated, knew English and were familiar with how state bureaucracy, hence the investment incentives, worked as expected (Turkcan 2010, 103). As one former SPO technocrat noted, SPO contributed to the rise of engineers at the very top offices of Turkey in place of *Mulkiye* graduated traditional bureaucrats (Yenal 2010, 74). The same can be inferred for the economists of the initial cadre that founded SPO. Most of the economists working under Timbergen's supervision were invited by the international organizations and held prestigious posts.

SPO was definitely a possible candidate for the recruitment and training of future technopoliticians that would dominate the economic decision-making in Turkey similar to their colleagues in Chile. However, the initial cadre of SPO technocrats could not institutionalize their positions within the economic administration of the Turkish state. All of their efforts for the rational rearrangement of Turkish capitalism (tax, land, and administrative reform) ended in failure. They clashed with politicians at the decision making branch of SPO, the High Planning Council, where the latter were marginally dominant over the experts, and lost against the priorities of politicians. The Turkish bourgeoisie too, even the fractions that sympathized with the idea of planning at the beginning, attacked the planners at all fronts through the mediation of elected politicians (Milor 1989, 174).

The pro-private sector cadre that took control of SPO in 1967 could have created the dynamics that the Chicago Boys in Chile created during the 1970s and could have turned SPO into the organization where the neoliberal policies of the 1980s were produced and disseminated. However, a series of factors rendered this impossible. First, a second military intervention on March 12, 1971 reshuffled the ruling politicians and drove away Suleyman Demirel, Turgut Ozal, and the surrounding team of experts from the government. Similar to the first generation of SPO technocrats, Ozal left the country for a short period of service at the World Bank and came back for a career in the private sector while the already weakened institutional capacity of SPO remained obsolete and ineffective during the 1970s.

Second, Suleyman Demirel's group, against whom structuralist economist lost their authority in 1967, was definitely made up of right wing and pro-private sector technocrats. However, they did not hold a consistent economic philosophy that could help them strategize a comprehensive social and economic transformation similar to their colleagues in Chile. In fact,

the right-wing technocrats wanted rapid economic development just like the structuralist planners, but they did not want to achieve this through macroeconomic planning. They thought that if they rechanneled state resources in accordance with the demands of the private sector and boost its growth, rapid economic development would follow. A historian of the planning years, Gunal Kansu, outlines the economic mentality of the conservative technocrats clearly: "Turgut Ozal was not pro-market economy but was pro-private sector. Those two were not the same. Turgut Bey sided with the realization of projects in his mind not by the State Economic Enterprises, but by private entrepreneurs, Koc, Sabanci, etc... However, no anxiety existed in his mind so as to try to settle the market mechanism" (Ozden 2004, 103). The first two experiments in Turkey in liberalization in the 1950s and late 1960s were not aimed towards creating a free market economy, but towards benefiting a small section of the economic elite that had connections with the government. The same mentality, as we have seen in the case of neoliberalization experience of Turkey, would dominate the economic reforms in the 1980s.

Turgut Ozal was a techno-politician with a planning background. Most of the bureaucrats with engineering degrees who surrounded him during the initial years of the free market reforms (the beginning of the 1980s) were also techno-politicians with SPO careers in the late 1960s. As we have seen in the previous chapters, however, this cadre lacked the expert knowledge and vision of a free market economy. Hence, Ozal tried to create a new team of experts from young foreign-educated economists in the mid-1980s who did not go through a techno-political training, which traditionally took place through long years of service in Turkish bureaucracy.

Technocratic posts in SPO during the 1970s and 1980s remained out of reach for the foreign educated economists that could develop the free market ideas of Turgut Ozal. The expertise of Ozal's Princes shaped only the reforms in the banking sector, privatizations, and

public housing, while the social policies remained untouched by the free market ideas of Ozal and his Princes. Despite the fact that Ozal appointed his younger brother, a foreign educated engineer who shared Ozal's free market ideas, as the Undersecretary of SPO in 1987, his tenure was short and the cadres of U.S.-educated economists could not be injected in considerably weakened SPO. Moreover, the function and capacity of SPO as a policy-making institution was further weakened during the 1980s as Ozal took economic policy decisions in a top-down fashion. The fact that he elevated the main economic decision making body, the Higher Economic Council (an economic super-committee); newly established Undersecretariat of Treasury and Foreign Trade (UTFT); new Vice-Undersecretaries for planning, coordination, and implementation; and later on his Princes, above SPO (Unay 2006, 121-125) undermined SPO's capacity to function as a recruiting and training institution.

3. The Demise of the Chicago Boys in Comparison to Ozal's Princes

The departure of the Chicago Boys from the offices of influence and authority was qualitatively different than the demise of Ozal's Princes. On the surface, in both countries the authority of experts diminished during the transition from exceptional authoritarian conditions to a relatively normal-functioning electoral democracy. With the return to parliamentary elections in 1983, termination of martial law (at least in the western provinces of the country in November 1988), and the referendum of 1989 that opened the way for banned politicians' return to party politics, representative democracy in Turkey was relatively normalized. In 1989, Turgut Ozal decided to run for the presidency, a position that was relatively less influential in comparison to the presidential political systems.⁹⁹ 1989 was also the year that most of the influential Princes

⁹⁹ Turgut Ozal was actually aspiring to initiate a constitutional reform and change the political regime of Turkey from a parliamentary to a presidential one. He did not live long enough to carry the discussion further. He died in 1993 because of a heart attack.

disappeared from the bureaucratic arena. Ozal's Princes who transferred to advisory positions in the private sector or went back to academic positions abroad disappeared from the public debate in a few years without leaving behind a technocratic tradition or policy making style. Ozal's loss of authority was Princes' loss of authority.

In Chile, the official date of transition to competitive democracy was 1989. But before that date, in the years following the economic crisis of 1982, the mobilization of social opposition had grown exponentially. This loosened the grip of the Pinochet dictatorship on the social forces, at least marginally. During those years of rising social opposition, Pinochet held the most prominent figures of the Chicago Boys team responsible for the crisis situation and started to replace them with less market-fundamentalist and more state-sympathetic teams composed of both Chicago Boys and Christian Democratic economists.

The Chicago Boys team lost complete control of government posts with the biggest economic crises of the Chilean history in 1982. Sergio de Castro resigned as the Minister of the Economy and was replaced by two military bureaucrats for a short period of time. Ralph Luders became both the Minister of the Economy and Finance and started working on fixing the defaulting banks and restoring the creditworthiness of the Chilean Economy. The end of the absolute authority and control of the Chicago Boys over the Chilean economy and society occurred because of the failure of the banking system and the Chicago Boys' approach in dealing with the crises. Interestingly enough, de Castro, despite his close historical connections with the big financial corporations, supported the idea of not saving the biggest financial conglomerates and letting the international creditors know that they made bad lending choices in the past. In other words, he held the free market economy above the interests of particular sections of the private sector. Luders was more pragmatic and opted for the state intervention in the financial

markets and saving selected financial companies. But, as an economist formerly working for one of the biggest financial corporations in the country, the Vial Group, he too was paradoxically harsh on the biggest debtors in the Chilean financial market (Hira 1998, 84-85). Pinochet dismissed him quickly and the management of the economy was handed over to Hernan Buchi in 1985. Although he was considered a Chicago Boy he was much more pragmatic and emphasized the role of the state in regulating and intervening in the situations of crisis.

The demise of the Chicago Boys from the Chilean bureaucratic arena was not as dramatic as Ozal's Princes. First of all, they left a tradition of free market oriented policy, which would not be abandoned even after the transition to democracy. Secondly, the Catholic University Faculty of Economics became one of the most prestigious economics programs in the Latin American region. Whether they represented Chicago School economics or not, a large number of Catholic University graduates continued to populate the offices of economic administration. Most of the Chicago Boys successfully mutated into techno-politicians and translated the authority they had as an expert team into economic or political capital. Most of them became the CEOs of giant financial and manufacturing enterprises¹⁰⁰ and others joined political parties and pushed for a political career.

In all developing countries there are periods in which experts are disproportionately authoritative in determining economic policies, in other words the balance between politics and technocracy tilts towards the expert rule, especially during the times of economic crisis and extra-democratic interventions from foreign powers and national military. The influence of experts and the depth of their technical restoration of the national political economic system vary

¹⁰⁰ See Fischer (2009, 334) for a list of careers of the prominent Chicago Boys after transition to democracy. For instance de Castro and Baraona worked as the directors in SQM (Chemical Industry) and became partners and founders in many financial, insurance, real estate, and media companies.

according to the historical constellation of the world system, the state apparatus, and competing social forces. One of the most important differences between the Chicago Boys and Ozal's Princes was that in Chile, Chicago School economists went far beyond a temporary technical intervention in the economic state of affairs and undertook a political mission to overhaul the whole regime and social structure according to a technocratic utopia. With the help of the military regime's harshness, the economic philosophy of the Chicago Boys superseded political and social ideas that historically shape education, health, pension system, and culture (Silva 2008, 143). Although Ozal as a person represented a whole new vision both in terms of economic policies and a political model, his Princes were appointed merely in economic policy areas that were necessary for the empowerment of the newly emerging export oriented bourgeoisie. Hence, the bureaucratic locations that Princes had to manage were the fields in which different factions of the economic elite wrestled for economic capital. The Princes as a group did not have a strong holistic philosophy and the technical capacity to propose reforms in social policy areas. Nor did the traditional bureaucratic and political actors leave these areas to experts educated abroad. The only source of authority for the Princes were their patronage-based relationships with a political leader (i.e. Turgut Ozal) who obtained unusual access to governmental positions thanks to the exceptional circumstances brought by the economic and political crisis and the following military coup. Therefore, the Princes remained as appendages to the traditional Turkish bureaucratic class without being able to create a supportive political base.¹⁰¹

¹⁰¹ This is quite similar to the Peruvian case where despite their policy influence economists remained dependent on the politicians and could never obtained control of the state and economic administration (see Conaghan 1998).

Another important factor that determined the conditions of failure to establish authority was, therefore, the harshness of the intra-bureaucratic battle between two different administrative traditions. In Turkey, the traditional bureaucracy that came from the *Mulkiye* tradition could never accept the appointment of Princes who represented rational managerial style. The consolidation of the Chicago Boys' expert authority was a result of the struggle between the neoliberal shock therapy proponents and the gradualist economists within the initial government appointed by the military in 1973. The Chicago group achieved this goal by mobilizing their international academic networks composed of internationally famous economists (Valdes 1995, 20). In Chile, however, the technocratic tradition that went back to the beginning of the twentieth century and the historical function of technical and administrative rationality in negotiating competing oligarchic interests (Silva 2008, 18) made the rotation and renewal in the bureaucratic cadres easier. The Chicago Boys won over the established "structuralist" technocracy. In Chile the technocrats did not become the rulers of the political system before the military regime changed the rules of the game and created techno-politicians as a new type of political elite. And there were various instances in the 1950s and 1960s to challenge the traditional developmentalist technocrats and replace them with a new managerial mentality. Turkish bureaucrats were much more resistant to the liberal ideas of the foreign educated economist. In Turkey the technocrats did not historically have an intermediary function; they were rather the members of the ruling elite and the carriers of the modernizing and developmental mission of the state. They thought they represented and were one with the state, hence, they guarded the technocratic field with vigor and a self-confident spirit of privilege.

The biggest challenge for the economic experts in industrialized developing countries was to market neoliberal ideology (Schneider 1998), which was a set of ideas that were

essentially internationalist and foreign, to the nationalist local elite during the neoliberal reforms. In the periphery countries in which the military was relatively influential in politics, the bigger part of the twentieth century had passed under the influence of state oriented theories and policy models. As the Chilean case shows, the biggest success of the Chicago Boys team was to market a foreign model to a nationalist military and political elite successfully. In order to be able to this, they had to ensure the cohesiveness and social reproduction of the team and mutate into techno-politicians who could flexibly use cultural (technical expertise) and political capital (elected and ministerial offices) at the same time.

The organizational, ideological, and social capacity of the Princes was not enough to create the effective amalgamation of nationalism with internationalism that happened between Chilean conservative nationalism and Chicago School philosophy. Ozal's Princes could not (and would not) become techno-politicians who could mediate these two conflicting world-views. The technocratic infrastructure of Turkey remained nationalist and heavily embedded in bureaucracy. The main resource provider of the Princes, Turgut Ozal, was equally unsuccessful in this task. He managed to keep the nationalist, conservative, and liberal elites under a pragmatic coalition but he could not come up with an ideological framework that synthesized nationalism and neoliberalism. The tension between nationalism and internationalism is still far from being resolved in Turkey. Perhaps the first signs of successful amalgamation is seen in the discourse of the ruling Justice and Development Party (AKP), which combines Islamism, conservatism, absolute faith in the free market, and populist forms of social provision.

6. Conclusion

In this study I offered a framework for understanding the conditions under which technical experts and technocrats increase their influence on policy making, and gain political power. There is an abundance of studies that emphasize the rising importance of technical expertise in policy making throughout the twentieth century, especially within the Latin American context. Others point to the evolution of the same phenomenon in tandem with the neoliberal globalization that has dominated the international political economy in the last four decades. It is important to evaluate whether this phenomenon is valid for different countries. And if this is indeed the case, understanding the degree and conditions of this validity is crucial for comprehending the difference technical experts make in political decision making.

Technocratic experts are the carriers, brokers, and implementers of new policy ideas. For some time now ideational literature has examined and widely accepted the importance of ideas on economic policy choices. However, there is still a gap in our understanding of where these ideas come from and how they influence policies. The role technical experts play and knowledge networks fills this gap to a certain degree. As demonstrated by the “epistemic communities” literature, experts process information and develop ideas. They clarify and frame these ideas so that the number of available policy choices is reduced, or a middle ground between competing ideas is found. At the end of the day, political actors and the political struggle determine the variation in policy directions. But politicians – especially during the political and economic crises – often find themselves within the confines of available policy ideas determined by expert groups and knowledge-producing institutions.

Technocratic groups also affect the changes in the structure and stability of the bureaucratic system. Their visibility and functions increase with economic and political crises

during which politicians may remain indecisive about modifications necessary to stabilize the political and economic environment. Technocrats import stability models from other countries or endorse solutions proposed by academic studies. Together with the stability models they transform the recruitment and career advancement patterns for state administrators and political leaders.

If experts with shared ideas control most of the policy making positions in state bureaucracy, their effect on policy choices is straightforward. If this is not the case, the influence of an expert group can be mediated and prolonged resulting in a phenomenon that is harder to demonstrate via clear and concrete evidence. However, technocrats do not need to be in all important policy making posts to influence the process of decision making. Expert groups with imperfect political authority and strong group cohesion can also set broad constraints on the implementation and success of policy reforms and affect the following decision making process. During the process of implementing radical policy reforms, such as the ones that are carried out to transform a general developmental strategy, technocrats found and manage institutions that traditional politicians may not be familiar with. Technocrats' failure to administer these new agencies (e.g. privatization agencies), recruitment methods, and bureaucratic styles may not always immediately result in their departure from office. This is particularly the case in developing countries where the necessary human capital for filling these new positions may not always be available. In other words, when technocrats transform the institutional environment of policy making into an unfamiliar setting for traditional politicians their influence on decision making becomes embedded in the overall administrative system.

Throughout this study I demonstrated that the influence and heritage of Ozal's Princes in Turkey was less significant compared to the Chicago Boys in Chile. However, this does not

mean that the neoliberal technocrats did not cause any change in the structure of Turkish policy making system. The Princes successfully diverted the developmental strategy of Turkey from a protectionist model towards a free market model. Compared to Chile, the free market institutions that required technocratic administration matured later in the 2000s. But the difference between Turkey's free market capitalism and Chilean neoliberalism is a matter of degree; both technocratic groups were successful in terms of yielding a qualitative shift in developmental models of their countries. The exceptional Chilean example is far ahead of any industrialized developing country in terms of the strength and durability of its neoliberal institutions. A privatized healthcare and pension system, an almost completely private education system, and a depoliticized policy making process dominated by prestigious economists are part of the heritage of the Chicago Boys.

Turkey is still behind Chile in terms of privatization, delimiting state's influence on the economy, and staffing higher decision making posts with foreign educated experts. Nevertheless, Ozal and his team of foreign educated experts did open the door for a weak but permanent influence of neoliberal technocrats on economic policy making in Turkey. The inadequacies, failures, and defeats they experienced while founding and running the free market institutions and their inability to perform and reproduce as a cohesive group delayed the consolidation of neoliberalism in Turkey until the 2000s. However, the withering away of Princes by the late 1980s and the death of Ozal in 1993 did not mean that Turkish economic administration went back to its traditional policy making style.

In 1993, Prof. Tansu Ciller became the Prime Minister. After Ozal's death, Suleyman Demirel took the respected but largely symbolic position of the Presidency and left the leadership of his party to this young economics professor from Bogazici University who served

as the Minister of State Responsible for the Economy in 1991. Ciller was also a graduate of Robert College School of Economics and had an American Ph.D. One can interpret her selection, first as the boss of the economy in 1991 and then as the leader of the second biggest center-left conservative party in 1993, as a retaliation from Suleyman Demirel against Ozal's Princes. Newspapers of the period discussed Demirel's Princes at the time, while highlighting the American-educated technocrats appointed by Ciller. As an experienced politician, Suleyman Demirel knew that Ozal's reforms put the economy on an irreversible track and the type of expertise necessary for the new economic model had to be recruited through the channels similar to the ones Ozal used.

The eruption of financial crisis in the banking sector in 1994 and the signing of the Customs Union treaty with the European Union in 1995, further spotlighted the policy advice coming from expert economists. The efforts to join the European Union, an economist Prime Minister with American education, and the institutions that Princes restructured according to free market principles in the 1980s, most importantly the Central Bank, secured the continuance of free market reforms. However, during the 1990s, the turnover rate at the top administrative posts was quite high since this time period in Turkey was marked by a series of unstable coalition governments and perpetual political crises. The expert cadres of the 1990s could never find the stable environment provided by the military tutelage and Ozal's popularity. It was harder to talk about a "team" of technocrats during the 1990s. Nevertheless, the presence of American educated economists and private sector managers from Istanbul within the economic administration was definitely more visible than the pre-1980 period.

Ozal's Princes demonstrated that expert economists could have a chance in Ankara and that it was possible to climb the career ladders of state bureaucracy to the top positions in

economic administration, regulatory agencies, and SEEs. Turkish economic policy making before and at the beginning of the free market reforms was dominated by technocrats with engineering backgrounds, or treasury bureaucrats who were introduced into the state bureaucracy through a tradition based on seniority and the networks provided by the Ankara University Faculty of Political Science. Today, Ankara University remains very influential in the bureaucratic recruitment process but thanks to Ozal and his Princes, economists gained prestige and economics became a promising profession.

The transformation of the higher education in economics had taken place during the decade following the Princes' tenure. The current situation of economics education is characterized by the dominance of neoclassical economics. In the last three decades the rise of globalization and neoliberal economic policies paralleled the rise of neoclassical economics in higher education. This development is also accompanied by the increasing dominance of quantitative methods in economic science and a single approach in economics overshadows alternative approaches. The increasing trend of education in foreign language is aligned with the expanding Anglo-American influence on the curriculum. Today, almost all public and private universities in Turkey have economics departments. This is mainly because of the amplified prestige of economics as a profession, a phenomenon in which Ozal's Princes contributed in the 1980s. However, it is unrealistic to say that the increase in the number of economics departments reflects the demand for the research and graduate education in economics per se. The science of economics in Turkey is still dependent on the transfer of research carried out in foreign universities (Senses 2007).

Having won three consecutive elections, Justice and Development Party (AKP) have been ruling Turkey since 2002. The year before the elections in 2002 was crucial in terms of the

changes in economic policies and the intensified role played by economic advise in crisis management. Similar to Argentina, Turkey experienced one of the deepest financial crises in its history in 2001 and invited Kemal Dervis, a prestigious economist with a Ph.D. from Princeton University and a long career in the World Bank, to carry out sweeping reforms in the banking sector. Using his prestige among the international financial circles Dervis was also able to collect a considerable amount of foreign loan in exchange for a structural adjustment plan. In fact, Dervis was invited to Turkey by Ozal before, in the 1980s, but rejected the invitation partly because he was not granted the position of the Undersecretary of the State Planning Organization and partly because of his social democratic political orientation. However, regardless of his political orientation perhaps Dervis did more than any of his predecessors to synchronize Turkish economy with the free market model dominant in Europe. The technocratic intervention by Dervis in 2001, intensified negotiations with the European Union in mid-2000s, and uncompromising free market policies of the AKP government carried Turkish neoliberalization experience forward. This process was built on the foundations laid by Ozal and his Princes. The fluctuating yet perpetual involvement of neoliberal technocrats in economic policy making in the last two decades is definitely a frail but an ongoing heritage from the Princes. Ozal's Princes were very influential in infusing a new spirit of innovation, entrepreneurship, and risk taking in the Turkish economic administration.

An important conclusion that we can derive from this study is that, contrary to widespread opinion about technocracy and technocrats, expert groups, especially when they are involved in national policy making, do not represent the authority of pure reason and political neutrality. Their authority depends heavily on the rules of the political game and their ability to adapt to the conflict and negotiations between the elite and various social forces in a given

historical period. Nowhere in the world can we observe a pure type of technocracy. Technocrats do not hold absolute power to rule a country unless particular conditions such as the economic crises give them the opportunity to bypass the legitimation via elections, or to insulate themselves from the pressure coming from other social sectors. And not all crisis situations invite technocrats to power. Technocracy depends on the balance of forces between the authority that comes from mastery of knowledge and the power that comes from popular support. Every type of political system may have a technocratic moment and every government needs a continuous system of reference to technical expertise. The inter-war America, Soviet Union, China, Mexico, Singapore, and European countries in the 1990s, they all may be mentioned when the topic of technocracy arises. However, the form and degree of technocratic intervention into the policy making processes varies significantly. In some of these cases technocracy is an occasional policy advise from expert groups, in others technocrats are organic components of the administrative apparatus. In Chile, neoliberal technocrats were indispensable for reshaping the Chilean political structure from a democratic and developmentalist one to an authoritarian free market regime. But technocrats also played a mediatory role in transition to democracy in the 1990s by occupying a no man's land between authoritarian regime and democratic masses, and carefully negotiating the interests of both sides. Today in Chile expert knowledge and authority is crucial for parties on the left and right alike. In Turkey, however, the role technocrats played was less visible and durable since they had to participate in the political game within the rules of the parliamentary system and failed to deliver the performance that was required to stay in the game. Nevertheless, the policy ideas and institutions they established remained as a restricting component of the political system up until today.

Case studies that use comparative strategies to investigate the notion of technocracy and the type of power that arises when expertise and political power interact are crucial in understanding the politics and policy making in the developing world. But another comparative point this study makes is the differences between the developmentalist technocrats of the 1960s and the free market technocrats of the 1980s. In addition to the geographical variation based on different technocratic traditions and rules of the national political game, there is also a historical variation in the characteristics of technocrats and expert groups within each national context. The rising presence and importance of economists, a trend that various scholars emphasize, is valid for both of my cases. The shift from engineering to economics as a professional source of expertise is evident. Most of the neoliberal technocrats have an education in economics or a combination of economics and engineering. As opposed to an experience in state planning agencies or managerial positions in SEEs, career backgrounds in international financial institutions or central banks are highly likely. The allies of free market technocrats are more likely to be conservative political actors than social democratic, Christian democratic, or developmentalist political parties and modernizing military officers. Ideologically, free market technocrats are more internationalists and interpret the national interests of their country as an integral part of the general well being of the global economy. On the other hand, developmentalist technocrats were nationalists. The international forces and interests were in a conflictual relationship with the developmental goals of their country.

The timeline for the recovery from the current financial crisis is uncertain. But it is certain that a majority of the leaders in the world is unwilling to give up on the solutions proposed by the economic orthodoxy. As the popular dissent against the orthodox policy framework is rising, democratically elected leaders are finding it hard to convince their

populations about the inevitability of budget cuts, layoffs, and increased taxes. As the uneven but combined disasters of free market capitalism travel around the world in the foreseeable future, we can expect that the economic experts with careers in international financial institutions will continue to join forces with the politicians to set and change the rules of the game.

Bibliography

- Abbott, Andrew Delano. 1988. *The System of Professions: An Essay on the Division of Expert Labor*. Chicago: University of Chicago Press.
- Ahmad, Feroz. 1993. *The Making of Modern Turkey*: Routledge.
- Akar, Rıdvan, and Jale Ozgenturk. 1995. *Bir Prens Hisseli Hikayesi*. Cagaloglu Istanbul: Iletisim.
- Alder, Ken. 2002. "The History of Science, Or, an Oxymoronic Theory of Relativistic Objectivity." In Lloyd Kramer and Sarah Maza [eds.] *A Companion to Western Historical Thought* London: Blackwell: 297-318.
- Aligica, Paul Dragos and Anthony John Evans. 2009. *The Neoliberal Revolution in Eastern Europe: Economic Ideas in the Transition from Communism*. Cheltenham, UK ; Northampton, MA: Edward Elgar.
- Arslan, Ali. 2004. *Kisir Dongu: Turkiye'de Universite ve Siyaset (1869-2004) (Vicious cycle: university and politics in Turkey)*. Istanbul Truva Yayinlari.
- Ascher, William Louis. 1975. "Planners, Politics, and Technocracy in Argentina and Chile." Political Science, Public Administration, Yale University, New Haven.
- Austin, Robert. 1997. "Armed Forces, Market Forces: Intellectuals and Higher Education in Chile, 1973-1993." *Latin American Perspectives* 24:26-58.
- Aytar, Dunder. 1995. *Ozellestirmenin Hikayesi (The story of privatization)*. Ankara: TÖSYÖV.
- Babb, Sarah. 1998. "The Evolution of Scientific Expertise in a Developing Country: Mexican Economics, 1929-1998." Ph.D. Thesis, Sociology, Northwestern University, Evanston.
- Babb, Sarah L. 2001. *Managing Mexico: Economists from Nationalism to Neoliberalism*. Princeton, N.J.: Princeton University Press.
- Barker, James M. 1951. "The Economy of Turkey: An Analysis and Recommendations for a Development Program." International Bank for Reconstruction and Development, Washington DC.
- Batur, M. Hakan. 1998. "From Rational Reformism to Neoliberal Centralism: Institutional Politics of Economic Bureaucracy in Turkey (1960-1984)." Ph.D. Thesis, Political Science and International Relations, Social Sciences Institute, Bogazici University, Istanbul.
- Biglaiser, Glen. 2002a. *Guardians of the Nation?: Economists, Generals, and Economic Reform in Latin America*. Notre Dame, Ind.: University of Notre Dame Press.
- Biglaiser, Glen. 2002b. "The Internationalization of Chicago's Economics in Latin America."

Economic Development and Cultural Change 50:269-286.

Billy, Jacques. 1975. *Les Technocrates*, vol. 881. Paris: Presses Universitaires de France.

Birand, Mehmet Ali, and Soner Yalcin. 2007. *The Ozal: Bir Davanın Oykusunu (The Ozal: The Story of a Cause)*. Istanbul: Dogan Kitapçılık A.S.

Blyth, Mark. 2002. *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*. New York: Cambridge University Press.

Bourdieu, Pierre. 1998. *The State Nobility*. Cambridge: Polity Press.

Bourdieu, Pierre and Loic J.D. Wacquant. 1992. *An Invitation to Reflexive Sociology*. Chicago: University of Chicago Press.

Burris, Beverly H. 1993. *Technocracy at Work*. Albany: State University of New York Press.

Callon, Michel [ed.]. 1998. *The Laws of the Markets*. Oxford and Malden, MA: Blackwell.

Callon, Michel, Cecile Meade and Vololona Rabeharisoa. 2002. "The Economy of Qualities." *Economy and Society* 31[2]: 194-217.

Carruthers, Bruce G. 2006. "Why Is the Past also the Present and Future of Economic Sociology? On Method, Evidence, and Topic." *Economic Sociology - European Electronic Newsletter* 7[2].

Celik, Tarik and Ilhan Tekeli. 2009. *Turkiye'de Universite Anlayisinin Gelismesi (1961-2007) (The Development of the Idea of University in Turkey)*, vol. 2. Ankara: Turkiye Bilimler Akademisi.

Cemal, Hasan. 1989. *Ozal Hikayesi (The Story of Ozal)*. Ankara: Bilgi Yayınevi.

Centeno, Miguel Angel. 1997. *Democracy Within Reason: Technocratic Revolution in Mexico*. University Park: Pennsylvania State University Press.

Centeno, Miguel Angel and Patricio Silva. 1998. *The Politics of Expertise in Latin America*. New York, N.Y.: St. Martin's Press.

Centeno, Miguel Angel and Patricio Silva. 1998. "Introduction." Pp. 1-12 in *The Politics of Expertise in Latin America*, edited by M. A. Centeno and P. Silva. New York, N.Y.: St. Martin's Press.

Cheibub, Jose Antonio. 2007. *Presidentialism, Parliamentarism, and Democracy*. Cambridge: Cambridge University Press.

Choi, Young Back. 1996. "The Americanization of Economics in Korea." *History of Political Economy*

28:95-120.

Chwieroth, Jeffrey. "Neoliberal Economists and Capital Account Liberalization in Emerging Markets." *International Organization* 61, no. Spring (2007): 443-63.

Cizre, Umit, and Erinc Yeldan. 2005. "The Turkish Encounter with Neo-liberalism: Economics and Politics in the 2000/2001 Crises." *Review of International Political Economy* 12:348-408.

Cizre-Sakallioglu, Umit, and Erinc Yeldan. 2000. "Politics, Society and Financial Liberalization: Turkey in the 1990s." *Development and Change* 31:481-508.

Coats, A.W. 1993. *The Sociology and Professionalization of Economics*. London, New York: Routledge.

Coats, A. W. 1986. *Economists in International Agencies: An Exploratory Study*. New York, Praeger.

Coats, A.W. [ed.] 1981. *Economists in Government: An International Comparative Study*. Durham, N.C.: Duke University Press.

Coats, A.W. 1978. "Economists in Government: A Research Field for the Historians of Economics." *History of Political Economy* 10: 298-314.

Colasan, Emin. 1989. *Turgut nereden kosuyor?*. Istanbul: Tekin Yayınevi.

Conaghan, Catherine M. 1998. "Stars of the Crisis: The Ascent of Economists in Peruvian Public Life." Pp. 142-164 in *The Politics of Expertise in Latin America*, edited by Miguel Angel Centeno and Patricio Silva. New York, N.Y.: St. Martin's Press.

Daston, Lorraine. 1992. "Objectivity and the Escape from Perspective." *Social Studies of Science* 22.

Daston, Lorraine and Peter Galison. 1992. "The Image of Objectivity." *Representations* 40.

Daunton, Martin and Frank Trentmann. 2004. *Worlds of Political Economy: Knowledge and Power in the Nineteenth and Twentieth Centuries*: Palgrave Macmillan.

Desrosieres, Alain. 1998. *The Politics of Large Numbers: A History of Statistical Reasoning*. Cambridge, Mass.: Harvard University Press.

Dezalay, Yves and Bryant G. Garth. 2002. *The Internationalization of Palace Wars: Lawyers, Economists, and the Contest to Transform Latin American States*. Chicago: University of Chicago Press.

Diamond, Larry. 1993. *Political Culture and Democracy in Developing Countries*. Boulder, Colorado: Lynne Rienner Publishers, Inc.

Dijk, Pitou van. 1998. "The World Bank and the Transformation of Latin American Society." Pp. 96-125 in *The Politics of Expertise in Latin America*, edited by M. A. Centeno, P. Silva, and Centrum voor Studie en Documentatie van Latijns Amerika (Amsterdam Netherlands). New York, N.Y.: St. Martin's Press.

Drake, Paul W. (Ed.). 1994. *Money Doctors, Foreign Debts, and Economic Reforms in Latin America from the 1890s to the Present*. Wilmington, Delaware: Jaguar Books.

Dusek, Val. 2006. *Philosophy of Technology: An Introduction*. Oxford: Blackwell Publishing.

Emigh, Rebecca Jean. 1997. "The Power of Negative Thinking: The Use of Negative Case Methodology in the Development of Sociological Theory." *Theory and Society* 26:649-884.

Ersoy, Ugur. 2009. "Orta Dogu Teknik Universitesi - ODTU (Middle East Technical University - METU)." in *Turkiye'de Universite Anlayisinin Gelismisi (1961-2007) (The Development of the Idea of University in Turkey)*, vol. 2, edited by T. Celik and I. Tekeli. Ankara: Turkiye Bilimler Akademisi.

Espeland, Wendy Nelson and Mitchell L. Stevens. 1998. "Commensuration as a Social Process." *Annual Review of Sociology* 24:313-43.

Evans, Peter B. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton, N.J.: Princeton University Press.

Eyal, Gil, Ivan Szelenyi, and Eleanor R. Townsley. 1998. *Making Capitalism Without Capitalists: Class Formation and Elite Struggles in Post-communist Central Europe*. London; New York: Verso.

Fearon, James D. 1991. "Counterfactuals and Hypothesis Testing in Political Science." *World Politics* 43:169-195.

Fischer, Frank. 1990. *Technocracy and the Politics of Expertise*. Newbury Park, Calif.: Sage Publications.

Fischer, Karin. 2009. "The Influence of Neoliberals in Chile before, during, and after Pinochet." Pp. 305-346 in *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, edited by Philip Mirowski and Dieter Plehwe. Cambridge, Mass.: Harvard University Press.

Flandreau, Marc. 2003. *Money Doctors: The Experience of International Financial Advising, 1850-2000*. London; New York: Routledge.

Foucault, Michel, Graham Burchell, Colin Gordon, and Peter Miller. 1991. *The Foucault Effect: Studies in Governmentality: With Two Lectures by and an Interview with Michel Foucault*. Chicago: University of Chicago Press.

Fourcade, Marion. 2006. "The Construction of a Global Profession: The Transnationalization of

Economics.” *American Journal of Sociology* 112:145-194.

Fourcade-Gourinchas, Marion and Sarah L. Babb. 2002. “The Rebirth of the Liberal Creed: Paths to Neoliberalism in Four Countries.” *American Journal of Sociology* 108:533-79.

Fourcade-Gourinchas, Marion. 2001. “Politics, Institutional Structures, and the Rise of Economics: A Comparative Study.” *Theory and Society* 30:397-447.

Galbraith, John Kenneth. 1967. *The New Industrial State*. New York: Mentor.

Garlitz, Richard P. 2008. “Academic Ambassadors in the Middle East: The University Contract Program in Turkey and Iran, 1950-1970.” Pp. 276 in Unpublished Ph.D. *History*: Ohio State University.

Garreton, Manuel Antonio. 2005. “Social Sciences and Society in Chile: Institutionalization, Breakdown and Rebirth.” *Social Science Information* 44:359-409.

Gilman, Nils. 2003. *Mandarins of the Future: Modernization Theory in Cold War America*. Baltimore: Johns Hopkins University Press.

Gieryn, Thomas F. 1983. “Boundary-work and the Demarcation of Science from Non-science: Strains and Interests in Professional Ideologies of Scientists.” *American Sociological Review* 48: 781-795.

Gole, Nilufer. 2008. *Muhendisler ve Ideoloji (Engineers and Ideology)*. Istanbul Iletisim.

Gordon, David. 1991. “More Heat than Light: Economics as Social Physics, Physics as Nature's Economics [Review Article].” *The Review of Austrian Economics* 5[1]: 123-128.

Grindle, Merilee S. 1977. “Power, Expertise and the ‘Tecnico’: Suggestions from a Mexican Case Study.” *The Journal of Politics* 39:399-426.

Gorun, Fikret. 1972. *Turkiye'de Universitelerde Okutulan Iktisat Uzerine (On the Economics Taught in Universities in Turkey)*. Ankara: ODTU Iktisadi ve Idari Bilimler Fakultesi.

Gouldner, Alvin W. 1979. *The Future of Intellectuals and the Rise of the New Class*. London: Macmillan.

Guvemli, Oktay. 2003. *Iktisadi ve Ticari Ilimler Akademileri Tarihi (The history of academies of economic and commercial sciences)*. Istanbul: Proje Danis A.S.

Hacking, Ian. 1991. “How Should We Do the History of Statistics?” Pp. 181-195 in *The Foucault Effect: Studies in Governmentality*, edited by G. Burchell, C. Gordon, and P. Miller. Chicago: The University of Chicago Press.

Harberger, Arnold C. 1996. "Good economics comes to Latin America, 1955-95." *History of Political Economy* 28:301-311.

Harvey, David. 2005. *A Brief History of Neoliberalism*. New York: Oxford University Press.

Hira, Anil. 1998. *Ideas and Economic Policy in Latin America*. Westport CT: Praeger.

Huneus, Carlos. 1998. "Technocrats and Politicians in the Democratic Politics of Argentina (1983-95)". *The Politics of Expertise in Latin America*. M. A. Centeno and P. Silva. New York, N.Y., St. Martin's Press: 177-195.

Huneus, Carlos. 2000. "Technocrats and Politicians in an Authoritarian Regime. The 'ODEPLAN Boys' and the 'Gremialists' in Pinochet's Chile." *Journal of Latin American Studies* 32:pp. 461-501.

ICA, International Cooperation Administration. 1957. "Report of Progress: Program of Technical Cooperation in Public Administration for Turkey for the Period September 1, 1954, through June 30, 1957." The United States International Cooperation Administration and Graduate School of Public Administration and Social Services New York University.

Ilkin, Selim. 1972. "1920-1970 Doneminde Turkiyedeki Iktisat ve Ticaret Egitimi ile Ilgili Kuruluslarnin Gelismesi Tarihi Uzerine bir Deneme (An Essay on the Historical Development of the Institutions Related with Economics and Commerce Education in Turkey in the Period 1920-1970)." Pp. 3-38 in *Turkiye'de Universitelerde Okutulan Iktisat Uzerine (On the Economics Taught in Universities in Turkey)*, edited by F. Gurun. Ankara: ODTU Iktisadi ve Idari Bilimler Fakultesi.

Karacan, Nuri. 1972. "Turkiye'de 'Mikro Iktisat' ve 'Makro Iktisat' Ogretimi Ustune Bazi Dusunceler ve Oneriler (Some Thoughts and Suggestions on the Teaching of Micro and Macro Economics in Turkey)." Pp. 96-107 in *Turkiye'de Universitelerde Okutulan Iktisat Uzerine (On the Economics Taught in Universities in Turkey)*, edited by F. Gorun. Ankara: ODTU Iktisadi ve Idari Bilimler Fakultesi.

Kazgan, Gulden. 2002. *Tanzimattan 21. Yuzyila Turkiye Ekonomisi (Turkish economy from Tanzimat to 21. Century)*. Istanbul: Istanbul Bilgi University.

Krause, Elliott A. 2001. "Professional Group Power in Developing Societies." *Current Sociology* 49:149-175.

Kuran, Aptullah. 2002. *Bir Kurucu Rektorun Anilari: Robert Kolej Yuksek Okulu'ndan Bogazici Universitesine (Memoirs of a Founding Rector: From Robert College High School to Bogazici University)*. Istanbul: Bogazici Universitesi.

Kurkcu, Ertugrul. 1996. "Turkey; Insolvent Ideologies, Fractured State." *Middle East Report* 199:2-7.

Kurtz, Marcus J. 1999. "Chile's Neo-liberal Revolution: Incremental Decisions and Structural Transformation, 1973-89." *Journal of Latin American Studies* 31:399-427.

Lanza, Anthony R. 1961. *Ticaret Egitiminin Tarihi ve Prensipleri (History and principles of commerce education)*, vol. 10. Ankara: Istiklal Matbaasi.

Latour, Bruno. 1999. *Pandora's Hope: Essays on the Reality of Science Studies*. Cambridge, Massachussets: Harvard University Press.

Lieberson, Stanley. 1991. "Small N's and Big Conclusions: An Examination of the Reasoning in Comparative Studies Based on a Small Number of Cases." *Social Forces* 70:307-320.

Lijphart, Arend. 1992. *Parliamentary versus Presidential Government*. Oxford: Oxford University Press.

Loveman, Brian. 2001. *Chile: The Legacy of Hispanic Capitalism*. New York: Oxford University Press.

MacKenzie, Donald. 2004. "The Big, Bad Wolf and the Rational Market: Portfolio Insurance, the 1987 Crash and Performativity of Economics." *Economy and Society* 33[3]: 303-334.

MacKenzie, Donald. 2003. "An Equation and its Worlds: Bricolage, Exemplars, Disunity and Performativity in Financial Economics." *Social Studies of Science* 33[6]: 831-868.

Mahoney, James and Gary Goertz. 2004. "The Possibility Principle: Choosing Negative Cases in Comparative Research." *American Political Science Review* 98:653-669.

Maloney, John. 1985. *Marshall, Orthodoxy and the Professionalization of Economics*. Cambridge University Press.

Mann, Michael. 1988. *States, War, and Capitalism: Studies in Political Sociology*. Oxford: Blackwell.

Markoff, John, and Veronica Montecinos. 1993. "The Ubiquitous Rise of Economists." *Journal of Public Policy* 13:37-68.

McCloskey, Donald. 1985. *The Rhetoric of Economics*. Madison, WI: University of Wisconsin Press.

McCloskey, Deirdre N. 1995. "Metaphors Economists Live By," *Social Research* 62 [2]: 215-237.

McCloskey, Deirdre N. 1994. *Knowledge and Persuasion in Economics*. Cambridge University Press.

McCloskey, Deirdre. 2002. *Secret Sins of Economists*. Chicago: Prickly Paradigm Press.

Mertoglu, A. Sadik. 1971. *Orta Dogu Teknik Universitesi Dosyasi (Middle East Technical University File)*. Ankara: Altinok Matbaasi.

Meyer, John W. and Brian Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology* 83:340-63.

Meynaud, Jean. 1968. *Technocracy*. London: Faber.

Milliyet, daily newspaper archives (browsed 1980-2000).

Milor, Vedat Halit. 1989. "A Comparative Study of Planning and Economic Development in Turkey and France: Bringing the State Back In." Ph.D. Thesis, Sociology, University of California Berkeley, Berkeley.

Mirowski, Philip, and Dieter Plehwe. 2009. *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective*. Cambridge, Mass.: Harvard University Press.

Mirowski, Philip. 1988. *Against Mechanism: Protecting Economics from Science*. Tottowa: Rowman and Littlefield.

Mirowski, Philip and Dieter Plehwe. 2009. *The Road from Mont Pelerin: The Making of the Neoliberal Thought Collective*. Cambridge, Mass.: Harvard University Press.

Mitchell, Timothy. 2002. *Rule of Experts: Egypt, Techno-politics, Modernity*. Berkeley: University of California Press.

Mitchell, Timothy. 2005. "The Work of Economics: How a Discipline Makes Its World." *European Journal of Sociology* 46:24.

Montecinos, Veronica. 1996. "Economists in Political and Policy Elites in Latin America." *History of Political Economy* 28:279-300.

Montecinos, Veronica. 1998. *Economists, Politics and the State: Chile 1958 - 1994*. Amsterdam: Centro de Estudios y Documentacion Latinoamericanos - CEDLA.

Morgan, Mary S. 1990. *The History of Econometric Ideas*. Cambridge: Cambridge University Press.

Morgan, Mary S. 2001. "Making Measuring Instruments." In Mary S. Morgan and Judy L. Klein [eds] *The Age of Economic Measurement* [History of Political Economy Annual Supplement to Volume 33]. Duke University Press.

Morgan, Mary. 2003. "Economics." in *The Cambridge History of Science: The Modern Social Sciences*, vol. 7, edited by T. M. Porter and D. Ross: Cambridge University Press.

Morgan, Mary S. 2004. "Imagination and Imaging in Model Building." *Philosophy of Science* 71: 753–766.

Morgan, Mary S. and Judy L. Klein [Editors]. 2001. *The Age of Economic Measurement* [History of Political Economy Annual Supplement to Volume 33]. Duke University Press.

O'Brien, Philip J., and Jacqueline Roddick. 1983. *Chile, the Pinochet decade: The Rise and Fall of the Chicago Boys*. London: Latin America Bureau.

O'Donnell, G. A. 1973. *Modernization and Bureaucratic-Authoritarianism*, Studies in South American Politics. Berkeley, Institute of International Studies.

Onis, Ziya. 2004. "Turgut Ozal and His Economic Legacy: Turkish Neo-Liberalism in Critical Perspective." *Middle Eastern Studies* 40, no. 4: 113-34.

Onis, Ziya. 2006. "Varieties and Crises of Neoliberal Globalisation: Argentina, Turkey and the IMF." *Third World Quarterly* 27:239-263.

Overbeek, Henk. 1993. *Restructuring Hegemony in the Global Political Economy: The Rise of Transnational Neo-liberalism in the 1980s*. London; New York: Routledge.

Ozden, Baris Alp. 2004. "Turkey's Experience with Planning in the 1960s." M.A. Thesis, Ataturk Institute for Modern Turkish History, Bogazici University, Istanbul.

Ozbudun, Ergun. 1993. "State Elites and Democratic Political Culture in Turkey." Pp. 247-268 in *Political Culture and Democracy in Developing Countries*, edited by L. Diamond. Boulder, Colorado: Lynne Rienner Publishers, Inc.

Ozveren, Eyup. 2002. "Ottoman Economic Thought and Economic Policy in Transition: Rethinking the Nineteenth Century." Pp. 129 – 144 in *Economic Thought and Policy in Less Developed Europe: The Nineteenth Century*, edited by M. Psalidopoulos and M. E. Mata. London and New York: Routledge.

Plehwe, Dieter, Bernhard Walpen, and Gisela Neunhöffer. 2005. *Neoliberal Hegemony: A Global Critique*. Milton Park, Abingdon, Oxon; New York: Routledge.

Porter, Theodore M. 1995. *Trust in Numbers: The Pursuit of Objectivity in Science and Public Life*. Princeton NJ: Princeton University Press.

Porter, Theodore M. and Dorothy Ross. 2003. *The Cambridge History of Science: The Modern Social Sciences*, vol. 7: Cambridge University Press.

Prasad, Monica. 2006. *The Politics of Free Markets: The Rise of Neoliberal Economic Policies in Britain, France, Germany, and the United States*. Chicago: University of Chicago Press.

Putnam, Robert D. 1977. "Elite Transformation in Advanced Industrial Societies: An Empirical

Assessment of the Theory of Technocracy.” *Comparative Political Studies* 3:383-412.

Radaelli, Claudio M. 1999. *Technocracy in the European Union*. New York: Longman.

Reay, Michael J. 2004. “Economic Experts and Economic Knowledge.” Unpublished Ph.D. Dissertation, University of Chicago.

Reisman, Arnold. 2006. *Turkey's Modernization: Refugees from Nazism and Ataturk's Vision*. Washington, DC: New Academia Publishing.

Richards, Donald G. 1997. “The Political Economy of the Chilean Miracle.” *Latin American Research Review* 32:139-159.

Riggs, Fred. 1997. “Presidentialism versus Parliamentarism: Implications for Representativeness and Legitimacy.” *International Political Science Review* 18:253-278.

Riskin, Jessica. 2002. *Science in the Age of Sensibility: The Sentimental Empiricists of the French Enlightenment*. Chicago: University of Chicago Press.

Rizvi, S. Abu Turab. 2001. “Philip Mirowski as an Historian of Economic Thought.” In Steven Medema and Warren Samules [eds.] *Historians of Economics and Economic Thought: The Construction of Disciplinary Memory*. New York: Routledge.

Saxon, Wolfgang. 2005. “Rodney B. Wagner, 74, Dies; Arranged Loan for Mexico.” *New York: The New York Times*.

Sayari, Sabri. 1992. “Politics and Economic Policy-Making in Turkey, 1980-1988.” in *Economics and Politics of Turkish Liberalization*, edited by T. F. Nas and M. Odekon. Bethlehem London Toronto: Lehigh University Press; Associated University Presses.

Senses, Fikret. 2007. “Turkiye Bilimler Akademisi Iktisat Ongoru Calismasi 2003-2023 (Turkish Academy of Sciences prediction study on economics 2003-2023).” in *Turkiye Bilimler Akademisi Raporlari*, vol. 17. Ankara: Turkiye Bilimler Akademisi.

Schneider, Ben Ross. 1998. “The Material Bases of Technocracy: Investor Confidence and Neoliberalism in Latin America.” in *The Politics of Expertise in Latin America*, edited by M. A. Centeno, P. Silva, and Centrum voor Studie en Documentatie van Latijns Amerika (Amsterdam Netherlands). New York, N.Y.: St. Martin's Press.

Scott, James. 1998. *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed*. New Haven: Yale University Press.

Self, Peter. 1975. *Econocrats and the Policy Process: The Politics and Philosophy of Cost-benefit Analysis*. London: Macmillan.

Selznick, Philip. 1943. “An Approach to a Theory of Bureaucracy.” *American Sociological Review* 8:47-54.

- Shapin, Steven. 1995. "Cordelia's Love: Credibility and Social Studies of Science." *Perspectives on Science* 3: 255-275.
- Silva, E. 1993. "Capitalist Coalitions, the State, and Neoliberal Economic Restructuring: Chile, 1973-88." *World Politics* 45(4): 526-559.
- Silva, Patricio. 1998. "Pablo Ramírez: A Political Technocrat Avant-la-Lettre." Pp. 52-76 in *The Politics of Expertise in Latin America*, edited by Miguel Angel
- Silva, Patricio. 2008. *In the Name of Reason: Technocrats and Politics in Chile*. University Park: Pennsylvania State University Press.
- Sismondo, Sergio. 2004. *Introduction to Science and Technology Studies*. Malden, MA: Blackwell Publishers.
- Skocpol, Theda and Margaret Somers. 1980. "The Uses of Comparative History in Macrosocial Inquiry." *Comparative Studies in Society and History* 22:174-97.
- Snyder, Hugh Webb. 1980. "The Transactional Context of U.S. Technical Assistance in Educational Planning: An Analysis of Three A.I.D.-University Projects." Unpublished Dissertation Thesis, Faculty of the Graduate School of Education, Harvard University.
- Soederberg, Susanne, Georg Menz, and Philip G. Cerny. 2005. "Internalizing Globalization: the Rise of Neoliberalism and the Decline of National Varieties of Capitalism." Pp. xiii, 297 p. Basingstoke [UK]; New York: Palgrave Macmillan.
- Stiglitz, Joseph E. 2002. *Globalization and Its Discontents*. New York: W.W. Norton.
- Strange, Susan. 1996. *The Retreat of the State: The Diffusion of Power in the World Economy*: Cambridge University Press.
- Taylor, Marcus. 2002. "Success For Whom? An Historical-Materialist Critique of Neoliberalism in Chile." *Historical Materialism* 10:45-75.
- Taylor, Marcus. 2006. *From Pinochet to the 'Third Way': Neoliberalism and Social Transformation in Chile*. London; Ann Arbor, MI: Pluto Press.
- Teichman, Judith. 1997. "Mexico and Argentina: Economic Reform and Technocratic Decision Making." *Studies in Comparative International Development* 32:31-55.
- Tokatli, Orhan. 1997. "Beyin Kabinesi, Prensler ve A Takimi (The brain cabinet, princes, and the A team)." in *Milliyet*. Istanbul.
- Tokatli, Orhan. 1999. *Kirmizi Plakalar: Turkiye'nin Ozal'li Yillari (The red traffic plates: years of Turkey with Ozal)*. Gunesli, Istanbul: Dogan Kitap.

Tooze, J. Adam. 2001. *Statistics and the German State, 1900-1945: The Making of Modern Economic Knowledge*. Cambridge, UK ; New York: Cambridge University Press.

Toprak, Zafer. 1995. *Milli İktisat, Milli Burjuvazi (National Economy, National Bourgeoisie)*. Istanbul: Tarih Vakfı Yurt Yayinlari.

Turkcan, Ergun. 2010. "Attila Sonmez'e Armagan: Turkiye'de Planlamanin Yukselisi ve Cokusu 1960-1980 (A Tribute to Attila Sonmez: The Rise and Collapse of Planning in Turkey 1960-1980)." Istanbul: Istanbul Bilgi University Press.

Tutak Jr, Edward and Anthony R. Lanza. 1956. "Business Education in Turkey (A Key to Leadership in the Near East)." Graduate School of Public Administration New York University, New York.

Unay, Sadik. 2006. *Neoliberal Globalization and Institutional Reform: The Political Economy of Development and Planning in Turkey*. New York Nova Science Publishers, Inc.

USAID, U.S. Agency for International Development. 1964. *Participant Training in Turkey: An Evaluation Survey of Returned Participants 1949-1960*. Ankara: U.S. Agency for International Development.

Valdes, Juan Gabriel. 1995. *Pinochet's Economists: The Chicago School in Chile*. Cambridge, England; New York, NY, USA: Cambridge University Press.

Waterbury, John. 1992. "Export-led Growth and the Center-right Coalition in Turkey." *Comparative Politics* 24:127-145.

Weber, Max. [1922] 1968. *Economy and Society: An Outline of Interpretive Sociology*. Translated by Guenther Roth and Claus Wittich. New York: Bedminster Press.

Weintraub, E. Roy. 2002. *How Economics Became a Mathematical Science*. Durham, NC: Duke University Press.

Westerlund, Gunnar and Sven-Erik Sjöstrand. 1979. *Organizational Myths*. London ; New York: Harper & Row.

Williamson, John. 1994. "The Political Economy of Policy Reform." Pp. x, 601 p. Washington, DC: Institute for International Economics.

Van Dijck, Pitou. "The World Bank and the Transformation of Latin American Society." In *The Politics of Expertise in Latin America*, edited by Miguel Angel Centeno, Patricio Silva and Centrum voor Studie en Documentatie van Latijns Amerika (Amsterdam Netherlands), 96-125. New York, N.Y.: St. Martin's Press, 1998.

Yenal, Oktay. 2010. "Arkadasim Attila Sonmez (My Friend Attila Sonmez)." in *Attila Sonmez'e*

Armagan: Turkiye'de Planlamanin Yukselisi ve Cokusu 1960-1980 (A Tribute to Attila Sonmez: The Rise and Collapse of Planning in Turkey 1960-1980), edited by E. Turkcan. Istanbul: Istanbul Bilgi University Press.

Yonay, Yuval P. 1998. *Struggle over the Soul of Economics: Institutional and Neoclassical Economists in America between the Wars*. NJ: Princeton University Press.

Zurcher, Eric Jan. 2000. *Modernlesen Turkiye'nin Tarihi (Turkey, a Modern History)*. Istanbul: Iletisim Yayinlari.