Turkey’s Agriculture after 15 Years of Marketization: Structural Changes and Attempts of Re-regulation

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Outline

1. Introductory comments on the term «peasantry»
2. Historical background of Turkey’s agriculture & its subsidization
3. What happened when the government was no longer there...
4. Interpretation and conclusion
Position on the term «peasantry»

1. The term is traditionally used for the self-sufficient rural family unit
2. Capitalist relations destroy self sufficiency and impose specialization
3. They also differentiate the peasantry into three classes
4. The term today is used to refer to the middle class; small-scale producer

➢ Therefore it should be noted that, economically speaking, we are dealing with a type of producer that has more in common with the urban workshop owner than the pre-capitalist bonded peasant.
Subsidization of agriculture was very important in the traditional statecraft of Turkey;

- Controlled proletarianization
- Self-sufficiency in the production of basic foodstuffs (grain)
- Wage control

These «concerns» were leftovers from the era of national foundation, strengthened by the developmental period of 1950-1980; and entirely incompatible with neoliberalism.
What was: System of subsidization

Input suppliers

Price subsidies and support-purchasing

Output buyers

Input subsidies

Small-scale producers

Credit suppliers

Credit subsidies
Way to Turkey’s agricultural «adjustment»

1. Abolishment of subsidies was an issue even in the reform program of 24 January (1980)

2. Under military rule and in the first term of single-party government following it, support purchasing was slackened, resulting in a massive migration out of agriculture

3. Then afterwards, this became an issue of political rent

4. The structural adjustment program with IMF again put this on agenda, but without any serious step taken

5. The crisis of 2001 provided the environment. Kemal Derviş pushed the agenda, and AKP implemented it fully.
How was the adjustment done?

1. Halting all the aspects of the current subsidization system
2. Stopping the budget support to sales and credit cooperatives
3. Privatization of the relevant SOEs (IIPPE 2013 paper)
4. Creation of market-regulation boards for sugar and tobacco

➢ The state did not completely «withdraw» but became a market player
➢ Subsidization became a marketizing pressure itself (irrigation, fuel, organic)
Farm-gate price index stays below CPI the whole time from 2001 onwards. Even after the price shock of 2008. This shows that the producers are not able to use favourable market conditions for themselves.
Findings...

Share of Agriculture in Employment

1989 - 2017
The loss is mainly in «unpaid family worker» category, pointing towards a failure of small holdings to support large families. However, there is also an absolute decline in the number of businesses.
The loss of agricultural land seems small when presented like this. However the amount is nearly 4 million hectares, more than the whole agricultural land of many countries and around 14% of Turkey itself.

The loss is almost completely out of crop-producing area.
1. What happened between 2001-2006 is a market-wise adjustment of the agricultural sector. In that sense, it was «successful»

- Rate of marketization rose from around 75% to 85% (90 in veg % fruits, 78 in cereal and other crops)
- Unsuccessful businesses dropped from the market, number of farmers declined around %30
- Small producers without bargaining power lost some of their value-added down the supply chain (the difference between CPI and A-PPI) [hazelnut example]
- Producers abstained from sowing cereals wherever possible, moving towards higher value-added crops [pomegranate example]
- Land also became more marketized; the loss of agricultural land is mostly around big cities.
2. The bourgeois state was also successful as:

- The changes mean that the small-scale producers sell their products cheaper to larger capital (wholesale traders, contract farming)
- The workforce bled from agriculture raised unemployment, resulting in lower wages
- The state managed to cut agricultural subsidies in half, from 4% (of GDP) in 1998 to an average of 2% between 2010-2016; meaning more resources to divert to large capital.
- The privatization of SOEs (or their beginning to act like private enterprises) opened up new profit opportunities [use of hybrid seeds example & agricultural credit example]